

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By \_\_\_\_\_

1 AMEND House Committee Substitute for House Bill No. 746, Page 1, Section A, Line 2, by  
2 inserting immediately after all of said section and line the following:

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4 "108.170. 1. Notwithstanding any other provisions of any law or charter to the contrary,  
5 any issue of bonds, notes, or other evidences of indebtedness, including bonds, notes, or other  
6 evidences of indebtedness payable solely from revenues derived from any revenue-producing  
7 facility, hereafter issued under any law of this state by any county, city, town, village, school  
8 district, educational institution, drainage district, levee district, nursing home district, hospital  
9 district, library district, road district, fire protection district, water supply district, sewer district,  
10 housing authority, land clearance for redevelopment authority, special authority created under  
11 section 64.920, authority created pursuant to the provisions of chapter 238, or other municipality,  
12 political subdivision or district of this state shall be negotiable, may be issued in bearer form or  
13 registered form with or without coupons to evidence interest payable thereon, may be issued in any  
14 denomination, and may bear interest at a rate not exceeding ten percent per annum, and may be  
15 sold, at any sale, at the best price obtainable, not less than ninety-five percent of the par value  
16 thereof, anything in any proceedings heretofore had authorizing such bonds, notes, or other  
17 evidence of indebtedness, or in any law of this state or charter provision to the contrary  
18 notwithstanding. Such issue of bonds, notes, or other evidence of indebtedness may bear interest at  
19 a rate not exceeding fourteen percent per annum if sold at public sale after giving reasonable notice  
20 of such sale, at the best price obtainable, not less than ninety-five percent of the par value thereof;  
21 provided, that such bonds, notes, or other evidence of indebtedness may be sold to any agency or  
22 corporate or other instrumentality of the state of Missouri or of the federal government at private  
23 sale at a rate not exceeding fourteen percent per annum. Any political subdivision that maintains a  
24 credit rating by a nationally recognized bond rating agency of A, AA, or AAA issuing more than ten  
25 million dollars debt in a calendar year shall issue such debt through a competitive process unless the  
26 political subdivision employs the services of a municipal advisor, at which point the political  
27 subdivision may use a negotiated or competitive process. A municipal advisor shall not be allowed  
28 to profit financially or otherwise, either directly or indirectly, from the underwriting of a negotiated  
29 bond issuance.

30 2. Notwithstanding the provisions of subsection 1 of this section to the contrary, the sale of  
31 bonds, notes, or other evidence of indebtedness issued by the state board of public buildings created  
32 under section 8.010, the state board of fund commissioners created under section 33.300, any port  
33 authority created under section 68.010, the bi-state metropolitan development district authorized  
34 under section 70.370, any special business district created under section 71.790, any county, as  
35 defined in section 108.465, exercising the powers granted by sections 108.450 to 108.470, the  
36 industrial development board created under section 100.265, any planned industrial expansion

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1 authority created under section 100.320, the higher education loan authority created under section  
 2 173.360, the Missouri housing development commission created under section 215.020, the state  
 3 environmental improvement and energy resources authority created under section 260.010, the  
 4 agricultural and small business development authority created under section 348.020, any industrial  
 5 development corporation created under section 349.035, or the health and educational facilities  
 6 authority created under section 360.020 shall, with respect to the sales price, manner of sale and  
 7 interest rate, be governed by the specific sections applicable to each of these entities.

8 3. Any person who is engaged as a municipal advisor by a political corporation or  
 9 subdivision with respect to a particular issue of securities shall be independent of the underwriter of  
 10 that issue of securities. For the purposes of this section, "municipal advisor" shall mean a person  
 11 registered as a municipal advisor under the rules of the United States Securities and Exchange  
 12 Commission, and "independent" shall have the same meaning as defined by the rules of the United  
 13 States Securities and Exchange Commission. In determining the individuals or entities that may  
 14 serve as a municipal advisor, nothing in this section shall be construed to be more restrictive than  
 15 the definition of a municipal advisor as established by the United States Securities and Exchange  
 16 Commission.

17 4. Notwithstanding other provisions of this section or other law, the sale of bonds, notes or  
 18 other evidence of indebtedness issued by any housing authority created under section 99.040 may be  
 19 sold at any sale, at the best price obtainable, not less than ninety-five percent of the par value  
 20 thereof, and may bear interest at a rate not exceeding fourteen percent per annum. The sale shall be  
 21 a public sale unless the issuing jurisdiction adopts a resolution setting forth clear justification why  
 22 the sale should be a private sale except that private activity bonds may be sold either at public or  
 23 private sale.

24 [4.] 5. Notwithstanding other provisions of this section or law, industrial development  
 25 revenue bonds may be sold at private sale and bear interest at a rate not exceeding fourteen percent  
 26 per annum at the best price obtainable, not less than ninety-five percent of the par value thereof.

27 [5.] 6. Notwithstanding other provisions in subsection 1 of this section to the contrary,  
 28 revenue bonds issued for airport purposes by any constitutional charter city in this state which now  
 29 has or may hereafter acquire a population of more than three hundred thousand but less than six  
 30 hundred thousand inhabitants, according to the last federal decennial census, may bear interest at a  
 31 rate not exceeding fourteen percent per annum if sold at public sale after giving reasonable notice, at  
 32 the best price obtainable, not less than ninety-five percent of the par value thereof.

33 [6.] 7. For purposes of the interest rate limitations set forth in this section, the interest rate  
 34 on bonds, notes or other evidence of indebtedness described in this section means the rate at which  
 35 the present value of the debt service payments on an issue of bonds, notes or other evidence of  
 36 indebtedness, discounted to the date of issuance, equals the original price at which such bonds, notes  
 37 or other evidence of indebtedness are sold by the issuer. Interest on bonds, notes or other evidence  
 38 of indebtedness may be paid periodically at such times as shall be determined by the governing  
 39 body of the issuer and may be compounded in accordance with section 408.080.

40 [7.] 8. Notwithstanding any provision of law or charter to the contrary:

41 (1) Any entity referenced in subsection 1 or 2 of this section and any other political  
 42 corporation of the state which entity or political corporation has an annual operating budget for the  
 43 current year exceeding twenty-five million dollars may, in connection with managing the cost to  
 44 such entity or political corporation of purchasing fuel, electricity, natural gas, and other  
 45 commodities used in the ordinary course of its lawful operations, enter into agreements providing  
 46 for fixing the cost of such commodity, including without limitation agreements commonly referred  
 47 to as hedges, futures, and options; provided that as of the date of such agreement, such entity or  
 48 political corporation shall have complied with subdivision (3) of this subsection; and further

provided that no eligible school, as defined in section 393.310, shall be authorized by this subsection to enter into such agreements in connection with the purchase of natural gas while the tariffs required under section 393.310 are in effect;

(2) Any entity referenced in subsection 1 or 2 of this section and any other political corporation of the state may, in connection with its bonds, notes, or other obligations then outstanding or to be issued and bearing interest at a fixed or variable rate, enter into agreements providing for payments based on levels of or changes in interest rates, including without limitation certain derivative agreements commonly referred to as interest rate swaps, hedges, caps, floors, and collars, provided that:

(a) As of the date of issuance of the bonds, notes, or other obligations to which such agreement relates, such entity or political corporation will have bonds, notes, or other obligations outstanding in an aggregate principal amount of at least fifty million dollars; and

(b) As of the date of such agreement, such entity's or political corporation's bonds, notes, or other obligations then outstanding or to be issued have received a stand-alone credit rating in one of the two highest categories, without regard to any gradation within such categories, from at least one nationally recognized credit rating agency, or such entity or political corporation has an issuer or general credit rating, in one of the two highest categories, without regard to any gradation within such categories, from at least one nationally recognized credit rating agency; and

(c) As of the date of such agreement, such entity or political corporation shall have complied with subdivision (3) of this subsection;

(3) Prior to entering into any agreements pursuant to subdivision (1) or (2) of this subsection, the governing body of the entity or political corporations entering into such agreements shall have adopted a written policy governing such agreements. Such policy shall be prepared by integrating the recommended practices published by the Government Finance Officers Association or comparable nationally recognized professional organization and shall provide guidance with respect to the permitted purposes, authorization process, mitigation of risk factors, ongoing oversight responsibilities, market disclosure, financial strategy, and any other factors in connection with such agreements determined to be relevant by the governing body of such entity or political corporation. Such entity or political corporation may enter into such agreements at such times and such agreements may contain such payment, security, default, remedy, and other terms and conditions as shall be consistent with the written policy adopted under this subdivision and as may be approved by the governing body of such entity or other obligated party, including any rating by any nationally recognized rating agency and any other criteria as may be appropriate;

(4) Nothing in this subsection shall be applied or interpreted to authorize any such entity or political corporation to enter into any such agreement for investment purposes or to diminish or alter the special or general power any such entity or political corporation may otherwise have under any other provisions of law including the special or general power of any interstate transportation authority.

9. The state treasurer shall make available to municipalities, political subdivisions, or districts listed under subsection 1 of this section relevant information regarding debt issuance and bidding processes, including best practices resources published by a national association of government finance officers on debt issuance, to aid such entities with the process of issuing debt and awarding bonds to the best bidder."; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.