

Amend HB 3903 (senate committee printing) as follows:

(1) Add the following appropriately numbered SECTIONS to the bill:

SECTION _____. (a) The West Travis County Public Utility Agency is converted to a conservation and reclamation district to be known as the Hill Country Regional Water Authority located in Hays and Travis Counties.

(b) The Hill Country Regional Water Authority is not required to hold an election to confirm the creation of the authority.

SECTION _____. It is the intent and finding of the legislature that:

(1) the residents and customers served by the West Travis County Public Utility Agency before the effective date of this Act will be provided by the creation of the Hill Country Regional Water Authority under this Act with the means to obtain services authorized by Sections 8601.101 and 8601.102, Special District Local Laws Code, as added by this Act, in the most effective and efficient manner without the impairment of any existing contracts or obligations of the West Travis County Public Utility Agency; and

(2) the creation of the Hill Country Regional Water Authority under this Act will further important public policy objectives by:

(A) supporting public ownership of important water and wastewater utility infrastructure in an environmentally sensitive area; and

(B) protecting the interests of current ratepayers.

SECTION _____. The heading to Subtitle G, Title 6, Special District Local Laws Code, is amended to read as follows:

SUBTITLE G. RIVER AUTHORITIES AND OTHER SPECIAL WATER AUTHORITIES

SECTION 4. Subtitle G, Title 6, Special District Local Laws Code, is amended by adding Chapter 8601 to read as follows:

CHAPTER 8601. HILL COUNTRY REGIONAL WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8601.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Hill Country Regional Water Authority.

(2) "Board" means the board of directors of the authority.

(3) "Director" means a member of the board.

(4) "Member entity" means:

(A) Hays County;

(B) the City of Bee Cave; or

(C) West Travis County Municipal Utility District No. 5.

Sec. 8601.002. NATURE OF AUTHORITY. The authority is a conservation and reclamation district in Hays and Travis Counties created under and essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Sec. 8601.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) The authority is created to serve a public use and benefit.

(b) All land and other property included in the territory of the authority will benefit from the works and projects to be accomplished by the authority under powers conferred by Section 59, Article XVI, Texas Constitution, and powers granted under this chapter.

(c) The authority is created to accomplish the control, storage, conservation, preservation, distribution, and use of water for domestic, industrial, municipal, and all other useful purposes, including the protection, preservation, and restoration of the purity and sanitary condition of water within this state, as provided by Section 59, Article XVI, Texas Constitution.

Sec. 8601.004. AUTHORITY BOUNDARIES. (a) The authority's boundaries are coextensive with the boundaries of the territory described by Certificate of Public Convenience and Necessity No. 13207, as those boundaries exist on the effective date of the Act enacting this chapter and as they may be amended in accordance with applicable law.

(b) Notwithstanding Subsection (a), any territory within the boundaries described by Subsection (a) that is also located within a municipality or within the extraterritorial jurisdiction

of a municipality that has not given its written consent to the authority's creation on or before the effective date of the Act enacting this chapter is excluded from the authority's boundaries until the municipality gives its written consent to the authority's creation.

Sec. 8601.005. APPLICABILITY OF OTHER LAW. (a) Except as otherwise provided by this chapter, Chapter 49, Water Code, applies to the authority. For the purposes of Chapter 49, Water Code, the authority is a special water authority.

(b) The following subchapters of Chapter 49, Water Code, do not apply to the authority:

- (1) Subchapter J;
- (2) Subchapter L;
- (3) Subchapter M; and
- (4) Subchapter N.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 8601.051. DIRECTORS; TERMS. (a) The authority is governed by a board of five appointed directors.

(b) Except for a director serving on the initial board, directors serve staggered four-year terms that expire September 30 of even-numbered years.

(c) A director may serve consecutive terms of office.

Sec. 8601.0515. INITIAL BOARD. (a) The initial board consists of:

- Position 1--Larry Fox;
- Position 2--Ray Whisenant;
- Position 3--Michael Murphy;
- Position 4--Scott Roberts; and
- Position 5--Bill Goodwin.

(b) Directors Fox, Whisenant, and Murphy serve initial terms expiring September 30, 2016. Directors Roberts and Goodwin serve initial terms expiring September 30, 2014.

(c) A vacancy in a position on the initial board shall be filled in the manner provided by Section 8601.053 for making an appointment to the same position, except that an appointment to fill a vacancy in position 4 or 5 does not require that both positions be seated simultaneously.

(d) This section expires September 30, 2016.

Sec. 8601.052. ELIGIBILITY TO SERVE AS A DIRECTOR. (a) To be eligible to serve as a director, an individual must be at least 18 years of age.

(b) To be eligible to serve as a director:

(1) in position 1, 2, or 3, an individual must reside in Hays or Travis County;

(2) in position 4, an individual must reside in Hays County; or

(3) in position 5, an individual must reside in Travis County.

Sec. 8601.053. METHOD OF APPOINTING DIRECTORS. (a) Directors are appointed or recommended for appointment to the five numbered positions on the board by the governing body of each member entity as follows:

(1) West Travis County Municipal Utility District No. 5 shall appoint the director who serves in position 1;

(2) Hays County shall appoint the director who serves in position 2;

(3) the City of Bee Cave shall appoint the director who serves in position 3;

(4) Hays County shall appoint the director who serves in position 4, subject to approval by the member entities as provided by Subsection (b); and

(5) the City of Bee Cave shall appoint the director who serves in position 5, subject to approval by the member entities as provided by Subsection (b).

(b) The governing bodies of all member entities must approve the appointments of directors for positions 4 and 5 before the persons begin to serve as directors. Upon approval, directors appointed to serve in those positions shall be seated simultaneously.

(c) Except to fill a vacancy, the appointment of a director must be made during September of the year in which that position's term begins.

Sec. 8601.054. VACANCY. (a) A vacancy in a position on the board shall be filled in the same manner as an appointment to the

board for that position, except that a vacancy in position 4 or 5 does not require that positions 4 and 5 be seated simultaneously.

(b) A person appointed to fill a vacancy serves for the remainder of the vacated term.

(c) Section 49.105, Water Code, does not apply to the authority.

Sec. 8601.055. SERVICE ON BOARD BY EMPLOYEE OR OFFICER OF OTHER PUBLIC ENTITY. (a) The common law doctrine of incompatibility does not disqualify an employee or official of a public entity from serving as a director.

(b) An employee, officer, or member of the governing body of a public entity may serve as a director but may not have a personal interest in a contract executed by the authority other than as an employee, officer, or member of the governing body of the public entity. If a director has a personal interest in a contract executed by the authority, the director must abstain from any participation in the matter. A director is not required to abstain from further participation in the matter if a majority of the members of the board of directors have similar interests in the same official action.

Sec. 8601.056. COMPENSATION; EXPENSES. (a) A director serves without compensation but, subject to board approval, may be reimbursed for travel or other expenses incurred on behalf of the authority if the director presents the board with a verified statement of the expenses.

(b) Section 49.060, Water Code, does not apply to the authority.

Sec. 8601.057. QUORUM. A majority of the membership of the board constitutes a quorum for any meeting, and a concurrence of a majority of the entire membership of the board is sufficient for transacting any business of the authority.

Sec. 8601.058. OFFICERS. (a) Every two years on the appointment or reappointment of directors, the board shall meet and elect a president, a vice president, a secretary, and any other officers or assistant officers the board considers necessary.

(b) The president is the chief executive officer of the authority, presides at all meetings of the board, and shall execute

all documents on behalf of the authority unless the board authorizes the general manager or other representative of the authority to execute a document or documents on behalf of the authority.

(c) The vice president shall act as president in case of the absence or disability of the president.

(d) The secretary is responsible for seeing that all records and books of the authority are properly kept and may attest the president's signature on documents.

(e) The board may appoint another director, the general manager, or any employee as assistant or deputy secretary to assist the secretary, and any such person shall be entitled to certify as to the authenticity of any record of the authority, including all proceedings relating to bonds, contracts, or indebtedness of the authority.

Sec. 8601.059. REMOVAL FROM OFFICE. A director may be removed from office at any time, with or without cause, by the member entity that appointed the director.

Sec. 8601.060. EX OFFICIO BOARD MEMBERS. (a) This section applies only to a person who is not an appointed director.

(b) Any of the following persons, or any of those persons' designees, is entitled to serve as an ex officio, nonvoting member of the board:

(1) the Hays County judge;
(2) the City of Bee Cave city administrator; or
(3) the president of the West Travis County Municipal Utility District No. 5 Board of Directors.

(c) A person designated as an ex officio member of the board is entitled to receive notice of and to attend the authority's board meetings.

(d) A person designated as an ex officio member of the board is not counted for purposes of determining a quorum under Section 8601.057.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8601.101. GENERAL POWERS AND DUTIES. (a) The authority has all the rights, powers, privileges, functions, and duties necessary and convenient to accomplish the purposes of this

chapter.

(b) Except as provided by this chapter, the authority has the powers and duties provided by the general law of this state applicable to a special water authority under Chapter 49, Water Code.

(c) The authority retains all the rights, powers, privileges, functions, obligations, and duties of the West Travis County Public Utility Agency as in effect before the effective date of the Act enacting this chapter.

Sec. 8601.102. WATER AND WASTE POWERS. (a) The authority may supply water for municipal uses, domestic uses, power, and commercial purposes, and all other beneficial uses or controls.

(b) The authority may not use groundwater from the Barton Springs Segment of the Edwards Aquifer as a source of the authority's water supply. This section shall not be interpreted to prohibit an aquifer storage and recovery project or a recharge improvement project that enhances water supply in the Barton Springs Segment of the Edwards Aquifer.

(c) The authority may collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state.

Sec. 8601.103. AUTHORITY POLICIES, RULES, AND BYLAWS. The authority may adopt and enforce policies, rules, and bylaws reasonably required to implement this chapter, including rules governing procedures before the board and rules regarding implementation, enforcement, and any other matters related to the exercise of the rights, powers, privileges, and functions conferred on the authority by this chapter for the provision of water and wastewater service.

Sec. 8601.104. EXTENSION OF SERVICES. (a) In this section, "commission" means the Texas Commission on Environmental Quality.

(b) Except as provided by this section, the authority may extend service to customers located inside or outside the authority's boundaries.

(c) The authority may not extend wastewater service to new customers in Hays County that are located inside the extraterritorial jurisdiction or municipal limits of a

municipality or to new customers located inside the extraterritorial jurisdiction or municipal limits of the City of Austin unless the authority sends the applicable municipality written notice of its intent to provide the service and the municipality does not object in writing to the extension of service on or before the 60th day after the date of receiving notice.

(d) In accordance with the provisions of Section 8601.003(c) related to the protection, preservation, and restoration of the purity and sanitary condition of water in this state, except as provided by this subsection, the authority may not extend service to new customers in an area served by the authority that is located in the contributing and recharge zone of the Barton Springs Segment of the Edwards Aquifer. Before the authority approves an extension of authority service under this subsection, the applicant requesting the service must certify to the authority that:

(1) the applicant has submitted any required applications, notifications, or plans to the commission; and

(2) a draft permit has been issued by the executive director of the commission or by any other governmental entity with the requisite jurisdiction for the purpose of managing stormwater and all domestic, industrial, or communal wastes in a manner sufficient to maintain and support the Texas Surface Water Quality Standards, 30 T.A.C. Chapter 307, including the anti-degradation policy adopted under those standards.

(e) The authority shall hold a public hearing and provide an opportunity for public comment before extending authority service to new customers not located in the service area identified in the 10-year capital improvement plan that:

(1) has been adopted from time to time in compliance with Chapter 395, Local Government Code; and

(2) is in effect when an application for service is received.

Sec. 8601.105. ACQUISITION, CONSTRUCTION, MAINTENANCE, AND OPERATION OF SYSTEMS. (a) The authority may purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside or outside its boundaries any works, improvements, facilities,

plants, equipment, or appliances necessary to accomplish authority purposes under this chapter, including all works, improvements, facilities, plants, equipment, and appliances incident, helpful, or necessary to provide services inside or outside the authority's boundaries.

(b) Any new construction or extension of authority facilities in the jurisdiction of a municipality must comply with the municipality's:

(1) ordinances governing subdivision platting and site development; and

(2) design criteria for fire flow.

Sec. 8601.106. WATER CONSERVATION OR DROUGHT CONTINGENCY PLANS. The authority by rule may develop, prepare, revise, adopt, implement, enforce, and manage comprehensive water conservation or drought contingency plans for the authority or any portion of the authority.

Sec. 8601.107. CONTRACTS AND INSTRUMENTS. The authority may, as necessary or convenient to the exercise of the rights, powers, privileges, and functions conferred on the authority by this chapter:

(1) enter into a contract, including an interlocal contract under Chapter 791, Government Code; or

(2) execute an instrument.

Sec. 8601.108. MEMBER ENTITY CONVEYANCES AND ACQUISITIONS. (a) In this section, "utility system" has the meaning assigned by Section 1502.001, Government Code.

(b) A member entity may convey a utility system facility or asset or its interest in a utility system facility or asset to the authority without holding an election to approve the conveyance.

(c) A member entity is exempt from the provisions of Chapter 1502, Government Code, regarding the conveyance, sale, or acquisition of a utility system, or any related works, improvements, facilities, plants, equipment, or appliances.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8601.151. FEES, RATES, AND OTHER CHARGES. The board shall establish, charge, and collect tolls, fees, user fees, rates, and other charges for the sale or use of water, water connections,

wastewater service, wastewater connections, or other services sold, furnished, or supplied by the authority inside and outside the authority's boundaries. The tolls, fees, user fees, rates, and other charges must be reasonable and nondiscriminatory and sufficient to produce revenue adequate to:

(1) pay all expenses necessary to the operation and maintenance of the properties and facilities of the authority;

(2) pay the interest on and principal of all bonds, notes, or other obligations assumed, issued, or incurred by the authority;

(3) pay the principal of and interest on and any other amounts owed under any legal debt created or assumed by the authority;

(4) pay all sinking fund and reserve fund payments agreed to be made with respect to bonds, notes, or other obligations and payable out of those revenues, as the payments become due and payable; and

(5) fulfill the terms of any agreements made with the bondholders, other counterparties or creditors, or with any person on their behalf.

Sec. 8601.152. IMPACT FEES. The authority may assess and collect impact fees under Chapter 395, Local Government Code, inside and outside the authority's boundaries.

Sec. 8601.153. LATE OR PARTIAL PAYMENTS: INTEREST AND PENALTIES. (a) The board may require the payment of interest on any late or unpaid tolls, fees, user fees, impact fees, rates, or other charges due the authority. The interest rate may not exceed the interest rate permitted by Section 2251.025, Government Code.

(b) The board may impose penalties for the failure to make a complete or timely payment to the authority.

Sec. 8601.154. ADMINISTRATIVE PENALTY. A person who violates a rule or order of the authority is subject to an administrative penalty of not more than \$5,000, as determined by the board, for each violation or each day of a continuing violation. The person shall pay the penalty to the authority.

Sec. 8601.155. DISBURSEMENTS. (a) The authority may disburse authority money by check, draft, order, federal reserve

wire system, or other instrument or authorization.

(b) Except as provided by Subsection (c), disbursements of the authority must be signed by at least a majority of the directors.

(c) The board by resolution may allow the general manager, treasurer, bookkeeper, or other employee or representative of the authority to sign disbursements.

Sec. 8601.156. NO AD VALOREM TAXATION OR SPECIAL ASSESSMENTS. The authority may not impose an ad valorem tax or a special assessment.

Sec. 8601.157. FISCAL YEAR. The authority's fiscal year begins on October 1 and ends on September 30.

Sec. 8601.158. FRANCHISE FEES. The authority may not assess or collect a franchise fee for the use of its real property. The authority may pay a franchise fee to another governmental entity.

SUBCHAPTER E. BONDS AND NOTES

Sec. 8601.201. REVENUE BONDS AND NOTES. (a) To accomplish the purposes of the authority, the authority may issue bonds or notes payable solely from and secured by all or part of any funds or any revenue from any source or sources, including:

(1) tolls, fees, user fees, impact fees, rates, and other charges the authority imposes or collects;

(2) the sale of water, water services, water rights or capacity, water transmission rights or services, water pumping, sewer services, or any other service or product of the authority provided inside or outside the boundaries of the authority;

(3) grants or gifts;

(4) the ownership or operation of all or a designated part of the authority's works, improvements, facilities, plants, or equipment; and

(5) contracts between the authority and a member entity, customer, or any other person.

(b) Bonds or notes issued by the authority may be first or subordinate lien obligations at the board's discretion.

(c) In connection with any bonds or notes of the authority, the authority may exercise any power of an issuer under Chapter

1371, Government Code.

(d) The authority may conduct a public, private, or negotiated sale of the bonds or notes.

(e) The authority may enter into one or more indentures of trust to further secure its bonds or notes.

(f) The authority may issue bonds or notes in more than one series as necessary to carry out the purposes of this chapter. In issuing bonds or notes secured by revenue of the authority, the authority may reserve the right to issue additional bonds or notes secured by the authority's revenue that are on parity with or are senior or subordinate to the bonds or notes issued earlier.

(g) A resolution of the board or a trust indenture securing the bonds or notes may specify additional provisions that constitute a contract between the authority and its bondholders or noteholders.

(h) Bonds and notes may be additionally secured by deed of trust or mortgage on any or all of the authority's facilities.

(i) Bonds and notes issued by the authority are not subject to approval by the Texas Commission on Environmental Quality, and commission rules regarding bonds or notes do not apply to bonds or notes issued by the authority.

Sec. 8601.202. ELECTION NOT REQUIRED. The authority is not required to hold an election to approve the issuance of revenue bonds or notes or other obligations under this subchapter.

Sec. 8601.203. USE OF REVENUE AND GROWTH PROJECTIONS. For the purposes of attorney general review and approval and in lieu of any other manner of demonstrating the ability to pay debt service and satisfy any other pecuniary obligations relating to bonds, notes, or other obligations, the authority may demonstrate its ability to satisfy the debt service and those obligations using accumulated funds of the authority and revenue and growth projections prepared by a professional utility rate consultant at the direction of the authority. If the resolution authorizing the issuance of the bonds, notes, or other obligations provides that the authority intends to increase rates to the extent necessary to pay debt service and satisfy any other pecuniary obligations arising under the bonds, notes, or other obligations, the revenue

projections prepared by a professional utility rate consultant may include forecast rate increases and accumulated and available fund balances as determined by the authority.

SECTION _____. On the effective date of this Act:

(1) the Hill Country Regional Water Authority shall assume all assets, liabilities, and obligations of the West Travis County Public Utility Agency;

(2) all contracts and written agreements of the West Travis County Public Utility Agency are assigned to and assumed by the Hill Country Regional Water Authority; and

(3) the Utilities Installment Purchase Agreement entered January 17, 2012, between the Lower Colorado River Authority and the West Travis County Public Utility Agency, as amended, is assigned to and assumed by the Hill Country Regional Water Authority created by this Act and is valid and enforceable by its terms. Governmental immunity from liability or suit is waived for the parties to enforce that Utilities Installment Purchase Agreement to the extent provided by Subchapter I, Chapter 271, Local Government Code.

SECTION _____. (a) The board of directors of the Hill Country Regional Water Authority shall initiate a public process involving district stakeholders and other interested persons to develop a plan to address the future governance of the authority, including consideration of:

(1) the election of member positions by ratepayers;

(2) retail and wholesale customer representation; and

(3) the allocation of representatives from Hays and Travis Counties.

(b) Not later than January 1, 2015, the board of directors of the Hill Country Regional Water Authority shall present the plan developed under Subsection (a) of this section as a proposal for legislation to the committees of the 84th Legislature having primary jurisdiction over water districts and to each of the state representatives and state senators in whose district the territory of the Hill Country Regional Water Authority is located.

SECTION _____. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this

Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

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

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

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

SECTION _____. (a) Any eminent domain powers granted by general law that apply to the Hill Country Regional Water Authority, as created by this Act, take effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 8601, Special District Local Laws Code, as added by this Act, is amended by adding Section 8601.109 to read as follows:

Sec. 8601.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(c) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

(2) Renumber the SECTIONS of the bill appropriately.