

CHAPTER 127

S.B. No. 368

An Act relating to the reorganization of the Travis County Municipal Utility District No. 1 as a special law district; the continuation of it as a district and of its outstanding obligations; the issuance of previously voted bonds and the levy of previously voted taxes, if any; the validation of prior elections, other actions, and contracts of the district; the administration, powers, and duties of the board of directors; and the financing of the district.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. DEFINITIONS. In this Act:

- (1) "District" means the Travis County Municipal Utility District No. 1.
- (2) "Board" means the district's board of directors.

SECTION 2. REORGANIZATION. Travis County Municipal Utility District No. 1, previously established and created as a municipal utility district under Chapter 54, Water Code, is reorganized as a special law district operating under this Act with all powers granted under Article XVI, Section 59, of the Texas Constitution and this Act.

SECTION 3. DISTRICT BOUNDARIES. (a) The district includes all property located within its boundaries as described in Volume 4577, Pages 2160-2170, and Volume 8013, Page 951, Travis County Deed Records, and also includes areas previously or subsequently annexed to the district and filed of record in those deed records.

(b) The legislature finds that the boundaries and field notes of the district form a closure. If a mistake has been made in copying the field notes on file in the deed records or subsequently filed pursuant to annexation, that mistake does not affect:

- (1) the organization, existence, or validity of the district;
- (2) the right of the district to issue bonds previously or subsequently approved by the voters;

or

(3) the right to assess, levy, and collect taxes for the district's operations, projects, or activities.

(c) The legislature finds that all property located within the district's boundaries has been, is, and will be benefitted by the district, by this Act, and by the projects and properties permitted by this Act and by prior applicable law.

(d) The board may exclude land from the district and add land to the district in accordance with the provisions for the exclusion and addition of land of municipal utility districts in Chapter 54, Water Code.

SECTION 4. POWERS AND DUTIES. (a) The district has all of the rights, powers, privileges, functions, and duties conferred and imposed by Chapter 54, Water Code, but to the extent that any provision of Chapter 54, Water Code, may be in conflict with or inconsistent with this Act, this Act prevails.

(b) The board may spend funds, borrow money, and issue bond anticipation notes and tax anticipation notes, levy and collect maintenance taxes, and carry out all acts and have all power and authority contained in Subchapter E, Chapter 54, Water Code.

(c) The board may issue bonds as provided by Sections 54.501 through 54.515, and Sections 54.518 through 54.521, Water Code. Sections 54.516 through 54.517, Water Code, are applicable to the district.

SECTION 5. BOARD OF DIRECTORS. (a) Powers of the district shall be exercised by a board of directors consisting of five members.

(b) Directors serve staggered four-year terms and each shall serve until his successor has qualified.

(c) Each director must be 18 years of age or older, a resident of the district, and a qualified voter of the district.

(d) As soon as practicable after a director is elected or appointed, he shall execute a bond for \$10,000 payable to the district and conditioned on the faithful performance of his duties. All director's bonds shall be approved by the board and recorded in the official bond records of the district.

(e) Any candidate for the office of director shall file with the secretary of the board or any agent who may be designated by the board an application to have his name printed on the ballot. The application shall be filed at least 30 days before the election.

(f) After the directors elected at each election have qualified by executing the appropriate bond and taking the proper oath, they shall organize by electing, as soon as practicable, a president, a vice-president, a secretary, a treasurer, and any other officers as in the judgment of the board are considered necessary.

(g) All vacancies on the board shall be filled by appointment of the remaining directors for the unexpired term.

SECTION 6. ORGANIZATION. (a) The directors shall adopt bylaws at the first meeting after the effective date of this Act. Three directors constitute a quorum for any meeting, and a concurrence of a majority of the directors shall be necessary in all district matters. The board shall prescribe the method of execution of all contracts, the signing of checks, and the handling of any other matters approved by the board as shown in the official minutes of the district.

(b) The board may designate one or more assistant secretaries who are not required to be members of the board. The president shall preside at all meetings of the board and shall be the chief executive officer of the district. The vice-president shall act as president in the absence or disability of the president. The secretary shall act as president if both the president and vice-president are absent or disabled. The secretary shall act as secretary of the board and shall keep

all records and books of the district, shall keep the minutes of the meetings of the board, and may certify as to any action taken by the board. Each member of the board is entitled to receive a per diem payment as authorized by law and shall be reimbursed for actual expenses in carrying out his responsibilities, as approved by the board in its bylaws.

(c) The board shall appoint a person to the office of tax collector and may appoint such deputies as the board considers necessary. The collector and each of his deputies shall qualify by executing a bond for \$10,000 payable to the district and approved by the board conditioned on the faithful performance of their duties. The board shall establish compensation for its employees.

(d) The treasurer of the district shall deposit all funds of the district in the depository banks designated by the board as the official depository banks of the district.

(e) To the extent that funds in the depository banks are not insured by the Federal Deposit Insurance Corporation, district funds shall be secured in the manner provided by law for the security of funds of counties. Funds of the district may be invested and reinvested at the discretion of the board, its treasurer, or other authorized representative in direct or indirect obligations of the United States, this state, or any county, city, or school district or other political subdivision of this state or may be placed in certificates of deposit at state or national banks in this state, provided that the funds are secured in the manner provided for the security of funds of counties.

SECTION 7. BOARD MEETINGS. (a) The board shall hold regular and special meetings at times and on dates as determined by the board.

(b) The board shall give notice of meetings as required by the district's bylaws.

(c) The board shall designate a place within Travis County for the meetings.

SECTION 8. ELECTIONS. (a) Elections held by the district shall be called by the board and results of any election shall be canvassed by the board. Except as provided by this Act, elections are governed by the Texas Election Code.

(b) Notice of district elections shall be given by publishing notice in a newspaper with general circulation in the district once a week for two consecutive weeks with the first publication to occur at least 14 days before the date of the election.

(c) An election for a particular purpose may be held separately or may be held at the same time as an election to be held for other purposes, including any maintenance tax election. Elections held at the same time may be called in a single election order, and the results canvassed in a single order.

SECTION 9. MAINTENANCE TAXES. The board may use the money received from its maintenance taxes to maintain, repair, and operate the district's properties, works, projects, facilities, and improvements and to pay the costs of engineering and legal fees, as well as organization and administrative expenses.

SECTION 10. PROPERTY TAXATION. The district may levy and collect property taxes as provided by Subchapter G, Chapter 54, Water Code, and Title 1, Tax Code.

SECTION 11. CONTRACTS. (a) The district may enter into contracts with the United States or any of its agencies, the state or any of its agencies, a local government or any other public body, an individual, a corporation, or any other entity for the operation and maintenance of or construction of any facility or improvement authorized by this Act.

(b) A contract obligating the district to make payments in whole or in part from property taxes, other than maintenance taxes, is subject to approval at an election held under the same procedures required for the issuance of bonds payable from property taxes.

(c) A contract election may be held at the same time and in conjunction with an election to authorize bonds, and the procedure for calling the election, giving notice, conducting the election, and canvassing the returns is the same as the procedure for a bond election.

SECTION 12. AWARDING CONTRACTS. (a) Contracts with the board must be written. Except as provided by this section, the board shall:

(1) award each contract for the purchase of materials, machinery, and other things necessary to constitute the works, improvement, facilities, plants, equipment, and appliances of the district or for construction of projects within the district to the lowest responsible bidder; and

(2) give notice for bids on each contract.

(b) The notice must state the general conditions, time, and place of opening sealed bids. The notice must be published at least once a week for three consecutive weeks before the date that bids are to be opened, and the first publication must be at least 21 days before the date of the opening of bids. The notice shall be published in one or more newspapers having general circulation in the area of the district.

(c) This subsection applies to contracts for the purchase of materials, machinery, and other things necessary to construct the works, improvement, facilities, plants, equipment, and appliances of the district or for the construction of projects within the district. If a contract is for an amount that is less than \$25,000, the board is not required to give notice for bids or solicit bids on the contract. If a contract is for an amount of at least \$25,000 but less than \$100,000, the board is not required to give notice for bids but is required to solicit at least three bids on the contract.

(d) A contract may cover all the improvements to be provided by the district, or the various elements of the improvements may be segregated for the purpose of receiving bids and awarding contracts. A contract may provide that the improvements will be constructed in stages over a period of years and may provide for the payment of a total sum that is the completed cost of the improvement or may be based on bids to cover costs of units of the various elements entering into the work as estimated and approximately specified by the district's engineers.

(e) A contract shall be awarded to the person submitting the lowest responsible bid, which bid in the board's judgment will be most advantageous to the district and result in the best and most economical completion of the district's proposed works, improvements, facilities, plants, equipment, and appliances.

SECTION 13. CHANGE ORDERS. (a) After a contract has been awarded and the district subsequently determines that additional work is needed or that the character or type of facilities contracted for should be changed, the board may authorize change orders to the contract on the terms that the board approves.

(b) If the total contract amount is \$300,000 or less, the board may approve change orders to the contract that do not increase or decrease the total cost of the contract by more than 25 percent.

(c) If the total contract amount is more than \$300,000, the board may approve change orders to the contract that do not increase or decrease the total cost of the contract by more than 20 percent.

(d) Change orders that result in an increase or decrease of the total contract cost in excess of the percentages authorized in this section may be authorized by the Texas Water Commission after review by the executive director of the Texas Department of Water Resources or his duly appointed representative.

SECTION 14. ESCROWED FUNDS. Funds required to be placed in escrow under Chapter 54, Water Code, and rules of the Texas Department of Water Resources may be released in amounts up to \$100,000 on application and approval of the executive director of the Texas Department of Water Resources or his duly appointed representative or on approval of the Texas Water Commission. Those funds may be released in amounts greater than \$100,000 on review by the executive director or his duly appointed representative and application to and approval by the Texas Water Commission.

SECTION 15. CONSTITUTIONAL REQUIREMENTS. The legislature specifically finds that the requirements of Article XVI, Section 59(d), of the Texas Constitution have been satisfied in due course and time and in due order and that the legislature has the authority to adopt this Act.

SECTION 16. VALIDATION. The organization of Travis County Municipal Utility District No. 1 and all elections held, all contracts executed, and all bonds and other obligations issued by the district and the expenditure of funds in payment or satisfaction of those bonds and other obligations are validated, ratified, and confirmed. Bonds previously voted and taxes previously authorized at elections held within the district may be issued or levied and collected by the board without the necessity of any further elections. Bonds, contracts, and other obligations issued, executed, or incurred by the district before the effective date of this Act, to the extent not satisfied or paid before that date, continue in existence and shall be honored by and constitute the lawful obligations of the district in accordance with their respective terms on and after that date.

SECTION 17. TRANSITION. (a) The directors serving on the effective date of this Act shall continue to serve until their successors are elected in accordance with this section and have qualified for office.

(b) On the first Saturday in April, 1986, and on the first Saturday in April of every fourth year after that date, two directors shall be elected at an election held in the district for four-year terms.

(c) On the first Saturday in April, 1988, and on the first Saturday in April of every fourth year after that date, three directors shall be elected at an election held in the district for four-year terms.

SECTION 18. EFFECTIVE DATE. This Act takes effect September 1, 1985.

SECTION 19. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on March 21, 1985, by the following vote: Yeas 30, Nays 0; Senate concurred in House amendment on May 7, 1985, by the following vote: Yeas 31, Nays 0; passed the House, with amendment, on May 2, 1985, by the following vote: Yeas 138, Nays 0, one present not voting.

Filed: May 20, 1985, without signature.

Effective: September 1, 1985