

CHAPTER 258

H.B. No. 1780

AN ACT

relating to the management and operation of certain municipally owned utilities and validation of certain acts in relation to the utilities.

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

SECTION 1. Chapter 10, Title 28, Revised Statutes, is amended by adding Article 1115b to read as follows:

**Art. 1115b. MANAGEMENT AND CONTROL OF UTILITY SYSTEMS**

*Sec. 1. This article applies only to a home-rule municipality that owns or may own water, wastewater, storm water, or drainage utility systems, that by ordinance elects to have the management and control of two or more of those systems governed by this article, and that:*

- (1) has outstanding obligations payable solely from and secured by a lien on and pledge of net revenues of one or more of those systems; or*
- (2) issues obligations that are payable solely from and secured by a lien on and pledge of the net revenues of one or more of those systems.*

*Sec. 2. A municipality by ordinance may transfer management and control of two or more of its water, wastewater, storm water, or drainage systems to a board of trustees having at least seven members, one of whom must be the presiding officer of the governing body of the municipality. The number, qualifications, terms of office, succession, compensation, powers, and duties of the members of the board of trustees shall be specified by the ordinance. In all matters on which the ordinance is silent, the laws and rules governing the governing body of the municipality govern the board of trustees, to the extent applicable.*

*Sec. 3. (a) All ordinances, resolutions, orders, instruments, acts, attempted acts, and proceedings of a municipality or of a board of trustees created by the municipality that were adopted, executed, or done before the effective date of this article and that relate to creation of a board of trustees described by Section 2 of this article, the powers of the trustees, or the*

*issuance of notes, bonds, or refunding bonds are validated in all respects. Those ordinances, resolutions, orders, instruments, acts, proceedings, notes, bonds, and refunding bonds are as valid as if they had originally been legally authorized or accomplished. The notes, bonds, and refunding bonds validated by this article are payable in accordance with their terms.*

*(b) This section does not apply to any matter that on the effective date of this article:*

*(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court of competent jurisdiction; or*

*(2) has been held invalid by a final judgment of a court of competent jurisdiction.*

SECTION 2. 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, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 23, 1993, by a non-record vote; passed by the Senate on May 12, 1993: Yeas 31, Nays 0.

Approved May 23, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.