

1-1 By: Fraser S.B. No. 794
1-2 (In the Senate - Filed February 11, 2009; March 4, 2009,
1-3 read first time and referred to Committee on Natural Resources;
1-4 April 2, 2009, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; April 2, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the composition of the board of directors of the Central
1-9 Colorado River Authority.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsections (a) and (c), Section 4, Chapter 338,
1-12 General Laws, Acts of the 44th Legislature, Regular Session, 1935,
1-13 are amended to read as follows:

1-14 (a) The powers, rights, privileges and functions of the
1-15 District shall be exercised by a board of five [~~nine~~] directors
1-16 (herein called the Board), all of whom shall be residents of and
1-17 freehold property taxpayers in the State of Texas and shall be
1-18 residents of the District herein created, said five [~~nine~~]
1-19 directors of the Board to be appointed by the Governor of the State
1-20 of Texas and confirmed by the Senate of Texas. Provided that no
1-21 person shall be eligible for such appointment if he has during the
1-22 preceding three years before his appointment been employed by an
1-23 electric power and light company, gas company, telephone company,
1-24 or any other utility company of any kind or character whatsoever.
1-25 Directors are appointed for staggered terms of six years with one or
1-26 two [~~three~~] directors' terms expiring on February 1 of each
1-27 odd-numbered year. At the expiration of the term of any director,
1-28 another director shall be appointed by the Governor. Each director
1-29 shall hold office until the expiration of the term for which he was
1-30 appointed and thereafter until his successor shall have been
1-31 appointed and qualified, unless sooner removed as in this Act
1-32 provided.

1-33 (c) Until the adoption of by-laws fixing the time and place
1-34 of regular meetings and the manner in which special meetings may be
1-35 called, meetings of the Board shall be held at such times and places
1-36 as a majority [~~five~~] of all the directors may designate in writing.
1-37 A majority of the membership of the Board constitutes [~~Five~~
1-38 ~~directors shall constitute~~] a quorum at any meeting, and, except as
1-39 otherwise provided in this Act, or in the by-laws, all actions may
1-40 be taken by the affirmative vote of a majority of the directors
1-41 present at any such meeting, except that no contract which involves
1-42 an amount greater than Ten Thousand (\$10,000.00) Dollars, or which
1-43 is to run for a longer period than a year, and no bonds, notes or
1-44 other evidence of indebtedness and no amendment of the by-laws
1-45 shall be valid unless authorized or ratified by the affirmative
1-46 vote of at least a majority of the entire membership of the Board
1-47 [~~five directors~~].

1-48 SECTION 2. Sections 6, 11, and 15, Chapter 338, General
1-49 Laws, Acts of the 44th Legislature, Regular Session, 1935, are
1-50 amended to read as follows:

1-51 Sec. 6. The moneys of the District shall be disbursed only
1-52 on checks, drafts, orders or other instruments signed by such
1-53 persons as shall be authorized to sign the same by the by-laws, or
1-54 resolution concurred in by not less than a majority of the entire
1-55 membership of the Board [~~five directors~~]. The General Manager, the
1-56 Treasurer and all other officers, agents and employees of the
1-57 District who shall be charged with the collection, custody or
1-58 payment of any funds of the District shall give bond conditioned
1-59 upon the faithful performance of their duties and an accounting for
1-60 all funds and property of the District coming into their respective
1-61 hands, each of which bonds shall be in form and amount and with a
1-62 surety (which shall be a surety company authorized to do business in
1-63 the State of Texas) approved by the Board, and the premiums on such
1-64 bonds shall be paid by the District and charged as an operating

2-1 expense.

2-2 Sec. 11. The District shall have power and is hereby
2-3 authorized to issue, from time to time, bonds as herein authorized
2-4 for any corporate purpose, not to exceed Five Hundred Thousand
2-5 (\$500,000.00) Dollars, in aggregate principal amount. Any
2-6 additional amount of bonds must be authorized by an Act of the
2-7 Legislature. Such bonds may either be (1) sold for cash, at public
2-8 or private sale, at such price or prices as the Board shall
2-9 determine, provided that the interest cost of the money received
2-10 therefor, computed to maturity in accordance with standard bond
2-11 tables in general use by banks and insurance companies, shall not
2-12 exceed six (6%) per centum per annum, or (2) may be issued on such
2-13 terms as the Board shall determine in exchange for property of any
2-14 kind, real, personal, or mixed or any interest therein which the
2-15 Board shall determine in exchange for property of any kind, real,
2-16 personal or mixed or any interest therein which the Board shall deem
2-17 necessary or convenient for any such corporate purpose, or (3) may
2-18 be issued in exchange for like principal amounts of other
2-19 obligations of the District, matured or unmatured. The proceeds of
2-20 sale of such bonds shall be deposited in such bank or banks or trust
2-21 company or trust companies, and shall be paid out pursuant to such
2-22 terms and conditions, as may be agreed upon between the District and
2-23 the purchasers of such bonds. All such bonds shall be authorized by
2-24 resolution of the Board concurred in by at least a majority of the
2-25 entire membership of the Board [~~five of the members thereof~~], and
2-26 shall bear such date or dates, mature at such time or times, bear
2-27 interest at such rate or rates (not exceeding six (6%) per centum
2-28 per annum) payable annually or semiannually, be in such
2-29 denominations, be in such form, either coupon or registered, carry
2-30 such registration privileges as to principal only or as to both
2-31 principal and interest, and as to exchange of coupon bonds for
2-32 registered bonds or vice versa, and exchange of bonds of one
2-33 denomination for bonds of other denominations, be executed in such
2-34 manner and be payable at such place or places within or without the
2-35 State of Texas, as such resolution or resolutions may provide. Any
2-36 resolution or resolutions authorizing any bonds may contain
2-37 provisions, which shall be part of the contract between the
2-38 District and the holders thereof from time to time (a) reserving the
2-39 right to redeem such bonds at such time or times, in such amounts
2-40 and at such prices, not exceeding one hundred five (105%) per centum
2-41 of the principal amount thereof, plus accrued interest, as may be
2-42 provided; (b) providing for the setting aside of sinking funds or
2-43 reserve funds and the regulation and disposition thereof; (c)
2-44 pledging to secure the payment of the principal of and interest on
2-45 such bonds and of the sinking fund or reserve fund payments agreed
2-46 to be made in respect of such bonds all or any part of the gross or
2-47 net revenues thereafter received by the District in respect of the
2-48 property, real, personal or mixed, to be acquired and/or
2-49 constructed with such bonds or the proceeds thereof, or all or any
2-50 part of the gross or net revenues thereafter received by the
2-51 District from whatever source derived; (d) prescribing the purposes
2-52 to which such bonds or any bonds thereafter to be issued, or the
2-53 proceeds thereof, may be applied; (e) agreeing to fix and collect
2-54 rates and charges sufficient to produce revenues adequate to pay
2-55 the items specified in subdivisions (a), (b), (c), and (d) of
2-56 Section 9 hereof, and prescribing the use and disposition of all
2-57 revenues; (f) prescribing limitations upon the issuance of
2-58 additional bonds and upon the agreements which may be made with the
2-59 purchasers and successive holders thereof; (g) with regard to the
2-60 construction, extension, improvement, reconstruction, operation,
2-61 maintenance and repair of the properties of the District and
2-62 carrying of insurance upon all or any part of said properties
2-63 covering loss or damage or loss of use and occupancy resulting from
2-64 specified risks; (h) fixing the procedure, if any, by which, if the
2-65 District shall so desire, the terms of any contract with the holders
2-66 of such bonds may be amended or abrogated, the amount of bonds the
2-67 holders of which must consent thereto, and the manner in which such
2-68 consent may be given; (i) for the execution and delivery by the
2-69 District to a bank or trust company authorized by law to accept

3-1 trusts, or to the United States of America or any officer or agency
3-2 thereof, of indentures and agreements for the benefit of the
3-3 holders of such bonds setting forth any or all of the agreements
3-4 herein authorized to be made with or for the benefit of the holders
3-5 of such bonds and such other provisions as may be customary in such
3-6 indentures or agreements; and (j) such other provisions not
3-7 inconsistent with the provisions of this Act, as the Board may
3-8 approve.

3-9 Any such resolution and any indenture or agreement entered
3-10 into pursuant thereto may provide that in the event that

3-11 (a) default shall be made in the payment of the interest on
3-12 any or all bonds when and as the same shall become due and payable,
3-13 or

3-14 (b) default shall be made in the payment of the principal of
3-15 any or all bonds when and as the same shall become due and payable,
3-16 whether at the maturity thereof, by call for redemption or
3-17 otherwise, or

3-18 (c) default shall be made in the performance of any
3-19 agreement made with the purchasers or successive holders of any
3-20 bonds.

3-21 And such default shall have continued such period, if any, as
3-22 may be prescribed by said resolution in respect thereof, the
3-23 trustee under the indenture or indentures entered into in respect
3-24 of the bonds authorized thereby, or if there shall be no such
3-25 indenture, a trustee appointed in the manner provided in such
3-26 resolution or resolutions by the holders of twenty-five (25%) per
3-27 centum in aggregate principal amount of the bonds authorized
3-28 thereby and at the time outstanding may, and upon the written
3-29 request of the holders of twenty-five (25%) per centum in aggregate
3-30 principal amount of the bonds authorized by such resolution or
3-31 resolutions at the time outstanding, shall, in his or its own name,
3-32 but for the equal and proportionate benefit of the holders of all of
3-33 such bonds; and with or without having possession thereof;

3-34 (1) by mandamus or other suit, action or proceeding at
3-35 law or in equity, enforce all rights of the holders of such bonds;

3-36 (2) bring suit upon such bonds and/or the appurtenant
3-37 coupons;

3-38 (3) by action or suit in equity, require the district
3-39 to account as if it were the trustee or an express trust for the
3-40 bondholders;

3-41 (4) by action or suit in equity, enjoin any acts or
3-42 things which may be unlawful or in violation of the rights of the
3-43 holders of such bonds; and/or

3-44 (5) after such notice to the District as such
3-45 resolution may provide, declare the principal of all such bonds due
3-46 and payable, and if all defaults shall have been made good, then
3-47 with the written consent of the holders of twenty-five (25%) per
3-48 centum in aggregate principal amount of such bonds at the time
3-49 outstanding, annul such declaration and its consequences;
3-50 provided, however, that the holders of more than a majority in
3-51 principal amount of the bonds authorized thereby and at the time
3-52 outstanding shall by instrument or instruments in writing delivered
3-53 to such trustee have the right to direct and control any and all
3-54 action taken or to be taken by such trustee under this paragraph.
3-55 Any such resolution, indenture or agreement may provide that in any
3-56 such suit, action or proceeding, any such trustee, whether or not
3-57 all of such bonds shall have been declared due and payable, and with
3-58 or without possession of any thereof, shall be entitled as of right
3-59 to the appointment of a receiver who may enter and take possession
3-60 of all or any part of the properties of the District and operate and
3-61 maintain the same, and fix, collect and receive rates and charges
3-62 sufficient to provide revenues adequate to pay the items set forth
3-63 in subparagraphs (a), (b), (c), and (d) of Section 9 hereof and the
3-64 costs and disbursements of such suit, action or proceeding and to
3-65 apply such revenues in conformity with the provisions of this Act
3-66 and the resolution or resolutions authorizing such bonds. In any
3-67 suit, action or proceeding by any such trustee, the reasonable
3-68 fees, counsel fees and expenses of such trustee and of the receiver
3-69 or receivers, if any, shall constitute taxable disbursements, and

4-1 all costs and disbursements allowed by the court shall be a first
 4-2 charge upon any revenues pledged to secure the payment of such
 4-3 bonds. Subject to the provisions of the Constitution of the State
 4-4 of Texas, the courts of the County of Coleman shall have
 4-5 jurisdiction of any such suit, action or proceeding by any such
 4-6 trustee on behalf of the bondholders and of all property involved
 4-7 therein. In addition to the powers hereinabove specifically
 4-8 provided for, each such trustee shall have and possess all powers
 4-9 necessary or appropriate for the exercise of any thereof, or
 4-10 incident to the general representation of the bondholders in the
 4-11 enforcement of their rights.

4-12 Before any bonds shall be sold by the District, a certified
 4-13 copy of the proceedings for the issuance thereof, including the
 4-14 form of such bonds, together with any other information which the
 4-15 Attorney General of the State of Texas may require, shall be
 4-16 submitted to the Attorney General, and if he shall find that such
 4-17 bonds have been issued in accordance with law, and if he shall
 4-18 approve such bonds, he shall execute a certificate to that effect
 4-19 which shall be filed in the office of the Comptroller of the State
 4-20 of Texas and be recorded in a record kept for that purpose. No bonds
 4-21 shall be issued until the same shall have been registered by the
 4-22 Comptroller, who shall so register the same if the Attorney General
 4-23 shall have filed with the Comptroller his certificate approving the
 4-24 bonds and the proceedings for the issuance thereof as hereinabove
 4-25 provided.

4-26 All bonds approved by the Attorney General as aforesaid, and
 4-27 registered by the Comptroller as aforesaid, and issued in
 4-28 accordance with the proceedings so approved, shall be valid and
 4-29 binding obligation of the District and shall be incontestable for
 4-30 any cause from and after the time of such registration.

4-31 Sec. 15. Nothing in this Act shall be construed as
 4-32 authorizing the District, and it shall not be authorized to
 4-33 mortgage or otherwise encumber any of its property of any kind,
 4-34 real, personal or mixed, or any interest thereon, or to acquire any
 4-35 such property or interest subject to a mortgage or conditional
 4-36 sale, provided that this section shall not be construed as
 4-37 preventing the pledging of the revenues of the District as herein
 4-38 authorized. Nothing in this Act shall be construed as authorizing
 4-39 the sale, lease or other disposition of any such property or
 4-40 interest by the District, or any receiver of any of its properties
 4-41 or through any court proceeding or otherwise, provided, however,
 4-42 that the District may sell for cash any such property or interest in
 4-43 an aggregate value not exceeding the sum of Fifty Thousand
 4-44 (\$50,000.00) Dollars, in any one year if the Board, by the
 4-45 affirmative vote of a two-thirds majority of the entire membership
 4-46 of the Board [~~six of the members thereof~~] shall have determined that
 4-47 the same is not necessary or convenient to the business of the
 4-48 District and shall have approved the terms of any such sale, it
 4-49 being the intention of this Act that except by sale as in this
 4-50 section expressly authorized, no such property or interest except
 4-51 personal property shall ever come into the ownership or control,
 4-52 directly or indirectly, of any person, firm or corporation other
 4-53 than a public authority created under the laws of the State of
 4-54 Texas. All property of the District except personal property shall
 4-55 be at all times exempted from forced sale, and nothing in this Act
 4-56 contained shall authorize the sale of any of the property of the
 4-57 District except personal property under any judgment rendered in
 4-58 any suit, and such sales are hereby prohibited and forbidden.

4-59 SECTION 3. (a) The change in law made by this Act does not
 4-60 affect the term of a member of the board of directors of the Central
 4-61 Colorado River Authority serving on the effective date of this Act.
 4-62 Except as provided by Section 4 of this Act, members appointed to
 4-63 fill vacancies occurring on or after the effective date of this Act
 4-64 must be appointed in accordance with Section 4, Chapter 338,
 4-65 General Laws, Acts of the 44th Legislature, Regular Session, 1935,
 4-66 as amended by this Act.

4-67 (b) The change in law made by this Act does not prohibit a
 4-68 person who is a member of the Central Colorado River Authority board
 4-69 of directors before the effective date of this Act from being

5-1 appointed as a member of the board of directors under the new
5-2 composition of the board of directors if the person is otherwise
5-3 qualified.

5-4 SECTION 4. (a) In this section, "board" means the board of
5-5 directors of the Central Colorado River Authority.

5-6 (b) To maintain a board with an odd number of directors
5-7 during the transition from a board of nine to a board of five
5-8 directors, the governor shall make appointments to the board as
5-9 provided by Subsections (c) through (f) of this section.

5-10 (c) When the terms of members of the board expire on
5-11 February 1, 2009, the governor shall appoint one director whose
5-12 term expires February 1, 2015.

5-13 (d) When the terms of members of the board expire on
5-14 February 1, 2011, the governor shall appoint one director whose
5-15 term expires February 1, 2017.

5-16 (e) When the terms of members of the board expire on
5-17 February 1, 2013, the governor shall appoint:

5-18 (1) one director whose term expires February 1, 2015;

5-19 (2) one director whose term expires February 1, 2017;

5-20 and

5-21 (3) one director whose term expires February 1, 2019.

5-22 (f) A member of the board appointed on or after February 1,
5-23 2017, shall be appointed to a term as provided by Section 4, Chapter
5-24 338, General Laws, Acts of the 44th Legislature, Regular Session,
5-25 1935, as amended by this Act.

5-26 SECTION 5. (a) The legal notice of the intention to
5-27 introduce this Act, setting forth the general substance of this
5-28 Act, has been published as provided by law, and the notice and a
5-29 copy of this Act have been furnished to all persons, agencies,
5-30 officials, or entities to which they are required to be furnished
5-31 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
5-32 Government Code.

5-33 (b) The governor, one of the required recipients, has
5-34 submitted the notice and Act to the Texas Commission on
5-35 Environmental Quality.

5-36 (c) The Texas Commission on Environmental Quality has filed
5-37 its recommendations relating to this Act with the governor, the
5-38 lieutenant governor, and the speaker of the house of
5-39 representatives within the required time.

5-40 (d) All requirements of the constitution and laws of this
5-41 state and the rules and procedures of the legislature with respect
5-42 to the notice, introduction, and passage of this Act are fulfilled
5-43 and accomplished.

5-44 SECTION 6. This Act takes effect immediately if it receives
5-45 a vote of two-thirds of all the members elected to each house, as
5-46 provided by Section 39, Article III, Texas Constitution. If this
5-47 Act does not receive the vote necessary for immediate effect, this
5-48 Act takes effect September 1, 2009.

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