By:  Hancock S.B. No. 1682

A BILL TO BE ENTITLED

AN ACT

relating to the funding of utility reliability projects by the Texas Water Development Board and other entities; authorizing the issuance of revenue bonds, granting rulemaking authority, and making an appropriation.

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

SECTION 1.  (a) The legislature recognizes the importance of providing for the reliability of this state's public utilities. The purpose of this Act is to ensure that proper funding in the form of meaningful and adequate financial assistance is available to enhance the reliability of water, electricity, natural gas and broadband utilities for this state by supporting projects to weatherize facilities and to provide adequate capacity during periods of high demand.

(b)  To accomplish that purpose, this Act creates the state utilities reliability fund. The fund is intended to serve as a utility infrastructure bank in order to enhance the financing capabilities of the Texas Water Development Board under a constitutionally created program and a revenue bond program. Money in the fund will be available immediately to provide support for market rate loans, low-interest loans, longer repayment terms for loans, and deferral of loan payments. Money in the fund may not be used to make grants. In addition, this Act creates the state utilities reliability revenue fund for use in managing revenue bonds issued by the board that are supported by the state utilities reliability fund.

SECTION 2.  Title 2, Water Code, is amended by adding Subtitle G to read as follows:

SUBTITLE G. RELIABILITY OF STATE UTILITIES

CHAPTER 38 GENERAL PROVISIONS

Sec. 38.001.  DEFINITIONS. In this subtitle:

(1)  "Advisory committee" means the State Utilities Reliability Fund Advisory Committee.

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

(3)  "Broadband utility" means any person, corporation, municipality, political subdivision or agency that owns or operates for compensation in this state equipment or facilities to provide broadband telecommunications capability and Internet access in this state.

(4)  "Electric utility" means any person, corporation, municipality, political subdivision or agency that owns or operates for compensation in this state equipment or facilities to produce, generate, transmit, distribute, sell, or furnish electricity in this state.

(5)  "Executive administrator" means the executive administrator of the Texas Water Development Board.

(6)  "Facilities" means all of the plant and equipment of an electric, natural gas, water, or broadband utility and includes the tangible and intangible property, without limitation, owned, operated, leased, licensed, used, controlled, or supplied for, by, or in connection with the business of the electric, natural gas, water or broadband utility in this state.

(7)  "Fund" means the state utilities reliability fund.

(8)  "Historically underutilized business" has the meaning assigned by Section 2161.001, Government Code.

(9)  "Natural gas utility" means any person, corporation, municipality, political subdivision or agency that owns or operates for compensation in this state equipment or facilities to transmit or distribute combustible hydrocarbon natural gas or synthetic natural gas for sale or resale in a manner not subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act (15 U.S.C. Section 717 et seq.).

(10)  "Revenue fund" means the state utilities reliability revenue fund.

(11)  "Trust company" means the Texas Treasury Safekeeping Trust Company.

(12)  "Water utility" means any person, corporation, municipality, political subdivision or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation.

CHAPTER 39. STATE UTILITIES RELIABILITY FUND

Sec. 39.001.  FUND. (a) The state utilities reliability fund is a special fund in the state treasury outside the general revenue fund to be used by the board, without further legislative appropriation, for the purpose of financing projects that enhance the reliability of water, electricity, natural gas and broadband utilities in this state by supporting projects to weatherize facilities and to provide adequate capacity during periods of high demand. The board may establish separate accounts in the fund. The fund and the fund's accounts are kept and held by the trust company for and in the name of the board. The board has legal title to money and investments in the fund until money is disbursed from the fund as provided by this chapter and board rules. It is the intent of the legislature that the fund will never be used:

(1)  for a purpose other than the support of projects that enhance the reliability of water, electricity, natural gas and broadband utilities in this state and to pay expenses authorized by section 39.003; or

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

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

(c)  The fund consists of:

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

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

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

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

(5)  money transferred to the fund under a bond enhancement agreement from another fund or account to which money from the fund was transferred under a bond enhancement agreement, as authorized by Section 39.004.

Sec. 39.002.  MANAGEMENT AND INVESTMENT OF FUND. (a) The trust company shall hold and invest the fund, and any accounts established in the fund, for and in the name of the board, taking into account the purposes for which money in the fund may be used. The fund may be invested with the state treasury pool.

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

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

(d)  The trust company may charge fees to cover its costs incurred in managing and investing the fund. The fees must be consistent with the fees the trust company charges other state and local governmental entities for which it provides investment management services. The trust company may recover fees it charges under this subsection only from the earnings of the fund.

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

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

(g)  The board shall provide to the trust company -an annualforecast of the cash flows into and out of the fund. The board shall provide updates to the forecasts as appropriate to ensure that the trust company is able to achieve the objective specified by Subsection (b).

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

(i)  An investment-related contract entered into under this section is not subject to Chapter 2260, Government Code.

Sec. 39.003.  USE OF FUND; PAYMENTS TO AND FROM OTHER FUNDS OR ACCOUNTS. (a) At the direction of the board, the trust company shall make disbursements from the fund to the state utilities reliability revenue fund pursuant to a bond enhancement agreement authorized by Section 39.004 in the amounts the board determines are needed for debt service payments on or security provisions of the board's revenue bonds, after considering all other sources available for those purposes.

(b)  The fund may be used only:

(1)  to enhance the reliability of water, electricity, natural gas and broadband utilities for this state by supporting projects to weatherize facilities and to provide adequate capacity to ensure continuous and adequate service during periods of high demand; and

(2)  to pay the necessary and reasonable expenses of the board in administering the fund.

(c)  notwithstanding any other provision in this chapter, the use of the fund may be prioritized based on future legislative directives, including any statewide utility reliability plan required in the future.

Sec. 39.004.  BOND ENHANCEMENT AGREEMENTS. (a) A bond enhancement agreement entered into under this section is an agreement for professional services. A bond enhancement agreement must contain terms that are consistent with Section 39.002(h), and the agreement, including the period covered by the agreement and all other terms and conditions of the agreement, must be approved by the board. An obligation to disburse money from the fund, or from a special account established by the board, in accordance with a bond enhancement agreement is a special obligation of the board payable solely from designated income and receipts of the fund or of the account, as determined by the board. An obligation to disburse money from the fund, or from a special account established by the board, in accordance with a bond enhancement agreement does not constitute indebtedness of the state.

(b)  To facilitate the use of the fund for the purposes of this chapter, the board may direct the trust company to enter into bond enhancement agreements to:

(1)  provide a source of revenue or security for the payment of the principal of and interest on revenue bonds issued by the board to finance, or

(2)  refinance projects authorized by chapter 40 of this title.

(c)  If the trust company enters into a bond enhancement agreement under Subsection (b), the board may direct the trust company to make disbursements from the fund to provide financial assistance for a project authorized by this chapter or by chapter 40 of this title in the form of:

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

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

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

(B)  30 years;

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

(A)  principal and interest; or

(B)  accrued interest; or

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

(d)  The board may direct the trust company to enter into bond enhancement agreements with respect to refunding bonds issued by the board to refund bonds issued by the board the proceeds of which have been or are to be used for projects authorized by this chapter and which otherwise satisfied the requirements of Subsections (b) and (c).

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

(g)  The board may not direct the trust company to enter into a bond enhancement agreement with respect to bonds issued by the board the proceeds of which may be used to provide financial assistance to an applicant if at the time of the request the applicant has failed to satisfactorily complete a request by the executive administrator for information relevant to the project for which the financial assistance is sought.

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

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

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

(i)  The board may not approve a bond enhancement agreement unless the agreement contains a provision to the effect that if the trust company makes a disbursement under the bond enhancement agreement from the fund to the credit of the state utilities reliability revenue fund as provided by Section 39.003(a), the board may direct the comptroller to transfer an amount not to exceed that amount from the state utilities reliability revenue fund back to the fund if:

(1)  money is certified by the executive director to be a surplus balance in the state utilities reliability revenue fund for that purpose; and

(2)  the money transferred back to the fund will not cause bonds that are payable from the state utilities reliability revenue fund to rate below the highest rating category for any bonds outstanding.

(j)  For purposes of Subsection (i)(1), the surplus balance of the state utilities reliability revenue fund is the amount of money on deposit in the fund, as determined by the board, that is attributable to the revenue bonds, including money received from the sale or other disposition of the board's rights to receive repayment of financial assistance, money received from the sale of utilities associated with a modified facility, and related investment earnings, that exceeds the amount required to pay annual debt service on the bonds and any other amounts specified in the resolution or other proceedings authorizing the bonds and any related obligations.

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

(l)  After a bond enhancement agreement has been approved and registered as provided by Subsection (k),

the agreement is valid and is incontestable for any cause.

(m)  At the direction of the board, the trust company shall make disbursements from the fund, or from a special account established by the board, in accordance with a bond enhancement agreement in the amounts the board determines are needed for debt service payments on, or for security provisions of, revenue bonds issued by the board the proceeds of the sale of which have been deposited in the state utilities reliability revenue fund, or in an account in that fund, for use in accordance with this chapter, after the board considers all other sources available for those purposes in that fund or account. Money transferred under this subsection may be deposited into that fund or into a special account established by the trust company or a corporate trustee that is a trust company or a bank that has the powers of a trust company, as determined by the board.

Sec. 39.005.  PRIORITIZATION OF PROJECTS BY BOARD. (a) The board, for the purpose of providing financial assistance under this chapter, shall prioritize projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state.

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

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

(1)  weatherize facilities to protect against cold weather; and

(2)  create excess capacity that will be used during periods of high demand to provide continuous and adequate electric, natural gas, water and broadband service.

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

(1)  other contributions to be made to finance the project, including the up-front capital to be provided by the applicant;

(2)  the financial capacity of the applicant to repay the financial assistance provided;

(3)  the ability of the board and the applicant to timely leverage state financing with local, federal or private funding;

(4)  whether there is an emergency need for the project, taking into consideration whether federal funding for which the project is eligible has been used or sought; and

(5)  whether the applicant is ready to proceed with the project at the time of the application, including whether:

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

(B)  the applicant has acquired any necessary rights associated with the project;

(C)  the applicant has secured funding for the project from other sources; and

(D)  the applicant is able to begin implementing or constructing the project.

Sec. 39.006.  ADVISORY COMMITTEE. (a) The State Utilities Reliability Fund Advisory Committee is composed of the following seven members:

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

(2)  three members of the senate appointed by the lieutenant governor, including:

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

(B)  a member of the committee of the senate having primary jurisdiction over natural resources; and

(3)  three members of the house of representatives appointed by the speaker of the house of representatives, including:

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

(B)  a member of the committee of the house of representatives having primary jurisdiction over natural resources.

(b)  Board staff shall provide staff support for the advisory committee.

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

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

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

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

(g)  The advisory committee shall submit comments and recommendations to the board regarding the use of money in the fund and in the revenue fund for use by the board in adopting rules under Section 39.007 and in adopting policies and procedures under Section 39.009. The submission must include:

(1)  comments and recommendations on rulemaking related to the prioritization of projects in accordance with Section 39.005;

(2)  comments and recommendations on rulemaking related to establishing standards for determining whether projects meet the criteria provided by Section 39.003(b);

(3)  an evaluation of the available programs for providing financing for projects authorized by this chapter and guidelines for implementing those programs;

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

(5)  an evaluation of the use of funds by the board to provide support for financial assistance for projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state, including support for the purposes described by Section 39.004(c);

(6)  an evaluation of whether premium financing programs should be established within the funds described by Section 39.004 to serve the purposes of this chapter, especially in connection with projects described by Section 39.003(b);

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

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

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

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

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

(k)  The advisory committee is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the advisory committee is abolished and this section expires September 1, 2035.

(l)  The advisory committee shall make recommendations to the board regarding information to be posted on the board's Internet website under Section 39.008(b).

(m)  The advisory committee shall evaluate and may provide comments or recommendations on the feasibility of the state owning, constructing, and operating water, electricity, natural gas or broadband utilities.

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

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

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

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

Sec. 39.007.  RULES. (a) The board shall adopt rules providing for the use of money in the fund that are consistent with this chapter, including rules:

(1)  establishing standards for determining whether projects meet the criteria provided by Section 39.003(b); and

(2)  specifying the manner for prioritizing projects for purposes of Section 39.005.

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

Sec. 39.008.  REPORTING AND TRANSPARENCY REQUIREMENTS. (a) Not later than December 1 of each even-numbered year, the board shall provide a report to the governor, lieutenant governor, speaker of the house of representatives, and members of the legislature regarding the use of the fund.

(b)  The board shall post the following information on the board's Internet website regarding the use of the fund and regularly update the information posted:

(1)  the progress made in enhancing the reliability of water, electricity, natural gas and broadband utilities for this state; and

(2)  a description of each project funded through bonds supported by a bond enhancement agreement entered into under Section 39.004, including:

(A)  the expected date of completion of the project; and

(B)  the current status of the project.

Sec. 39.009.  POLICIES AND PROCEDURES TO MITIGATE OR MINIMIZE ADVERSE EFFECTS OF CERTAIN FEDERAL LAWS. The board shall adopt, and may amend from time to time at the board's discretion, policies and procedures for the purpose of mitigating or minimizing the adverse effects, if any, of federal laws and regulations relating to income taxes, arbitrage, rebates, and related matters that may restrict the board's ability to freely invest all or part of the fund or to receive and retain all the earnings from the fund.

CHAPTER 40. STATE UTILITIES RELIABILITY REVENUE FUND

Sec. 40.001.  FUND. (a) The state utilities reliability revenue fund is a special fund in the state treasury outside the general revenue fund to be a revolving finance program used by the board, without further legislative appropriation, only for the purpose of providing financing for projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state by supporting projects to weatherize facilities and to provide adequate capacity during periods of high demand. The board may establish separate accounts in the revenue fund. The board has legal title to money and investments in the revenue fund until the money is disbursed as provided by this chapter and board rules. It is the intent of the legislature that the revenue fund will never be used:

(1)  for a purpose other than the support of projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state; or

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

(b)  Money deposited to the credit of the revenue fund may be used only as provided by this chapter.

(c)  The revenue fund consists of:

(1)  money transferred or deposited to the credit of the revenue fund by law, including appropriations and money from any source transferred or deposited to the credit of the revenue fund at the board's discretion as authorized by law;

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

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

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

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

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

(7)  money disbursed to the revenue fund from the state utilities reliability fund as authorized by Section 39.003.

Sec. 40.002.  MANAGEMENT AND INVESTMENT OF REVENUE FUND. (a) Money deposited to the credit of the revenue fund shall be invested as determined by the board. The revenue fund may be invested with the state treasury pool.

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

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

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

Sec. 40.003.  USE OF REVENUE FUND. (a) Except as provided by Subsection (c), money in the revenue fund may be used by the board only to provide financing or refinancing, under terms specified by the board, for projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state by weatherizing facilities or by providing adequate capacity during periods of high demand.

(b)  Financing or refinancing of projects described by Subsection (a) may be provided by using money in the revenue fund to make loans to eligible water, electric, natural gas and broadband utilities or to purchase bonds or other obligations of eligible water, electric, natural gas and broadband utilities bearing interest at a rate or rates determined by the board, including a rate at or rates below prevailing market rates.

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

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

(A)  the payment of the principal of and interest on revenue bonds issued by the board under this chapter; or

(B)  a bond enhancement agreement; or

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

(d)  The board, or comptroller or corporate trustee managing the revenue fund at the direction of the board as provided by Section 40.003(c), shall withdraw from the revenue fund and forward to another person any amounts, as determined by the board, for timely payment of:

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

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

Sec. 40.004.  ISSUANCE OF REVENUE BONDS. (a) The board may issue revenue bonds for the purpose of providing money for the revenue fund.

(b)  The board may issue revenue bonds to refund revenue bonds or bonds and obligations issued or incurred in accordance with other provisions of law.

(c)  Revenue bonds issued under this chapter are special obligations of the board payable only from and secured by designated income and receipts of the revenue fund, or of one or more accounts in the revenue fund, including principal of and interest paid and to be paid on revenue fund assets or income from accounts created within the revenue fund by the board, as determined by the board.

(d)  Revenue bonds issued under this chapter do not constitute indebtedness of the state as prohibited by the constitution.

(e)  The board may require revenue fund participants to make charges, levy taxes, or otherwise provide for sufficient money to pay acquired obligations.

(f)  Revenue bonds issued under this chapter must be authorized by resolution of the board and must have the form and characteristics and bear the designations as the resolution provides.

(g)  Revenue bonds issued under this chapter may:

(1)  bear interest at the rate or rates payable annually or otherwise;

(2)  be dated;

(3)  mature at the time or times, serially, as term revenue bonds, or otherwise in not more than 50 years from their dates;

(4)  be callable before stated maturity on the terms and at the prices, be in the denominations, be in the form, either coupon or registered, carry registration privileges as to principal only or as to both principal and interest and as to successive exchange of coupon for registered bonds or one denomination for bonds of other denominations, and successive exchange of registered revenue bonds for coupon revenue bonds, be executed in the manner, and be payable at the place or places inside or outside the state, as provided by the resolution;

(5)  be issued in temporary or permanent form;

(6)  be issued in one or more installments and from time to time as required and sold at a price or prices and under terms determined by the board to be the most advantageous reasonably obtainable; and

(7)  be issued on a parity with and be secured in the manner as other revenue bonds authorized to be issued by this chapter or may be issued without parity and secured differently than other revenue bonds.

(h)  Section 17.955 applies to revenue bonds issued under this chapter in the same manner as that section applies to water financial assistance bonds.

(i)  All proceedings relating to the issuance of revenue bonds issued under this chapter shall be submitted to the attorney general for examination. If the attorney general finds that the revenue bonds have been authorized in accordance with law, the attorney general shall approve the revenue bonds, and the revenue bonds shall be registered by the comptroller. After the approval and registration, the revenue bonds are incontestable in any court or other forum for any reason and are valid and binding obligations in accordance with their terms for all purposes.

(j)  The proceeds received from the sale of revenue bonds issued under this chapter may be deposited or invested in any manner and in such investments as may be specified in the resolution or other proceedings authorizing those obligations. Money in the revenue fund or accounts created by this chapter or created in the resolution or other proceedings authorizing the revenue bonds may be invested in any manner and in any obligations as may be specified in the resolution or other proceedings.

Sec. 40.005.  CHAPTER CUMULATIVE OF OTHER LAWS. (a) This chapter is cumulative of other laws on the subject, and the board may use provisions of other applicable laws in the issuance of bonds and other obligations and the execution of bond enhancement agreements, but this chapter is wholly sufficient authority for the issuance of bonds and other obligations, the execution of bond enhancement agreements, and the performance of all other acts and procedures authorized by this chapter.

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

SECTION 3.  Section 15.978, Water Code, is amended by adding subsection (c-1) to read as follows:

(c-1)  Notwithstanding other provisions of this chapter, the board may sell to the Texas Water Resources Finance Authority or to the state utilities reliability fund any political subdivision bonds purchased with money in the state utilities reliability revenue fund and may apply the proceeds of a sale in the manner provided by Chapter 40 of this title.

SECTION 4.  CONTINGENCY APPROPRIATION. (a) Contingent on passage and adoption by an election of the voters of legislation relating to proposing constitutional amendments creating the State Utilities Reliability Fund and the State Utilities Reliability Revenue Fund by the 87th Legislature, Regular Session, 2021, $2,000,000,000 is appropriated out of the economic stabilization fund to the state utilities reliability fund to implement the provisions of the legislation.

(b)  The appropriation made in this section shall be available to the Water Development Board for the purposes described in legislation to finance projects that enhance the reliability of water, electricity, natural gas and broadband utilities for this state according to the provisions of the legislation.

SECTION 5.  As soon as practicable after the effective date of this Act, the lieutenant governor and the speaker of the house of representatives shall appoint the initial appointive members of the State Utilities Reliability Fund Advisory Committee as provided by Section 39.006, Water Code, as added by this Act.

SECTION 6.  (a) Not later than September 1, 2022, the State Utilities Reliability Fund Advisory Committee shall submit recommendations to the Texas Water Development Board on the rules to be adopted by the board under Sections 39.007(a)(1) and (2), Water Code, as added by this Act.

(b)  Not later than the later of the 90th day after the date the Texas Water Development Board receives the recommendations described by Subsection (a) of this section or March 1, 2023, the board shall propose rules under Section 39.007, Water Code, as added by this Act.

SECTION 7.  The Texas Water Development Board shall post the information described by Section 39.008(b), Water Code, as added by this Act, on the board's Internet website not later than March 1, 2022.

SECTION 8.  This Act takes effect on the date on which the constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, adding Sections 49-d-15 and 49-d-16, Article III, Texas Constitution, creating the state utilities reliability fund and the state utilities reliability revenue fund takes effect. If that amendment is not approved by the voters, this Act has no effect.