

APPROPRIATIONS AND REVENUE SOURCES
REVENUE BONDS AND OBLIGATIONS

CAG
(LEGAL)

Revenue Bonds

The governing board of each junior college district shall be authorized and have the power to acquire, purchase, construct, improve, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, operations, or facilities, of any nature, for and on behalf of its institution or institutions. For the purpose of carrying out any one or more of the aforesaid powers each board shall be authorized to issue its revenue bonds to be payable from and secured by liens on and pledges of all or any part of any of the revenues from any rentals, rates, charges, fees, or other resources of such board in accordance with Education Code 130.123.

Each board shall be authorized to pledge all or any part of any of its revenues from the rentals, rates, charges, and/or fees, including student union fees, from students and others for the occupancy, use and/or availability of all or any of its property, buildings, structures, activities, operations, or facilities, of any nature, to the payment of any bonds issued, including the payment of principal, interest, and any other amounts required or permitted in connection with the bonds in accordance with Education Code 130.123(d).

Education Code 130.123(a)–(d)

Payment

Each board further shall be authorized to pledge irrevocably to such payment, out of the tuition charges required or permitted by law to be imposed at its institution or institutions, an amount not exceeding 25 percent of the tuition charges collected from each enrolled student for each semester or term, and each board also shall be authorized to pledge to such payment all or any part of any grant, donation, or income received or to be received from the U.S. government or any other public or private source, whether pursuant to an agreement or otherwise. *Education Code 130.123(e)*

Refunding or
Refinancing

Any revenue bonds issued by such board under Education Code 130.123, and any revenue bonds or notes issued by any such board under any other Texas statute and payable from tuition fees and charges and/or any part of the use fees from or revenues of any property, buildings, structures, activities, operations, or facilities at the institution or institutions, may be refunded or refinanced by such governing board and in such case all pertinent and appropriate provisions of Education Code 130.123 shall be fully applicable to such refunding bonds.

All bonds permitted to be issued under Education Code 130.123, and the appropriate proceedings authorizing their issuance shall be submitted to the Attorney General of the State of Texas for examination.

Education Code 130.123(f)–(g)

Revenue Obligations

The governing body of an issuer is authorized and empowered to issue, sell, and deliver obligations and execute credit agreements in order to finance project costs of an eligible project or to refund obligations issued in connection with an eligible project, subject to the limitations of Education Code 130.125.

The issuance of obligations shall be authorized by resolution or order of the governing body of an issuer, which resolution or order shall fix the maximum amount of obligations to be issued or, if applicable, the maximum principal amount which may be outstanding at any time, the maximum term obligations issued and delivered pursuant to such authorization shall be outstanding, the maximum interest rate to be borne by the obligations, not to exceed a net effective interest rate of 15 percent, the manner of sale (which may be either public or private sale), price, form, terms, conditions, and covenants thereof.

Obligations shall be secured solely by:

1. The proceeds of sale of other obligations.
2. Any revenues that the issuer is authorized by any statute or constitutional provision to pledge to the payment of any obligations.
3. Any one or more of such sources, including credit agreements, all as the governing body of an issuer shall provide in the resolution or order authorizing the issuance of the obligations.

Obligations shall be repaid from the source or sources securing the payment thereof, funds received from a credit agreement, or from any other revenues otherwise legally available for the payment thereof, except funds derived from ad valorem taxation.

Education Code 130.125(b)–(c); Gov't Code 1204.006

Definitions

“Credit Agreement”

“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 obligations, purchase or sale agreement, or commitment or other contract or agreement authorized and approved by the governing body of the issuer in connection with the authorization, issuance, security, exchange, payment, purchase, or redemption of obligations or interest thereon. *Education Code 130.125(a)(1)*

“Eligible Project”

“Eligible project” means any project or purpose for which an issuer is authorized to issue revenue bonds pursuant to Education Code 130.123 or any other provision of law. *Education Code 130.125(a)(2)*

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“Obligations”	“Obligations” means notes, warrants, or other special obligations authorized to be issued by an issuer under the provisions of Education Code 130.125 and all “public securities” as defined by Government Code 1201.002, which prior to the delivery thereof, have been rated by a nationally recognized rating agency for municipal securities in either one of the three highest ranking categories for short-term obligations or one of the four highest ranking categories for long-term obligations. It is provided, however, that the term "obligations" does not mean or include any obligations payable from ad valorem taxes. <i>Education Code 130.125(a)(5)</i>
“Project Costs”	“Project costs” means all costs and expenses incurred in relation to an eligible project, including without limitation design, planning, engineering, and legal costs, acquisition costs of land, interest in land, rights-of-way, and easements, construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an eligible project, and financing costs, including interest during construction and thereafter, underwriter’s discount and fees for legal, financial, and other professional services. Project costs attributable to an eligible project and incurred prior to the issuance of any obligations issued to finance an eligible project may be reimbursed from the proceeds of sale of obligations. <i>Education Code 130.125(a)(6)</i>
Refunding	Obligations, including accrued interest, may from time to time be refinanced, renewed, or refunded by the issuance of other obligations. Credit agreements entered into by an issuer whether pursuant to these provisions or not, may be refinanced, renewed, refunded, or otherwise terminated and a new credit agreement substituted therefor by amendment to the proceedings authorizing such credit agreements and, if required to accomplish the substitution of credit agreements, outstanding bonds may be refunded with obligations. <i>Education Code 130.125(e)</i>
Attorney General Approval	Preliminary to the issuance and delivery of obligations, the resolution or order authorizing the issuance thereof, together with any credit agreements and any contracts providing revenues and security to pay the obligations, shall be submitted to the attorney general for review. Upon approval by the attorney general and initial delivery of any obligations so authorized, any such credit agreements, any such contracts providing revenues or security, such initial obligations, and all other obligations thereafter issued pursuant to the authorizing proceedings shall be incontestable for any cause in any court or other forum and shall be valid and binding obligations enforceable in accordance with their respective terms and provisions. <i>Education Code 130.125(f)</i>