

Amend Amendment No. 6 by Puente to CSSB 3 on page 98 of the prefiled amendments packet by striking lines 6-26 and substituting the following:

ARTICLE 5A

SECTION 5A.01. Section 3, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to read as follows:

Sec. 3. In addition to the powers vested by the Constitution and general laws in such public agency for the greatest practicable measure of the conservation, preservation, and beneficial utilization of its public waters, the power to control and utilize its public waters and to regulate the disposal and the disposal of sewage, waste, and refuse, the District shall have the following general powers:

(a) Through every practical and legal means to develop, transport, deliver, distribute, store, and treat water for use within the District, including the storm and flood waters within the District, including the power to cooperate with the United States Government or any agency thereof, or any municipality, public, quasi-public or private agency and to contract, negotiate, and enter into agreements with any one or more of such agencies in effecting such purposes;

~~(b) [to store, control, and conserve storm and flood waters of its rivers and streams and to prevent the escape of any such waters without first obtaining therefrom a maximum of public service; to prevent devastation of property from overflow and to protect life and property from uncontrolled flood and storm waters;~~

~~[(c)]~~ to conserve and distribute waters essential for domestic and other uses by the inhabitants of the District, including necessary water supply for cities and towns situated within the District;

~~(c) [(d) to provide for the development of drainage systems to control, regulate, and dispose of all storm and flood waters of the District so as to protect effectively lives and property, and to utilize such waters for each and every purpose for which flood and storm waters when controlled, conserved, or regulated may be utilized as contemplated by the Constitution and the public policy therein declared;~~

~~[(e)]~~ to provide by purchase, construction, lease, gift, or in any other manner and to operate any and all facilities deemed by the District essential for preserving the purity of all the surface and underground waters of the District for the protection of the health of its inhabitants, and to formulate plans to make and enforce rules and regulations for the effective disposal of any and all sewage wastes, refuse, or residuum, however accumulated; which otherwise would contaminate, pollute, or render unsafe and insanitary the surface and underground waters of the District and which might threaten or impair the health of its inhabitants or which might adversely affect the health of the inhabitants downstream below the District;

(d) ~~[(f)]~~ to acquire by purchase, construction, lease, gift, or in any other manner (otherwise than by condemnation) and to maintain, use, and operate any and all property of any kind, real, personal, or mixed, or any interest therein within or without the boundaries of the District deemed by its Board of Directors necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act;

(e) ~~[(g)]~~ to acquire by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within the boundaries of the county of Bexar ~~[or outside of the boundaries of the District]~~, necessary to the exercise of the powers, rights, privileges, and functions conferred by this Act, in the manner provided by General Law relative to condemnation, or at the option of the District, in the manner provided by law with respect to condemnation by agencies organized pursuant to Section 59, Article 16 of the Constitution of the State of Texas; provided that the District shall not have the right or power to so condemn any such property that may be owned by any other political subdivision, city, or town located within the District;

(f) ~~[(h)]~~ to cooperate, contract, and enter into agreements with towns, cities, districts, or political subdivisions located in or outside of the District and with Bexar County, in the construction, purchase, lease, maintenance, improvement, use, and operation of any and all facilities, works, and plants necessary or convenient to the accomplishment of the purposes for which the

District was created;

(g) [~~(i)~~] to make contracts with any person, private corporation, municipal corporation, political subdivision, or the Board of Trustees thereof, operating water distribution facilities for the benefit of a city or town within the District, under which the District may perform services for such parties or such parties may perform services for the District, or under which either may operate all or any part of the facilities of the other, having due regard for the duties and obligations of such parties in the instrument prescribing their or its duties;

(h) [~~(j)~~] to construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, or reconstructed and to use and operate any and all facilities of any kind necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred by this Act;

(i) [~~(k)~~] to sue and be sued in its corporate name;

(j) [~~(l)~~] to make by-laws for the management and regulation of its affairs conformably to the powers and purposes herein conferred and consistent with the Constitution of this State;

(k) [~~(m)~~] to make rules and regulations and to prescribe penalties for the breach of any rule or regulation of the District, which penalties shall not exceed fines of more than Two Hundred Dollars (\$200), or imprisonment for more than thirty (30) days, or may provide both such fine and such imprisonment. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the district's principal office is located; provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five days next after the district may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two consecutive weeks, in one or more newspapers affording general circulation in the area in which the property of the district is situated; and, the substantive statement so to be published shall

be as condensed as is possible to afford an intelligent direction of the mind to the object sought to be accomplished or the act forbidden by the rule or regulation; one notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations, will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the regulation sought to be enforced is on file in the principal office of the District, where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty; and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinances of a city of the State;

(l) [~~(n)~~] to adopt, use, and alter a corporate seal;

(m) [~~(o)~~] to appoint agents and employees; prescribe their duties and fix their compensation;

(n) [~~(p)~~] to make contracts and execute instruments necessary or convenient to the exercise of the powers, rights, privileges, and functions herein conferred;

(o) [~~(q)~~] to borrow money for its authorized purposes, to accept grants or loans or allotments from the United States Government or any of its agencies, or others, and in connection with any such grants, loans, or allotments to enter into such agreements as may be required to make them effective, and for the purpose of obtaining funds to issue its negotiable tax bonds and its negotiable revenue bonds in the manner and to the extent hereinafter provided;

(p) [~~(r)~~] to operate and maintain with consent of the governing body of any city, town, or political subdivision located in the District any works, plants, or facilities deemed necessary or convenient to the accomplishment of the purposes for which the District is created;

(q) [~~(s)~~] to enter into planning agreements with the Texas

Water Development Board under Subchapter C, Chapter 16, Water Code, for the purpose of conducting studies necessary to maintain retail water supply services to customers within the boundaries of the District; and

(r) [~~(t)~~] to cooperate with and support local fire departments and economic development activities sponsored by local entities within the District that use water and water resources provided, or to be provided, by the District.

SECTION 5A.02. Section 5A, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Subsection (c) to read as follows:

(c) The District's boundaries for the purpose of conducting an election are coextensive with the boundaries of Bexar County.

SECTION 5A.03. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 7A to read as follows:

Sec. 7A. The District is governed by a board of nine directors, composed of:

(1) the members of the Commissioners Court of Bexar County;

(2) the county judge of Atascosa County, if the District provides services to customers in Atascosa County;

(3) the county judge of Comal County, if the District provides services to customers in Comal County;

(4) the county judge of Medina County, if the District provides services to customers in Medina County; and

(5) the mayor of San Antonio.

SECTION 5A.04. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 8A to read as follows:

Sec. 8A. (a) The board of directors is subject to review under Chapter 325, Government Code (Texas Sunset Act), but may not be abolished under that chapter. The review shall be conducted as if the board of directors were scheduled to be abolished September 1, 2010.

(b) If the legislature does not continue the members of the board of directors in office:

(1) the Commissioners Court of Bexar County shall hold an election to elect new board members, in accordance with Section 5A, on the uniform election date in November of 2010; and

(2) the terms of the board members expire on the date the election returns are canvassed.

SECTION 5A.05. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by amending Section 9 to read as follows:

Sec. 9. The Board of Directors from time to time shall be authorized to make or cause to be made surveys and engineering investigations for the information of the District to facilitate the accomplishment of the purposes for which the District is created, as expressed in the provisions of this Act; and may employ engineers, attorneys and all other technical and non-technical employees or assistants and fix and provide the amount and manner of their compensation, and may provide for payment of expenditures deemed essential to the proper maintenance and administration of the District. Notwithstanding Section 49.060, Water Code, a member [~~The members~~] of the Board of Directors is not entitled to receive fees of office [~~shall receive a per diem of not more than Ten Dollars (\$10) per day, for the time actually expended on business of the District, together with traveling and other necessary expenses, provided that such per diem fee shall not be paid to a Director for more than one hundred (100) days in any one year~~].

SECTION 5A.06. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Sections 23A and 23B to read as follows:

Sec. 23A. The District may not provide a service to a customer located outside Bexar County unless:

(1) the customer received services from the District on or before April 4, 2007; or

(2) the District is the only service provider in the service area in which the customer is located.

Sec. 23B. (a) The District may not charge a customer who receives water services from the District on and after September 1, 2007, a residential or commercial water rate that is greater than the rate charged by the District on September 1, 2007. This

subsection expires September 1, 2012.

(b) If, on or after September 1, 2007, the District contracts with a person to provide water services to District customers and the person with whom the District contracts has water rates lower than the District's, a customer who receives water services from the District on September 1, 2007, and when the contract is in effect is entitled to the water rate charged by the person with whom the District contracts.

SECTION 5A.07. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27A to read as follows:

Sec. 27A. (a) The District may not terminate without cause an employee who, on June 1, 2007:

(1) is vested in the District's retirement plan; and

(2) earns an annual salary of \$50,000 or less.

(b) An employee described by Subsection (a) of this section who is terminated by the District for cause is entitled to the grievance process available to an employee of Bexar County who is not classified as a civil service employee.

SECTION 5A.08. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27C to read as follows:

Sec. 27C. (a) The District may not employ fewer than 90 percent of the number of employees employed by the District on June 1, 2007, who earned an annual salary of \$50,000 or less.

(b) The District may reduce the number of employees employed by the District who earn an annual salary of \$50,000 or less only through:

(1) retirement;

(2) voluntary resignation; or

(3) termination for cause.

(c) An employee terminated by the District for cause is entitled to the grievance process available to an employee of Bexar County who is not classified as a civil service employee.

(d) This section expires September 1, 2012.

SECTION 5A.09. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27D to read as

follows:

Sec 27D. (a) Not later than 120 days after the first meeting of the Board of Directors of the District composed of the persons described by Section 7A, the District shall:

(1) produce a report of an assessment of the operations and maintenance condition of the District;

(2) produce a status report of infrastructure improvements under construction;

(3) produce a report certifying any rate structure changes approved by the District and documenting a schedule for future changes to rate structure anticipated by the District; and

(4) deliver these reports to the Bexar Metropolitan Water District Legislative Oversight Committee.

(b) Not later than 180 days after the first meeting of the Board of Directors of the District composed of the persons described by Section 7A, the District shall produce an assessment of the District's financial condition and present it to the legislative oversight committee.

(c) Not later than 240 days after the first meeting of the Board of Directors of the District composed of the persons described by Section 7A, the District shall:

(1) produce a report of necessary improvements to the system and a schedule for the implementation of those improvements;

(2) produce a report on the sustainability and adequacy of the water resources of the District and a plan for obtaining additional water resources if deficiencies exist; and

(3) deliver these reports to the legislative oversight committee.

(d) Not later than one year after the first meeting of the Board of Directors of the District composed of the persons described by Section 7A, the District shall:

(1) produce a report on service delivery improvements that have been completed and that are in progress;

(2) produce a report identifying all service improvements necessary for the system and a schedule for the completion of those improvements; and

(3) deliver these reports to the legislative oversight

committee.

(e) Not later than three years after the first meeting of the Board of Directors of the District composed of the persons described by Section 7A, the District shall have a uniform rate structure that contains rates that are equal to or lower than the rates of other large retail water providers in the region, except that the District's rates must be sufficient to meet debt service obligations and debt coverage requirements.

(f) This section expires September 1, 2012.

SECTION 5A.10. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27E to read as follows:

Sec. 27E. (a) Bexar County may not transfer, sell, or lease to a public utility the management or assets, including certificates of convenience and necessity and water rights, of the District.

(b) This section does not apply to a certificate of convenience and necessity or an asset of the District outside of Bexar County.

SECTION 5A.11. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 32 to read as follows:

Sec. 32. (a) The District shall permit a customer to pay a bill at one or more retail locations in the District.

(b) The District may not close a customer service branch that is in operation on May 1, 2007 unless a comparable customer service branch is opened. This subsection expires May 1, 2012.

SECTION 5A.12. For purposes of service on the Canyon Regional Water Authority Board of Directors, a representative from the district shall be selected from the Board of Directors of the District.

SECTION 5A.13. Section 8, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is repealed.

ARTICLE 5B

SECTION 5B.01. Section 3, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to read as follows:

Sec. 3. In addition to the powers vested by the Constitution

and general laws in such public agency for the greatest practicable measure of the conservation, preservation, and beneficial utilization of its public waters, the power to control and utilize its public waters and to regulate the disposal and the disposal of sewage, waste, and refuse, the District shall have the following general powers:

(a) Through every practical and legal means to develop, transport, deliver, distribute, store, and treat water for use within the District, including the storm and flood waters within the District, including the power to cooperate with the United States Government or any agency thereof, or any municipality, public, quasi-public or private agency and to contract, negotiate, and enter into agreements with any one or more of such agencies in effecting such purposes;

~~(b) [to store, control, and conserve storm and flood waters of its rivers and streams and to prevent the escape of any such waters without first obtaining therefrom a maximum of public service; to prevent devastation of property from overflow and to protect life and property from uncontrolled flood and storm waters;~~

~~[(c)]~~ to conserve and distribute waters essential for domestic and other uses by the inhabitants of the District, including necessary water supply for cities and towns situated within the District;

~~(c) [(d) to provide for the development of drainage systems to control, regulate, and dispose of all storm and flood waters of the District so as to protect effectively lives and property, and to utilize such waters for each and every purpose for which flood and storm waters when controlled, conserved, or regulated may be utilized as contemplated by the Constitution and the public policy therein declared;~~

~~[(e)]~~ to provide by purchase, construction, lease, gift, or in any other manner and to operate any and all facilities deemed by the District essential for preserving the purity of all the surface and underground waters of the District for the protection of the health of its inhabitants, and to formulate plans to make and enforce rules and regulations for the effective disposal of any and all sewage wastes, refuse, or residuum, however accumulated; which

otherwise would contaminate, pollute, or render unsafe and insanitary the surface and underground waters of the District and which might threaten or impair the health of its inhabitants or which might adversely affect the health of the inhabitants downstream below the District;

(d) [~~(f)~~] to acquire by purchase, construction, lease, gift, or in any other manner (otherwise than by condemnation) and to maintain, use, and operate any and all property of any kind, real, personal, or mixed, or any interest therein within or without the boundaries of the District deemed by its Board of Directors necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act;

(e) [~~(g)~~] to acquire by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within the boundaries of the county of Bexar [~~or outside of the boundaries of the District~~], necessary to the exercise of the powers, rights, privileges, and functions conferred by this Act, in the manner provided by General Law relative to condemnation, or at the option of the District, in the manner provided by law with respect to condemnation by agencies organized pursuant to Section 59, Article 16 of the Constitution of the State of Texas; provided that the District shall not have the right or power to so condemn any such property that may be owned by any other political subdivision, city, or town located within the District;

(f) [~~(h)~~] to cooperate, contract, and enter into agreements with towns, cities, districts, or political subdivisions located in or outside of the District and with Bexar County, in the construction, purchase, lease, maintenance, improvement, use, and operation of any and all facilities, works, and plants necessary or convenient to the accomplishment of the purposes for which the District was created;

(g) [~~(i)~~] to make contracts with any person, private corporation, municipal corporation, political subdivision, or the Board of Trustees thereof, operating water distribution facilities for the benefit of a city or town within the District, under which the District may perform services for such parties or such parties may perform services for the District, or under which either may

operate all or any part of the facilities of the other, having due regard for the duties and obligations of such parties in the instrument prescribing their or its duties;

(h) [~~(j)~~] to construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, or reconstructed and to use and operate any and all facilities of any kind necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred by this Act;

(i) [~~(k)~~] to sue and be sued in its corporate name;

(j) [~~(l)~~] to make by-laws for the management and regulation of its affairs conformably to the powers and purposes herein conferred and consistent with the Constitution of this State;

(k) [~~(m)~~] to make rules and regulations and to prescribe penalties for the breach of any rule or regulation of the District, which penalties shall not exceed fines of more than Two Hundred Dollars (\$200), or imprisonment for more than thirty (30) days, or may provide both such fine and such imprisonment. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the district's principal office is located; provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five days next after the district may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two consecutive weeks, in one or more newspapers affording general circulation in the area in which the property of the district is situated; and, the substantive statement so to be published shall be as condensed as is possible to afford an intelligent direction of the mind to the object sought to be accomplished or the act forbidden by the rule or regulation; one notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations, will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the

regulation sought to be enforced is on file in the principal office of the District, where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty; and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinances of a city of the State;

(l) [~~(n)~~] to adopt, use, and alter a corporate seal;

(m) [~~(o)~~] to appoint agents and employees; prescribe their duties and fix their compensation;

(n) [~~(p)~~] to make contracts and execute instruments necessary or convenient to the exercise of the powers, rights, privileges, and functions herein conferred;

(o) [~~(q)~~] to borrow money for its authorized purposes, to accept grants or loans or allotments from the United States Government or any of its agencies, or others, and in connection with any such grants, loans, or allotments to enter into such agreements as may be required to make them effective, and for the purpose of obtaining funds to issue its negotiable tax bonds and its negotiable revenue bonds in the manner and to the extent hereinafter provided;

(p) [~~(r)~~] to operate and maintain with consent of the governing body of any city, town, or political subdivision located in the District any works, plants, or facilities deemed necessary or convenient to the accomplishment of the purposes for which the District is created;

(q) [~~(s)~~] to enter into planning agreements with the Texas Water Development Board under Subchapter C, Chapter 16, Water Code, for the purpose of conducting studies necessary to maintain retail water supply services to customers within the boundaries of the District; and

(r) [~~(t)~~] to cooperate with and support local fire departments and economic development activities sponsored by local entities within the District that use water and water resources

provided, or to be provided, by the District.

SECTION 5B.02. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Sections 23A and 23B to read as follows:

Sec. 23A. The District may not provide a service to a customer located outside Bexar County unless the customer received services from the District on or before April 4, 2007.

Sec. 23B. (a) The District may not charge a customer who receives water services from the District on and after September 1, 2007, a residential or commercial water rate that is greater than the rate charged by the District on September 1, 2007. This subsection expires September 1, 2012.

(b) If, on or after September 1, 2007, the District contracts with a person to provide water services to District customers and the person with whom the District contracts has water rates lower than the District's, a customer who receives water services from the District on September 1, 2007, and when the contract is in effect is entitled to the water rate charged by the person with whom the District contracts.

SECTION 5B.03. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27D to read as follows:

Sec 27D. (a) Not later than 120 days after the effective date of the Act enacting this article, the District shall:

(1) produce a report of an assessment of the operations and maintenance condition of the District;

(2) produce a status report of infrastructure improvements under construction;

(3) produce a report certifying any rate structure changes approved by the District and documenting a schedule for future changes to rate structure anticipated by the District; and

(4) deliver these reports to the legislative oversight committee.

(b) Not later than 180 days after the effective date of the Act enacting this article, the District shall produce an assessment of the District's financial condition and present it to the Bexar Metropolitan Water District Legislative Oversight Committee.

(c) Not later than 240 days after the effective date of the Act enacting this article, the District shall:

(1) produce a report of necessary improvements to the system and a schedule for the implementation of those improvements;

(2) produce a report on the sustainability and adequacy of the water resources of the District and a plan for obtaining additional water resources if deficiencies exist; and

(3) deliver these reports to the legislative oversight committee.

(d) Not later than one year after the effective date of the Act enacting this article, the District shall:

(1) produce a report on service delivery improvements that have been completed and that are in progress;

(2) produce a report identifying all service improvements necessary for the system and a schedule for the completion of those improvements; and

(3) deliver these reports to the legislative oversight committee.

(e) Not later than eighteen months after the effective date of the Act enacting this article, the District must have a uniform rate structure that contains rates that are equal to or lower than the rates of other large retail water providers in the region.

(f) This section expires September 1, 2012.

SECTION 5B.04. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 32 to read as follows:

Sec. 32. (a) The District shall permit a customer to pay a bill at one or more retail locations in the District.

(b) The District may not close a customer service branch that is in operation on June 1, 2007, unless a comparable customer service branch is opened. This subsection expires September 1, 2012.

SECTION 5B.05. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27A to read as follows:

Sec. 27A. The District shall submit to the Bexar Metropolitan Water District Legislative Oversight Committee the following:

(1) a schedule for achieving the objectives set out in Section 27D within six months of the effective date of this section;

(2) evidence that the District, within one and one half years from the effective date of this section, has completed its three-year plan of improvements as adopted by the board of directors of the District before the effective date of this Act;

(3) audited annual financial statements indicating the financial condition of the district within six months of the effective date of this section;

(4) a written projection of all rate and fee increases for three years following the effective date of this Act within six months of the effective date of this section;

(5) any documentation or materials used in conducting a standard managerial and financial audit; and

(6) any other information the legislative oversight committee requests.

SECTION 5B.06. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27C to read as follows:

Sec. 27C. The District shall implement a rate structure that promotes and encourages conservation of water and provides for lower rates for customers using lower quantities of water.

SECTION 5B.07. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27E to read as follows:

Sec. 27E. The District shall implement an appeal and grievance process for employees of the District.

ARTICLE 5C

SECTION 5C.01. Chapter 306, Acts of the 49 Legislature, Regular Session, 1945, is amended by adding Section 33A as follows:

Sec. 33A. LEGISLATIVE OVERSIGHT COMMITTEE. (a) In recognition of the important goal of the state in providing safe and efficient water supply services to the customers of the District and the necessity for state oversight and regulation of the District to ensure the achievement of this goal there is created the Bexar Metropolitan Water District Legislative Oversight Committee.

(b) The legislative oversight committee shall:

(1) monitor the progress of the district in implementing a rate structure that conserves water, provides adequate service to low-income customers, and assists in creating uniform rates among water utility providers in the region;

(2) monitor the quality of service provided by the district;

(3) monitor the plans by the district to provide for sustainability of water resources and plan for infrastructure needs;

(4) identify regulatory and statutory barriers to achievement of the district's goals, and make recommendations to the Legislature, if necessary; and

(5) perform any other oversight function considered appropriate by the legislative oversight committee.

(c) The legislative oversight committee is composed of three members appointed to represent the following members:

(1) the senator sponsor of the Act enacting this section, or, if the senator cannot serve, a senator appointed by the lieutenant governor;

(2) the house author of the Act enacting this section, or, if the representative cannot serve, a representative appointed by the speaker of the house of representatives; and

(3) one member with special expertise in the operation of public water utilities appointed by the governor.

(d) A member of the legislative oversight committee is not entitled to receive compensation for service on the legislative oversight committee but is entitled to reimbursement of the travel expenses incurred by the member while conducting the business of the legislative oversight committee, as provided by the General Appropriations Act.

(e) The District shall provide staff support for the legislative oversight committee.

(f) If Article 5A of this Act becomes effective, this section expires on September 1, 2012, and the legislative oversight committee is abolished.

SECTION 5C.02. STATE AUDIT. Subject to approval by the Legislative Audit Committee for inclusion in the annual audit plan,

the State Auditor shall conduct a financial and managerial audit of the District upon passage of this Act and submit the findings from the audit in a written report to the members of the Legislative Oversight Committee, the Board of Directors of the District, the Texas Legislature, and the Bexar County Commissioners. The District shall cooperate and provide assistance and access to all necessary records, even if they are confidential, to the state auditor in conducting the audit pursuant to this Section. The District shall reimburse the state auditor for the cost of performing the audit.

SECTION 5C.03. TRANSITION PERIOD. (a) The period on or after the effective date of the Act and before the implementation of Article 5A or Article 5B of this Act is the transition period.

(b) During the term of the transition period, the district may not:

(1) destroy or falsify any record of the District, including, but not limited to, written correspondence, electronic mail, and tape recordings;

(2) modify in any manner the compensation, benefits, bonus plan, or any matter related to compensation of all employees, including management, of the district;

(3) enter into any contract or agreement that cannot be terminated with 45 days notice and no penalty for termination;

(4) enter into any contract or agreement to privatize operation of any part of the district system; or

(5) sell, lease, transfer, or convert any assets of the District.

SECTION 5C.04. (a) The legal notice of the intention to introduce Articles 5A, 5B, and 5C, setting forth the general substance of articles 5A, 5B, and 5C, has been published as provided by law, and the notice and a copy of article 5A, 5B, and 5C 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 of articles 5A and 5B to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed

its recommendations relating to articles 5A and 5B 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 articles 5A and 5B are fulfilled and accomplished.

SECTION 5C.05. (a) Articles 5A and 5C take effect January 1, 2008.

(b) If the United States Department of Justice issues a letter under Section 5 of the Voting Rights Act interposing an objection to the implementation of any portion of Article 5A, 5B, or 5C, the Texas Secretary of State shall publish notice of the objection in the Texas Register. The notice shall contain a copy of the letter referenced in this section. On publication of the notice, Article 5B takes effect and Article 5A is no longer effective.