1-1 Thompson of Brazoria (Senate Sponsor - Taylor) H.B. No. 4690 By: (In the Senate - Received from the House May 6, 2019; May 6, 2019, read first time and referred to Committee on Water & Rural Affairs; May 13, 2019, reported favorably by the following vote: Yeas 6, Nays 0; May 13, 2019, sent to printer.) 1-2 1-3 1-4 1-5

COMMITTEE VOTE

1-7 Absent Yea Nay PNV 1-8 Х Perry Х 1-9 Creighton 1-10 1-11 Х Alvarado Χ Johnson 1-12 Х Kolkhorst 1-13 Rodríguez Х Taylor 1-14 Χ

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A BILL TO BE ENTITLED AN ACT

relating to the territory, powers, and administration of the Gulf 1**-**17 1**-**18 Coast Water Authority. 1-19

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

1-20 SECTION 1. Sections 2 and 3, Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, are amended to read as follows: Sec. 2. The <u>District's territory is</u> [District shall be 1-21 1-22 1-23 all of the territory contained within Galveston , and its boundaries shall be the same as and] comprised of 1-24 Texas, County, coextensive with the boundaries of Brazoria, Fort Bend, 1-25 and 1-26

Galveston <u>Counties</u> [County, Texas]. Sec. 3. Except as expressly limited by this Act, the District shall have and exercise and is hereby vested with all 1**-**27 1**-**28 rights, powers, privileges, and authority conferred by the General 1-29 1-30 Laws of this State now in force or hereafter enacted applicable to municipal utility districts created under authority of Section 59 1-31 of Article XVI, Constitution of Texas including without limitation those conferred by <u>Chapters 49 and</u> [Chapter] 54, Water Code, as 1-32 1-33 amended, but to the extent that the provisions of such General Laws 1-34 1-35 may be in conflict or inconsistent with the provisions of this Act, the provisions of this Act shall prevail. All such General Laws are hereby adopted and incorporated by reference with the same effect 1-36 1-37 as if incorporated in full in this Act. Without in any way limiting the generalization of the foregoing, it is expressly provided that 1-38 1-39 the District shall have, and is hereby authorized to exercise, the 1-40 1-41

1-42 1-43 necessary to carry out the powers and authority granted by this Act 1-44 and said General Laws and to exercise the power of eminent domain 1-45 for such purposes; provided, however, that the District shall not have the power of eminent domain as to all or any part of the water supply, property, works or facilities of any private person or persons, or of any private or public corporation or association engaged in the business of supplying water in Brazoria County, Fort 1-46 1-47 1-48 1-49 1-50 Bend County, or Galveston County, Texas, to any class of consumers for any use upon the effective date of this Act, but this provision 1-51 1-52 1-53 shall not restrict the power of the District to acquire necessary 1-54 crossing easements and rights-of-way;

1-55 (b) to conserve, store, transport, treat and purify, distribute, sell and deliver water, both surface and underground, 1-56 to persons, corporations, both public and private, political subdivisions of the State and others, and to purchase, construct or 1-57 1-58 lease all property, works and facilities, both within and without 1-59 the District, necessary or useful for such purposes; 1-60 1-61

(c) to acquire water supplies from sources both within or

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without the boundaries of the District and to sell, transport and 2-1 deliver water to customers situated within or without the District 2-2 2-3 and to acquire all properties and facilities necessary or useful for such purposes, and for any or all of such purposes to enter into 2-4 contracts with persons, corporations, both public and private, and political subdivisions of the State for such periods of time and on 2-5 2-6 2-7 such terms and conditions as the Board of Directors may deem 2-8 desirable;

(d) subject to the provisions of this Act, to sell, lease, or exchange any property of any kind, or any interest therein, which is not necessary to the carrying on of the business of the District or the sale, lease, or exchange of which, in the judgment of the 2-9 2**-**10 2**-**11 2-12 2-13 Board of Directors, is necessary for the exercise of the powers, 2-14 2**-**15 2**-**16

rights, privileges, and functions conferred upon the District by this Act or by <u>Chapters 49 and [Chapter]</u> 54, Water Code, as amended; (e) subject to the provisions of this Act, to acquire by purchase, lease, gift, or otherwise, and to maintain, use, and 2-17 operate any and all property of any kind, or any interest therein, within or without the boundaries of the District, necessary to the 2-18 2-19 2-20 2-21 exercise of the powers, rights, privileges, and functions conferred by this Act or by <u>Chapters 49 and</u> [Chapter] 54, Water Code, as 2-22 amended;

(f) 2-23 construct, extend, improve, maintain, to and reconstruct, to cause to be constructed, extended, improved, maintained, and reconstructed, and to use and operate, any and all 2-24 2**-**25 2**-**26 facilities of any kind necessary to the exercise of such powers, 2-27 rights, privileges, and functions;

(g) to sue and be sued in its corporate name; (h)

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to adopt, use, and alter a corporate seal; to invest and reinvest its funds; (i)

to make bylaws for management and regulation of its (j) affairs;

2-33 (k) appoint officers, to agents, and employees, to 2-34 prescribe their duties and fix their compensation;

to make contracts and to execute instruments convenient 2-35 (1)2-36 or necessary to the exercise of the powers, rights, privileges, and 2-37 functions conferred by this Act or Chapters 49 and [Chapter] 54, Water Code, as amended, for such term and with such provisions as 2-38 the Board of Directors may determine to be in the best interests of 2-39 the District, including, without in any way limiting the generality of the foregoing, contracts with persons including the State of Texas, the United States of America and any corporation or agency 2-40 2-41 2-42 thereof and districts, cities, towns, persons, organizations, firms, corporations or other entities as the Board of Directors may 2-43 2-44 2-45 deem necessary or proper for or in connection with any of its 2-46 corporate purposes;

2-47 (m) to borrow money for its corporate purposes and, without 2-48 limiting the generality of the foregoing, to borrow money, apply for and receive loans, secure obligations under a loan or other contract for borrowed money with a pledge of district revenues or the proceeds of future borrowings, and accept grants or contributions, directly or indirectly, from persons, including the State of Texas, the United States of America, or from any 2-49 2-50 2-51 2-52 2-53 corporation, agency, or entity created or designated by the State of Texas or the United States of America, and in connection with any such loan, [or] grant, or contribution, to enter into such agreements as the State of Texas, the United States of America, or 2-54 2-55 2-56 2-57 any such corporation, agency, or entity may require; and to make and issue its negotiable bonds or notes for money borrowed, in the manner and to the extent provided in this Act, and to refund or refinance any outstanding bonds, [or] notes, or loans, and to make and issue its negotiable bonds or notes therefor in the manner 2-58 2-59 2-60 2-61 2-62 2-63 provided in this Act.

SECTION 2. Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, is amended by adding Sections 3B and 3C to 2-64 2-65 read as follows: 2-66

2-67 "person" Sec. 3B. (a) this section, In includes an individual, entity, partnership, or corporation. The term does not include a political subdivision or public agency. 2-68 2-69

H.B. No. 4690 contract for a (b) This section does not apply to a cont architectural or engineering services. Section 3-1 2254.004, 3-2 3-3 Government Code, applies to the procurement of architectural or 3-4 engineering services. (c) Competitive bidding and contract procurement or delivery requirements otherwise applicable to the District do not apply to a contract or agreement made by the District with a person 3-5 3-6 3-7 3-8 if: 3-9 (1) the contract or agreement relates to a project for 3-10 3-11 the acquisition or construction of equipment or facilities for the production, treatment, transmission, or delivery of water; and 3-12 (2) payments made under the contract or agreement are for amounts substantially sufficient to finance a project described 3-13 in Subdivision (1) of this subsection. Sec. 3C. (a) The Board by resolution may authorize the creation of a nonprofit corporation to assist and act for the District in implementing a project or providing a service 3-14 3**-**15 3**-**16 3-17 3-18 authorized by this Act. The nonprofit corporation: 3-19 (b) 3-20 3-21 (1) has each power of and is considered to be a local corporation created under Subchapter D, Chapter 431, government 3-22 Transportation Code; and 3-23 (2) may implement any project and provide any service authorized by this Act. 3-24 (c) The Board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve at the will of the District and in the same 3-25 3**-**26 3-27 3-28 manner as the board of directors of a local government corporation 3-29 created under Subchapter D, Chapter 431, Transportation Code. The nonprofit corporation may not: (1) participate in a project that the District is not 3-30 (d) 3-31 authorized to participate in; 3-32 3-33 (2) impose taxes; or 3-34 (3) acquire, construct, or operate parks or recreational facilities. SECTION 3. Sections 4(a) and (f), Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, are amended to read as 3-35 3-36 3-37 3-38 follows: 3-39 The District shall have no power or authority to levy (a) and collect taxes on any property real, personal or mixed, within the boundaries of said District, nor shall the District have power 3-40 3-41 3-42 or authority to issue bonds or create indebtedness which would in 3-43 any way be payable from ad valorem taxes levied by the District upon property within said District; and provided further that said District shall have none of the powers conferred by General Law for the purposes of the collection, transportation, processing, disposal and control of domestic, industrial or communal wastes, 3-44 3-45 3-46 3-47 3-48 and the gathering, conducting, directing and controlling of local storm waters, or other local harmful excesses of water <u>except as</u> directly related to the production and purification of water for agricultural, municipal, or industrial purposes, including the ownership, lease, or operation of a municipal wastewater treatment 3-49 3-50 3-51 3-52 3-53 facility in which the effluent is used by the District for water reuse supply. (f) The powers, rights, privileges, and functions conferred upon the District shall be subject to the continuing rights of 3-54 3-55 3-56 supervision by the State, [which shall be exercised by the Texas Department of Water Resources, and the District shall obtain approval of its projects and they shall be supervised] as provided by the [Sections 54.516 and 54.517,] Water Code, as amended. 3-57 3-58 3-59 3-60 SECTION 4. Section 5, Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows: Sec. 5. (a) The management and control of the District is 3-61 3-62 3-63 hereby vested in a Board of 10 directors. (b) Each director must be a resident of this state. (c) Vacancies on the Board of Directors, whether by death, 3-64 3-65 3-66 3-67 resignation or termination of the term of office, shall be filled by 3-68 appointment by the commissioners court that appointed the director 3-69 for the unexpired term of the director.

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(d) A director may be removed by the commissioners court that appointed the director for inefficiency, neglect of duty, or 4-1 4-2 misconduct of office. The commissioners court must provide a 4-3 <u>director removed under this section written notice not later than</u> <u>the 30th day after the date the decision to remove is made and an</u> <u>opportunity to be heard in person or by counsel in a public hearing.</u> <u>(e)</u> All terms of office shall be for a period of two (2) years. Terms shall be staggered <u>ending on August 31 of the</u> 4-4 4**-**5 4**-**6 4-7 4-8 4-9 appropriate year. (f) Six directors constitute a quorum. Except as otherwise provided, a majority of those directors present and qualified to vote is sufficient for final action on a matter before the Board. SECTION 5. Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, is amended by adding Sections 5C, 5D, 5E, 5F, 4-10 4-11 4-12 4-13 4-14 4**-**15 4**-**16 and 5G to read as follows: Sec. 5C. (a) Chapter 171, Local Government Code, does not apply to a director appointed to represent agricultural or 4-17 industrial interests. 4-18 (b) A director who has a financial interest in a contract considered by the District for the purchase of property or the construction of a facility must disclose the interest to the other 4-19 4-20 4-21 4-22 directors and may not vote on the contract. Sec. 5D. (a) The Board may hold an open or closed meeting by telephone conference call if at least five directors are present at the location where the meeting of the Board is held. A meeting held by telephone conference call is subject to the same notice 4-23 4-24 4**-**25 4**-**26 4-27 requirements as other Board meetings and must be recorded. Each 4-28 person who speaks in a meeting held by telephone conference call must be clearly identified. A director participating in a meeting held by telephone conference call is considered absent from any part of the meeting during which audio communication is lost. 4-29 4-30 4-31 (b) The authority to hold a meeting held by telephone 4-32 conference call described by this section is in addition to authority described by Chapter 551, Government Code. 4-33 4-34 Sec. 5E. If the Board employs a general manager, the general manager is the chief executive officer of the District. Sec. 5F. The District is not required to provide notice for 4-35 4-36 4-37 the sale or disposal of District personal property if the personal property has a value of less than \$25,000. Sec. 5G. (a) The District may enter into a contract related to a water project located outside the District. The District may enter into a local agreement with a political subdivision for a 4-38 4-39 4-40 4-41 4-42 4-43 purpose related to a water project. (b) A contract under this section may use money appropriated by a political subdivision that is a party to the contract to pay for pre-development costs, engineering, surveys, and the collection and compilation of data relating to conditions 4 - 444-45 4-46 4-47 4-48 influencing determinations about the character and extent of <u>proposed improvements, works, and facilities for the accomplishment of District purposes.</u> (c) The District may contract or agree with an entity 4-49 4-50 4-51 appropriating money under this section to receive a loan or money 4-52 4-53 from other sources in return for services described by Subsection (a) of this section. The contract or agreement may provide for the 4-54 4-55 repayment by the District of money advanced as a loan from project revenues, bond proceeds, or other available money. 4-56 4-57 (d) The District and a state agency or political subdivision may enter into a contract to jointly pay all or part of the cost of a 4-58 water project or the operation of a water project in the same way that a political subdivision may contract with a state agency or political subdivision under Chapter 472, Transportation Code, to 4-59 4-60 4-61 4-62 jointly pay all or part of the cost associated with a state or local highway, turnpike, road, or street project. SECTION 6. Sections 7 and 8, Chapter 712, Acts of the 59th 4-63 4-64 Legislature, Regular Session, 1965, are amended to read as follows: Sec. 7. The District shall have power and is hereby 4-65 4-66 4-67 authorized to issue, from time to time, bonds as herein authorized for any of its corporate purposes. Such bonds may either be (1) 4-68 sold for cash, at public or private sale, at such price or prices as 4-69

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5-28 (a) reserving the right to redeem such bonds or requiring 5-29 the redemption of such bonds, at such time or times, in such amounts and at such prices, [not exceeding 105 percent of the principal amount thereof, plus accrued interest,] as may be provided; (b) providing for the setting aside of sinking funds or 5-30 5-31

5-32 5-33 reserve funds and the regulation and disposition thereof;

(c) pledging to secure the payment of the principal of and interest on such bonds and of the sinking fund or reserve fund payments agreed to be made in respect of such bonds all or any part 5-34 5-35 5-36 5-37 of the gross or net revenues thereafter received by the District in respect of the property, real, personal, or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all 5-38 5-39 or any part of the gross or net revenues thereafter received by the 5-40 5-41 District from whatever source derived;

5-42 (d) prescribing the purposes to which such bonds or any bonds thereafter to be issued, or the proceeds thereof, may be 5-43 5-44 applied;

5-45 (e) agreeing to fix and collect rates and charges sufficient 5-46 to produce revenues adequate to pay (1) all expenses necessary to 5-47 the operation and maintenance and replacements and additions to the properties and facilities of the District; (2) the principal of, and the interest and premium, if any, on bonds issued under this Act 5-48 5-49 as and when the same became due and payable; (3) all sinking fund and/or reserve fund payments agreed to be made in respect of any 5-50 5-51 5-52 such bonds out of such revenues as and when the same became due and 5-53 payable, and to fulfill the terms of any agreements made with the holders of such bonds and/or with any person on their behalf and to 5-54 5-55 discharge all other lawful obligations of the District as and when 5-56 the same become due;

5-57 (f) prescribing limitations upon the issuance of additional 5-58 bonds and subordinate lien bonds and upon the agreements which may 5-59 be made with the purchasers and successive holders thereof;

5-60 (g) with regard to the construction, extension, 5-61 improvement, reconstruction, operation, maintenance, and repair of 5-62 the properties of the District and carrying of insurance upon all or any part of said properties covering loss or damage or loss of use 5-63 and occupancy resulting from specified risks; 5-64

5-65 (h) fixing the procedure, if any, by which, if the District shall so desire, the terms of any contract with the holders of such 5-66 bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent 5-67 5-68 5-69 may be given;

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for the execution and delivery by the District to a bank 6-1 (i) or trust company authorized by law to accept trusts, or to the United States of America or any officer or agency thereof, of indentures and agreements for the benefit of the holders of such 6-2 6-3 6-4 6**-**5 6**-**6 bonds and such other provisions as may be customary in such indentures or agreements; and

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(j) such other provisions, [not inconsistent with the ;ions of this Act,] as the Board may approve. 6-8 provisions

(k) 6-9 The Board may declare an emergency in the matter of 6**-**10 6**-**11 funds not being available to pay principal of and interest on any bonds of the District or to meet any other needs of the District and 6-12 may issue bond anticipation notes or enter into a loan to pay the costs to meet the emergency need. A loan under this subsection may 6-13 be secured by a pledge of and made payable from district revenues or the proceeds of a future series of bonds. Bond anticipation notes may bear interest at any rate or rates not to exceed 10 percent and 6-14 6**-**15 6**-**16 shall mature within one (1) year of their date. The bond anticipation notes so issued will be taken up with the proceeds of 6-17 The bond 6-18 6-19 bonds, or the bonds may be issued and delivered in exchange for and 6-20 6-21 in substitution of such notes.

shall be sold (l) Before any bonds or exchanged or substituted by the District, a certified copy of the proceedings of the issuance thereof, including the form of such bonds, together 6-22 6-23 6-24 with any other information which the Attorney General of the State 6**-**25 6**-**26 of Texas may require, shall be submitted to the Attorney General, and if he shall find that such bonds have been issued in accordance with law, and if he shall approve such bonds, he shall execute a certificate to that effect which shall be filed in the office of the 6-27 6-28 Comptroller of the State of Texas and be recorded in a record kept 6-29 6-30 for that purpose. No bonds shall be issued until the same shall have been registered by the Comptroller, who shall so register the same if the Attorney General shall have filed with the Comptroller 6-31 6-32 6-33 his certificate approving the bonds and the proceedings for the issuance thereof as hereinabove provided. 6-34

 (\underline{m}) All bonds approved by the Attorney General as aforesaid, and registered by the Comptroller as aforesaid, and issued in accordance with the proceedings so approved shall be valid and 6-35 6-36 6-37 6-38 binding obligations of the District and shall be incontestable for 6-39 any cause from and after the time of such registration.

(n) If any bonds recite that they are secured by a pledge of the proceeds of a contract, lease, sale or other agreement (herein called "contract"), a copy of such contract and the proceedings of 6-40 6-41 6-42 the contracting parties will also be submitted to the Attorney General. If such bonds have been authorized and such contracts made 6-43 6-44 in compliance with law, the Attorney General shall approve the bonds and contracts, and the bonds shall then be registered by the Comptroller of Public Accounts. When so approved, such bonds and 6-45 6-46 6-47 6-48 the contracts shall be valid and binding and shall be incontestable 6-49 for any cause from and after the time of such registration.

(o) The District is authorized to make and issue bonds (herein called "refunding bonds") for the purpose of refunding or 6-50 6-51 6-52 refinancing any outstanding bonds or notes authorized and issued by 6-53 the District pursuant to this Act or other law (herein called "bonds") and the interest and premium, if any, thereon to maturity or on any earlier redemption date specified in the resolution authorizing the issuance of the refunding bonds. Such refunding 6-54 6-55 6-56 6-57 bonds may be issued to refund more than one series of outstanding bonds, may combine the pledges of the outstanding bonds for the 6-58 security of the refunding bonds, or may be secured by other or 6-59 additional revenues. All provisions of this Act with reference to the issuance of bonds, the terms and provisions thereof, their approval by the Attorney General, and the remedies of the bondholders shall be applicable to refunding bonds. Refunding bonds shall be registered by the Comptroller upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the resolution authorizing the issuance of refunding bonds may provide 6-60 6-61 6-62 6-63 6-64 6-65 resolution authorizing the issuance of refunding bonds may provide 6-66 that they shall be sold and the proceeds thereof deposited at the 6-67 places at which the original bonds are payable, in which case the 6-68 refunding bonds may be issued in an amount sufficient to pay the 6-69

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7-7 (p) All bonds issued by the District pursuant to the 7-8 provisions of this Act shall constitute investment securities 7-9 within the meaning of the Uniform Commercial Code.

State $\frac{(q)}{of}$ 7-10 This Act, without reference to other statutes of the 7**-**11 State of Texas, shall constitute full authority for the authorization and issuance of bonds hereunder, and no other Act or 7-12 7-13 law with regard to the authorization or issuance of obligations or 7-14 the deposit of the proceeds thereof, or in any impeding or 7**-**15 7**-**16 restricting the carrying out of the acts herein authorized to be done shall be construed as applying to any proceedings taken 7-17 hereunder or acts done pursuant hereto.

7-18 Sec. 8. (a) When any of such revenues are pledged to the payment of any bonds issued by said District or loans received by the District, it shall be the right and duty of the District's Board 7-19 7**-**20 7**-**21 of Directors to cause to be fixed, maintained and enforced charges, 7-22 fees or tolls for services rendered by properties and facilities, 7-23 the revenues of which have been pledged, at rates and amounts at 7-24 least sufficient to comply with and carry out the covenants and 7**-**25 7**-**26 provisions contained in the order or orders authorizing the issuance of said bonds.

7-27 (b) Regardless of whether the revenues are pledged to the 7-28 payment of bonds, the [The] District shall have the right to impose 7-29 penalties for failure to pay, when due, such charges, fees or tolls. SECTION 7. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, 7-30 7**-**31 7-32 7-33 officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, 7-34 7-35 7-36 Government Code.

7-37 (b) The governor, one of the required recipients, has 7-38 submitted the notice and Act to the Texas Commission on 7-39 Environmental Quality.

7-40 (c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of 7-41 7-42 7-43 representatives within the required time.

7-44 (d) All requirements of the constitution and laws of this 7-45 state and the rules and procedures of the legislature with respect 7-46 to the notice, introduction, and passage of this Act are fulfilled 7-47 and accomplished.

7-48 This Act takes effect immediately if it receives SECTION 8. a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this 7-49 7-50 7-51 7-52 Act takes effect September 1, 2019.

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