SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 6. WATER AND WASTEWATER SUBTITLE B. FRESH WATER SUPPLY DISTRICTS CHAPTER 6913. HASKELL COUNTY WATER SUPPLY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 6913.001. DEFINITIONS. In this chapter:

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

(2) "Commissioners court" means the Haskell County Commissioners Court.

(3) "Director" means a board member.

(4) "District" means the Haskell County Water Supply District.Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02,

eff. April 1, 2019.

Sec. 6913.002. NATURE OF DISTRICT. The district is created under Section 59, Article XVI, Texas Constitution. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) All land in the district will benefit from the improvements to be acquired and constructed by the district.

(b) Because 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 performs an essential public function under the Texas Constitution.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

SUBCHAPTER B. DISTRICT TERRITORY AND ANNEXATIONS TO DISTRICT TERRITORY

Sec. 6913.051. DISTRICT TERRITORY. The district is

composed of the territory described by Section 2, Chapter 141, Acts of the 54th Legislature, Regular Session, 1955, as that territory may have been modified under:

(1) Subchapter J, Chapter 49, Water Code;

(2) this subchapter or its predecessor statute, former Section 5, Chapter 141, Acts of the 54th Legislature, Regular Session, 1955; or

(3) other law.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.052. ANNEXATION OF TERRITORY IN HASKELL COUNTY. Territory in Haskell County, whether the territory is contiguous to the district or not, may be annexed to the district as provided by this subchapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.053. PETITION FOR ANNEXATION; BOARD DETERMINATION AND RESOLUTION. (a) Territory may be annexed to the district under this subchapter if a petition requesting annexation is filed with the board.

(b) The petition must:

(1) be signed by:

(A) 50 registered voters of the territory proposed to be annexed who own taxable property in that territory; or

(B) a majority of the registered voters of that territory who own taxable property in that territory; and

(2) describe the territory proposed to be annexed by metes and bounds.

(c) If the board determines that the petition complies with Subsection (b), that the annexation would be in the district's interest, and that the district will be able to supply water to the proposed territory, the board shall:

(1) adopt a resolution requesting that the commissioners court annex the territory to the district and stating

any conditions for annexation of the territory; and

(2) deliver a certified copy of the resolution and of the petition to the commissioners court. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.054. COMMISSIONERS COURT RESOLUTION; SETTING ANNEXATION HEARING. On receipt of a board resolution and petition under this subchapter, the commissioners court shall:

(1) adopt a resolution that declares the court's intention to call an election in the proposed territory on the proposition of whether to annex the territory to the district; and

(2) set a time and place to hold a hearing on the question of whether the proposed territory 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.055. NOTICE OF ANNEXATION HEARING. (a) Not later than the 10th day before the date of the annexation hearing, notice of the resolution adopted under Section 6913.054 shall be published one time in a newspaper designated by the commissioners court, except as provided by Subsection (c).

(b) The notice must:

(1) be addressed to the citizens and owners of property in the proposed territory;

(2) state the time and place of the annexation hearing; and

(3) describe the proposed territory in the same manner as Section 6913.053(b) requires.

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

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.056. ANNEXATION HEARING. (a) The annexation hearing may proceed in the order and under the rules prescribed by the commissioners court, and the court may recess the hearing.

(b) Any interested person may appear at the annexation hearing and offer evidence for or against the proposed annexation. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.057. ANNEXATION FINDINGS AND RESOLUTION; ELECTION PROPOSITIONS. (a) At the conclusion of the annexation hearing, if the commissioners court finds that all the proposed territory will benefit from the present or contemplated improvements, works, or facilities of the district, the commissioners court shall adopt a resolution that:

(1) calls an election in the proposed territory; and

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

(b) In calling an election on the proposition for annexation of the proposed territory, the commissioners court may include in 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.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.058. NOTICE OF ANNEXATION ELECTION. (a) Not later than the 10th day before the date set for the election, notice of the election shall be published one time in a newspaper designated by the commissioners court, except as provided by Subsection (c).

(b) In addition to the requirements of Section 4.004, Election Code, notice of the annexation election must:

(1) state the conditions under which the proposed

territory may be annexed; or

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

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

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.059. ANNEXATION 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 in the time for contesting elections under the Election Code.

(c) A certified copy of the order shall be recorded in the deed records of Haskell County. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.060. ASSUMPTION OF DEBT; TAXES. (a) After territory is annexed to the district, the board may order 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 voted along with the annexation election and becomes binding on the territory annexed.

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

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.061. RESTRICTION ON ANNEXATION OF RAILROAD RIGHT-OF-WAY OR UTILITY PROPERTY. A railroad right-of-way or a transmission line or another item of property of an electric or gas utility that is not located inside the limits of a municipality will not benefit from improvements, works, or facilities the district is authorized to construct. Therefore, a railroad right-of-way or a transmission line or another item of property of an electric or gas utility may not be annexed to the district unless the right-of-way or property is located inside the limits of a municipality annexed to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 6913.101. DIRECTORS. The district is governed by a board of five elected directors. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.102. QUALIFICATIONS FOR OFFICE. (a) A person may not be appointed a director unless the person resides in and owns 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.103. NOTICE OF DIRECTORS' ELECTION. Notice of a directors' election shall be published once in a newspaper published in Haskell County not later than the 10th day before the date of the election.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.104. OFFICERS. (a) The board shall elect from the board's membership a president, a vice president, and any other

officers that the board determines are necessary.

(b) 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.105. VOTE BY BOARD PRESIDENT. The president has the same right to vote as any other director. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.106. ABSENCE OR INACTION OF BOARD PRESIDENT. When the board president is absent or fails or declines to act, the board vice president shall perform all duties and exercise all powers this chapter gives the president. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.107. DIRECTOR AND TREASURER BONDS. (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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02,

eff. April 1, 2019.

Sec. 6913.108. COMPENSATION OF DIRECTORS. (a) Each director:

(1) shall receive a fee not to exceed \$5 for attendingeach 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.

(b) In all areas of conflict with Subsection (a) of this

section, Section 49.060, Water Code, takes precedence.

(c) A director's compensation may be increased as authorized by Section 49.060, Water Code, by resolution adopted by the board in accordance with Subsection (e) of that section on or after September 1, 1995.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 6913.151. ACQUISITION OF WATER OR WATER RIGHTS. (a) The district may acquire a groundwater or surface water supply.

(b) The district may acquire water appropriation permits directly from the Texas Commission on Environmental Quality or from permit owners.

(c) The district may purchase water or a water supply from any person.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.152. 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 groundwater or surface water and transporting the water to any person for municipal, domestic, and industrial purposes.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.153. 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 in Haskell County.

(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.

(d) The district's authority under this section to exercise the power of eminent domain expired on September 1, 2013, unless the district submitted a letter to the comptroller in accordance with Section 2206.101(b), Government Code, not later than December 31, 2012.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.154. COST OF RELOCATING OR ALTERING PROPERTY. If the district's exercise of the power of eminent domain, the power of relocation, or any other power granted by this chapter makes necessary relocating, raising, rerouting, changing the grade of, or altering the construction of a highway, railroad, electric transmission line, telephone or telegraph property or facility, or pipeline, the necessary action shall be accomplished at the sole expense of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.155. CONSTRUCTION AND PURCHASING CONTRACTS. A construction contract or contract for the purchase of materials, equipment, or supplies is governed by Chapter 49 or 51, Water Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.156. CONTRACTS RELATED TO WATER SUPPLY AND FACILITIES. (a) The district may contract with any person to supply water to the person.

(b) The district may contract with a municipality for the rental or leasing of or for the operation of the municipality's water production, supply, or distribution facilities.

(c) The contract may provide that the contract continues in effect until bonds specified in the contract and refunding bonds issued in lieu of the bonds are paid.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02,

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 6913.201. DEPOSITORY. (a) Except as provided by Subsection (i), the board shall designate one or more banks in Haskell County 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 to each bank in Haskell County 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 to submit an application to be designated as a depository.

(f) The notice described by Subsection (e) must be mailed or delivered not later than the 10th day before the date fixed for the submission of applications.

(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 county on terms that the board finds advantageous to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.202. 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02,

eff. April 1, 2019.

Sec. 6913.203. TAX ASSESSOR AND COLLECTOR. Before the sale and delivery of district bonds payable wholly or partly from ad valorem taxes, the board shall appoint a tax assessor and collector.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

SUBCHAPTER F. BONDS

Sec. 6913.251. AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to carry out any power conferred by this chapter, including the power to provide a source of water supply for any person for municipal, domestic, or industrial purposes.

(b) The bonds must be authorized by a board resolution. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.252. FORM OF BONDS. District bonds must be:

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

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.253. MATURITY. District bonds must mature not later than 40 years after the date of their issuance. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.254. BONDS PAYABLE FROM REVENUE. (a) In this section, "net revenue" means the district's gross revenue, other than taxation, minus the amount necessary to pay the cost of maintaining and operating the district and its property.

(b) District bonds may be secured as described by a board resolution by a pledge of:

- (1) all or part of the district's net revenue;
- (2) the net revenue of a contract made at any time; 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) District bonds not payable wholly or partly from ad valorem taxes may be issued without an election.Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.255. BONDS PAYABLE FROM AD VALOREM TAXES. The district may issue bonds:

(1) payable from ad valorem taxes imposed on taxable property in the district; or

(2) secured by and payable from:

(A) taxes described by Subdivision (1); and

(B) revenue of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.256. ELECTION FOR BONDS PAYABLE FROM AD VALOREM TAXES. (a) District 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 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 Haskell County that is circulated in the district for two consecutive weeks. The first publication must be not later than the 15th day before the date of the election. Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02,

eff. April 1, 2019.

Sec. 6913.257. TAX AND COMPENSATION RATES. (a) If the district issues bonds payable wholly or partly from ad valorem taxes, the district 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 for any year after considering the money received from 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.258. ADDITIONAL SECURITY. (a) District bonds, including refunding bonds, 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 is:

(1) the owner of the dam or dams and the other property and facilities purchased; and

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

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.259. USE OF BOND PROCEEDS. (a) The district may set aside an amount of proceeds from the sale of district bonds for the payment of interest expected to accrue during construction and for one year after construction in a reserve interest and sinking

fund. The resolution authorizing the bonds may provide for setting aside and using the proceeds as provided by this subsection.

(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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.260. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of principal of or interest on district bonds that are payable wholly or partly from revenue, a court may appoint a receiver for the district on petition of the holders of 25 percent of the outstanding bonds of the issue in default or threatened with default.

(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 the consent of 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.261. REFUNDING BONDS. (a) The district may issue refunding bonds to refund outstanding district bonds 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 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.

Sec. 6913.262. BONDS EXEMPT FROM TAXATION. District bonds, the transfer of district bonds, and income from district bonds, including profits made on the sale of district bonds, are exempt from taxation in this state.

Added by Acts 2017, 85th Leg., R.S., Ch. 869 (H.B. 2803), Sec. 1.02, eff. April 1, 2019.