

1-1 By: Uresti, Wentworth S.B. No. 341  
1-2 (In the Senate - Filed January 12, 2011; February 14, 2011,  
1-3 read first time and referred to Committee on Natural Resources;  
1-4 March 14, 2011, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 10, Nays 0; March 14, 2011,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 341 By: Uresti

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the appointment of a conservator for and authorizing  
1-11 the dissolution of the Bexar Metropolitan Water District; providing  
1-12 a penalty.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 ARTICLE 1. CONSERVATORSHIP ESTABLISHED

1-15 SECTION 1.01. Section 1, Chapter 306, Acts of the 49th  
1-16 Legislature, Regular Session, 1945, is amended to read as follows:

1-17 Sec. 1. In obedience to the provisions of Article 16,  
1-18 Section 59 of the Constitution of Texas, there is hereby created  
1-19 Bexar Metropolitan Water District. [~~hereinafter in this Act~~  
1-20 ~~sometimes called the "District."~~]

1-21 SECTION 1.02. Chapter 306, Acts of the 49th Legislature,  
1-22 Regular Session, 1945, is amended by adding Sections 1A, 34, 35, 36,  
1-23 37, 38, and 39 to read as follows:

1-24 Sec. 1A. In this Act:

1-25 (1) "Board" means the District's Board of Directors.

1-26 (2) "Commission" means the Texas Commission on  
1-27 Environmental Quality.

1-28 (3) "Committee" means the Bexar Metropolitan Water  
1-29 District Oversight Committee.

1-30 (4) "Director" means a Board member.

1-31 (5) "District" means the Bexar Metropolitan Water  
1-32 District.

1-33 (6) "System" means a water utility owned by a  
1-34 municipality with a population of more than one million in the area  
1-35 served by the District.

1-36 Sec. 34. (a) The Commission shall appoint as conservator  
1-37 for the District an individual who, at the time of the individual's  
1-38 appointment:

1-39 (1) has demonstrated a high level of expertise in  
1-40 water utility management;

1-41 (2) is not a Director; and

1-42 (3) has no financial interest in the District or any  
1-43 entity that has a contract with the District or that is likely to  
1-44 develop a contractual relationship with the District.

1-45 (b) The conservator's term expires on the date the  
1-46 Commission determines that the duties of the conservator under this  
1-47 Act have been discharged.

1-48 Sec. 35. (a) The conservator shall use District staff to  
1-49 carry out the duties assigned to the conservator. The conservator  
1-50 may hire up to three additional persons who will report to and  
1-51 assist the conservator if:

1-52 (1) assistance from District staff is not provided; or

1-53 (2) the conservator needs special expertise from one  
1-54 or more of the persons.

1-55 (b) A conservator appointed under Section 34 of this Act and  
1-56 any additional persons hired by the conservator under this section  
1-57 are entitled to receive a salary determined by the executive  
1-58 director of the Commission for performing those duties.

1-59 (c) The District shall pay the compensation of the  
1-60 conservator and any additional persons hired by the conservator  
1-61 under this section.

1-62 (d) The executive director of the Commission shall set the  
1-63 compensation of the conservator after considering the

2-1 conservator's:  
2-2 (1) level of expertise in water utility management;  
2-3 and  
2-4 (2) certifications and education.  
2-5 Sec. 36. (a) A conservator appointed under Section 34 and  
2-6 the persons hired under Section 35 of this Act are entitled to  
2-7 reimbursement of the reasonable and necessary expenses incurred by  
2-8 the conservator or the persons hired under Section 35 of this Act in  
2-9 the course of performing duties under this Act.  
2-10 (b) The District shall pay the expenses incurred by the  
2-11 conservator and the persons hired under Section 35 of this Act. The  
2-12 executive director of the Commission shall determine if an expense  
2-13 is reasonable and necessary after considering whether the expense  
2-14 is:  
2-15 (1) necessary to complete the duties of the  
2-16 conservator as assigned by law;  
2-17 (2) at or below the cost of a similar expense incurred  
2-18 by other utilities;  
2-19 (3) documented by an invoice, bill, or work order that  
2-20 includes details relating to the:  
2-21 (A) time spent on services; or  
2-22 (B) cost of supplies; and  
2-23 (4) in accordance with procedures used to minimize  
2-24 expenses, including comparing vendor rates or competitive bidding.  
2-25 Sec. 37. (a) The Board shall work cooperatively with the  
2-26 conservator to identify the policies, assets, liabilities, and  
2-27 resources of the District.  
2-28 (b) The conservator shall:  
2-29 (1) complete an inventory of and evaluate each  
2-30 distinct water system in the District to determine:  
2-31 (A) the District's basis in or the intrinsic  
2-32 value of the infrastructure associated with that water system;  
2-33 (B) the District's bonded debt and commercial  
2-34 paper reasonably associated with or allocable to the infrastructure  
2-35 in that water system; and  
2-36 (C) the adequacy of the water supply sources,  
2-37 water storage facilities, and distribution systems located in that  
2-38 water system's service area to supply current and projected demands  
2-39 in that service area;  
2-40 (2) identify any District assets whose transfer to  
2-41 another appropriate public water utility would be likely to  
2-42 improve:  
2-43 (A) service to the former customers of the  
2-44 District who would be served by that utility; or  
2-45 (B) the District's overall efficiency;  
2-46 (3) compile a list and copies of existing contracts to  
2-47 which the District is a party, including for each contract:  
2-48 (A) effective and termination dates;  
2-49 (B) general scope of the property and services  
2-50 involved;  
2-51 (C) obligations of the District, including  
2-52 financial obligations;  
2-53 (D) how the District benefits from the contract;  
2-54 and  
2-55 (E) whether the District has waived governmental  
2-56 immunity;  
2-57 (4) compile a list of the following in regard to the  
2-58 District:  
2-59 (A) property;  
2-60 (B) rights, including certificates of  
2-61 convenience and necessity, pumping rights, and any other rights;  
2-62 (C) staff; and  
2-63 (D) internal policies, including employment  
2-64 rules, benefits, and an evaluation of the usefulness and efficacy  
2-65 of each policy;  
2-66 (5) develop a comprehensive rehabilitation plan for  
2-67 the District that:  
2-68 (A) identifies strategies for restoring the  
2-69 District's financial integrity and developing a system of sound

3-1 financial management;  
 3-2 (B) describes a standard of ethics,  
 3-3 professionalism, and openness expected of each Director and  
 3-4 employee of the District;  
 3-5 (C) provides a mechanism to enforce compliance  
 3-6 with District policies, including procurement policies;  
 3-7 (D) identifies ways to enhance the District's  
 3-8 operational efficiency and improve the District's provision of  
 3-9 redundancy in water services; and  
 3-10 (E) provides for educating the Board and  
 3-11 management personnel on improving management practices and  
 3-12 complying with District policy and state and federal laws and  
 3-13 regulations; and  
 3-14 (6) assess the District's ability to provide reliable,  
 3-15 cost-effective, quality service to customers, including an  
 3-16 assessment of operations compared to the best management practices  
 3-17 of modern utilities.  
 3-18 Sec. 38. The conservator shall report to the Commission and  
 3-19 the Committee quarterly on the progress the conservator has made in  
 3-20 carrying out the duties under Section 37 of this Act.  
 3-21 Sec. 39. At the conservator's request, the state auditor's  
 3-22 office may audit the District under Chapter 321, Government Code.  
 3-23 The District shall reimburse the state auditor's office for the  
 3-24 cost of the audit.  
 3-25 SECTION 1.03. Not later than the 60th day after the  
 3-26 effective date of this Act, the Texas Commission on Environmental  
 3-27 Quality shall appoint a conservator for the Bexar Metropolitan  
 3-28 Water District as required by Section 34, Chapter 306, Acts of the  
 3-29 49th Legislature, Regular Session, 1945, as added by this Act.  
 3-30 ARTICLE 2. ELECTION; EFFECTIVE DATE OF ARTICLES 3 AND 4  
 3-31 SECTION 2.01. (a) In this article:  
 3-32 (1) "Commission" means the Texas Commission on  
 3-33 Environmental Quality.  
 3-34 (2) "District" means the Bexar Metropolitan Water  
 3-35 District.  
 3-36 (b) On the next uniform election date following the date of  
 3-37 preclearance under Section 5 of the federal Voting Rights Act of  
 3-38 1965 (42 U.S.C. Section 1973c) of all provisions of the Act enacting  
 3-39 this section that are subject to that preclearance, the commission  
 3-40 shall hold an election in the district on the question of dissolving  
 3-41 the district and disposing of the district's assets and  
 3-42 obligations. If the commission determines that preclearance under  
 3-43 Section 5 of the federal Voting Rights Act of 1965 is not required,  
 3-44 the commission shall hold the election on the next uniform election  
 3-45 date after the date the commission makes that determination.  
 3-46 (c) The commission may contract with another entity to  
 3-47 conduct the election. The district shall pay any cost of conducting  
 3-48 the election.  
 3-49 (d) The order calling the election must state:  
 3-50 (1) the nature of the election, including the  
 3-51 proposition to appear on the ballot;  
 3-52 (2) the date of the election;  
 3-53 (3) the hours during which the polls will be open; and  
 3-54 (4) the location of the polling places.  
 3-55 (e) The commission shall give notice of an election under  
 3-56 this section by publishing once a week for two consecutive weeks a  
 3-57 substantial copy of the election order in a newspaper with general  
 3-58 circulation in the district. The first publication of the notice  
 3-59 must appear not later than the 35th day before the date of the  
 3-60 election.  
 3-61 (f) The ballot for an election under this section must be  
 3-62 printed to permit voting for or against the proposition: "The  
 3-63 dissolution of the Bexar Metropolitan Water District and the  
 3-64 transfer of all the District's assets, obligations, and duties to  
 3-65 the water utility of the municipality with the largest population  
 3-66 in the area served by the District."  
 3-67 (g) The commission shall certify that a majority of the  
 3-68 voters voting in the district have voted:  
 3-69 (1) in favor of dissolution; or

4-1 (2) not in favor of dissolution.

4-2 SECTION 2.02. (a) Not later than the 20th day after the  
4-3 date on which the election results are officially declared, the  
4-4 commission shall certify that result to the secretary of state.

4-5 (b) If the proposition is approved by a majority of the  
4-6 voters voting in the election:

4-7 (1) Article 3 of this Act does not take effect; and

4-8 (2) Article 4 of this Act takes effect on the date the  
4-9 results are officially declared.

4-10 (c) If a majority of the voters voting in the election do not  
4-11 approve the proposition:

4-12 (1) Article 3 of this Act takes effect on the date the  
4-13 results are officially declared; and

4-14 (2) Article 4 of this Act does not take effect.

4-15 ARTICLE 3. CHANGES TO THE BEXAR METROPOLITAN WATER DISTRICT IF  
4-16 VOTERS DO NOT DISSOLVE THE DISTRICT UNDER ARTICLE 2

4-17 SECTION 3.01. Section 8, Chapter 306, Acts of the 49th  
4-18 Legislature, Regular Session, 1945, is amended to read as follows:

4-19 Sec. 8. (a) ~~[-.] The seven [five (5)] members of the Board of~~  
4-20 ~~Directors are [shall hereafter be] elected to staggered two-year~~  
4-21 ~~terms in an election held on the uniform election date in November.~~  
4-22 ~~Directors are elected from numbered single-member districts~~  
4-23 ~~established by the Board. The Board shall revise each~~  
4-24 ~~single-member district after each decennial census to reflect~~  
4-25 ~~population changes and to conform with state law, the federal~~  
4-26 ~~Voting Rights Act of 1965 (42 U.S.C. Section 1973 et seq.), and any~~  
4-27 ~~applicable court order [for a term of six (6) years each, provided~~  
4-28 ~~that an election for two (2) Directors for a term of six (6) years~~  
4-29 ~~shall be held on the first Tuesday in April, 1954; the terms of~~  
4-30 ~~three (3) members of the present Board shall be, and are, hereby,~~  
4-31 ~~extended to the first Tuesday in April, 1957; and the present~~  
4-32 ~~Directors shall determine such three (3) by lot. Three (3)~~  
4-33 ~~Directors shall be elected on the first Tuesday in April, 1957, and~~  
4-34 ~~two (2) Directors and three (3) Directors, alternately, shall be~~  
4-35 ~~elected each three (3) years thereafter on the first Tuesday in~~  
4-36 ~~April as the six-year terms expire]. At an election of Directors,~~  
4-37 ~~the candidate from each single-member district who receives [The~~  
4-38 ~~two (2) or three (3) persons, respectively, receiving] the greatest~~  
4-39 ~~number of votes is [shall be declared] elected to represent that~~  
4-40 ~~single-member district. Each Director shall hold office until his~~  
4-41 ~~successor is [shall have been] elected or appointed and has [shall~~  
4-42 ~~have] qualified.~~

4-43 (a-1) A person is not eligible to serve as a Director for  
4-44 more than three terms or for more than a total of seven years of  
4-45 service. [↗]

4-46 (b) Such [such] elections shall be called, conducted and  
4-47 canvassed in the manner provided by the Election Code. [Chapter 25,  
4-48 General Laws of the Thirty-ninth Legislature, Regular Session,  
4-49 1925, and any amendments thereto,]

4-50 (c) The [the] Board of Directors shall fill all vacancies on  
4-51 the Board by appointment and such appointees shall hold office  
4-52 until a successor elected at the next scheduled election date has  
4-53 qualified. [for the unexpired term for which they were appointed,]

4-54 (d) Any four [any three] members of the Board are [shall  
4-55 constitute] a quorum for the adoption or [of] passage of any  
4-56 resolution or order or the transaction of any business of the  
4-57 District. [↗]

4-58 (e) A Director must [Directors succeeding the first Board,  
4-59 whether now or hereafter elected, shall] be a qualified voter of the  
4-60 single-member district from which the Director is elected [resident  
4-61 electors of Bexar County, Texas, and owners of taxable property  
4-62 within the area comprising said District, and shall organize in  
4-63 like manner].

4-64 (f) A payment to a Director for fees of office under Section  
4-65 49.060, Water Code, may not be made for a meeting that occurs in a  
4-66 different fiscal year from the one in which the payment is made.

4-67 SECTION 3.02. Section 33A, Chapter 306, Acts of the 49th  
4-68 Legislature, Regular Session, 1945, is amended by amending  
4-69 Subsection (c) and adding Subsection (g) to read as follows:

5-1 (c) The oversight committee is comprised of seven [5]  
 5-2 members appointed as follows [~~to represent the following members~~]:

5-3 (1) two Senators who represent Senate districts that  
 5-4 include territory within the Bexar Metropolitan Water District,  
 5-5 [the Senator sponsor of this Act, or, in the event this Senator  
 5-6 cannot serve, a Senator] appointed by the Lieutenant Governor;

5-7 (2) two Representatives who represent [the] House  
 5-8 districts that include territory within the District, [author of  
 5-9 this Act, or, in the event this Representative cannot serve, a  
 5-10 Representative] appointed by the Speaker of the Texas House of  
 5-11 Representatives;

5-12 (3) one member with special expertise in the operation  
 5-13 of public water utilities appointed by the Governor;

5-14 (4) one member appointed by the Governor to represent  
 5-15 the public; and

5-16 (5) one [a] member of the Bexar County Commissioners  
 5-17 Court who represents a precinct in which customers of the District  
 5-18 reside.

5-19 (g) On or before December 31, 2012, the oversight committee  
 5-20 shall provide a report under Subsection (e) of this section to the  
 5-21 legislature. The committee is abolished and this section expires  
 5-22 January 1, 2013.

5-23 SECTION 3.03. Chapter 306, Acts of the 49th Legislature,  
 5-24 Regular Session, 1945, is amended by adding Sections 8A, 8B, 8C,  
 5-25 10A, and 10B to read as follows:

5-26 Sec. 8A. (a) To be eligible to be a candidate for or to be  
 5-27 elected or appointed as a Director, a person must have:

5-28 (1) resided continuously in the single-member  
 5-29 district that the person seeks to represent for 12 months  
 5-30 immediately preceding the date of the regular filing deadline for  
 5-31 the candidate's application for a place on the ballot;

5-32 (2) viewed the open government training video provided  
 5-33 by the attorney general and provided to the Board a signed affidavit  
 5-34 stating that the candidate viewed the video;

5-35 (3) obtained 200 signatures from individuals living in  
 5-36 the District; and

5-37 (4) paid a filing fee of \$250 or filed a petition in  
 5-38 lieu of the filing fee that satisfies the requirements prescribed  
 5-39 by Section 141.062, Election Code.

5-40 (b) In this subsection, "political contribution" and  
 5-41 "specific-purpose committee" have the meanings assigned by Section  
 5-42 251.001, Election Code. A Director or a candidate for the office of  
 5-43 Director may not knowingly accept political contributions from a  
 5-44 person that in the aggregate exceed \$500 in connection with each  
 5-45 election in which the person is involved. For purposes of this  
 5-46 subsection, a contribution to a specific-purpose committee for the  
 5-47 purpose of supporting a candidate for the office of Director,  
 5-48 opposing the candidate's opponent, or assisting the candidate as an  
 5-49 officeholder is considered to be a contribution to the candidate.

5-50 Sec. 8B. (a) A person who is elected or appointed to and  
 5-51 qualifies for office as a Director on or after the effective date of  
 5-52 this section may not vote, deliberate, or be counted as a member in  
 5-53 attendance at a meeting of the Board until the person completes a  
 5-54 training program on District management issues. The training  
 5-55 program must provide information to the person regarding:

5-56 (1) the enabling legislation that created the  
 5-57 District;

5-58 (2) the operation of the District;

5-59 (3) the role and functions of the Board;

5-60 (4) the rules of the Board;

5-61 (5) the current budget for the Board;

5-62 (6) the results of the most recent formal audit of the  
 5-63 Board;

5-64 (7) the requirements of the:

5-65 (A) open meetings law, Chapter 551, Government  
 5-66 Code;

5-67 (B) public information law, Chapter 552,

5-68 Government Code; and

5-69 (C) administrative procedure law, Chapter 2001,

6-1 Government Code;

6-2 (8) the requirements of the conflict of interest laws  
6-3 and other laws relating to public officials; and

6-4 (9) any applicable ethics policies adopted by the  
6-5 Board or the Texas Ethics Commission.

6-6 (b) The Commission may create an advanced training program  
6-7 designed for a person who has previously completed a training  
6-8 program described by Subsection (a) of this section. If the  
6-9 Commission creates an advanced training program under this  
6-10 subsection, a person who completes that advanced training program  
6-11 is considered to have met the person's obligation under Subsection  
6-12 (a) of this section.

6-13 (c) Each Director who is elected or appointed on or after  
6-14 the effective date of this section shall complete a training  
6-15 program described by Subsection (a) or (b) of this section at least  
6-16 once in each term the Director serves.

6-17 (d) The Board shall adopt rules regarding the completion of  
6-18 the training program described by Subsection (a) or (b) of this  
6-19 section by a person who is elected or appointed to and qualifies for  
6-20 office as a Director before the effective date of this section. A  
6-21 Director described by this subsection who does not comply with  
6-22 Board rules is considered incompetent as to the performance of the  
6-23 duties of a Director in any action to remove the Director from  
6-24 office.

6-25 (e) A Director may not:

6-26 (1) accept or solicit a gift, favor, or service, the  
6-27 value of which exceeds \$50 per gift, favor, or service, that:

6-28 (A) might reasonably influence the Director in  
6-29 the discharge of an official duty; or

6-30 (B) the Director knows or should know is being  
6-31 offered with the intent to influence the Director's official  
6-32 conduct;

6-33 (2) accept other employment or engage in a business or  
6-34 professional activity that the Director might reasonably expect  
6-35 would require or induce the Director to disclose confidential  
6-36 information acquired by reason of the official position;

6-37 (3) accept other employment or compensation that could  
6-38 reasonably be expected to impair the Director's independence of  
6-39 judgment in the performance of the Director's official duties;

6-40 (4) make personal investments that could reasonably be  
6-41 expected to create a substantial conflict between the Director's  
6-42 private interest and the interest of the District;

6-43 (5) intentionally or knowingly solicit, accept, or  
6-44 agree to accept any benefit for having exercised the Director's  
6-45 official powers or performed the Director's official duties in  
6-46 favor of another; or

6-47 (6) have a personal interest in an agreement executed  
6-48 by the District.

6-49 (f) Not later than April 30 each year, a Director shall file  
6-50 with the Bexar County clerk a verified financial statement  
6-51 complying with Sections 572.022, 572.023, 572.024, and 572.0252,  
6-52 Government Code. The District shall keep a copy of a financial  
6-53 statement filed under this section in the main office of the  
6-54 District.

6-55 Sec. 8C. (a) A Director may be recalled for:

6-56 (1) incompetency or official misconduct as defined by  
6-57 Section 21.022, Local Government Code;

6-58 (2) conviction of a felony;

6-59 (3) incapacity;

6-60 (4) failure to file a financial statement as required  
6-61 by Section 8B(f) of this Act;

6-62 (5) failure to complete a training program described  
6-63 by Section 8B(a) or (b) of this Act; or

6-64 (6) failure to maintain residency in the District.

6-65 (b) If at least 10 percent of the registered voters in a  
6-66 single-member voting district of the District submit a petition to  
6-67 the Board requesting the recall of the Director who serves that  
6-68 single-member voting district, the Board, not later than the 10th  
6-69 day after the date the petition is submitted, shall mail a written

7-1 notice of the petition and the date of its submission to each  
 7-2 registered voter in the single-member voting district.

7-3 (c) Not later than the 30th day after the date a petition  
 7-4 requesting the recall of a Director is submitted, the Board shall  
 7-5 order an election on the question of recalling the Director.

7-6 (d) A recall election under this section may be held on any  
 7-7 uniform election date.

7-8 (e) If a majority of the voters of a single-member voting  
 7-9 district voting at an election held under this section favor the  
 7-10 recall of the Director who serves that single-member voting  
 7-11 district, the Director is recalled and ceases to be a Director.

7-12 Sec. 10A. All Board reimbursements and expenditures must be  
 7-13 approved by the Board in a regularly scheduled meeting.

7-14 Sec. 10B. The Board may not select the same auditor to  
 7-15 conduct an audit required by Section 49.191, Water Code, for more  
 7-16 than three consecutive annual audits.

7-17 SECTION 3.04. Chapter 306, Acts of the 49th Legislature,  
 7-18 Regular Session, 1945, is amended by adding Sections 40 and 41 to  
 7-19 read as follows:

7-20 Sec. 40. (a) If the conservator reports to the Commission  
 7-21 that the District has been sufficiently rehabilitated to provide  
 7-22 reliable, cost-effective, quality service to its customers, the  
 7-23 Commission shall evaluate the condition of the District and  
 7-24 determine whether:

7-25 (1) the District has been sufficiently rehabilitated  
 7-26 to enable the District to provide reliable, cost-effective, quality  
 7-27 service to its customers; and

7-28 (2) the conservatorship is no longer necessary.

7-29 (b) Not later than the 60th day after the date the  
 7-30 Commission receives a report under this section, the Commission  
 7-31 shall issue an order dissolving the conservatorship if the  
 7-32 Commission determines the conservatorship is no longer necessary.

7-33 Sec. 41. (a) The conservator appointed under Section 34 of  
 7-34 this Act continues to serve until the conservatorship is dissolved  
 7-35 under Section 40 of this Act.

7-36 (b) The Commission may order the District to implement any  
 7-37 part of the rehabilitation plan developed under Section 37 of this  
 7-38 Act.

7-39 (c) If the District fails to comply with a Commission order,  
 7-40 the Commission may assess a penalty against the District in the  
 7-41 manner provided by Section 13.4151, Water Code.

7-42 SECTION 3.05. (a) Section 8, Chapter 306, Acts of the 49th  
 7-43 Legislature, Regular Session, 1945, as amended by this Act, applies  
 7-44 only to a member of the board of directors of the Bexar Metropolitan  
 7-45 Water District who is elected to the board on or after the effective  
 7-46 date of this Act.

7-47 (b) Section 8A, Chapter 306, Acts of the 49th Legislature,  
 7-48 Regular Session, 1945, as added by this Act, applies only to a  
 7-49 member of the board of directors of the Bexar Metropolitan Water  
 7-50 District who is elected to the board on or after the effective date  
 7-51 of this Act. A director who is elected before the effective date of  
 7-52 this Act is governed by the law in effect when the director was  
 7-53 elected, and the former law is continued in effect for that purpose.

7-54 (c) For two of the numbered single-member district  
 7-55 director's positions that expire in 2012, the Bexar Metropolitan  
 7-56 Water District shall call and hold an election on a uniform election  
 7-57 date in that year to elect the directors for those positions for  
 7-58 terms that expire on the uniform election date in November 2013.  
 7-59 For the other two director's positions that expire in 2012, the  
 7-60 district shall call and hold an election on the same uniform  
 7-61 election date in that year to elect the directors for those  
 7-62 positions for terms that expire on the uniform election date in  
 7-63 November 2014. The district shall determine by lot which  
 7-64 single-member districts shall elect directors to serve one-year  
 7-65 terms and which shall elect directors to serve two-year terms.

7-66 ARTICLE 4. TRANSFER OF DISTRICT ASSETS AND LIABILITIES IF VOTERS  
 7-67 DISSOLVE THE BEXAR METROPOLITAN WATER DISTRICT UNDER ARTICLE 2

7-68 SECTION 4.01. Chapter 306, Acts of the 49th Legislature,  
 7-69 Regular Session, 1945, is amended by adding Sections 50, 51, 52, 53,

8-1 54, 55, 56, and 57 to read as follows:

8-2 Sec. 50. (a) The term of each person who is serving as a  
 8-3 Director of the District on the date of the canvass of the election  
 8-4 authorized by Article 2 of the Act enacting this section expires on  
 8-5 that date.

8-6 (b) Under the Commission's and Committee's oversight, the  
 8-7 conservator shall transfer or assign to the System, beginning not  
 8-8 later than the 60th day after the date the election results are  
 8-9 certified the:

8-10 (1) rights and duties of the District associated with  
 8-11 the provision of water services, including existing contracts,  
 8-12 assets, and obligations of the District;

8-13 (2) files, records, and accounts of the District,  
 8-14 including those that pertain to the control, finances, management,  
 8-15 and operation of the District; and

8-16 (3) permits, approvals, and certificates necessary to  
 8-17 provide water services.

8-18 (c) To the extent that the transfer of an item listed in  
 8-19 Subsection (b) of this section requires the approval of a state  
 8-20 agency, the state agency shall grant approval without additional  
 8-21 notice or hearing.

8-22 (d) After the conservator has transferred the property,  
 8-23 assets, and liabilities as prescribed by this section, the  
 8-24 conservator shall file a written report with the Commission and the  
 8-25 Committee summarizing the conservator's actions in dissolving the  
 8-26 District.

8-27 (e) Not later than the 60th day after the date the  
 8-28 Commission receives the report and determines that the requirements  
 8-29 of this section have been fulfilled, the Commission shall enter an  
 8-30 order dissolving the District and releasing the conservator from  
 8-31 any further duty or obligation.

8-32 Sec. 51. This section expires on the fifth anniversary of  
 8-33 the date the Commission enters an order dissolving the District.

8-34 Sec. 52. (a) Not later than five years after the date the  
 8-35 election results were certified in favor of dissolution under  
 8-36 Article 2 of the Act enacting this section, the System shall  
 8-37 integrate the services and infrastructure of the District into the  
 8-38 System in a reasonable and orderly manner based on the  
 8-39 consideration of relevant information, including:

8-40 (1) the location and condition of the infrastructure;

8-41 (2) debt obligations;

8-42 (3) costs and revenue; and

8-43 (4) potential impacts on the customers of the District  
 8-44 and the System.

8-45 (b) The System shall provide an annual report on the  
 8-46 progress of integration to the Commission. The Commission for good  
 8-47 cause may grant an extension to complete integration. If the System  
 8-48 fails to comply with the requirements of this section, the  
 8-49 Commission may assess a penalty against the System in the manner  
 8-50 provided by Section 13.4151, Water Code.

8-51 (c) Until the date specified in Subsection (a) of this  
 8-52 section, the System may operate the former District as a special  
 8-53 project under the System's existing senior lien revenue bond  
 8-54 ordinances.

8-55 (d) Once the conservator has transferred the assets,  
 8-56 obligations, and duties to the System, and at least until the date  
 8-57 specified in Subsection (a) of this section, the System shall  
 8-58 provide affordable and reliable water services to all of the former  
 8-59 ratepayers of the District.

8-60 Sec. 53. (a) For a 24-month period following the transfer  
 8-61 of the employment of any employee of the former District, the System  
 8-62 may not terminate that employee, except for cause, if the employee:

8-63 (1) is vested in the retirement program of the  
 8-64 District on the effective date of this Act; and

8-65 (2) earns an annual base salary of less than \$50,000 on  
 8-66 the effective date of the Act enacting this section.

8-67 (b) An employee who qualifies under Subsection (a) of this  
 8-68 section and who is terminated by the System has the same opportunity  
 8-69 for appeal as a person employed by the System who is not an employee



9-1 of the former District.

9-2 (c) The System is not required to employ an employee of the  
9-3 District if that person was formerly terminated from, or resigned  
9-4 in lieu of termination from, the System.

9-5 Sec. 54. From the effective date of the Act enacting this  
9-6 section until the date election results dissolving the District are  
9-7 certified to the Secretary of State, the attorney general may not  
9-8 approve any public security, as defined by Chapter 1201, Government  
9-9 Code, of the District unless:

9-10 (1) the Commission consents in writing before  
9-11 approval; or

9-12 (2) the District provides written evidence that  
9-13 issuing the public security represents a refunding of outstanding  
9-14 debt for the purpose of realizing debt service savings in each year  
9-15 that outstanding obligations are refunded and that results in a  
9-16 cumulative net present value savings of three percent compared to  
9-17 refunded debt service.

9-18 Sec. 55. (a) From the effective date of the Act enacting  
9-19 this section until the date election results dissolving the  
9-20 District are certified to the Secretary of State, a contract or  
9-21 other agreement entered into during that period to which the  
9-22 District is a party must include a provision that the contract or  
9-23 other agreement is subject to:

9-24 (1) review by the System; and

9-25 (2) termination by the System at the System's sole  
9-26 discretion, including the termination of all rights, duties,  
9-27 obligations, and liabilities of the District or the System under  
9-28 the contract or other agreement, if the contract or other agreement  
9-29 is assumed by the System.

9-30 (b) A person is not entitled to compensation for loss or  
9-31 other damages resulting from the termination of the contract or  
9-32 other agreement under Subsection (a)(2) of this section.

9-33 Sec. 56. From the effective date of the Act enacting this  
9-34 section until the date the election results dissolving the District  
9-35 are certified to the Secretary of State, the District may not  
9-36 dispose of, sell, transfer, assign, impair, or restrict any of the  
9-37 District's rights or assets outside the normal and customary course  
9-38 of business.

9-39 Sec. 57. A state agency at which an administrative or  
9-40 enforcement action is pending shall grant the District special  
9-41 consideration and reasonable extensions to identify and resolve the  
9-42 action in a manner satisfactory to the agency.

9-43 ARTICLE 5. NOTICE; EFFECTIVE DATE OF ACT

9-44 SECTION 5.01. (a) The legal notice of the intention to  
9-45 introduce this Act, setting forth the general substance of this  
9-46 Act, has been published as provided by law, and the notice and a  
9-47 copy of this Act have been furnished to all persons, agencies,  
9-48 officials, or entities to which they are required to be furnished  
9-49 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
9-50 Government Code.

9-51 (b) The governor, one of the required recipients, has  
9-52 submitted the notice and Act to the Texas Commission on  
9-53 Environmental Quality.

9-54 (c) The Texas Commission on Environmental Quality has filed  
9-55 its recommendations relating to this Act with the governor, the  
9-56 lieutenant governor, and the speaker of the house of  
9-57 representatives within the required time.

9-58 (d) All requirements of the constitution and laws of this  
9-59 state and the rules and procedures of the legislature with respect  
9-60 to the notice, introduction, and passage of this Act are fulfilled  
9-61 and accomplished.

9-62 SECTION 5.02. Except as otherwise provided by Article 2 of  
9-63 this Act, this Act takes effect immediately if it receives a vote of  
9-64 two-thirds of all the members elected to each house, as provided by  
9-65 Section 39, Article III, Texas Constitution. If this Act does not  
9-66 receive the vote necessary for immediate effect, this Act takes  
9-67 effect September 1, 2011.

9-68

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