

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE B. FRESH WATER SUPPLY DISTRICTS
CHAPTER 6902. CRANE COUNTY WATER DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6902.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "Director" means a member of the board.
- (3) "District" means the Crane County Water District.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.002. NATURE OF DISTRICT. The district is a conservation and reclamation district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The accomplishment of the purposes stated in this chapter is for:

- (1) the benefit of the people of this state; and
- (2) the improvement of their property and industries.

(b) The district, in carrying out the purposes of this chapter, will be performing an essential public function under the constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.004. DISTRICT TERRITORY. The district includes all of the territory in the boundaries of Crane County as the boundaries of that county existed on January 1, 1985, and as the district territory may have been modified under:

- (1) Subchapter J, Chapter [49](#), Water Code; or
- (2) other law.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,

eff. April 1, 2009.

Sec. 6902.005. SUFFICIENT AUTHORITY FOR ENTITIES TO ACT. This chapter provides sufficient authority to issue district bonds, execute contracts and conveyances, and perform any other act or procedure authorized under this chapter by the district, the City of Crane, public agencies, special districts, and other political subdivisions, without reference to other law or a restriction or limitation contained in other law, except as specifically provided by this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 6902.051. COMPOSITION OF BOARD. The district is governed by a board composed of five directors appointed by the Commissioners Court of Crane County. The directors occupy numbered places on the board, with the places numbered as Places 1, 2, 3, 4, and 5.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.052. TERMS. Each appointed director shall serve for a term of two years, with the terms of the directors appointed to occupy Places 1 and 2 expiring on June 1 of each even-numbered year and the terms of the directors appointed to occupy Places 3, 4, and 5 expiring on June 1 of each odd-numbered year.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.053. QUALIFICATIONS FOR OFFICE. (a) To be eligible for appointment as a director, a person must be:

- (1) a qualified district voter; and
- (2) a district resident.

(b) A director is eligible for reappointment.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06,

eff. April 1, 2009.

Sec. 6902.054. EX OFFICIO DIRECTORS. The county judge of Crane County and the mayor of the City of Crane shall serve as ex officio directors. The county judge and mayor are entitled to attend all board meetings and participate in all board proceedings but are not entitled to vote on matters before the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.055. VACANCY. The Commissioners Court of Crane County by appointment shall fill a vacancy on the board for the unexpired term.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.056. REMOVAL FROM OFFICE. After reasonable notice and a public hearing, the remaining members of the board may remove a director from office for misfeasance, malfeasance, or wilful neglect of duty. Reasonable notice and a public hearing are not required if the director to be removed expressly waives the notice and hearing in writing.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.057. QUORUM. Any three regular directors constitute a quorum.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.058. BOARD RESOLUTIONS; VOTING REQUIREMENTS. (a) The district shall act through resolutions adopted by the board.

(b) All regular directors are entitled to vote on matters before the board.

(c) The affirmative vote of at least three of the regular directors is necessary to adopt a resolution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,

eff. April 1, 2009.

Sec. 6902.059. OFFICERS AND ASSISTANTS. (a) The board shall elect a president, vice president, secretary, and treasurer at the first meeting of the board in March of each year or at any time necessary to fill a vacancy.

(b) The board shall elect the president and vice president from among the directors. The president and vice president shall serve for terms of one year.

(c) The offices of secretary and treasurer:

(1) may be held by one person; and

(2) are not required to be held by a director.

(d) The board may appoint as assistant board secretary one or more persons who are not directors.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.060. OFFICER DUTIES. (a) The board president shall preside at board meetings and perform other duties prescribed by the board.

(b) The board secretary is the official custodian of the minutes, books, records, and seal of the board and shall perform other duties and functions prescribed by the board. An assistant board secretary may perform any duty or function of the board secretary.

(c) The board treasurer shall perform duties and functions prescribed by the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.061. MEETINGS. The board shall have regular meetings at times specified by board resolution and shall have special meetings when called by the board president or by any three directors.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.062. PERSONAL LIABILITY OF DIRECTORS. A director is not personally liable for any bond issued or contract executed by the district.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 6902.101. GENERAL POWERS. The district may exercise all powers necessary or appropriate to carry out the purposes of this chapter.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.102. AUTHORITY TO SUE AND BE SUED. The district may sue and be sued in the district's own name.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.103. SEAL. The board may adopt an official seal.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.104. BYLAWS; RULES. The board may adopt and enforce bylaws and rules.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.105. GIFTS AND GRANTS. The district may request and accept any appropriation, grant, allocation, subsidy, guaranty, aid, service, material, or gift from any person.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.106. OFFICE. The district may operate and maintain an office.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06,

eff. April 1, 2009.

Sec. 6902.107. EMPLOYEES, AGENTS, AND OFFICERS. The district may appoint and determine the duties, tenure, qualifications, and compensation of the officers, employees, agents, and professional advisors and counselors of the district, including financial consultants, accountants, attorneys, architects, engineers, appraisers, and financial experts the board considers necessary.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.108. WATER CONSERVATION PROGRAM. (a) In this section, "program of water conservation" means the practices, techniques, and technologies that will reduce water consumption, reduce water loss or waste, improve efficiency in water use, or increase water recycling and reuse so that a water supply is available for future uses.

(b) The district shall adopt and implement a program of water conservation consistent with rules and criteria adopted and enforceable by the Texas Commission on Environmental Quality for similarly situated districts in the region.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.109. WATER PERMITS. (a) The district may obtain water appropriation permits and diversion permits from the Texas Commission on Environmental Quality.

(b) The district may acquire water appropriation permits from owners of permits by contract or otherwise.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.110. GENERAL AUTHORITY OF PUBLIC AGENCIES AND POLITICAL SUBDIVISIONS TO CONTRACT WITH DISTRICT. A municipality, public agency, special district, or other political subdivision of the state, including the City of Crane, may enter into a contract or

agreement with the district for a water supply, or for any purpose relating to the district's powers or functions, on terms agreed to by the parties. Approval, notice, consent, or an election is not required in connection with a contract or agreement.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.111. CONTRACTS TO SUPPLY WATER. (a) The district may contract with municipalities, public agencies, special districts, other political subdivisions of the state, and other entities, including the City of Crane, for supplying water to them. The district may sell water inside or outside the boundaries of the district.

(b) A contract with the City of Crane must provide that the city will pay to the district a portion of any surplus revenue from the operation of the city's water system.

(c) The district may contract with a municipality, public agency, special district, or other political subdivision of the state for the rental or leasing of or for the operation of the water production, water field, water supply, water filtration or purification, or water supply facilities of the entity on the consideration agreed to by the district and the entity.

(d) A contract may include the terms and be for the time agreed to by the parties.

(e) A contract may provide that it will continue in effect until bonds specified in it and refunding bonds issued in lieu of those bonds are paid.

(f) The district may contract with the City of Crane for the operation of the district's water facilities by the City of Crane. An election is not required in connection with the contract.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.112. SOURCES FOR WATER; ACQUISITION OF LAND; STORAGE CAPACITY. (a) The district may acquire or construct inside or outside the district one or more reservoirs and any work, water well, water field, pump, plant, transmission line, or other

facility necessary or useful to divert, impound, drill for, store, treat, or transport water to the City of Crane and others for municipal, domestic, industrial, mining, oil flooding, or other useful purposes.

(b) The district may acquire land or an interest in land, inside or outside the district, for any work, water well, water field, pump, plant, or other facility necessary or useful to divert, impound, drill for, store, treat, or transport water to the City of Crane and others for municipal, domestic, industrial, mining, oil flooding, or any other useful purpose.

(c) The district may lease, purchase, or otherwise acquire rights in and to storage and storage capacity in any reservoir constructed or to be constructed by any person.

(d) The district may develop or otherwise acquire underground sources of water.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.113. ACQUISITION, DISPOSAL, AND MANAGEMENT OF PROPERTY. The district may:

(1) acquire, own, rent, lease, accept, hold, or dispose of property or an interest in property, including a right or easement, by any means, including purchase, exchange, gift, assignment, condemnation, sale, or lease, to perform a duty or exercise a power under this chapter;

(2) sell, assign, lease, encumber, mortgage, or otherwise dispose of property or an interest in property, and release or relinquish a right, title, claim, lien, interest, easement, or demand by public or private sale, with or without public bidding, notwithstanding any other law;

(3) lease or rent any land, buildings, structures, or facilities to carry out the purposes of this chapter; and

(4) manage, operate, or improve property.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.114. CONSTRUCTION CONTRACTS. (a) The district

may award a construction contract that requires an expenditure of more than \$5,000 only after publication of notice to bidders once each week for two consecutive weeks in a newspaper of general circulation in the district.

(b) The notice is sufficient if it states:

(1) the time and place for opening the bids;

(2) the general nature of the work to be done or the material, equipment, or supplies to be purchased; and

(3) the place where the terms of bidding and copies of the plans and specifications may be obtained.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.115. CONVEYANCE OF LAND TO DISTRICT. A municipality, public agency, special district, or other political subdivision of the state, including the City of Crane, may lease, sell, or otherwise convey its land or an interest in land to the district for consideration that the parties agree is adequate. Approval, notice, consent, or an election is not required in connection with a conveyance, contract, or agreement. Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.116. SURPLUS PROPERTY. Subject to the terms of a resolution or deed of trust authorizing or securing bonds issued by the district, the district may sell, lease, rent, trade, or otherwise dispose of property the board considers not needed for district purposes. Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.117. EMINENT DOMAIN. (a) To carry out a power conferred by this chapter, the district may exercise the power of eminent domain to acquire the fee simple title to land or any other interest in land and other property and easements, including water rights, land, or any interest in land needed for water fields, water wells, or reservoir and dam and flood easements above the probable

high water line around any reservoirs inside or outside the district.

(b) The district must exercise the power of eminent domain in the manner provided by Chapter 21, Property Code.

(c) The board shall determine the amount and the type of the interest in land, other property, and easements to be acquired.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.118. COST OF RELOCATING OR ALTERING PROPERTY. (a) In this section, "sole expense" means the actual cost of the relocating, raising, lowering, rerouting, or change in grade or alteration of construction required under Subsection (b) to provide a comparable replacement without enhancing the facility, after deducting the net salvage value derived from the old facility.

(b) If the district's exercise of eminent domain, police power, or of another power conferred by this chapter requires relocating, raising, lowering, rerouting, or changing the grade of, or altering the construction of any railroad, electric transmission, telegraph, or telephone line, conduit, pole, property or facility, or pipeline, the action shall be accomplished at the sole expense of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.119. RIGHTS-OF-WAY; EASEMENTS. The district has necessary or useful rights-of-way and easements along, over, under, and across all public, state, municipal, and county roads, highways, and places for any of its purposes. The district shall restore a facility used by the district to its previous condition as nearly as possible at the sole expense of the district as defined by Section 6902.118(a).

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 6902.151. TAX COLLECTION. The district shall contract with Crane County to collect property taxes for the district. Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.152. ADVISORY DUTIES OF CRANE COUNTY AUDITOR. The Crane County auditor shall serve as an advisor to the district, without remuneration, for the preparation of the district's budget and the imposition of the district's property taxes. Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.153. DISTRICT MONEY. The district may acquire, hold, use, and dispose of its money from any source. Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.154. DEPOSITORY. (a) The board may select and shall designate one or more banks inside or outside the district to serve as the depository for the district's money.

(b) The district's money shall be deposited in the depository designated by the board, except that:

(1) bond proceeds and money pledged to pay bonds, to the extent provided in a resolution or trust indenture authorizing or securing district bonds, may be deposited with another bank or trustee named in the bond resolution or trust indenture; and

(2) money shall be remitted to each paying agent for the payment of principal of and interest on the bonds.

(c) To the extent that money in a depository bank or trustee bank is not insured by the Federal Deposit Insurance Corporation, the money must be secured in the manner provided by law for the security of county funds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.155. INVESTMENT OF DISTRICT MONEY. The board may invest district money as determined by the board or in the manner

provided by a resolution or trust indenture authorizing or securing district bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.156. DISTRICT FACILITIES EXEMPT FROM TAXATION AND ASSESSMENT. The district is not required to pay a tax or assessment on its facilities or any part of its facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

SUBCHAPTER E. GENERAL BOND PROVISIONS

Sec. 6902.201. AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to carry out any power provided by this chapter. The bonds must be authorized by a board resolution.

(b) The bonds may be payable from and secured by revenue or property taxes, or both revenue and property taxes, of the district, in the manner and under the terms of the resolution authorizing the issuance of the bonds.

(c) The district may issue bonds, provide for and secure the payment of the bonds, and provide for the rights of the bondholders, in the manner and to the extent permitted by this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.202. FORM OF BONDS. (a) A district bond must be:

- (1) issued in the district's name;
- (2) signed by the president or vice president;
- (3) attested by the secretary; and
- (4) bear the district seal.

(b) The district seal may be impressed or printed on the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.203. MATURITY. District bonds must mature not

later than 40 years after the date of their issuance.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.204. ELECTION FOR BONDS PAYABLE FROM PROPERTY TAXES. (a) The district may not issue bonds, except refunding bonds, payable wholly or partly from property taxes unless the issuance of the bonds is authorized by a majority of the district voters at an election.

(b) The district may issue bonds not payable wholly or partly from property taxes without an election.

(c) A bond election may be called by the board on a motion of the board.

(d) A resolution calling a bond election must state:

- (1) the time and each place for holding the election;
- (2) the purpose for which the bonds are to be issued;
- (3) the amount of the bonds;
- (4) the form of the ballot; and
- (5) other matters considered necessary or advisable by the board.

(e) The board shall give notice of the election by publishing a substantial copy of the resolution calling the election in a newspaper with general circulation in the district once a week for two consecutive weeks, with the first publication to be not later than the 14th day before the date of the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. [6902.205](#). BONDS SECURED BY REVENUE; ADDITIONAL BONDS.

(a) Bonds issued under this subchapter may be secured by a pledge of all or part of the district's revenue, or by all or part of the revenue of one or more district contracts or other revenue or income specified by board resolution or a trust indenture securing the bonds. The pledge may reserve the right, under conditions specified by the pledge, to issue additional bonds that will be on a parity with or subordinate to the bonds being issued.

(b) The district may issue bonds secured by both property

taxes and revenue of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.206. BONDS PAYABLE FROM PROPERTY TAXES. (a) If bonds are issued payable wholly or partly from property taxes, the board must impose a tax on the taxable property in the district in an amount sufficient to pay the principal of and interest on the bonds.

(b) The district may adopt the rate of a tax imposed under Subsection (a) after giving consideration to the money received from the pledged revenue that may be available for payment of principal and interest, to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.207. ADDITIONAL SECURITY. (a) Bonds not payable wholly from ad valorem taxes may be additionally secured, at the discretion of the board, by a deed of trust or mortgage lien on physical property of the district, franchises, easements, water rights and appropriation permits, leases, contracts, and all rights appurtenant to the property, vesting in the trustee power to:

- (1) sell the property for the payment of the debt;
- (2) operate the property; and
- (3) take other action to further secure the bonds.

(b) A purchaser under a sale under the deed of trust lien, if one is given:

(1) is the absolute owner of property, facilities, and rights purchased; and

(2) is entitled to maintain and operate the property and facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.208. TRUST INDENTURE. (a) A bond issued under this subchapter, including a refunding bond, that is not payable

wholly from property taxes may be additionally secured by a trust indenture. The trustee may be a bank with trust powers located inside or outside the state.

(b) A trust indenture, regardless of the existence of the deed of trust or mortgage lien on the property, may:

(1) provide for the security of the bonds and the preservation of the trust estate in the manner prescribed by the board;

(2) provide for amendment or modification of the trust indenture;

(3) provide for the issuance of bonds to replace lost or mutilated bonds;

(4) condition the right to spend district money or sell district property on the approval of a licensed engineer selected as provided by this chapter; and

(5) provide for the investment of district money.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.209. CHARGES FOR DISTRICT SERVICES. (a) If bonds payable wholly from revenue are issued, the board shall set the rates of compensation for water sold and services provided by the district. The rates must be sufficient to:

(1) pay the expense of operating and maintaining district facilities;

(2) pay the principal of and interest on the bonds when due; and

(3) maintain the reserve fund and other funds as provided in the resolution authorizing the bonds.

(b) If bonds payable partly from revenue are issued, the board shall set the rate of compensation for water sold and any other services provided by the district. The rate must be sufficient to ensure compliance with the resolution authorizing the bonds or the trust indenture securing the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.210. USE OF BOND PROCEEDS. (a) The district may set aside and use an amount of proceeds from the sale of bonds issued under this subchapter for:

(1) the payment of interest expected to accrue during construction not to exceed three years;

(2) a reserve interest and sinking fund; and

(3) other funds provided by the resolution authorizing the bonds or in the trust indenture.

(b) The district may use proceeds from the sale of the bonds to pay any expense necessarily incurred in accomplishing the purpose of the district, including any expense of issuing and selling the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.211. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of principal of or interest on bonds issued under this subchapter that are payable wholly or partly from revenue, a court may, on petition of the holders of outstanding bonds, appoint a receiver for the district.

(b) The receiver may collect and receive all district income, except taxes, employ and discharge district agents and employees, take charge of money on hand, except money received from taxes, unless commingled, and manage the proprietary affairs of the district without the consent of the board.

(c) The receiver may be authorized to sell or contract for the sale of water or renew those contracts with the approval of the court that appointed the receiver.

(d) The court may vest the receiver with any other power or duty the court finds necessary to protect the bondholders.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.212. LIMITATION ON RIGHTS OF HOLDERS. The resolution authorizing the bonds or the trust indenture securing the bonds may limit or qualify the rights of the holders of less than all of the outstanding bonds payable from the same source to

institute or prosecute litigation affecting the district's property or income.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.213. BONDS EXEMPT FROM TAXATION. A bond issued under this chapter, the transfer of the bond, and income from the bond, including profits made on the sale of the bond, are exempt from taxation in this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.214. EXCLUSION OF TERRITORY AFTER ISSUANCE OF BONDS. Territory may not be excluded from the district after the issuance of bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

SUBCHAPTER F. REFUNDING BONDS

Sec. 6902.251. AUTHORITY TO ISSUE REFUNDING BONDS; APPLICABILITY OF LAW RELATING TO OTHER BONDS. (a) The district may issue refunding bonds to refund outstanding bonds issued under this chapter and interest on those bonds.

(b) The provisions of this chapter relating to the issuance by the district of other bonds, their security, their approval by the attorney general, and the remedies of the bondholders apply to refunding bonds.

(c) An election is not required for refunding bonds.

(d) The district may also issue refunding bonds under any other applicable law.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.252. TERMS OF ISSUANCE OF REFUNDING BONDS. Refunding bonds may:

(1) be issued to refund bonds of more than one series;

(2) combine the pledges for the outstanding bonds for the security of the refunding bonds; or

(3) be secured by a pledge of other or additional revenue or mortgage liens.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.253. REGISTRATION OF REFUNDING BONDS BY COMPTROLLER. (a) The comptroller shall register the refunding bonds on the surrender and cancellation of the bonds to be refunded.

(b) Instead of issuing bonds to be registered on the surrender and cancellation of the bonds to be refunded, the district, in the resolution authorizing the issuance of the refunding bonds, may provide for the sale of the refunding bonds and the deposit of the proceeds, together with other money that may be available, in a bank at which the bonds to be refunded are payable. In that case, the refunding bonds may be issued in an amount sufficient to pay the principal of and interest and any required redemption premium on the bonds to be refunded to any redemption date or to their maturity date, and the comptroller shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

(c) The provisions described by Subsection (b) constitute the making of firm banking arrangements for the discharge and final payment or redemption of the bonds to be refunded or to be paid or redeemed.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.

Sec. 6902.254. ESCROW AGREEMENT. (a) The district may enter into an escrow or similar agreement with any place of payment, paying agent, or trustee with respect to the safekeeping, investment, administration, and disposition of a deposit made under Section [6902.253\(b\)](#).

(b) A deposit under Section [6902.253\(b\)](#) may be invested only in direct obligations of the United States, including obligations the principal of and interest on which are unconditionally

guaranteed by the United States, that mature and bear interest payable at the times and in amounts sufficient to provide for the scheduled payment or redemption of the bonds to be refunded. The obligations may be in book-entry form.

(c) The district must enter into an agreement under Subsection (a) if a bond to be refunded is scheduled to be paid or redeemed on a date later than the next scheduled interest payment date.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06, eff. April 1, 2009.