

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE B. FRESH WATER SUPPLY DISTRICTS
CHAPTER 6904. AQUILLA WATER SUPPLY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6904.001. DEFINITIONS. In this chapter:

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

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

(3) "District" means the Aquilla Water Supply District.

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

Sec. 6904.002. 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. 6904.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) All land and taxable property in the city of Hillsboro will benefit from the works and improvements of the district.

(b) The accomplishment of the purposes stated in this chapter is for the benefit of the people of this state 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 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. 6904.051. DISTRICT TERRITORY. (a) The boundaries of

the district are coextensive with the boundaries of the city of Hillsboro as those boundaries existed on January 1, 1977, and as the district territory may have been modified under:

(1) Sections [6904.052](#) and [6904.053](#) or their predecessor statute, Section 6, Chapter 713, Acts of the 65th Legislature, Regular Session, 1977;

(2) Subchapter J, Chapter [49](#), Water Code;

(3) Subchapter O, Chapter [51](#), Water Code, before September 1, 1995; or

(4) other law.

(b) An invalidity in the fixing of the boundaries of the city of Hillsboro as they existed on January 1, 1977, does not affect the boundaries of the district.

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

Sec. 6904.052. ANNEXATION OF TERRITORY. (a) Territory may be annexed to the district as provided by this section or by Section [6904.053](#).

(b) The board may annex territory or a municipality under this section only if a petition requesting annexation is signed by 50 voters of the territory or municipality to be annexed, or a majority of the registered voters of that territory or municipality, whichever is fewer, 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 the boundaries of a municipality, the petition is sufficient if it states that the territory to be annexed is the territory contained in the municipal boundaries.

(c) If the board determines that the petition complies with Subsection (b), that the annexation would be in the best interest of the territory or municipality and the district, and that the district will be able to supply water or other services to the territory or municipality, the board shall:

(1) adopt a resolution stating the conditions, if any, under which the territory or municipality may be annexed to the district; and

(2) set a time and place to hold a hearing on the question of whether the territory or municipality to be annexed will benefit from:

(A) the improvements, works, or facilities owned or operated or contemplated to be owned or operated by the district; or

(B) the other functions of the district.

(d) At least 10 days before the date of the hearing, notice of the adoption of the resolution stating the time and place of the hearing shall be published one time in a newspaper of general circulation in the territory or municipality to be annexed. The notice must describe the territory in the same manner in which Subsection (b) requires the petition to describe the territory.

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

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

(g) If, at the conclusion of the hearing, the board finds that the property in the territory or municipality will benefit from the present or contemplated improvements, works, or facilities of the district, the board shall adopt a resolution making a finding of the benefit and calling an election in the territory or municipality to be annexed.

(h) In calling an election on the proposition for annexation of the territory or municipality, the board may include, as part of the same proposition or as a separate 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 on the territory along with the tax in the rest of the district for the payment of the bonds.

(i) If a majority of the votes cast at the election are in favor of annexation, the board by resolution shall annex the territory to the district.

(j) An annexation under this section is incontestable

except in the manner and within the time for contesting elections under the Election Code.

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

Sec. 6904.053. ANNEXATION OF TERRITORY ANNEXED TO MUNICIPALITY IN DISTRICT. (a) At any time after final passage of an ordinance or resolution annexing territory to a municipality in the district, the board may give notice of a hearing on the question of annexing that territory to the district. The notice is sufficient if it:

- (1) states the date and place of the hearing; and
- (2) describes the area proposed to be annexed or refers to the annexation ordinance or resolution of the municipality.

(b) The notice must be published one time in a newspaper of general circulation in the municipality not later than the 10th day before the date set for the hearing.

(c) If, as a result of the hearing, the board finds that the territory will benefit from the present or contemplated improvements, works, or facilities of the district, the board shall adopt a resolution annexing the territory to the district.

(d) After the territory is annexed to the district, the board may call an election in the entire district to determine whether:

- (1) the entire district will assume any tax-supported bonds then outstanding and those bonds previously voted but not yet sold; and
- (2) an ad valorem tax for the payment of the bonds will be imposed on all taxable property in the district.

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. 6904.101. COMPOSITION OF BOARD. (a) The district is governed by a board of at least five directors. The directors

occupy numbered places on the board.

(b) For each municipality annexed to the district under Section 6904.052, two places are added to the board, except that the number of directors may not exceed 11.

(c) Not more than five directors may reside in the corporate limits of the city of Hillsboro.

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

Sec. 6904.102. QUALIFICATIONS FOR OFFICE. (a) To be eligible to serve as a director, a person must be:

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

(b) A director is eligible for reelection.

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

Sec. 6904.103. DIRECTORS' ELECTION. Directors shall be elected at an election called for that purpose by the board.

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

Sec. 6904.104. REMOVAL FROM OFFICE. After reasonable notice and a public hearing, 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. 6904.105. BOARD RESOLUTIONS; VOTING REQUIREMENTS. (a) The district shall act through resolutions adopted by the board.

(b) All directors are entitled to vote.

(c) The affirmative vote of a majority of the quorum present 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. 6904.106. OFFICERS AND ASSISTANTS. (a) The board shall elect a president, vice president, secretary, and treasurer at the first meeting of the newly constituted board after each directors' election or at any time necessary to fill a vacancy.

(b) The board shall elect the president and vice president from among the directors.

(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. 6904.107. 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. 6904.108. 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 two directors.

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

Sec. 6904.109. 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 D. POWERS AND DUTIES

Sec. 6904.151. DISTRICT POWERS. The district may exercise any power necessary or appropriate to achieve the purposes of this chapter, including the power to:

(1) sue and be sued, and plead and be impleaded, in its own name;

(2) adopt an official seal;

(3) adopt and enforce bylaws and rules for the conduct of its affairs;

(4) acquire, hold, use, and dispose of its receipts and money from any source;

(5) acquire, own, rent, lease, accept, hold, or dispose of property, or an interest in property, including a right or easement, by purchase, exchange, gift, assignment, condemnation, sale, lease, or otherwise, in performing district duties or exercising district powers under this chapter;

(6) hold, manage, operate, or improve property;

(7) lease or rent any land, building, structure, or facility from or to any person;

(8) 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, regardless of the manner in which acquired, and conduct a transaction authorized by this subdivision by public or private sale, with or without public bidding, notwithstanding any other law;

(9) issue bonds, provide for and secure the payment of the bonds, and provide for the rights of the holders of the bonds in the manner and to the extent authorized by this chapter;

(10) request and accept an appropriation, grant, allocation, subsidy, guarantee, aid, service, material, or gift

from any source, including the federal government, the state, a public agency, or a political subdivision;

(11) operate and maintain an office;

(12) appoint and determine the duties, tenure, qualifications, and compensation of district officers and employees, as well as any agent, professional advisor, or counselor, including any financial consultant, accountant, attorney, architect, engineer, appraiser, or financing expert, considered necessary or advisable by the board; and

(13) exercise any power granted by Chapter 30, Water Code, to water districts 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. 6904.152. PERMITS. (a) The district may obtain through appropriate proceedings 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. 6904.153. GENERAL AUTHORITY OF PUBLIC AGENCIES AND POLITICAL SUBDIVISIONS TO CONTRACT WITH DISTRICT. A public agency or political subdivision of this state may enter into a contract or agreement with the district, on terms agreed to by the parties, for any purpose relating to the district's powers or functions. 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. 6904.154. CONTRACTS TO SUPPLY WATER. (a) The district may contract with public agencies, political subdivisions, and others to supply water. The district may sell water inside and outside the boundaries of the district.

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

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

(d) A 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.

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

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

Sec. 6904.155. SOURCES FOR WATER; ACQUISITION OF LAND; STORAGE CAPACITY. (a) The district may acquire, construct, or develop inside or outside the district sources for water, including reservoirs or wells, and any work, plant, transmission line, or other facility necessary or useful to develop, divert, impound, store, drill for, pump, treat, or transport water, including underground water, to the City of Hillsboro and others for municipal, domestic, industrial, mining, oil flooding, or any other useful purpose.

(b) The district may acquire land, or an interest in land, inside or outside the district for any work, plant, or other facility necessary or useful to divert, impound, store, drill for, pump, treat, or transport water 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 or from the United States.

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

Sec. 6904.156. 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 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;
(3) the material, equipment, or supplies to be purchased; and

(4) 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. 6904.157. CONVEYANCE OF LAND TO DISTRICT. A public agency or political subdivision of this state may lease, sell, or otherwise convey its land or an interest in its land to the district for any 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. 6904.158. DISPOSAL OF 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 under terms considered by the board to be consistent with district purposes.

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

Sec. 6904.159. EMINENT DOMAIN. (a) To carry out a power provided 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, inside or outside the district, including land or an interest in land needed

for:

(1) a well; or

(2) a reservoir, dam, or flood easement above the probable high-water line around a reservoir.

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

(c) The district is a municipal corporation for the purposes of Chapter 21, Property Code.

(d) The board shall determine the amount and the type of interest in land, other property, or 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. 6904.160. COST OF RELOCATING OR ALTERING PROPERTY. (a) In this section, "sole expense" means the actual cost of the 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 its eminent domain, police, or other power requires relocating, raising, lowering, rerouting, changing the grade of, or altering the construction of any railroad, electric, transmission, telegraph, or telephone line, conduit, pole, property, 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. 6904.161. RIGHTS-OF-WAY; EASEMENTS. The district has all 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 to its previous condition as nearly as possible 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. 6904.162. ELECTIONS. (a) The board shall call an election required to be held under this chapter by adopting a resolution stating:

- (1) the date of the election;
- (2) each place where the election will be held; and
- (3) the proposition or propositions to be voted on.

(b) The board shall give notice of an election by publishing a substantial copy of the resolution calling the election one time not less than 10 days before the date set for the election in:

(1) a newspaper of general circulation in the district; and

(2) a newspaper of general circulation in the territory, if the election is on the question of annexation of territory.

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

(d) The board may combine one or more elections required to be held by this chapter, including a maintenance tax and bond election.

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

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 6904.201. IMPOSITION OF TAX. (a) The district may impose a tax, not to exceed 25 cents on each \$100 valuation of taxable property in the district, for:

(1) maintenance purposes, including money for planning, maintaining, repairing, and operating all necessary plants, works, facilities, improvements, appliances, and equipment of the district;

(2) paying costs of proper services, engineering, and legal fees; and

(3) organization and administrative expenses.

(b) The district may not impose a maintenance tax unless the tax is approved by a majority of the voters voting at an election

held for that purpose.

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

Sec. 6904.202. DEPOSITORY. (a) The board shall designate one or more banks inside or outside the district to serve as the depository for the district's money.

(b) District 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 the 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 municipal money.

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

Sec. 6904.203. INVESTMENT OF DISTRICT MONEY. The board may invest district money in obligations and make time deposits of district money in a manner determined by the board or in the manner permitted or required in 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. 6904.204. 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 F. BONDS

Sec. 6904.251. AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to carry out any power conferred by this chapter. The bonds must be authorized by a board resolution.

(b) The bonds may be payable from and secured by revenue or ad valorem taxes, or both revenue and ad valorem taxes, of the district, in the manner and under the terms of 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. 6904.252. 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. 6904.253. 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. 6904.254. 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 majority of the district voters voting at an election.

(b) The board may issue bonds not payable wholly or partly from ad valorem taxes without an election.

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

Sec. 6904.255. 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 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 then being issued.

(b) The district may issue bonds secured by both taxes and revenue of the district 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. 6904.256. BONDS PAYABLE FROM AD VALOREM TAXES. (a) If bonds are issued payable wholly or partly from ad valorem taxes, the board shall annually impose a tax on the taxable property in the district in an amount sufficient to pay the principal of and interest on the bonds when due.

(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. 6904.257. ADDITIONAL SECURITY. (a) Bonds, including refunding bonds, authorized by this subchapter that are 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,

facilities, and rights.

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

Sec. 6904.258. TRUST INDENTURE. (a) A bond issued under this subchapter, including a refunding bond, that is not payable wholly from ad valorem 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 the trust indenture; 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. 6904.259. CHARGES FOR DISTRICT SERVICES. (a) If district bonds payable wholly from revenue are issued, the board shall set and revise 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. 6904.260. USE OF BOND PROCEEDS. (a) The district may set aside 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 debt service reserve fund; and

(3) other funds as may be provided in 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. 6904.261. APPOINTMENT OF RECEIVER. (a) On default or a 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 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. 6904.262. 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 or mortgage liens.

(c) The provisions of this subchapter regarding the issuance of other bonds, their security, 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 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.

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

(g) 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. 6904.263. 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. 6904.264. 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.

Sec. 6904.265. DETACHMENT OF DISTRICT TERRITORY AFTER ISSUANCE OF BONDS. Territory may not be detached from the district after the issuance of bonds payable from revenue or taxes.

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