

By: Miles

S.B. No. 2437

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the Texas Water Development Board to establish, operate, and, through the issuance of general obligation bonds, finance a grant program to provide financial assistance to political subdivisions and the state for projects related to disaster recovery; disaster mitigation; or construct, repair, rehabilitate, or reconstruct state or local infrastructure.

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

SECTION 1. Chapter 70, Water Code, is amended by adding Subchapter A to read as follows:

SUBCHAPTER A. TEXAS DISASTER MITIGATION, RECOVERY, RESPONSE AND INFRASTRUCTURE GRANT PROGRAM

Sec. 70.001. DEFINITIONS. In this subchapter:

(1) "Advisory committee" means the Texas Disaster Mitigation, Recovery, Response and Infrastructure Advisory Committee.

(2) "Board" means the Texas Water Development Board.

(3) "Bonds" means bonds, notes, and other public securities.

(4) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(5) "Fund" means the Texas Disaster Mitigation, Recovery, Response and Infrastructure.

(6) "Historically underutilized business" has the

1 meaning assigned by Section 2161.001, Government Code.

2 (7) "Qualifying political subdivision" means a
3 county, municipality, independent school district, or other
4 special district.

5 (8) "Qualifying project" means any of the following,
6 if undertaken by a qualifying political subdivision or the state in
7 order to provide:

8 (A) a project for disaster mitigation

9 (B) a project for disaster recovery;

10 (C) a project for disaster response; or

11 (D) a project to construct, repair,
12 rehabilitate, or reconstruct state or local infrastructure.

13 (9) "Trust company" means the Texas Treasury
14 Safekeeping Trust Company.

15 Sec. 70.002. TEXAS DISASTER MITIGATION, RECOVERY, RESPONSE
16 AND INFRASTRUCTURE GRANT PROGRAM. The Board by rule shall
17 establish a grant program to use the proceeds from the sale of bonds
18 issued under Section 70.004 and the interest earned on those bonds
19 to provide financial assistance to qualifying political
20 subdivisions and the state to finance qualifying projects in the
21 political subdivision and the state.

22 Sec. 70.003. APPLICATION FOR GRANT. The Board shall
23 develop and implement an application process for a grant under this
24 subchapter. At a minimum, the application must include:

25 (1) a description of the qualifying project for which
26 the applicant is requesting the grant;

27 (2) an estimate of the total cost of the project; and

1 (3) evidence that the applicant has staff, policies,
2 and procedures in place adequate to complete the project.

3 Sec. 70.004. TEXAS DISASTER MITIGATION, RECOVERY, RESPONSE
4 AND INFRASTRUCTURE BONDS. (a) The Board may issue general
5 obligation bonds for the purposes provided in this subchapter. The
6 aggregate principal amount of the bonds that are issued may not
7 exceed the amount specified by Section 2, Article XIV, Texas
8 Constitution.

9 (b) The Board may enter into credit agreements relating to
10 the bonds. A credit agreement entered into under this subchapter
11 may be secured by and payable from the same sources as the bonds.

12 (c) The bonds shall be executed in the form, on the terms,
13 and in the denominations, bear interest, and be issued as
14 prescribed by the Board. The bonds may be issued in multiple
15 series and issues and may have the provisions the Board determines
16 appropriate and in the interest of the state.

17 (d) The Board has all powers necessary or appropriate to
18 carry out this subchapter and to implement Section 2, Article XIV,
19 Texas Constitution, including the powers granted to other
20 bond-issuing governmental agencies and units and to nonprofit
21 corporations by Chapters 1201, 1207, and 1371, Government Code.

22 (e) The bonds and the record of proceedings authorizing the
23 bonds and any related credit agreements shall be submitted to the
24 attorney general for approval. If the attorney general finds that
25 they will be issued in accordance with this subchapter and other
26 applicable law, the attorney general shall approve them and deliver
27 them to the comptroller for registration. After approval by the

1 attorney general, registration by the comptroller, and payment by
2 the purchasers of the bonds in accordance with the terms of sale and
3 after execution and delivery of the related credit agreements, the
4 bonds and related credit agreements are incontestable for any
5 cause.

6 (f) The proceeds from the sale of the bonds must be used to
7 provide funding for the grant program established under Section
8 70.002. The Board may use a portion of the proceeds from the sale of
9 the bonds to pay the cost of the issuance of the bonds.

10 (g) The comptroller shall pay the principal of the bonds as
11 they mature and the interest as it becomes payable and shall pay any
12 cost related to the bonds that becomes due, including payments
13 under credit agreements.

14 Sec. 70.005 FEDERAL MATCHING FUNDS. (a) Bond proceeds
15 described in this subchapter can go towards federal matching funds
16 including those offered by the Federal Emergency Management Agency,
17 and United States Army Corps of Engineers; and

18 (b) bond proceeds described in this subchapter can be used
19 to reimburse matching payments made to the federal including those
20 offered by the Federal Emergency Management Agency, and United
21 States Army Corps of Engineers.

22 SECTION 2 Chapter 70, Water Code, is amended by adding
23 Subchapter B to read as follows:

24 Sec. 70.432. FUND. (a) The Texas Disaster Mitigation,
25 Recovery, Response and Infrastructure fund is a special fund in the
26 state treasury outside the general revenue fund to be used by the
27 board, without further legislative appropriation, for the purpose

1 of implementing the Texas Disaster Mitigation, Recovery, Response
2 and Infrastructure Bonds as provided by this subchapter. The board
3 may establish separate accounts in the fund. The fund and the
4 fund's accounts are kept and held by the trust company for and in
5 the name of the board. The board has legal title to money and
6 investments in the fund until money is disbursed from the fund as
7 provided by this subchapter and board rules. It is the intent of
8 the legislature that the fund will never be used:

9 (1) for a purpose other than the support of
10 projects in the Texas Disaster Mitigation, Recovery, Response and
11 Infrastructure Bonds; or

12 (2) to certify that appropriations from the
13 treasury are within the amount estimated to be available in a fund
14 of the treasury affected by the appropriation.

15 (b) Money deposited to the credit of the fund may be used
16 only as provided by this subchapter.

17 (c) The fund consists of:

18 (1) money transferred or deposited to the credit
19 of the fund by law, including money from any source transferred or
20 deposited to the credit of the fund at the board's discretion as
21 authorized by law;

22 (2) the proceeds of any fee or tax imposed by this
23 state that by statute is dedicated for deposit to the credit of the
24 fund;

25 (3) any other revenue that the legislature by
26 statute dedicates for deposit to the credit of the fund;

27 (4) investment earnings and interest earned on

1 amounts credited to the fund; and

2 (5) money transferred to the fund under a bond
3 enhancement agreement from another fund or account to which money
4 from the fund was transferred under a bond enhancement agreement,
5 as authorized by Section 70.435.

6 Sec. 70.433. MANAGEMENT AND INVESTMENT OF FUND. (a) The
7 trust company shall hold and invest the fund, and any accounts
8 established in the fund, for and in the name of the board, taking
9 into account the purposes for which money in the fund may be used.
10 The fund may be invested with the state treasury pool.

11 (b) The overall objective for the investment of the fund is
12 to maintain sufficient liquidity to meet the needs of the fund while
13 striving to preserve the purchasing power of the fund.

14 (c) The trust company has any power necessary to accomplish
15 the purposes of managing and investing the assets of the fund. In
16 managing the assets of the fund, through procedures and subject to
17 restrictions the trust company considers appropriate, the trust
18 company may acquire, exchange, sell, supervise, manage, or retain
19 any kind of investment that a prudent investor, exercising
20 reasonable care, skill, and caution, would acquire or retain in
21 light of the purposes, terms, distribution requirements, and other
22 circumstances of the fund then prevailing, taking into
23 consideration the investment of all the assets of the fund rather
24 than a single investment.

25 (d) The trust company may charge fees to cover its costs
26 incurred in managing and investing the fund. The fees must be
27 consistent with the fees the trust company charges other state and

1 local governmental entities for which it provides investment
2 management services. The trust company may recover fees it charges
3 under this subsection only from the earnings of the fund.

4 (e) The trust company annually shall provide a written
5 report to the board and to the advisory committee with respect to
6 the investment of the fund. The trust company shall contract with a
7 certified public accountant to conduct an independent audit of the
8 fund annually and shall present the results of each annual audit to
9 the board and to the advisory committee. This subsection does not
10 affect the state auditor's authority to conduct an audit of the fund
11 under Chapter 321, Government Code.

12 (f) The trust company shall adopt a written investment
13 policy that is appropriate for the fund. The trust company shall
14 present the investment policy to the investment advisory board
15 established under Section 404.028, Government Code. The investment
16 advisory board shall submit to the trust company recommendations
17 regarding the policy.

18 (g) The board annually shall provide to the trust company a
19 forecast of the cash flows into and out of the fund. The board shall
20 provide updates to the forecasts as appropriate to ensure that the
21 trust company is able to achieve the objective specified by
22 Subsection (b).

23 (h) The trust company shall disburse money from the fund as
24 directed by the board. The board shall direct disbursements from
25 the fund on a semiannual schedule specified by the board and not
26 more frequently than twice in any state fiscal year.

27 (i) An investment-related contract entered into under this

1 section is not subject to Chapter 2260, Government Code.

2 Sec. 70.434. USE OF FUND; PAYMENTS TO AND FROM OTHER FUNDS
3 OR ACCOUNTS. (a) At the direction of the board, the trust company
4 shall make disbursements from the fund to another fund or account
5 pursuant to a bond enhancement agreement authorized by Section
6 70.435 in the amounts the board determines are needed for debt
7 service payments on or security provisions of the board's general
8 obligation bonds or revenue bonds, shall be paid out of the economic
9 stabilization fund.

10 Sec. 70.435. BOND ENHANCEMENT AGREEMENTS. (a) A bond
11 enhancement agreement entered into under this section is an
12 agreement for professional services. A bond enhancement agreement
13 must contain terms that are consistent with Section 70.433(h), and
14 the agreement, including the period covered by the agreement and
15 all other terms and conditions of the agreement, must be approved by
16 the board. An obligation to disburse money from the fund, or from a
17 special account established by the board, in accordance with a bond
18 enhancement agreement is a special obligation of the board payable
19 solely from designated income and receipts of the fund or of the
20 account, as determined by the board. An obligation to disburse
21 money from the fund, or from a special account established by the
22 board, in accordance with a bond enhancement agreement does not
23 constitute indebtedness of the state.

24 (b) To facilitate the use of the fund for the purposes of
25 this subchapter, the board may direct the trust company to enter
26 into bond enhancement agreements to provide a source of revenue or
27 security for the payment of the principal of and interest on general

1 obligation bonds, including bonds issued under Section 2, Article
2 XIV, Texas Constitution, or revenue bonds issued by the board to
3 finance or refinance projects included in the state water plan if
4 the proceeds of the sale of the bonds have been or will be deposited
5 to the credit of the Texas Disaster Mitigation, Recovery, Response
6 and Infrastructure revenue fund.

7 (c) If the trust company enters into a bond enhancement
8 agreement under Subsection (b), the board may direct the trust
9 company to make disbursements from the fund to another fund or
10 account for the support of bonds the proceeds of which are used to
11 provide financial assistance in the form of:

12 (1) a loan bearing an interest rate of not less than 50
13 percent of the then-current market rate of interest available to
14 the board;

15 (2) a loan to finance a facility under repayment terms
16 similar to the terms of debt customarily issued by the entity
17 requesting assistance but not to exceed the lesser of:

18 (A) the expected useful life of the facility; or

19 (B) 30 years;

20 (3) a deferral of loan repayment, including deferral
21 of the repayment of:

22 (A) principal and interest; or

23 (B) accrued interest;

24 (4) incremental repurchase terms for an acquired
25 facility, including terms for no initial repurchase payment
26 followed by progressively increasing incremental levels of
27 interest payment, repurchase of principal and interest, and

1 ultimate repurchase of the entire state interest in the facility
2 using simple interest calculations; or

3 (5) a combination of the methods of financing
4 described by Subdivisions (1)-(4).

5 (d) The board may direct the trust company to enter into
6 bond enhancement agreements with respect to bonds issued by the
7 board before September 1, 2019, only if:

8 (1) those bonds otherwise satisfy the requirements of
9 Subsections (b) and (c);

10 (2) the proceeds of those bonds were or are required to
11 be used only for the implementation of Texas Disaster Mitigation,
12 Recovery, Response and Infrastructure; and

13 (3) economic stabilization funds of the state was
14 appropriated before September 1, 2013, for the payment of debt
15 service on those bonds.

16 (e) The board may direct the trust company to enter into
17 bond enhancement agreements with respect to refunding bonds issued
18 by the board to refund bonds issued by the board the proceeds of
19 which have been or are to be used for projects included in the state
20 water plan and which otherwise satisfied the requirements of
21 Subsections (b) and (c).

22 (f) The board may not direct the trust company to enter into
23 a bond enhancement agreement with respect to bonds issued by the
24 board the proceeds of which have been or are to be used to make
25 grants.

26 (g) The board may not direct the trust company to enter into
27 a bond enhancement agreement with respect to bonds issued by the

1 board the proceeds of which may be used to provide financial
2 assistance to an applicant if at the time of the request the
3 applicant has failed to (2) satisfactorily complete a request by
4 the Texas Disaster Mitigation, Recovery, Response and
5 Infrastructure Advisory Committee for information relevant to the
6 project for which the financial assistance is sought.

7 (h) The board may not direct the trust company to enter into
8 a bond enhancement agreement with respect to bonds issued by the
9 board the proceeds of which may be used to provide financial
10 assistance to an applicant unless at the time of the request the
11 applicant has acknowledged its legal obligation to comply with any
12 applicable requirements of:

13 (1) federal law relating to contracting with
14 disadvantaged business enterprises; and

15 (2) state law relating to contracting with
16 historically underutilized businesses.

17 (i) The board may not approve a bond enhancement agreement
18 with respect to bonds issued by the board unless the agreement
19 contains a provision to the effect that if the trust company makes a
20 disbursement under the bond enhancement agreement from the fund to
21 the credit of another fund or account as provided by Section
22 70.434(a), the board shall direct the comptroller to transfer an
23 amount not to exceed that amount from the fund or account receiving
24 the payment back to the fund if:

25 (1) money is available in the surplus balance in the
26 fund or account for that purpose; and

27 (2) the money transferred back to the fund will not

1 cause general obligation bonds that are payable from the fund or
2 account receiving the payment to no longer be self-supporting for
3 purposes of Section 2, Article XIV, Texas Constitution.

4 (j) For purposes of Subsection (i)(1), the surplus balance
5 of a fund or account that receives a disbursement from the fund
6 under a bond enhancement agreement is the amount of money on deposit
7 in the fund or account, as determined by the board, that is
8 attributable to the general obligation bonds or revenue bonds that
9 are the subject of the bond enhancement agreement, including money
10 received from the sale or other disposition of the board's rights to
11 receive repayment of financial assistance, money received from the
12 sale, transfer, or lease of an acquired facility, money received
13 from the sale of water associated with an acquired facility, and
14 related investment earnings, that exceeds the amount required to
15 pay annual debt service on the bonds and any other amounts specified
16 in the resolution or other proceedings authorizing the bonds and
17 any related obligations.

18 (k) The board shall submit each bond enhancement agreement
19 and the record relating to the agreement to the attorney general for
20 examination as to the validity of the agreement. If the attorney
21 general finds that the agreement has been made in accordance with
22 the constitution and other laws of this state, the attorney general
23 shall approve the agreement and the comptroller shall register the
24 agreement. If the agreement is not submitted at the same time that
25 the bonds to which it relates are submitted, the agreement shall be
26 treated as a public security solely for the purposes of Section
27 1202.004, Government Code.

1 (l) After a bond enhancement agreement has been approved and
2 registered as provided by Subsection (k), the agreement is valid
3 and is incontestable for any cause.

4 (m) At the direction of the board, the trust company shall
5 make disbursements from the fund, or from a special account
6 established by the board, in accordance with a bond enhancement
7 agreement in the amounts the board determines are needed for debt
8 service payments on, or for security provisions of, general
9 obligation bonds or revenue bonds issued by the board the proceeds
10 of the sale of which have been deposited in another fund
11 administered by the board, or in an account in that other fund, for
12 use in accordance with this subchapter, after the board considers
13 all other sources available for those purposes in that other fund or
14 account. Money transferred under this subsection may be deposited
15 into that other fund or into a special account established by the
16 trust company or a corporate trustee that is a trust company or a
17 bank that has the powers of a trust company, as determined by the
18 board.

19 Sec. 70.437. PRIORITIZATION OF PROJECTS BY BOARD. (a) The
20 board shall prioritize projects for the purpose of providing
21 financial assistance under this subchapter.

22 (b) The board shall establish a point system for
23 prioritizing projects for which financial assistance is sought from
24 the board. The system must include a standard for the board to
25 apply in determining whether a project qualifies for financial
26 assistance at the time the application for financial assistance is
27 filed with the board.

1 (c) The board shall give the highest consideration in
2 awarding points to projects that will have a substantial effect,
3 including projects that will:

4 (1) provide assistance to a diverse rural and urban
5 population.

6 (d) In addition to the criteria provided by Subsection (c),
7 the board must also consider at least the following criteria in
8 prioritizing projects:

9 (1) if the applicant is applying for financial
10 assistance for the project, whether the applicant is ready to
11 proceed with the project at the time of the application, including
12 whether:

13 (A) all preliminary planning and design work
14 associated with the project has been completed; and

15 (B) the applicant has acquired the property
16 rights associated with the project; and

17 Sec. 15.438. ADVISORY COMMITTEE. (a) The Texas Disaster
18 Mitigation, Recovery, Response and Infrastructure Advisory
19 Committee is composed of the following seven members:

20 (1) the comptroller, or a person designated by the
21 comptroller;

22 (2) four members of the senate appointed by the
23 lieutenant governor, including:

24 (A) a member of the committee of the senate
25 having primary jurisdiction over matters relating to finance; and

26 (B) a member of the committee of the senate
27 having primary jurisdiction over intergovernmental relations; and

1 (3) four members of the house of representatives
2 appointed by the speaker of the house of representatives,
3 including:

4 (A) a member of the committee of the house of
5 representatives having primary jurisdiction over appropriations;
6 and

7 (B) a member of the committee of the house of
8 representatives having primary jurisdiction over county affairs.

9 (b) The following persons shall serve as staff support for
10 the advisory committee:

11 (1) the deputy executive administrator of the board
12 who is responsible for water science and conservation or a person
13 who holds an equivalent position at the agency, or a person
14 designated by that person;

15 (2) the deputy executive administrator of the board
16 who is responsible for water resources planning and information or
17 a person who holds an equivalent position at the agency, or a person
18 designated by that person; and

19 (3) the chief financial officer of the board, or a
20 person who holds an equivalent position at the agency.

21 (c) An appointed member of the advisory committee serves at
22 the will of the person who appointed the member.

23 (d) The lieutenant governor shall appoint a co-presiding
24 officer of the advisory committee from among the members appointed
25 by the lieutenant governor, and the speaker of the house of
26 representatives shall appoint a co-presiding officer of the
27 committee from among the members appointed by the speaker.

1 (e) The advisory committee may hold public hearings, formal
2 meetings, or work sessions. Either co-presiding officer of the
3 advisory committee may call a public hearing, formal meeting, or
4 work session of the advisory committee at any time. The advisory
5 committee may not take formal action at a public hearing, formal
6 meeting, or work session unless a quorum of the committee is
7 present.

8 (f) Except as otherwise provided by this subsection, a
9 member of the advisory committee is not entitled to receive
10 compensation for service on the committee or reimbursement for
11 expenses incurred in the performance of official duties as a member
12 of the committee. Service on the advisory committee by a member of
13 the senate or house of representatives is considered legislative
14 service for which the member is entitled to reimbursement and other
15 benefits in the same manner and to the same extent as for other
16 legislative service.

17 (g) The advisory committee shall submit comments and
18 recommendations to the board regarding the use of money in the fund
19 for use by the board in adopting rules under Section 70.439 and in
20 adopting policies and procedures under Section 70.441. The
21 submission must include:

22 (1) comments and recommendations on rulemaking
23 related to the prioritization of projects in regional water plans
24 and the state water plan in accordance with Sections 70.437;

25 (2) comments and recommendations on rulemaking
26 related to establishing standards for determining whether projects
27 meet the criteria provided by Section 70.434(b);

1 (3) an evaluation of the available programs for
2 providing financing for projects;

3 (4) an evaluation of the granting practices of the
4 board and guidelines for granting standards;

5 (5) an evaluation of the use of funds by the board to
6 provide support for financial assistance for Disaster Mitigation,
7 Recovery, Response and Infrastructure projects;

8 (6) an evaluation of whether premium financing
9 programs should be established within the funds described by
10 Section XX.435 to serve the purposes of this subchapter, especially
11 in connection with projects described by Section 70.434(b);

12 (7) an evaluation of methods for encouraging
13 participation in the procurement process by companies domiciled in
14 this state or that employ a significant number of residents of this
15 state; and

16 (8) an evaluation of the overall operation, function,
17 and structure of the fund.

18 (h) The advisory committee shall review the overall
19 operation, function, and structure of the fund at least
20 semiannually and may provide comments and recommendations to the
21 board on any matter.

22 (i) The advisory committee may adopt rules, procedures, and
23 policies as needed to administer this section and implement its
24 responsibilities.

25 (j) Chapter 2110, Government Code, does not apply to the
26 size, composition, or duration of the advisory committee.

27 (k) The advisory committee is subject to Chapter 325,

1 Government Code (Texas Sunset Act). Unless continued in existence
2 as provided by that chapter, the advisory committee is abolished
3 and this section expires September 1, 2023.

4 (l) The advisory committee shall make recommendations to
5 the board regarding information to be posted on the board's
6 Internet website under Section 70.440(b).

7 (m) The advisory committee shall evaluate and may provide
8 comments or recommendations on the feasibility of the state owning,
9 constructing, and operating water supply projects, including
10 reservoirs and major water supply conveyance infrastructure,
11 through existing financial assistance programs under Subchapter A
12 of this chapter.

13 (n) The executive administrator shall provide an annual
14 report to the advisory committee on:

15 (1) the board's compliance with statewide annual goals
16 relating to historically underutilized businesses; and

17 (2) the participation level of historically
18 underutilized businesses in projects that receive funding related
19 to a bond enhancement agreement under this subchapter.

20 (o) If the aggregate level of participation by historically
21 underutilized businesses in projects that receive funding related
22 to a bond enhancement agreement under this subchapter does not meet
23 statewide annual goals adopted under Chapter 2161, Government Code,
24 the advisory committee shall make recommendations to the board to
25 improve the participation level.

26 Sec. 70.439. RULES. (a) The board shall adopt rules
27 providing for the use of money in the fund that are consistent with

1 this subchapter, including rules:

2 (1) establishing standards for determining whether
3 projects meet the criteria provided by Section 70.434(b); and

4 (2) specifying the manner for prioritizing projects
5 for purposes of Section 70.437.

6 (b) The board shall give full consideration to the
7 recommendations of the advisory committee before adopting rules
8 under this subchapter.

9 Sec. 70.440. REPORTING AND TRANSPARENCY REQUIREMENTS. (a)
10 Not later than December 1 of each even-numbered year, the board
11 shall provide a report to the governor, lieutenant governor,
12 speaker of the house of representatives, and members of the
13 legislature regarding the use of the fund.

14 (b) The board shall post information on the board's Internet
15 website regarding the use of the fund and regularly update the
16 information posted.

17 Sec. 15.441. POLICIES AND PROCEDURES TO MITIGATE OR
18 MINIMIZE ADVERSE EFFECTS OF CERTAIN FEDERAL LAWS. The board shall
19 adopt, and may amend from time to time at the board's discretion,
20 policies and procedures for the purpose of mitigating or minimizing
21 the adverse effects, if any, of federal laws and regulations
22 relating to income taxes, arbitrage, rebates, and related matters
23 that may restrict the board's ability to freely invest all or part
24 of the fund or to receive and retain all the earnings from the fund.

25 SUBCHAPTER H. TEXAS DISASTER MITIGATION, RECOVERY, RESPONSE AND
26 INFRASTRUCTURE FUND

27 Sec. 15.471. DEFINITION. In this subchapter, "fund" means

1 the Texas Disaster Mitigation, Recovery, Response and
2 Infrastructure Fund.

3 Sec. 15.472. FUND. (a) Texas Disaster Mitigation,
4 Recovery, Response and Infrastructure Fund is a special fund in the
5 state treasury outside the general revenue fund to be used by the
6 board, without further legislative appropriation, only for the
7 purpose of providing financing for projects under subchapter J.
8 The board may establish separate accounts in the fund. The board
9 has legal title to money and investments in the fund until the money
10 is disbursed as provided by this subchapter and board rules. It is
11 the intent of the legislature that the fund will never be used:

12 (1) for a purpose other than the support of projects in
13 subchapter A; or

14 (2) to certify that appropriations from the treasury
15 are within the amount estimated to be available in a fund of the
16 treasury affected by the appropriation.

17 (b) Money deposited to the credit of the fund may be used
18 only as provided by this subchapter.

19 (c) The fund consists of:

20 (1) money transferred or deposited to the credit of
21 the fund by law, including money from any source transferred or
22 deposited to the credit of the fund at the board's discretion as
23 authorized by law;

24 (2) the proceeds of any fee or tax imposed by this
25 state that by statute is dedicated for deposit to the credit of the
26 fund;

27 (3) any other revenue that the legislature by statute

1 dedicates for deposit to the credit of the fund;

2 (4) investment earnings and interest earned on amounts
3 credited to the fund;

4 (5) the proceeds from the sale of bonds, including
5 revenue bonds issued by the board under this subchapter, that are
6 designated by the board for the purpose of providing money for the
7 fund;

8 (6) repayments of loans made from the fund; and

9 (7) money from the sale, transfer, or lease of a
10 project acquired, constructed, reconstructed, developed, or
11 enlarged with money from the fund.

12 Sec. 15.473. MANAGEMENT AND INVESTMENT OF FUND. (a) Money
13 deposited to the credit of the fund shall be invested as determined
14 by the board. The fund may be invested with the state treasury
15 pool.

16 (b) The fund and any accounts established in the fund shall
17 be kept and maintained by or at the direction of the board.

18 (c) At the direction of the board, the fund and any accounts
19 established in the fund may be managed by the comptroller or a
20 corporate trustee that is a trust company or a bank that has the
21 powers of a trust company for and on behalf of the board and pending
22 their use for the purposes provided by this subchapter may be
23 invested as provided by an order, resolution, or rule of the board.

24 (d) The comptroller or corporate trustee shall manage the
25 fund in strict accordance with this subchapter and the orders,
26 resolutions, and rules of the board.

27 Sec. 15.474. USE OF FUND. (a) Except as provided by

1 Subsection (c), money in the fund may be used by the board only to
2 provide financing or refinancing, under terms specified by the
3 board, for projects included in Subchapter A.

4 (b) Financing or refinancing of projects described by
5 Subsection (a) may be provided by using money in the fund to make
6 loans to eligible political subdivisions and the state or to
7 purchase bonds or other obligations of eligible political
8 subdivisions and the state bearing interest at a rate or rates
9 determined by the board, including a rate or rates below prevailing
10 market rates.

11 (c) The board may use money in the fund:

12 (1) as a source of revenue or security for:

13 (A) the payment of the principal of and interest
14 on:

15 (i) revenue bonds issued by the board under
16 this subchapter; or

17 (ii) other bonds issued by the board if the
18 proceeds of the bonds will be deposited in the fund; or

19 (B) a bond enhancement agreement;

20 (2) to acquire loans or other assets from another fund
21 or account administered by the board.

22 (3) to pay the necessary and reasonable expenses of
23 paying agents, bond counsel, and financial advisory services and
24 similar costs incurred by the board in administering the fund.

25 (d) The board, or comptroller or corporate trustee managing
26 the fund at the direction of the board as provided by Section
27 70.473(c), shall withdraw from the fund and forward to another

1 person any amounts, as determined by the board, for timely payment
2 of:

3 (1) the principal of and interest on bonds described
4 by Subsection (c) (1)(A) of this section that mature or become due;
5 and

6 (2) any cost related to bonds described by Subsection
7 (c)(1)(A) of this section that become due, including payments under
8 related credit agreements or bond enhancement agreements.

9 Sec. 70.476. SUBCHAPTER CUMULATIVE OF OTHER LAWS. (a) This
10 subchapter is cumulative of other laws on the subject, and the board
11 may use provisions of other applicable laws in the issuance of bonds
12 and other obligations and the execution of bond enhancement
13 agreements, but this subchapter is wholly sufficient authority for
14 the issuance of bonds and other obligations, the execution of bond
15 enhancement agreements, and the performance of all other acts and
16 procedures authorized by this subchapter.

17 (b) In addition to other authority granted by this
18 subchapter, the board may exercise the authority granted to the
19 governing body of an issuer with regard to the issuance of
20 obligations under Chapter 1371, Government Code.

21 SECTION 3. As soon as practicable after the effective date
22 of this Act, the lieutenant governor and the speaker of the house of
23 representatives shall appoint the initial appointive members of the
24 Texas Disaster Mitigation, Recovery, Response and Infrastructure
25 Advisory Committee as provided by Section 70.438, Water Code, as
26 added by this Act.

27 SECTION 4. (a) Not later than September 1, 2014, the Texas

1 Disaster Mitigation, Recovery, Response and Infrastructure
2 Advisory Committee shall submit recommendations to the Texas Water
3 Development Board on the rules to be adopted by the board under
4 Sections 70.439(a)(1) and (2), Water Code, as added by this Act.

5 (b) Not later than the later of the 90th day after the date
6 the Texas Water Development Board receives the recommendations
7 described by Subsection (a) of this section or March 1, 2021, the
8 board shall adopt rules under Section 70.439, Water Code, as added
9 by this Act.

10 SECTION 5. The Texas Water Development Board shall post the
11 information described by Section 70.440(b), Water Code, as added by
12 this Act, on the board's Internet website not later than March 1,
13 2020.

14 SECTION 6. Sections 1 and 2 of this article take effect on
15 the date on which the constitutional amendment proposed by the 86th
16 Legislature, Regular Session, 2019, adding Sections 2, Article XIV,
17 Texas Constitution, creating the Texas Disaster Mitigation,
18 Recovery, Response and Infrastructure Fund. If that amendment is
19 not approved by the voters, those sections of this article have no
20 effect.

21 SECTION 7. Except as otherwise provided by this Act, this
22 Act takes effect September 1, 2019.