

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE B. FRESH WATER SUPPLY DISTRICTS
CHAPTER 6903. EASTLAND COUNTY WATER SUPPLY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6903.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the district.

(2) "Commissioners court" means the Commissioners Court of Eastland County.

(3) "Director" means a member of the board.

(4) "District" means the Eastland County Water Supply District.

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

Sec. 6903.002. NATURE OF DISTRICT. The district is 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. 6903.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) All land in the district will benefit from the improvement to be acquired and constructed by the district.

(b) The accomplishment of the purposes stated in this chapter is for the benefit of the people of this state and for the improvement of their property and industries. The district, in carrying out the purposes of this chapter, will be performing an essential public function under the Texas Constitution.

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

SUBCHAPTER B. DISTRICT TERRITORY AND ANNEXATIONS TO DISTRICT
TERRITORY

Sec. 6903.051. DISTRICT TERRITORY. The district is composed of the territory in the city of Ranger on May 26, 1949, and the territory in the city of Eastland that was added to the district before June 8, 1953. The district's territory may have been modified under:

(1) this subchapter or its predecessor statute, Section 5, Chapter 465, Acts of the 51st Legislature, Regular Session, 1949;

(2) Subchapter J, Chapter 49, Water Code; or

(3) other law.

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

Sec. 6903.052. AUTHORITY TO ANNEX TERRITORY. Territory, whether contiguous to the district or not, and inside or outside Eastland County, may be annexed to the district in the manner provided by this subchapter.

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

Sec. 6903.053. PETITION FOR ANNEXATION; BOARD FINDINGS AND RESOLUTION. (a) The board may annex territory under this subchapter if a petition requesting annexation is signed by 50 registered voters of the territory to be annexed who own taxable property in that territory, or a majority of the registered voters of that territory who own taxable property in that territory, and is filed with the board. The petition must describe the territory to be annexed by metes and bounds, or otherwise, except that if the territory is the same as that contained in a municipality, the petition is sufficient if it states that the territory to be annexed is the territory contained in the municipality.

(b) If the board determines that the petition complies with Subsection (a), that the annexation would be in the interest of the district, and that the district will be able to supply water to the territory, the board shall adopt a resolution:

(1) stating the conditions, if any, under which the territory may be annexed to the district; and

(2) requesting the commissioners court to annex the territory to the district.

(c) A certified copy of the resolution and petition shall be filed with the commissioners court.

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

Sec. 6903.054. COMMISSIONERS COURT RESOLUTION; HEARING.
The commissioners court shall:

(1) adopt a resolution declaring its intention to call an election in the territory to submit the proposition of whether the territory is to be annexed to the district; and

(2) set a time and place to hold a commissioners court hearing on the question of whether the territory to be annexed will benefit from the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the district.

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

Sec. 6903.055. ANNEXATION HEARING. (a) At least 10 days before the date of the annexation hearing, notice of the adoption of the resolution stating the time and place of the hearing and addressed to the citizens and owners of property in the territory to be annexed shall be published one time in a newspaper designated by the commissioners court. The notice must describe the territory in the same manner in which Section 6903.053(a) requires the petition to describe the territory.

(b) If a newspaper is not published in the territory to be annexed, the notice shall be posted in three public places in the territory.

(c) Any interested person may appear at the hearing and offer evidence for or against the annexation.

(d) The hearing may proceed in the order and under the rules prescribed by the commissioners court and may be recessed from time to time.

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

Sec. 6903.056. COMMISSIONERS COURT FINDINGS AND RESOLUTION; ELECTION. If, at the conclusion of the annexation hearing, the commissioners court finds that all land in the territory to be annexed will benefit from the present or contemplated improvements, works, or facilities of the district, the court shall adopt a resolution that:

(1) calls an election in the territory to be annexed; and

(2) states the date of the election and the place or places of holding the election.

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

Sec. 6903.057. NOTICE OF ANNEXATION ELECTION. In addition to complying with Section [4.004](#), Election Code, notice of the annexation election must:

(1) state the conditions under which the territory may be annexed; or

(2) refer to the resolution of the board for that purpose.

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

Sec. 6903.058. ELECTION RESULTS. (a) The commissioners court shall issue an order declaring the results of the annexation election.

(b) If the order shows that a majority of the votes cast are in favor of annexation, the commissioners court shall annex the proposed territory to the district. The annexation is incontestable except within the time for contesting elections under the general election law.

(c) A certified copy of the order shall be recorded in the deed records of the county in which the territory is located.

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

Sec. 6903.059. ASSUMPTION OF DEBT; TAXES. (a) In calling the election on the proposition for annexation of territory, the commissioners court may include, as a part of the same proposition, a proposition for:

(1) the territory to assume its part of the tax-supported bonds of the district then outstanding and those bonds previously voted but not yet sold; and

(2) an ad valorem tax to be imposed on taxable property in the territory along with the tax in the rest of the district for the payment of the bonds.

(b) After territory is annexed to the district, the board may hold an election in the district as enlarged to determine whether the district as enlarged shall assume any tax-supported bonds then outstanding and those previously voted but not yet sold and impose an ad valorem tax on all taxable property in the district as enlarged to pay the bonds, unless the proposition is submitted as provided by Subsection (a) and becomes binding on the territory annexed.

(c) An election held under Subsection (b) shall be held in the same manner as an election under this chapter for the issuance of bonds.

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

Sec. 6903.060. RESTRICTION ON ANNEXATION OF RAILROAD RIGHT-OF-WAY. (a) A railroad right-of-way may not be annexed to the district unless the right-of-way is contained in the limits of a municipality annexed at the same time or previously annexed to the district.

(b) A railroad right-of-way that is not in the defined limits of a municipality will not benefit from improvements, works, and facilities the district is authorized to construct.

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

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 6903.101. COMPOSITION OF BOARD; TERMS. (a) The board consists of eight directors.

(b) Voters of the city of Ranger who reside in the district elect four directors. Voters of the city of Eastland who reside in the district elect four directors.

(c) Directors serve staggered terms, with the terms of two directors elected from each city expiring at the same time.

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

Sec. 6903.102. QUALIFICATIONS FOR OFFICE. (a) A director must reside in the municipality from which elected and own taxable property in the district.

(b) A member of a municipality's governing body or an employee of a municipality may not be a director.

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

Sec. 6903.103. LOCATION AND NOTICE FOR DIRECTORS ELECTION; RESULTS. (a) For a regular directors election, there shall be at least one voting place in each municipality in the district.

(b) Notice of a directors election shall be published in a newspaper published in each municipality in the district one time not later than the 10th day before the date of the election.

(c) The board shall adopt a resolution declaring the election results.

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

Sec. 6903.104. BALLOT PROCEDURE FOR CANDIDATES. (a) A person who wants to have the person's name printed on the ballot as a candidate for director must present a petition requesting that action.

(b) The petition must be:

(1) signed by at least 50 residents of the district who are registered to vote at the election; and

(2) presented to the board's secretary not later than

the 16th 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. 6903.105. APPOINTMENT OF SECRETARY AND TREASURER. The board shall appoint a secretary and a treasurer, who are not required to be directors. The board may combine the offices of secretary and treasurer.

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

Sec. 6903.106. VOTE BY BOARD PRESIDENT. The president has the same right to vote as any other director.

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

Sec. 6903.107. DIRECTOR'S AND TREASURER'S BOND. (a) Each director shall give bond in the amount of \$5,000 conditioned on the faithful performance of the director's duties.

(b) The treasurer shall give bond in the amount required by the board. The treasurer's bond shall be conditioned on the treasurer's faithful accounting for all money that comes into the treasurer's custody as treasurer of the district.

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

Sec. 6903.108. COMPENSATION. Unless the board by resolution increases the fee to an amount authorized by Section [49.060](#), Water Code, each director:

(1) shall receive a fee of \$5 for attending each board meeting; and

(2) is also entitled to receive \$5 for each day devoted to the business of the district if the service is expressly approved by the board.

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

SUBCHAPTER D. GENERAL POWERS AND DUTIES

Sec. 6903.151. CONSTRUCTION OF DAM. (a) The district may impound storm and flood waters and the unappropriated flow waters at one or more places and in an amount approved by the Texas Commission on Environmental Quality by constructing one or more dams inside or outside the district. In exercising its powers under this subsection, the district shall comply with Subchapters A-D, Chapter 11, and Subchapter B, Chapter [12](#), Water Code.

(b) A dam or other works for the impounding of water from a river under this section may not be constructed until the plans for the dam or other works are approved by the Texas Commission on Environmental Quality.

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

Sec. 6903.152. UNDERGROUND SOURCES OF WATER. 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. 6903.153. CONSTRUCTION OR ACQUISITION OF PROPERTY. The district may construct or otherwise acquire all works, plants, and other facilities necessary or useful for the purpose of processing water impounded, developed, or otherwise acquired and transporting it to municipalities and others for municipal, domestic, and industrial purposes.

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

Sec. 6903.154. WATER APPROPRIATION PERMITS. The district may acquire water appropriation permits directly from the Texas Commission on Environmental Quality or from owners of permits.

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

Sec. 6903.155. PURCHASE OF WATER. The district may purchase

water or a water supply from any person, including a public agency.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,
eff. April 1, 2009.

Sec. 6903.156. SURPLUS PROPERTY. The district may sell any property that, in the opinion of the board, will not be needed for the conduct of the affairs or business of the district.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,
eff. April 1, 2009.

Sec. 6903.157. EMINENT DOMAIN. (a) To carry out a power provided by this chapter, the district may exercise the power of eminent domain to acquire land and easements inside or outside the district, including land above the probable high water line around the reservoirs.

(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 interest in land and easements to be acquired under this section.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,
eff. April 1, 2009.

Sec. 6903.158. PARKS AND RECREATION FACILITIES. (a) The district may establish or otherwise provide for public parks and recreation facilities and may acquire land adjacent to any of its reservoirs for those purposes.

(b) The district may not use money received from taxation or from bonds payable wholly or partly from taxation for a purpose described by Subsection (a).
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.06,
eff. April 1, 2009.

Sec. 6903.159. CONSTRUCTION CONTRACTS. (a) This section applies only to a construction contract or a contract for the purchase of material, equipment, or supplies requiring an expenditure of more than \$25,000.

(b) The district shall award a contract to the lowest and

best bidder after publishing notice to bidders once a week for two weeks in a newspaper published in the district that is designated by the board.

(c) 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 and the terms on which 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. 6903.160. CONTRACTS TO SUPPLY WATER. (a) The district may contract with municipalities and others to supply water to those entities.

(b) The district may contract with a municipality for the rental or leasing of or for the operation of the water production, water supply, and water supply facilities of the municipality on the consideration agreed to by the district and the municipality.

(c) The contract may be on terms and for the time agreed to by the parties.

(d) The contract may provide that it will continue in effect until bonds specified in it and refunding bonds issued in lieu of the bonds are paid.

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

Sec. 6903.161. CONTRACTS FOR TOLL BRIDGES OR FERRY SERVICE.

(a) The board may contract with a responsible person for:

(1) the construction and operation of a toll bridge over the district's water; or

(2) ferry service on or over the district's water.

(b) The period of a contract under Subsection (a) may not exceed:

(1) 20 years under Subsection (a)(1); or

(2) 10 years under Subsection (a)(2).

(c) The contract under Subsection (a) may:

(1) set reasonable compensation to be charged for service by the facility;

(2) require from the contracting person an adequate bond payable to the district in an amount and conditioned as the board considers to be required; and

(3) provide for forfeiture of the particular franchise if the license holder fails to render adequate public service.

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

SUBCHAPTER E. REGULATORY POWERS

Sec. 6903.201. ADOPTION OF RULES. The board may adopt reasonable rules to:

(1) secure, maintain, and preserve the sanitary condition of water in and water that flows into any reservoir owned by the district;

(2) prevent waste of or the unauthorized use of water; and

(3) regulate residence, hunting, fishing, boating, camping, and any other recreational or business privilege along or around any district reservoir and the stream leading into the reservoir, and its tributaries, or any body of land, or easement owned or controlled by the district.

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

Sec. 6903.202. ENFORCEMENT OF RULES; PENALTY. (a) The district by rule may prescribe reasonable penalties for the violation of a district rule.

(b) A penalty may consist of:

(1) a fine not to exceed \$200;

(2) confinement in jail for a term not to exceed 30 days; or

(3) both the fine and confinement.

(c) A penalty adopted under this section is in addition to any other penalty provided by Texas law.

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

Sec. 6903.203. NOTICE OF RULE PROVIDING PENALTY. (a) If the district adopts a rule that provides a penalty, the district must publish a substantive statement of the rule and the penalty once a week for two consecutive weeks in Eastland County.

(b) The statement must be as condensed as possible so that the act prohibited by the rule can be easily understood.

(c) The statement may include notice of any number of rules.

(d) The notice must state that:

(1) a person who violates the rule is subject to a penalty; and

(2) the rule is on file in the principal office of the district, where it may be read by any interested person.

(e) A rule takes effect five days after the date of the second publication of the statement under this section.

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

Sec. 6903.204. JUDICIAL NOTICE OF RULES. A court shall take judicial notice of a rule adopted under this subchapter and published as required by Section [6903.203](#), and the court shall consider the rule to be similar in nature to a penal ordinance of a municipality.

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

Sec. 6903.205. ENFORCEMENT BY PEACE OFFICERS. (a) A peace officer employed by the district or a county peace officer may make an arrest when necessary to prevent or abate the commission of an offense:

(1) in violation of a district rule or a law of this state that occurs or threatens to occur on any land, water, or easement owned or controlled by the district; or

(2) involving damage to any property owned or controlled by the district.

(b) A peace officer described by Subsection (a) may make an arrest under Subsection (a)(2) at any location.

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

SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

Sec. 6903.251. DEPOSITORY. (a) Except as provided by Subsection (i), the board shall designate one or more banks in the district to serve as depository for the district's money.

(b) District money shall be deposited with a designated depository bank or banks, except that:

(1) money pledged to pay bonds may be deposited with the trustee bank named in the trust agreement; and

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

(c) To the extent that money in a depository bank or a 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.

(d) The board shall prescribe the terms of service for depositories.

(e) Before designating a depository bank, the board shall issue a notice that:

(1) states the time and place at which the board will meet to designate a depository bank or banks; and

(2) invites the banks in the district to submit an application to be designated as a depository.

(f) The notice must be published one time in a newspaper published in the district and specified by the board.

(g) At the time stated in the notice, the board shall:

(1) consider the application and the management and condition of each bank that applies; and

(2) designate as a depository the bank or banks that:

(A) offer the most favorable terms for handling the money; and

(B) the board finds have proper management and

are in condition to handle the money.

(h) Membership on the board of an officer or director of a bank does not disqualify the bank from being designated as a depository.

(i) If the board does not receive any applications before the time stated in the notice, or if the board rejects all applications, the board shall designate one or more banks located inside or outside the district on terms that the board finds advantageous to the district.

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

Sec. 6903.252. TAX ASSESSOR AND COLLECTOR. The board shall appoint a tax assessor and collector.

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

Sec. 6903.253. PROJECTS EXEMPT FROM ASSESSMENT OR TAXATION. The district is not required to pay a tax or assessment on a project or any part of a project.

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

SUBCHAPTER G. BONDS

Sec. 6903.301. AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to:

(1) provide a source of water supply for municipalities and other users for municipal, domestic, and industrial purposes; or

(2) carry out any other power conferred by this chapter.

(b) The bonds must be authorized by a board resolution.

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

Sec. 6903.302. FORM OF BONDS. District bonds must be:

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

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

Sec. 6903.303. 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. 6903.304. ELECTION FOR BONDS PAYABLE FROM AD VALOREM TAXES. (a) Bonds, other than refunding bonds, payable wholly or partly from ad valorem taxes may not be issued unless authorized by a district election at which a majority of the votes cast in each municipality in the district favor the bond issuance.

(b) The board may order an election under this section without a petition. The order must specify:

- (1) the time and places at which the election will be held;
- (2) the purpose for which the bonds will be issued;
- (3) the maximum amount of the bonds;
- (4) the maximum maturity of the bonds;
- (5) the form of the ballot; and
- (6) the presiding judge for each voting place.

(c) Notice of the election must be given by publishing a substantial copy of the order calling the election in a newspaper published in the district for two consecutive weeks. The first publication must be not later than the 21st 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. 6903.305. BONDS PAYABLE FROM REVENUE. (a) In this section, "net revenue" means the gross revenue of the district less the amount necessary to pay the cost of maintaining and operating the district and its property.

(b) Bonds issued under this subchapter may be secured under board resolution by a pledge of:

- (1) all or part of the district's net revenue;
- (2) the net revenue of one or more contracts made before or after the issuance of the bonds; or
- (3) other revenue specified by board resolution.

(c) The pledge may reserve the right to issue additional bonds on a parity with or subordinate to the bonds being issued, subject to conditions specified by the pledge.

(d) Bonds not payable wholly or partly from ad valorem taxes may be issued without an election.

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

Sec. 6903.306. BONDS PAYABLE FROM AD VALOREM TAXES. The district may issue bonds payable from:

- (1) ad valorem taxes imposed on taxable property in the district; or
- (2) ad valorem 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. 6903.307. TAX AND RATE REQUIREMENTS. (a) If the district issues bonds payable wholly or partly from ad valorem taxes, the board shall impose a tax sufficient to pay the bonds and the interest on the bonds as the bonds and interest become due. The board may adopt the rate of the tax after considering the money received from the pledged revenue available for payment of principal and interest to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

(b) If the district issues bonds payable wholly or partly from revenue, the board shall set and revise the rates of compensation for water sold and services rendered by the district.

(c) For bonds payable wholly from revenue, the rates of compensation must be sufficient to:

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

(2) pay the bonds as they mature and the interest as it accrues; and

(3) maintain the reserve and other funds as provided by the resolution authorizing the issuance of the bonds.

(d) For bonds payable partly from revenue, the rates of compensation must be sufficient to assure compliance with 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. 6903.308. ADDITIONAL SECURITY. (a) Bonds, including refunding bonds, authorized by this subchapter that are not payable wholly from ad valorem taxes may be additionally secured by a deed of trust lien on physical property of the district and all 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 payment of the debt;
- (2) operate the property; and
- (3) take other action to further secure the bonds.

(b) The deed of trust may:

- (1) contain any provision the board prescribes to secure the bonds and preserve the trust estate;
- (2) provide for amendment or modification of the deed of trust; and
- (3) provide for the issuance of bonds to replace lost or mutilated bonds.

(c) A purchaser under a sale under the deed of trust:

- (1) is the owner of the dam or dams and the other property, including facilities, purchased; and
- (2) is entitled to maintain and operate the property, including facilities.

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

Sec. 6903.309. USE OF BOND PROCEEDS. (a) The district may set aside an amount of proceeds from the sale of bonds issued under

this subchapter for the payment of interest expected to accrue during construction and a reserve interest and sinking fund. The resolution authorizing the bonds may provide for setting aside and using the proceeds.

(b) The district may use proceeds from the sale of the bonds to pay any expense necessarily incurred in accomplishing the purposes of the district.

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

Sec. 6903.310. 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 25 percent of the outstanding bonds of the issue in default or threatened with default, 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 district's proprietary affairs without consent or hindrance by the board.

(c) The receiver may be authorized to sell or contract for the sale of water or to 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. 6903.311. REFUNDING BONDS. (a) The district may issue refunding bonds to refund outstanding bonds issued under this subchapter and interest on those bonds.

(b) 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.

(c) The provisions of this subchapter regarding the issuance of other bonds and the remedies of the holders apply to refunding bonds.

(d) The comptroller shall register the refunding bonds on surrender and cancellation of the bonds to be refunded.

(e) 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 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 interest on the bonds to be refunded to their option date or maturity date, and the comptroller shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

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

Sec. 6903.312. BONDS EXEMPT FROM TAXATION. A bond issued under this subchapter, 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.