

By: Uresti, Wentworth

S.B. No. 341

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the appointment of a conservator for and authorizing
3 the dissolution of the Bexar Metropolitan Water District; providing
4 a penalty.

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

6 ARTICLE 1. CONSERVATORSHIP ESTABLISHED

7 SECTION 1.01. Section 1, Chapter 306, Acts of the 49th
8 Legislature, Regular Session, 1945, is amended to read as follows:

9 Sec. 1. In obedience to the provisions of Article 16,
10 Section 59 of the Constitution of Texas, there is hereby created
11 Bexar Metropolitan Water District. ~~[, hereinafter in this Act~~
12 ~~sometimes called the "District."]~~

13 SECTION 1.02. Chapter 306, Acts of the 49th Legislature,
14 Regular Session, 1945, is amended by adding Sections 1A, 34, 35, 36,
15 37, 38, and 39 to read as follows:

16 Sec. 1A. In this Act:

17 (1) "Board" means the District's Board of Directors.

18 (2) "Commission" means the Texas Commission on
19 Environmental Quality.

20 (3) "Committee" means the Bexar Metropolitan Water
21 District Oversight Committee.

22 (4) "Director" means a Board member.

23 (5) "District" means the Bexar Metropolitan Water
24 District.

1 (6) "System" means a water utility owned by a
2 municipality with a population of more than one million in the area
3 served by the District.

4 Sec. 34. (a) The Commission shall appoint as conservator
5 for the District an individual who, at the time of the individual's
6 appointment:

7 (1) has demonstrated a high level of expertise in
8 water utility management;

9 (2) is not a Director; and

10 (3) has no financial interest in the District or any
11 entity that has a contract with the District or that is likely to
12 develop a contractual relationship with the District.

13 (b) The conservator's term expires on the date the
14 Commission determines that the duties of the conservator under this
15 Act have been discharged.

16 Sec. 35. (a) The conservator shall use District staff to
17 carry out the duties assigned to the conservator. The conservator
18 may hire up to three additional persons who will report to and
19 assist the conservator if:

20 (1) assistance from District staff is not provided; or

21 (2) the conservator needs special expertise from one
22 or more of the persons.

23 (b) A conservator appointed under Section 34 of this Act and
24 any additional persons hired by the conservator under this section
25 are entitled to receive a salary determined by the executive
26 director of the Commission for performing those duties.

27 (c) The District shall pay the compensation of the

1 conservator and any additional persons hired by the conservator
2 under this section.

3 (d) The executive director of the Commission shall set the
4 compensation of the conservator after considering the
5 conservator's:

6 (1) level of expertise in water utility management;
7 and

8 (2) certifications and education.

9 Sec. 36. (a) A conservator appointed under Section 34 and
10 the persons hired under Section 35 of this Act are entitled to
11 reimbursement of the reasonable and necessary expenses incurred by
12 the conservator or the persons hired under Section 35 of this Act in
13 the course of performing duties under this Act.

14 (b) The District shall pay the expenses incurred by the
15 conservator and the persons hired under Section 35 of this Act. The
16 executive director of the Commission shall determine if an expense
17 is reasonable and necessary after considering whether the expense
18 is:

19 (1) necessary to complete the duties of the
20 conservator as assigned by law;

21 (2) at or below the cost of a similar expense incurred
22 by other utilities;

23 (3) documented by an invoice, bill, or work order that
24 includes details relating to the:

25 (A) time spent on services; or

26 (B) cost of supplies; and

27 (4) in accordance with procedures used to minimize

1 expenses, including comparing vendor rates or competitive bidding.

2 Sec. 37. (a) The Board shall work cooperatively with the
3 conservator to identify the policies, assets, liabilities, and
4 resources of the District.

5 (b) The conservator shall:

6 (1) complete an inventory of and evaluate each
7 distinct water system in the District to determine:

8 (A) the District's basis in, or the intrinsic
9 value of, the infrastructure associated with that water system;

10 (B) the District's bonded debt and commercial
11 paper reasonably associated with or allocable to the infrastructure
12 in that water system; and

13 (C) the adequacy of the water supply sources,
14 water storage facilities, and distribution systems located in that
15 water system's service area to supply current and projected demands
16 in that service area;

17 (2) identify any District assets whose transfer to
18 another appropriate public water utility would be likely to
19 improve:

20 (A) service to the former customers of the
21 District who would be served by that utility; or

22 (B) the District's overall efficiency;

23 (3) compile a list and copies of existing contracts to
24 which the District is a party, including for each contract:

25 (A) effective and termination dates;

26 (B) general scope of the property and services
27 involved;

1 (C) obligations of the District, including
2 financial obligations;

3 (D) how the District benefits from the contract;
4 and

5 (E) whether the District has waived governmental
6 immunity;

7 (4) compile a list of the following in regard to the
8 District:

9 (A) property;

10 (B) rights, including certificates of
11 convenience and necessity, pumping rights, and any other rights;

12 (C) staff; and

13 (D) internal policies, including employment
14 rules, benefits, and an evaluation of the usefulness and efficacy
15 of each policy;

16 (5) develop a comprehensive rehabilitation plan for
17 the District that:

18 (A) identifies strategies for restoring the
19 District's financial integrity and developing a system of sound
20 financial management;

21 (B) describes a standard of ethics,
22 professionalism, and openness expected of each Director and
23 employee of the District;

24 (C) provides a mechanism to enforce compliance
25 with District policies, including procurement policies;

26 (D) identifies ways to enhance the District's
27 operational efficiency and improve the District's provision of

1 redundancy in water services; and

2 (E) provides for educating the Board and
3 management personnel on improving management practices and
4 complying with District policy and state and federal laws and
5 regulations; and

6 (6) assess the District's ability to provide reliable,
7 cost-effective, quality service to customers, including an
8 assessment of operations compared to the best management practices
9 of modern utilities.

10 Sec. 38. The conservator shall report to the Commission and
11 the Committee quarterly, or as requested by the Commission or
12 Committee, on the progress the conservator has made in carrying out
13 the duties under Section 37 of this Act.

14 Sec. 39. At the conservator's request, the state auditor's
15 office may audit the District under Chapter 321, Government Code.
16 The District shall reimburse the state auditor's office for the
17 cost of the audit.

18 SECTION 1.03. Not later than the 60th day after the
19 effective date of this Act, the Texas Commission on Environmental
20 Quality shall appoint a conservator for the Bexar Metropolitan
21 Water District as required by Section 34, Chapter 306, Acts of the
22 49th Legislature, Regular Session, 1945, as added by this Act.

23 ARTICLE 2. ELECTION; EFFECTIVE DATE OF ARTICLES 3 AND 4

24 SECTION 2.01. (a) In this article:

25 (1) "Commission" means the Texas Commission on
26 Environmental Quality.

27 (2) "District" means the Bexar Metropolitan Water

1 District.

2 (b) On the next uniform election date the commission, after
3 consultation with the secretary of state, shall hold an election in
4 the district on the question of dissolving the district and
5 disposing of the district's assets and obligations.

6 (c) The commission may contract with one or more entities to
7 conduct the election. The district shall pay any cost of conducting
8 the election.

9 (d) The order calling the election must state:

10 (1) the nature of the election, including the
11 proposition to appear on the ballot;

12 (2) the date of the election;

13 (3) the hours during which the polls will be open; and

14 (4) the location of the polling places.

15 (e) The commission shall give notice of an election under
16 this section by publishing once a week for two consecutive weeks a
17 substantial copy of the election order in a newspaper with general
18 circulation in the district. The first publication of the notice
19 must appear not later than the 35th day before the date of the
20 beginning of early voting for the election.

21 (f) The ballot for an election under this section must be
22 printed to permit voting for or against the proposition: "The
23 dissolution of the Bexar Metropolitan Water District and the
24 transfer of all the District's assets, obligations, and duties to
25 the water utility owned by the municipality with the largest
26 population in the area served by the District."

27 (g) The commission shall certify that a majority of the

1 voters voting in the district have voted:

2 (1) in favor of dissolution; or

3 (2) not in favor of dissolution.

4 SECTION 2.02. (a) Not later than the 20th day after the
5 date on which the election results are officially declared, the
6 commission shall certify that result to the secretary of state.

7 (b) If the proposition is approved by a majority of the
8 voters voting in the election:

9 (1) Article 3 of this Act does not take effect; and

10 (2) Article 4 of this Act takes effect on the date the
11 results are certified.

12 (c) If a majority of the voters voting in the election do not
13 approve the proposition:

14 (1) Article 3 of this Act takes effect on the date the
15 results are certified; and

16 (2) Article 4 of this Act does not take effect.

17 ARTICLE 3. CHANGES TO THE BEXAR METROPOLITAN WATER DISTRICT IF
18 VOTERS DO NOT DISSOLVE THE DISTRICT UNDER ARTICLE 2

19 SECTION 3.01. Section 8, Chapter 306, Acts of the 49th
20 Legislature, Regular Session, 1945, is amended to read as follows:

21 Sec. 8. (a) ~~[-]~~ The seven ~~[five (5)]~~ members of the Board of
22 Directors are ~~[shall hereafter be]~~ elected to staggered two-year
23 terms in an election held on the uniform election date in November.
24 Directors are elected from numbered single-member districts
25 established by the Board. The Board shall revise each
26 single-member district after each decennial census to reflect
27 population changes and to conform with state law, the federal

1 Voting Rights Act of 1965 (42 U.S.C. Section 1973 et seq.), and any
 2 applicable court order [~~for a term of six (6) years each, provided~~
 3 ~~that an election for two (2) Directors for a term of six (6) years~~
 4 ~~shall be held on the first Tuesday in April, 1954; the terms of~~
 5 ~~three (3) members of the present Board shall be, and are, hereby,~~
 6 ~~extended to the first Tuesday in April, 1957; and the present~~
 7 ~~Directors shall determine such three (3) by lot. Three (3)~~
 8 ~~Directors shall be elected on the first Tuesday in April, 1957, and~~
 9 ~~two (2) Directors and three (3) Directors, alternately, shall be~~
 10 ~~elected each three (3) years thereafter on the first Tuesday in~~
 11 ~~April as the six-year terms expire]. At an election of Directors,
 12 the candidate from each single-member district who receives [~~The~~
 13 ~~two (2) or three (3) persons, respectively, receiving]~~ the greatest
 14 number of votes is [~~shall be declared]~~ elected to represent that
 15 single-member district. Each Director shall hold office until his
 16 successor is [~~shall have been]~~ elected or appointed and has [~~shall~~
 17 ~~have]~~ qualified.~~

18 (a-1) A person is not eligible to serve as a Director for
 19 more than three terms or for more than a total of seven years of
 20 service. [✓]

21 (b) Such [~~such~~] elections shall be called, conducted and
 22 canvassed in the manner provided by the Election Code. [~~Chapter 25,~~
 23 ~~General Laws of the Thirty-ninth Legislature, Regular Session,~~
 24 ~~1925, and any amendments thereto,~~]

25 (c) The [~~the~~] Board of Directors shall fill all vacancies on
 26 the Board by appointment and such appointees shall hold office
 27 until a successor elected at the next scheduled election date has

1 qualified. [~~for the unexpired term for which they were appointed,~~]

2 (d) Any four [~~any three~~] members of the Board are [~~shall~~
3 ~~constitute~~] a quorum for the adoption or [~~of~~] passage of any
4 resolution or order or the transaction of any business of the
5 District.[+]

6 (e) A Director must [~~Directors succeeding the first Board,~~
7 ~~whether now or hereafter elected, shall~~] be a qualified voter of the
8 single-member district from which the Director is elected [~~resident~~
9 ~~electors of Bexar County, Texas, and owners of taxable property~~
10 ~~within the area comprising said District, and shall organize in~~
11 ~~like manner~~].

12 (f) A payment to a Director for fees of office under Section
13 49.060, Water Code, may not be made for a meeting that occurs in a
14 different fiscal year from the one in which the payment is made.

15 SECTION 3.02. Section 33A, Chapter 306, Acts of the 49th
16 Legislature, Regular Session, 1945, is amended by amending
17 Subsection (c) and adding Subsection (g) to read as follows:

18 (c) The oversight committee is comprised of seven [~~5~~]
19 members appointed as follows [~~to represent the following members~~]:

20 (1) two Senators who represent Senate districts that
21 include territory within the Bexar Metropolitan Water District,
22 [~~the Senator sponsor of this Act, or, in the event this Senator~~
23 ~~cannot serve, a Senator~~] appointed by the Lieutenant Governor;

24 (2) two Representatives who represent [~~the~~] House
25 districts that include territory within the District, [~~author of~~
26 ~~this Act, or, in the event this Representative cannot serve, a~~
27 ~~Representative~~] appointed by the Speaker of the Texas House of

1 Representatives;

2 (3) one member with special expertise in the operation
3 of public water utilities appointed by the Governor;

4 (4) one member appointed by the Governor to represent
5 the public; and

6 (5) one [~~a~~] member of the Bexar County Commissioners
7 Court who represents a precinct in which customers of the District
8 reside.

9 (g) On or before December 31, 2012, the oversight committee
10 shall provide a report under Subsection (e) of this section to the
11 legislature. The committee is abolished and this section expires
12 January 1, 2013.

13 SECTION 3.03. Chapter 306, Acts of the 49th Legislature,
14 Regular Session, 1945, is amended by adding Sections 8A, 8B, 8C,
15 10A, and 10B to read as follows:

16 Sec. 8A. (a) To be eligible to be a candidate for or to be
17 elected or appointed as a Director, a person must have:

18 (1) resided continuously in the single-member
19 district that the person seeks to represent for 12 months
20 immediately preceding the date of the regular filing deadline for
21 the candidate's application for a place on the ballot;

22 (2) viewed the open government training video provided
23 by the attorney general and provided to the Board a signed affidavit
24 stating that the candidate viewed the video;

25 (3) obtained 200 signatures from individuals living in
26 the District; and

27 (4) paid a filing fee of \$250 or filed a petition in

1 lieu of the filing fee that satisfies the requirements prescribed
2 by Section 141.062, Election Code.

3 (b) In this subsection, "political contribution" and
4 "specific-purpose committee" have the meanings assigned by Section
5 251.001, Election Code. A Director or a candidate for the office of
6 Director may not knowingly accept political contributions from a
7 person that in the aggregate exceed \$500 in connection with each
8 election in which the person is involved. For purposes of this
9 subsection, a contribution to a specific-purpose committee for the
10 purpose of supporting a candidate for the office of Director,
11 opposing the candidate's opponent, or assisting the candidate as an
12 officeholder is considered to be a contribution to the candidate.

13 Sec. 8B. (a) A person who is elected or appointed to and
14 qualifies for office as a Director on or after the effective date of
15 this section may not vote, deliberate, or be counted as a member in
16 attendance at a meeting of the Board until the person completes a
17 training program on District management issues. The training
18 program must provide information to the person regarding:

19 (1) the enabling legislation that created the
20 District;

21 (2) the operation of the District;

22 (3) the role and functions of the Board;

23 (4) the rules of the Board;

24 (5) the current budget for the Board;

25 (6) the results of the most recent formal audit of the
26 Board;

27 (7) the requirements of the:

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

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

5 (C) administrative procedure law, Chapter 2001,
6 Government Code;

7 (8) the requirements of the conflict of interest laws
8 and other laws relating to public officials; and

9 (9) any applicable ethics policies adopted by the
10 Board or the Texas Ethics Commission.

11 (b) The Commission may create an advanced training program
12 designed for a person who has previously completed a training
13 program described by Subsection (a) of this section. If the
14 Commission creates an advanced training program under this
15 subsection, a person who completes that advanced training program
16 is considered to have met the person's obligation under Subsection
17 (a) of this section.

18 (c) Each Director who is elected or appointed on or after
19 the effective date of this section shall complete a training
20 program described by Subsection (a) or (b) of this section at least
21 once in each term the Director serves.

22 (d) The Board shall adopt rules regarding the completion of
23 the training program described by Subsection (a) or (b) of this
24 section by a person who is elected or appointed to and qualifies for
25 office as a Director before the effective date of this section. A
26 Director described by this subsection who does not comply with
27 Board rules is considered incompetent as to the performance of the

1 duties of a Director in any action to remove the Director from
2 office.

3 (e) A Director may not:

4 (1) accept or solicit a gift, favor, or service, the
5 value of which exceeds \$50 per gift, favor, or service, that:

6 (A) might reasonably influence the Director in
7 the discharge of an official duty; or

8 (B) the Director knows or should know is being
9 offered with the intent to influence the Director's official
10 conduct;

11 (2) accept other employment or engage in a business or
12 professional activity that the Director might reasonably expect
13 would require or induce the Director to disclose confidential
14 information acquired by reason of the official position;

15 (3) accept other employment or compensation that could
16 reasonably be expected to impair the Director's independence of
17 judgment in the performance of the Director's official duties;

18 (4) make personal investments that could reasonably be
19 expected to create a substantial conflict between the Director's
20 private interest and the interest of the District;

21 (5) intentionally or knowingly solicit, accept, or
22 agree to accept any benefit for having exercised the Director's
23 official powers or performed the Director's official duties in
24 favor of another; or

25 (6) have a personal interest in an agreement executed
26 by the District.

27 (f) Not later than April 30 each year, a Director shall file

1 with the Bexar County clerk a verified financial statement
2 complying with Sections 572.022, 572.023, 572.024, and 572.0252,
3 Government Code. The District shall keep a copy of a financial
4 statement filed under this section in the main office of the
5 District.

6 Sec. 8C. (a) A Director may be recalled for:

7 (1) incompetency or official misconduct as defined by
8 Section 21.022, Local Government Code;

9 (2) conviction of a felony;

10 (3) incapacity;

11 (4) failure to file a financial statement as required
12 by Section 8B(f) of this Act;

13 (5) failure to complete a training program described
14 by Section 8B(a) or (b) of this Act; or

15 (6) failure to maintain residency in the District.

16 (b) If at least 10 percent of the registered voters in a
17 single-member voting district of the District submit a petition to
18 the Board requesting the recall of the Director who serves that
19 single-member voting district, the Board, not later than the 10th
20 day after the date the petition is submitted, shall mail a written
21 notice of the petition and the date of its submission to each
22 registered voter in the single-member voting district.

23 (c) Not later than the 30th day after the date a petition
24 requesting the recall of a Director is submitted, the Board shall
25 order an election on the question of recalling the Director.

26 (d) A recall election under this section may be held on any
27 uniform election date.

1 (e) If a majority of the voters of a single-member voting
2 district voting at an election held under this section favor the
3 recall of the Director who serves that single-member voting
4 district, the Director is recalled and ceases to be a Director.

5 Sec. 10A. All Board reimbursements and expenditures must be
6 approved by the Board in a regularly scheduled meeting.

7 Sec. 10B. The Board may not select the same auditor to
8 conduct an audit required by Section 49.191, Water Code, for more
9 than three consecutive annual audits.

10 SECTION 3.04. Chapter 306, Acts of the 49th Legislature,
11 Regular Session, 1945, is amended by adding Sections 40 and 41 to
12 read as follows:

13 Sec. 40. (a) If the conservator reports to the Commission
14 that the District has been sufficiently rehabilitated to provide
15 reliable, cost-effective, quality service to its customers, the
16 Commission shall evaluate the condition of the District and
17 determine whether:

18 (1) the District has been sufficiently rehabilitated
19 to enable the District to provide reliable, cost-effective, quality
20 service to its customers; and

21 (2) the conservatorship is no longer necessary.

22 (b) Not later than the 60th day after the date the
23 Commission receives a report under this section, the Commission
24 shall issue an order dissolving the conservatorship if the
25 Commission determines the conservatorship is no longer necessary.

26 Sec. 41. (a) The conservator appointed under Section 34 of
27 this Act continues to serve until the conservatorship is dissolved

1 under Section 40 of this Act.

2 (b) The Commission may order the District to implement any
3 part of the rehabilitation plan developed under Section 37 of this
4 Act.

5 (c) If the District fails to comply with a Commission order,
6 the Commission may assess a penalty against the District in the
7 manner provided by Section 13.4151, Water Code.

8 SECTION 3.05. (a) Section 8, Chapter 306, Acts of the 49th
9 Legislature, Regular Session, 1945, as amended by this Act, applies
10 only to a member of the board of directors of the Bexar Metropolitan
11 Water District who is elected to the board on or after the effective
12 date of this Act.

13 (b) Section 8A, Chapter 306, Acts of the 49th Legislature,
14 Regular Session, 1945, as added by this Act, applies only to a
15 member of the board of directors of the Bexar Metropolitan Water
16 District who is elected to the board on or after the effective date
17 of this Act. A director who is elected before the effective date of
18 this Act is governed by the law in effect when the director was
19 elected, and the former law is continued in effect for that purpose.

20 (c) For two of the numbered single-member district
21 director's positions that expire in 2012, the Bexar Metropolitan
22 Water District shall call and hold an election on a uniform election
23 date in that year to elect the directors for those positions for
24 terms that expire on the uniform election date in November 2013.
25 For the other two directors' positions that expire in 2012, the
26 district shall call and hold an election on the same uniform
27 election date in that year to elect the directors for those

1 positions for terms that expire on the uniform election date in
2 November 2014. The district shall determine by lot which
3 single-member districts shall elect directors to serve one-year
4 terms and which shall elect directors to serve two-year terms.

5 ARTICLE 4. TRANSFER OF DISTRICT ASSETS AND LIABILITIES IF VOTERS
6 DISSOLVE THE BEXAR METROPOLITAN WATER DISTRICT UNDER ARTICLE 2

7 SECTION 4.01. Chapter 306, Acts of the 49th Legislature,
8 Regular Session, 1945, is amended by adding Sections 50, 51, 52, 53,
9 54, 55, 56, 57, and 58 to read as follows:

10 Sec. 50. (a) The term of each person who is serving as a
11 Director of the District on the date the election results are
12 certified to the Secretary of State as authorized by Article 2 of
13 the Act enacting this section expires on that date.

14 (b) On the date the election results are certified to the
15 Secretary of State, the System assumes control of the operation and
16 management of the District, except as provided by Sections 52 and 53
17 of this Act and other law applicable to the System.

18 (c) Not later than the 90th day after the date the election
19 results are certified to the Secretary of State, the conservator,
20 under the oversight of the Commission and the Committee, shall
21 transfer or assign the:

22 (1) rights and duties of the District, including
23 existing contracts, assets, and obligations of the District;

24 (2) files, records, and accounts of the District,
25 including those that pertain to the control, finances, management,
26 and operation of the District; and

27 (3) permits, approvals, and certificates necessary to

1 provide water services.

2 (d) To the extent that the transfer of an item listed in
3 Subsection (c) of this section requires the approval of a state
4 agency, the state agency shall grant approval without additional
5 notice or hearing.

6 (e) After the conservator has transferred the property,
7 assets, and liabilities as prescribed by this section, the
8 conservator shall file a written report with the Commission and the
9 Committee summarizing the conservator's actions in dissolving the
10 District.

11 (f) Not later than the 60th day after the date the
12 Commission receives the report and determines that the requirements
13 of this section have been fulfilled, the Commission shall enter an
14 order dissolving the District and releasing the conservator from
15 any further duty or obligation.

16 Sec. 51. This section expires on the fifth anniversary of
17 the date the Commission enters an order dissolving the District.

18 Sec. 52. (a) Not later than five years after the date the
19 election results were certified in favor of dissolution under
20 Article 2 of the Act enacting this section, the System shall
21 integrate the services and infrastructure of the District into the
22 System in a reasonable and orderly manner based on the
23 consideration of relevant information, including:

- 24 (1) the location and condition of the infrastructure;
25 (2) debt obligations;
26 (3) prudent utility practices and fiscal policies;
27 (4) costs and revenue; and

1 (5) potential impacts on the customers of the District
2 and the System.

3 (b) During the integration period described by Subsection
4 (a) of this section, the System shall provide an annual report on
5 the progress of integration to the Commission. The Commission for
6 good cause may grant an extension to complete integration of not
7 more than three additional years.

8 (c) Until the date specified in Subsection (a) of this
9 section, the System may operate the former District as a special
10 project under the System's existing senior lien revenue bond
11 ordinances.

12 (d) Once the conservator has transferred the assets,
13 obligations, and duties to the System, the System shall provide
14 affordable and reliable water services to all of the former
15 ratepayers of the District under the System's certificate of
16 convenience and necessity.

17 (e) After the integration described by Subsection (a) of
18 this section is complete, the System shall provide water service to
19 former ratepayers of the District in the same manner the System
20 provides water service to other ratepayers of the System. The
21 integration is considered complete if:

22 (1) the areas of service located in the former
23 District are no longer operated as a special project within the
24 System;

25 (2) the ratepayers of the former District pay the same
26 rates for services provided by the System as other similarly
27 situated ratepayers of the System; and

1 (3) the ratepayers of the former District receive
2 water service that meets the requirements of the Commission.

3 (f) If the System fails to integrate the services and
4 infrastructure of the District into the System in accordance with
5 Subsection (a) of this section, the Commission may find the System
6 in violation of the obligation under the System's certificate of
7 convenience and necessity to provide continuous and adequate
8 service. The Commission may bring an enforcement action against
9 the System, including the imposition of an administrative penalty
10 under Section 13.4151, Water Code.

11 Sec. 53. (a) For a 24-month period following the transfer
12 of the employment of any employee of the former District, the System
13 may not terminate that employee, except for cause, as defined by the
14 System's standards of conduct for all employees, if the employee:

15 (1) is vested in the retirement program of the
16 District on the effective date of this Act; and

17 (2) earns an annual base salary of less than \$50,000 on
18 the effective date of the Act enacting this section.

19 (b) For a five-year period following the transfer of the
20 employment of any employee of the former District, the System may
21 not terminate that employee, except for cause, as defined by the
22 System's standards of conduct for all employees, if:

23 (1) the employee meets the requirements of Subsections
24 (a)(1) and (2) of this section; and

25 (2) the sum of the years of service of the employee and
26 the employee's age is equal to or greater than 80.

27 (c) An employee who qualifies under Subsection (a) or (b) of

1 this section and who is terminated by the System has the same
2 opportunity for appeal as a person employed by the System who is not
3 an employee of the former District.

4 (d) The System is not required to employ an employee of the
5 District if that person was formerly terminated from, or resigned
6 in lieu of termination from, the System.

7 Sec. 54. From the effective date of the Act enacting this
8 section until the date election results dissolving the District are
9 certified to the Secretary of State, the attorney general may not
10 approve any public security, as defined by Chapter 1201, Government
11 Code, of the District unless:

12 (1) the Commission consents in writing before
13 approval; or

14 (2) the District provides written evidence that
15 issuing the public security represents a refunding of outstanding
16 debt for the purpose of realizing debt service savings in each year
17 that outstanding obligations are refunded and that results in a
18 cumulative net present value savings of three percent compared to
19 refunded debt service.

20 Sec. 55. (a) From the effective date of the Act enacting
21 this section until the date election results dissolving the
22 District are certified to the Secretary of State, a contract or
23 other agreement entered into, amended, or renewed during that
24 period to which the District is a party must include a provision
25 that the contract or other agreement is subject to:

26 (1) review by the System; and

27 (2) termination by the System at the System's sole

1 discretion, including the termination of all rights, duties,
2 obligations, and liabilities of the District or the System under
3 the contract or other agreement, if the contract or other agreement
4 is assumed by the System.

5 (b) A person is not entitled to compensation for loss or
6 other damages resulting from the termination of the contract or
7 other agreement under Subsection (a)(2) of this section.

8 Sec. 56. From the effective date of the Act enacting this
9 section until the date the election results dissolving the District
10 are certified to the Secretary of State, the District may not
11 dispose of, sell, transfer, assign, impair, or restrict any of the
12 District's rights or assets outside the normal and customary course
13 of business.

14 Sec. 57. A state agency at which an administrative or
15 enforcement action is pending against the District shall grant the
16 System special consideration and reasonable extensions to identify
17 and resolve the action in a manner satisfactory to the agency.

18 Sec. 58. (a) In this section, "advisory committee" means a
19 committee appointed under Subsection (b) of this section.

20 (b) Not later than the 60th day after the date the District
21 is dissolved under Section 50 of this Act, the System shall work
22 cooperatively with the commissioners court of each county in which
23 the former District was wholly or partly located to establish an
24 advisory committee to advise the System regarding the integration
25 of the services and infrastructure of the former District,
26 including service integration issues and the delivery of water
27 services by the System, in specific areas or water systems located

1 in the area outside the corporate boundaries of the largest
2 municipality served by the System.

3 (c) The advisory committee shall include one representative
4 from each county served by the System who resides in the boundaries
5 of the former District or the owner or operator of a business
6 located in the boundaries of the former District.

7 (d) Until the integration described by Section 52 of this
8 Act is complete, the board of directors of the System shall:

9 (1) consult with the advisory committee about the
10 matters described by Subsection (b) of this section at least
11 quarterly, during a regularly scheduled or specially called board
12 meeting of the System; and

13 (2) on request by the advisory committee chair,
14 provide members of the advisory committee an opportunity to address
15 the System's board of trustees on matters relating to the duties of
16 the advisory committee.

17 ARTICLE 5. DEADLINES; NOTICE; EFFECTIVE DATE OF ACT

18 SECTION 5.01. If a deadline established in Articles 1
19 through 4 of this Act cannot be met because of a requirement imposed
20 by the federal Voting Rights Act of 1965 (42 U.S.C. Section 1973c or
21 any other provisions of that act), the deadline is the next
22 available date after the requirement is met.

23 SECTION 5.02. (a) The legal notice of the intention to
24 introduce this Act, setting forth the general substance of this
25 Act, has been published as provided by law, and the notice and a
26 copy of this Act have been furnished to all persons, agencies,
27 officials, or entities to which they are required to be furnished

1 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
2 Government Code.

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

6 (c) The Texas Commission on Environmental Quality has filed
7 its recommendations relating to this Act with the governor, the
8 lieutenant governor, and the speaker of the house of
9 representatives within the required time.

10 (d) All requirements of the constitution and laws of this
11 state and the rules and procedures of the legislature with respect
12 to the notice, introduction, and passage of this Act are fulfilled
13 and accomplished.

14 SECTION 5.03. Except as otherwise provided by Article 2 of
15 this Act, this Act takes effect immediately if it receives a vote of
16 two-thirds of all the members elected to each house, as provided by
17 Section 39, Article III, Texas Constitution. If this Act does not
18 receive the vote necessary for immediate effect, this Act takes
19 effect September 1, 2011.