

By: Flores

H.B. No. 479

A BILL TO BE ENTITLED

AN ACT

relating to the succession of the La Joya Water Supply Corporation  
by the La Joya Special Utility District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 7201.001, Special District Local Laws  
Code, is amended by adding Subdivision (2-a) to read as follows:

(2-a) "Director" means a member of the board.

SECTION 2. Section 7201.002(c), Special District Local Laws  
Code, is amended to read as follows:

(c) The [~~On the effective date of the Act enacting this  
chapter, the~~] corporation shall be dissolved and succeeded without  
interruption by the district as provided by Subchapter A1.

SECTION 3. Section 7201.021, Special District Local Laws  
Code, is amended by amending Subsections (a), (b), and (d) and  
adding Subsection (f) to read as follows:

(a) After the temporary directors listed under Section  
7201.051 have qualified for office under Section 49.055, Water  
Code, the receiver for the corporation [~~On the effective date of the  
Act enacting this chapter, the corporation~~] shall transfer the  
assets, debts, and contractual rights and obligations of the  
corporation to the district and provide notices and make recordings  
of the transfer required by the Water Code and general law.

(b) In accordance with the orders of the receivership court  
and not [~~Not~~] later than the 30th day after the date of the transfer

1 under Subsection (a), the receiver for [~~board of directors of~~] the  
2 corporation shall commence dissolution proceedings of the  
3 corporation.

4 (d) The receiver for [~~board of directors of~~] the corporation  
5 shall notify the Texas Commission on Environmental Quality of the  
6 dissolution of the corporation and its succession in interest by  
7 [~~the creation of~~] the district in order [~~to replace it~~] to effect  
8 the transfer of Certificates of Convenience and Necessity Nos.  
9 10559 and 20785 to the district.

10 (f) After the Texas Commission on Environmental Quality  
11 takes the action required by Subsection (e), the court shall  
12 terminate the receivership.

13 SECTION 4. Section 7201.022, Special District Local Laws  
14 Code, is amended to read as follows:

15 Sec. 7201.022. EXPIRATION OF SUBCHAPTER. This subchapter  
16 expires September 1, 2010 [~~2008~~].

17 SECTION 5. Sections 7201.051(a) and (b), Special District  
18 Local Laws Code, are amended to read as follows:

19 (a) The temporary board consists of seven [~~The directors of~~  
20 ~~the corporation who hold office on the effective date of the Act~~  
21 ~~enacting this chapter shall serve as the temporary~~] directors who  
22 shall serve [~~of the district~~] until successor directors are elected  
23 and qualify for office.

24 (b) The temporary directors of the district consist of the  
25 following persons, who are assigned position numbers as follows:

- 26 (1) Position 1, Janie G. Ramirez [~~Jose Luis Trigo~~];  
27 (2) Position 2, Ricardo Perez [~~Jose Guadalupe Reyna~~];

- 1           (3) Position 3, Efren Garza [~~George Barreiro~~];  
2           (4) Position 4, Jerry Bell [~~Frolian Ramirez~~];  
3           (5) Position 5, Alton Moore [~~Russell Wicker~~];  
4           (6) Position 6, Marilou Prudencio [~~Benito Salinas~~];  
5 and  
6           (7) Position 7, Everado Torres [~~Manuel Ricardo~~  
7 ~~Garcia~~]  
8           [~~(8) Position 8, Valente Alaniz, Jr.; and~~  
9           [~~(9) Position 9, Juan Lino Garza~~].

10           SECTION 6. Subchapter B, Chapter 7201, Special District  
11 Local Laws Code, is amended by adding Sections 7201.0512 and  
12 7201.0513 to read as follows:

13           Sec. 7201.0512. TEMPORARY BOARD TRAINING. (a) Before  
14 December 31, 2007, each temporary director shall complete at least  
15 12 hours of training on district management and compliance with  
16 laws applicable to the district as determined by the receiver for  
17 the corporation.

18           (b) The district shall reimburse a temporary director for  
19 the reasonable expenses incurred by the director in attending the  
20 training.

21           Sec. 7201.0513. EDUCATION PROGRAM. (a) Before the first  
22 election of directors, the temporary board shall establish a  
23 program of education for directors that includes information on:

- 24           (1) the history of the district;  
25           (2) the district's enabling legislation;  
26           (3) Chapters 49 and 65, Water Code, and other laws that  
27 apply to the district, including the requirements of the:

1                   (A) open meetings law, Chapter 551, Government  
2 Code; and

3                   (B) public information law, Chapter 552,  
4 Government Code;

5                   (4) relevant legal developments related to water  
6 district governance;

7                   (5) the legal duties and responsibilities of the  
8 board;

9                   (6) the requirements of conflict of interest laws and  
10 other laws relating to public officials; and

11                   (7) any applicable ethics policies adopted by the  
12 Texas Commission on Environmental Quality or the Texas Ethics  
13 Commission.

14                   (b) The district shall pay any costs associated with the  
15 development of the education program from district revenue.

16                   (c) The education program may include training provided by  
17 an organization offering courses that have been approved by the  
18 Texas Commission on Environmental Quality.

19                   (d) The board may adopt bylaws modifying the education  
20 program as necessary to meet district needs.

21                   SECTION 7. Section 7201.052, Special District Local Laws  
22 Code, is amended by amending Subsections (a), (f), (g), and (h) and  
23 adding Subsections (i), (j), and (k) to read as follows:

24                   (a) The district shall be governed by a board of seven [~~not~~  
25 ~~fewer than nine and not more than 11~~] directors[, ~~elected in~~  
26 ~~accordance with Section 49.103, Water Code, notwithstanding~~  
27 ~~Subsection (f)(2) of that section].~~

1 (f) On the uniform election date in May 2008, or in May 2009,  
2 if the election is postponed under Subsection (i) [2006], and on  
3 that uniform election date every third year after that date, the  
4 district shall hold an election to elect two [~~three~~] directors to  
5 serve in positions 1[~~4~~] and 2 [7].

6 (g) On the uniform election date in May 2009, or in May 2010,  
7 if the election is postponed under Subsection (i) [2007], and on  
8 that uniform election date every third year after that date, the  
9 district shall hold an election to elect two [~~three~~] directors to  
10 serve in positions [~~2~~] 3[~~7~~] and 4 [5].

11 (h) On the uniform election date in May 2010, or in May 2011,  
12 if the election is postponed under Subsection (i) [2008], and on  
13 that uniform election date every third year after that date, the  
14 district shall hold an election to elect three directors to serve in  
15 positions 5, 6, [~~8~~] and 7 [9].

16 (i) The temporary board by order may postpone until the  
17 uniform election date in May of the following year the first  
18 election for directors under each of Subsections (f), (g), and (h)  
19 if the temporary board determines that there is not sufficient time  
20 to comply with the requirements of law and to order the first  
21 election of directors to be held on the first uniform date specified  
22 by Subsection (f).

23 (j) A director may not serve consecutive terms.

24 (k) A person who has served as a member of the board of  
25 directors of the corporation is not eligible to serve as a district  
26 director.

27 SECTION 8. Subchapter B, Chapter 7201, Special District

1 Local Laws Code, is amended by adding Sections 7201.053 and  
2 7201.054 to read as follows:

3 Sec. 7201.053. DISTRICT TREASURER. (a) The board shall  
4 elect from among its members one director to serve as district  
5 treasurer.

6 (b) The district treasurer shall comply with the training  
7 requirements provided by Section 49.1571, Water Code, for an  
8 investment officer of a district.

9 Sec. 7201.054. EDUCATION FOR DIRECTORS. (a) Each elected  
10 director shall complete the education program established under  
11 Section 7201.0513 before the first anniversary of the date on which  
12 the director was elected.

13 (b) The district shall reimburse a director for the  
14 reasonable expenses incurred by the director in attending the  
15 education program.

16 (c) A director who is elected to serve a subsequent term  
17 shall fulfill the education requirements specified by district  
18 bylaws.

19 SECTION 9. (a) Except as otherwise provided by Chapter  
20 7201, Special District Local Laws Code, as amended by this Act, the  
21 La Joya Special Utility District is subject to:

22 (1) any judicial or administrative order imposing an  
23 injunction against the La Joya Water Supply Corporation that is in  
24 effect on the date of the transfer under Section 7201.021, Special  
25 District Local Laws Code, as amended by this Act; or

26 (2) any judicial or administrative order imposing  
27 liability for monetary damages or a civil or administrative penalty

1 against the La Joya Water Supply Corporation that is unsatisfied on  
2 the date of the transfer under Section 7201.021, Special District  
3 Local Laws Code, as amended by this Act.

4 (b) This section does not relieve a person who served on the  
5 board of directors of the La Joya Water Supply Corporation of any  
6 individual or joint and several liability imposed by a court of this  
7 state for actions taken by that person on behalf of the corporation  
8 or prevent the La Joya Special Utility District from filing a claim  
9 for damages against that person.

10 (c) If the La Joya Special Utility District pays a claim of a  
11 person against the La Joya Water Supply Corporation, the district  
12 is subrogated to any rights of that person against the corporation  
13 to the extent of the amount paid to that person.

14 SECTION 10. (a) The legal notice of the intention to  
15 introduce this Act, setting forth the general substance of this  
16 Act, has been published as provided by law, and the notice and a  
17 copy of this Act have been furnished to all persons, agencies,  
18 officials, or entities to which they are required to be furnished  
19 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
20 Government Code.

21 (b) The governor has submitted the notice and Act to the  
22 Texas Commission on Environmental Quality.

23 (c) The Texas Commission on Environmental Quality has filed  
24 its recommendations relating to this Act with the governor,  
25 lieutenant governor, and speaker of the house of representatives  
26 within the required time.

27 (d) All requirements of the constitution and laws of this

1 state and the rules and procedures of the legislature with respect  
2 to the notice, introduction, and passage of this Act are fulfilled  
3 and accomplished.

4 SECTION 11. This Act takes effect immediately if it  
5 receives a vote of two-thirds of all the members elected to each  
6 house, as provided by Section 39, Article III, Texas Constitution.  
7 If this Act does not receive the vote necessary for immediate  
8 effect, this Act takes effect September 1, 2007.