

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE C. SPECIAL UTILITY DISTRICTS
CHAPTER 7201. AGUA SPECIAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7201.001. DEFINITIONS. Unless the context otherwise requires, in this chapter:

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

(2) "Corporation" means the La Joya Water Supply Corporation.

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

(4) "District" means the Agua Special Utility District.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. [3](#)), Sec. 9.02, eff. June 16, 2007.

Sec. 7201.002. NATURE OF CORPORATION AND DISTRICT. (a) The corporation is a water supply corporation in Hidalgo and Starr Counties created under and essential to accomplish the purposes of Section [59](#), Article XVI, Texas Constitution, and operating in accordance with Chapter [67](#), Water Code.

(b) The district is:

(1) a special utility district in Hidalgo and Starr Counties created under and essential to accomplish the purposes of Section [59](#), Article XVI, Texas Constitution, and operating in accordance with Chapters [49](#) and [65](#), Water Code;

(2) a retail public utility as defined by Section [13.002](#), Water Code; and

(3) the successor in interest to the corporation.

(c) The corporation shall be dissolved and succeeded without interruption by the district as provided by Subchapter A1.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. [3](#)), Sec. 9.03, eff. June 16, 2007.

Sec. 7201.003. APPLICABILITY OF OTHER LAW. Except as otherwise provided by this chapter, Chapters [49](#) and [65](#), Water Code, including Sections [49.211\(a\)](#) and [65.201\(a\)](#), Water Code, apply to the district.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Sec. 7201.004. REGULATORY CONFLICTS. (a) If a municipality asserts regulatory authority over any geographic area in the district and a municipal regulation applicable to that geographic area conflicts with a rule of the district, the regulation of the municipality prevails.

(b) This section does not apply to:

(1) rules or regulations concerning potable water quality standards; or

(2) conflicts relating to service areas or certificates issued to the corporation or district by the Public Utility Commission of Texas or the Texas Commission on Environmental Quality.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. [1600](#)), Sec. 2.88, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. [567](#)), Sec. 88, eff. September 1, 2013.

Sec. 7201.005. INITIAL DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 9.12 of the Act enacted by the 80th Legislature, Regular Session, 2007, amending this subsection.

(b) The boundaries and field notes contained in Section 9.12 of the Act enacted by the 80th Legislature, Regular Session, 2007, amending this subsection form a closure. A mistake made in the field notes or in copying the field notes in the legislative process does not affect:

(1) the organization, existence, or validity of the district;

(2) the right of the district to issue bonds; or

(3) the legality or operation of the district.

(c) District boundaries may be modified in accordance with Chapters 13 and 49, Water Code, except that the boundaries must include all territory in any area included under a certificate of convenience and necessity issued by the Public Utility Commission of Texas or the Texas Commission on Environmental Quality to the district.

(d) The territory of the district does not include and the district does not have jurisdiction over land that has never been in the service area of the corporation regardless of any erroneous inclusion of that land in the boundaries and field notes in Section 9.12 of the Act enacted by the 80th Legislature, Regular Session, 2007, amending this section.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.04, eff. June 16, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. 1600), Sec. 2.89, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. 567), Sec. 89, eff. September 1, 2013.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 7201.0512. INITIAL BOARD TRAINING. (a) Not later than the 60th day after the first date on which all of the initial directors have been appointed, each initial director shall complete at least 12 hours of training on district management and compliance

with laws applicable to the district as determined by the receiver for the corporation.

(b) The district shall reimburse an initial director for the reasonable expenses incurred by the director in attending the training.

Added by Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.08, eff. June 16, 2007.

Sec. 7201.0513. EDUCATION PROGRAM. (a) Each director shall complete an education program of not less than 10 hours that includes information on:

- (1) the history of the district;
- (2) the district's enabling legislation;
- (3) Chapters 49 and 65, Water Code, and other laws that apply to the district, including the requirements of the:
 - (A) open meetings law, Chapter 551, Government Code; and
 - (B) public information law, Chapter 552, Government Code;
- (4) relevant legal developments related to water district governance;
- (5) the duties and responsibilities of the board;
- (6) the requirements of conflict of interest laws and other laws relating to public officials; and
- (7) any applicable ethics policies adopted by the Texas Commission on Environmental Quality or the Texas Ethics Commission.

(b) The district shall pay any costs associated with the development of the education program from district revenue.

(c) The education program may include training provided by an organization offering courses that have been approved by the Texas Commission on Environmental Quality.

(d) The board may adopt bylaws modifying the education program as necessary to meet district needs.

(e) The education program must be made available so that each director may meet the requirements provided by Section 7201.054.

Added by Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.08, eff. June 16, 2007.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 1, eff. September 1, 2019.

Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. 630), Sec. 1, eff. June 14, 2021.

Sec. 7201.053. DISTRICT TREASURER. (a) The board shall elect from among its members one director to serve as district treasurer.

(b) The district treasurer shall comply with the training requirements provided by Section 49.1571, Water Code, for an investment officer of a district.

Added by Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.10, eff. June 16, 2007.

Sec. 7201.054. EDUCATION FOR DIRECTORS. (a) Each director shall complete the education program established under Section 7201.0513 not later than the 90th day after the date on which the director takes the oath of office.

(b) The district shall reimburse a director for the reasonable expenses incurred by the director in attending the education program.

(c) A director who is elected to serve a subsequent term shall fulfill the education requirements specified by district bylaws.

Added by Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.10, eff. June 16, 2007.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. 630), Sec. 2, eff. June 14, 2021.

Sec. 7201.055. COMPOSITION OF BOARD; TERMS. (a) The district is governed by a board of seven directors, each of whom occupies a numbered position on the board and represents a unique subdistrict containing, as near as practicable, one-seventh of the

total number of residents in the district.

(b) A candidate for a position on the board must:

(1) reside in the subdistrict represented by that position;

(2) be eligible to hold office under Section [141.001](#), Election Code;

(3) file a campaign treasurer appointment form described by Chapter [252](#), Election Code, with the Texas Ethics Commission; and

(4) file each report required under Title 15, Election Code, with the Texas Ethics Commission and the board.

(c) The district shall fill a vacancy on the board in accordance with Section [49.105](#), Water Code.

(d) Directors serve staggered terms of four years and may not serve more than two consecutive terms.

(e) A person who has served as a member of the board of directors of the corporation is not eligible to serve as a district director.

(f) If a director is an employee of another taxing entity within the district, the board may not employ as an employee, as a consultant, or on a contract basis:

(1) an elected official of the other taxing entity that employs the director; or

(2) a person related to that elected official in the third degree of consanguinity or affinity as determined under Chapter [573](#), Government Code.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. [2552](#)), Sec. 2, eff. December 31, 2019.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 1, eff. September 1, 2023.

Sec. 7201.0555. ELECTION OF DIRECTORS. (a) The district shall hold an election on the uniform election date in November of each even-numbered year to elect the appropriate number of directors.

(b) The district shall contract with the county elections

administrator as provided by Subchapter D, Chapter 31, Election Code, to conduct the election of directors.

Added by Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. 630), Sec. 3, eff. June 14, 2021.

Sec. 7201.056. FILING OF FINANCIAL STATEMENT BY DIRECTOR.

(a) A director shall file the financial statement required of state officers under Subchapter B, Chapter 572, Government Code, with the Texas Ethics Commission.

(b) Subchapter B, Chapter 572, Government Code:

(1) applies to a director as if the director were a state officer; and

(2) governs the contents, timeliness of filing, and public inspection of a statement filed under Subsection (a).

(c) A director commits an offense if the director fails to file the statement required by Subsection (a). An offense under this subsection is a Class B misdemeanor.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 3, eff. September 1, 2019.

Sec. 7201.057. SUBSTANTIAL BUSINESS INTEREST. For purposes of Chapter 171, Local Government Code, a director, in connection with a vote or decision by the board, is considered to have a substantial interest in a business entity if a person related to the director within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest in the business entity.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 3, eff. September 1, 2019.

Sec. 7201.058. GROUNDS FOR REMOVAL. (a) A director may be removed from the board by a majority of the other directors if the director:

(1) does not have at the time of appointment the qualifications required by Section 7201.055(b) or is disqualified from serving under Section 7201.059;

(2) does not complete the education program required

by Section 7201.054;

(3) does not meet the eligibility requirements under Section 7201.072;

(4) fails to comply with Section 7201.071;

(5) misses one-half or more of the regularly scheduled meetings during the preceding 12 months;

(6) repeatedly fails to file an affidavit under Section 553.002, Government Code, disclosing an interest in property to be acquired with public money;

(7) repeatedly fails to file a conflicts disclosure statement under Section 176.003, Local Government Code;

(8) fails to comply with Section 171.004, Local Government Code;

(9) does not file the financial statement required of state officers under Section 7201.056; or

(10) does not file a campaign treasurer appointment form or a required report under Section 7201.055.

(b) The board shall adopt procedures for the removal of a director under this section that are designed to provide due process to the director. Procedures adopted under this subsection must include reasonable notice and public hearing. Reasonable notice and a public hearing are not required if the director to be removed expressly waives the notice and hearing in writing.

(c) A director shall be removed from the board by the other remaining directors if the director has been convicted of or has pleaded guilty or nolo contendere to a civil or criminal offense of:

(1) bribery;

(2) embezzlement, extortion, or other theft of public money;

(3) perjury;

(4) coercion of a public servant or voter;

(5) tampering with a governmental record;

(6) misuse of official information;

(7) abuse of official capacity; or

(8) conspiracy to commit or an attempted commission of an offense described by Subdivisions (1)-(7).

(d) The board shall begin the process of notice and public

hearing for the removal of a director not later than the 30th day after the date the board receives notice of a violation under this section. If the removal of a director is based on a violation described by Subsection (a), the remaining directors shall make a determination on whether the violation occurred on or before the 60th day after the date of the public hearing.

(e) Not later than the 30th day after the date the board removes a director, the board shall begin the process of filling the vacancy in accordance with Section 49.105, Water Code.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 3, eff. September 1, 2019.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. 630), Sec. 4, eff. June 14, 2021.

Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. 1188), Sec. 2, eff. September 1, 2023.

Sec. 7201.059. DISQUALIFICATION OF DIRECTORS. A director is disqualified from serving as a director if:

(1) the director is a member or is appointed or elected as a member of the governing body of another political subdivision;

(2) the director does not:

(A) meet the eligibility requirements under Section 7201.072;

(B) file a campaign treasurer appointment form required under Section 7201.055(b)(3); or

(C) file each report required under Section 7201.055(b)(4); or

(3) the board determines a relationship or employment exists to which Section 49.052, Water Code, applies.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. 1188), Sec. 3, eff. September 1, 2023.

Sec. 7201.060. AUTOMATIC RESIGNATION OF DIRECTOR ON CANDIDACY FOR OTHER ELECTIVE OFFICE. If a director announces the director's candidacy or becomes a candidate in any general, special, or primary election for any elective office other than the

office of director for the district, that announcement or candidacy constitutes an automatic resignation of the office of the director. Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 3, eff. September 1, 2023.

SUBCHAPTER B-1. DISTRICT ADMINISTRATION

Sec. 7201.071. PROHIBITED CONDUCT FOR DIRECTORS AND DISTRICT EMPLOYEES. A director or district employee may not:

(1) accept or solicit any gift, favor, or service that:

(A) might reasonably influence the director or employee in the discharge of an official duty; or

(B) the director or employee knows or should know is offered with the intent to influence the director's or employee's official conduct;

(2) accept other employment or engage in a business or professional activity that the director or employee might reasonably expect would require or induce the director or employee to disclose confidential information acquired in the course of the director's or employee's duties under this chapter;

(3) accept other employment or compensation that could reasonably be expected to impair the director's or employee's independent judgment in the performance of the director's or employee's duties under this chapter;

(4) make personal investments that could reasonably be expected to create a substantial conflict between the director's or employee's private interest and the interest of the district;

(5) intentionally or knowingly solicit, accept, or agree to accept a benefit for the director's or employee's exercise of powers under this chapter or performance of duties under this chapter in favor of a third party;

(6) have a personal interest in an agreement executed by the district; or

(7) be employed by, participate in the management of, or have a substantial interest in a business entity or other organization, other than a governmental entity, that receives money

from the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. [2552](#)), Sec. 4, eff. September 1, 2019.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. [630](#)), Sec. 5, eff. June 14, 2021.

Sec. 7201.072. ELIGIBILITY OF DIRECTOR AND GENERAL MANAGER.

(a) A person is not eligible to serve as a director or general manager of the district if the person or the person's relative within the third degree by consanguinity or affinity, as determined by Chapter [573](#), Government Code:

(1) received 10 percent or more of gross income for the previous year from a business entity or other organization, other than a governmental entity, that receives money from the district;

(2) is employed by or participates in the management of a business entity or other organization, other than a governmental entity, that receives money from the district;

(3) directly or indirectly owns or controls more than a 10 percent interest in the fair market value of a business or other organization that receives money from the district;

(4) serves as a corporate officer or member of the board of directors of a business entity or other organization that receives money from the district;

(5) is a creditor, debtor, or guarantor in an amount of \$5,000 or more of a person or business entity that receives money from the district;

(6) uses or receives a substantial amount of tangible goods, services, or money from the district other than compensation or reimbursement authorized by law; or

(7) is required to register as a lobbyist under Chapter [305](#), Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the district.

(b) A person applying to serve as general manager of the district shall disclose any potential violations of Subsection (a) before accepting the position of general manager.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. [2552](#)), Sec. 4, eff. September 1, 2019.

Sec. 7201.073. GENERAL MANAGER; DUTIES. (a) The board shall employ a person with prior experience and training as general manager.

(b) The duties of the general manager include:

(1) managing the overall strategy and operations of the district's projects, services, budget, finances, and community relations;

(2) consulting with, advising, and supporting the board to efficiently accomplish the purposes of the district and to ensure compliance with all regulatory, financing, and legal requirements;

(3) assisting the board in planning, developing, and implementing policies to accomplish the purposes of the district;

(4) developing and implementing policies to improve the district's communication with the district's service community;

(5) providing leadership and supervision to district employees;

(6) creating and maintaining organizational charts to improve the district's effectiveness;

(7) coordinating and developing short-term and long-term goals for the district;

(8) monitoring current district projects and prioritizing future district projects;

(9) evaluating contracts, grants, and commitments as authorized by the board;

(10) planning, organizing, and directing district programs and services, evaluating the results of those programs and services, and recommending policies, procedures, and board actions based on that evaluation;

(11) employing all persons necessary for the proper handling of the business and operation of the district and determining the compensation of those employees; and

(12) performing other general responsibilities as determined by the board.

(c) The board may assign the duties under Subsection (b) only to the general manager. The board may not assign the duties to any other person.

(d) The general manager is an employee of the district. The general manager serves at the pleasure of and reports only to the board.

(e) The board shall determine the compensation and terms of employment for the general manager.

(f) The board may increase the compensation of the general manager in an amount not to exceed 10 percent of the amount of the general manager's compensation immediately before the effective date of the increase.

(g) If the board enters into an employment contract with the general manager, the term of the contract may not exceed two years.

(h) It is a ground for termination of the general manager if the general manager fails to disclose any potential violations of Section 7201.072 as required by that section.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 4, eff. September 1, 2019.

Sec. 7201.074. LOCATION OF CERTAIN MEETINGS. A meeting at which the board or the general manager discusses the annual budget of the district must be held inside the district.

Added by Acts 2021, 87th Leg., R.S., Ch. 474 (S.B. 630), Sec. 6, eff. June 14, 2021.

Sec. 7201.075. PUBLIC ACCESS TO DIRECTOR REPORTS. (a) The district shall post to the district's Internet website and make publicly available each report required to be filed with the Texas Ethics Commission under Title 15, Election Code, by:

- (1) a director;
- (2) a candidate for the board; or
- (3) a specific-purpose committee responsible for supporting, opposing, or assisting a director or candidate for the board.

(b) The district shall make available a report under Subsection (a) not later than the fifth business day after the date

the report is filed with the board.

(c) This section may not be construed to limit public access to information in a report described by Subsection (a) through other electronic or print distribution.

(d) The district may remove the address of a person, except for the city, state, and zip code, listed as having made a political contribution to the director, candidate, or committee before posting a report on the district's Internet website. The information must remain available in a copy of the report maintained in the district's office.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 4, eff. September 1, 2023.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 7201.101. GENERAL POWERS AND DUTIES. Except as otherwise provided by this chapter, the district has all of the rights, powers, privileges, authority, functions, and duties provided by the general law of this state, including Chapters [49](#) and [65](#), Water Code, applicable to districts created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Sec. 7201.102. PROVISION OF SERVICE. The district shall at all times operate and construct necessary improvements within the certificated areas established by the Public Utility Commission of Texas or the Texas Commission on Environmental Quality to provide uninterrupted, continuous, and adequate service to existing and future customers for water, sewer, and contract services.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 170 (H.B. [1600](#)), Sec. 2.90, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 171 (S.B. [567](#)), Sec. 90, eff. September 1, 2013.

Sec. 7201.103. INTERLOCAL CONTRACTS. In accordance with Chapter 791, Government Code, the district and the Rio Grande Regional Water Authority may enter into a contract under which the Rio Grande Regional Water Authority may provide administrative or any other contract activities for or with the district. The district may enter into interlocal cooperation contracts with any public or private entity, request any necessary regulatory approval required, and charge fees and rates adequate to generate revenue sufficient to cover all expenses of the district based on cost-of-service principles. For purposes of Chapter 791, Government Code, performance under a contract is a governmental function or service.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Sec. 7201.104. SEARCHABLE DISTRICT EXPENDITURE DATABASE.

(a) The district shall establish and post on the district's Internet website a database of district check register reports, including district expenditures and contracts. The database must include the amount, date, description, payor, and payee of the expenditures, and, if applicable, parties to the contract.

(b) The district may not include in the database under Subsection (a) a district employee's salary or personal identifying information, as defined by Section 521.002, Business & Commerce Code.

(c) The district shall prominently display a link to the database established under this section on the district's Internet website. The information provided in the district check register reports must be updated monthly.

(d) The district shall keep in the database information required by this section related to an adopted budget until the third anniversary of the date the budget was adopted.

Added by Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 5, eff. September 1, 2019.

SUBCHAPTER D. OPERATING PROVISIONS

Sec. 7201.201. AUDIT OF DISTRICT. (a) Subchapter G, Chapter 49, Water Code, applies to the district.

(b) An individual licensed by the state as a certified public accountant with not less than five years of government accounting experience shall perform the audit required by Section 49.191, Water Code.

(c) Not later than the third day after the date the accountant finalizes the audit required by this section, the district shall publish the audit on the district's Internet website.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. 2552), Sec. 6, eff. September 1, 2019.

Sec. 7201.202. RECORDS OF DISTRICT. The district shall comply with all rules and regulations pertaining to records preservation, retention, and destruction promulgated by the Texas State Library and Archives Commission under Chapter 441, Government Code, as made applicable to water districts and utilities.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Sec. 7201.203. MAINTAINING NECESSARY RECORDS. The district shall maintain necessary records and follow cost-of-service principles with respect to provision of retail public water or sewer service or any other service authorized by Chapter 49 or 65, Water Code, or an interlocal contract entered into in accordance with Chapter 791, Government Code.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Sec. 7201.204. NEWSLETTER, WEBSITE, AND ANNUAL FINANCIAL INFORMATION. (a) The district shall maintain and update monthly an Internet website with current information concerning policies,

monthly financial information concerning revenues and expenses, and monthly summaries.

(b) Not later than 72 hours before a meeting held by the district, the district shall publish on the district's Internet website the agenda for the meeting.

(c) Not later than 72 hours after the date the district adopts the minutes of a meeting held by the district, the district shall publish on the district's Internet website the minutes adopted by the district.

(d) The district shall provide information, including summary financial information based on the preceding year's annual audit, to district customers at an annual meeting.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 702 (S.B. [2552](#)), Sec. 7, eff. September 1, 2019.

Sec. 7201.205. DISCONNECTION OF SERVICE AND CUSTOMER FEES.

(a) The district may not disconnect service of a customer for late payment before the 11th day after the date the district notifies the customer of the overdue payment.

(b) After a disconnection caused by the customer's late payment, the district may not charge a customer a fee for restoring or reinstalling service that exceeds \$25 or twice the amount of the late payment owed, whichever is less.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1263 (S.B. [1875](#)), Sec. 2, eff. September 1, 2011.

Sec. 7201.206. RATES AND FEES FOR SERVICES. (a) The district, in connection with water or sewer retail public utility services, shall establish lifeline, senior citizen, or minimum consumption level rates for services. The rate impact of such services shall be allocated on the basis of costs of services to

achieve conservation principles, while securing necessary reserves for the payment of operating expenses, sinking funds, principal, interest, and debt coverage factors, and any other objective established by the district's annual budget.

(b) Chapter 395, Local Government Code, does not apply to any fee, charge, or assessment that, before the corporation's dissolution and conversion to a district, is adopted by the receiver for the purpose of generating revenue to fund or recoup the costs of capital improvements or facility expansions necessitated by and attributable to new developments.

(c) Notwithstanding Subsection (b), beginning on December 31, 2009, the district may not impose any fee, charge, or assessment that, before the corporation's dissolution and conversion to a district, is adopted by the receiver for the purpose of generating revenue to fund or recoup the costs of capital improvements or facility expansions necessitated by and attributable to new developments unless the district readopts the fee, charge, or assessment or adopts a new fee, charge, or assessment in accordance with Chapter 395, Local Government Code. This subsection does not apply to a retail water or sewer rate adopted by the receiver or the district.

Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. 1358), Sec. 2.01, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1430 (S.B. 3), Sec. 9.11, eff. June 16, 2007.

Sec. 7201.207. SERVICE CONTRACT ALLOCATION OF COST AND IMMUNITY FROM CLAIMS. (a) In connection with intergovernmental, interlocal, or wholesale service contracts, including cooperative billing for any contract-based service, the district shall allocate costs of service ratably for the service, and the district shall secure indemnity from the contracting party to the extent allowed by law.

(b) The district is a governmental unit, as that term is defined by Section 101.001(3), Civil Practice and Remedies Code, and, to the fullest extent provided by law, enjoys immunity from

suit and liability, consistent with general law, the Texas Tort Claims Act, Chapter [101](#), Civil Practice and Remedies Code, and Chapter [49](#), Water Code, including Section [49.066](#) of that code. Added by Acts 2005, 79th Leg., Ch. 1057 (H.B. [1358](#)), Sec. 2.01, eff. September 1, 2005.

SUBCHAPTER E. RECEIVERSHIP OF DISTRICT; ENFORCEMENT

Sec. 7201.301. DEFINITIONS. In this subchapter:

(1) "Agent" means an individual who exercises discretion in the planning, recommending, selecting, or contracting of a vendor or contractor for the sale, lease, or purchase of real property, goods, or services on behalf of the district.

(2) "Commission" means the Texas Commission on Environmental Quality.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 5, eff. September 1, 2023.

Sec. 7201.302. APPOINTMENT OF RECEIVER. (a) At the request of the commission, the attorney general shall bring an action for the appointment of a receiver to collect the assets and carry on the business of the district if the district:

(1) received three consecutive audit reports with anything other than an unqualified or clean opinion;

(2) completed five consecutive fiscal years at a net loss;

(3) has defaulted on more than one financial debt obligation;

(4) has a director or agent who has been convicted of or has pleaded guilty or nolo contendere to a civil or criminal offense related to the management or governance of the district; or

(5) violates a final judgment issued by a district court in an action brought by the attorney general under:

(A) this chapter;

(B) Chapter [7](#), [13](#), [49](#), or [65](#), Water Code;

(C) Chapter [341](#), Health and Safety Code;

(D) laws governing the selection, monitoring, or review and evaluation of professional services, vendors, or contractors for construction or improvement projects; or

(E) a rule adopted or order issued under any statute listed in this subdivision.

(b) The court shall appoint a receiver if an appointment is necessary to:

(1) guarantee the collection of assessments, fees, penalties, or interest;

(2) guarantee continuous and adequate service to the customers of the district; or

(3) prevent continued or repeated violations of a court order or final commission order.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 5, eff. September 1, 2023.

Sec. 7201.303. POWERS AND DUTIES OF RECEIVER. (a) The receiver shall execute a bond in an amount to be set by the court to ensure the proper performance of the receiver's duties.

(b) After appointment and execution of bond, the receiver shall take possession of the assets of the district specified by the court.

(c) Until discharged by the court, the receiver shall perform the duties that the court directs to preserve the assets and carry on the business of the district and shall strictly observe the final order involved.

(d) The receiver has the powers and duties necessary to ensure the continued operation of the district and the provision of continuous and adequate services, including:

(1) meter reading;

(2) billing for services;

(3) collecting revenue;

(4) disbursing funds;

(5) accessing all system components; and

(6) requesting rate increases.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 5, eff. September 1, 2023.

Sec. 7201.304. DISSOLUTION OF RECEIVERSHIP. The court may dissolve the receivership and order the assets and control of the business returned to the district if the district shows good cause for the dissolution of the receivership.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 5, eff. September 1, 2023.

Sec. 7201.305. EFFECT ON COMMISSION ENFORCEMENT AUTHORITY. This subchapter does not affect the authority of the commission to pursue an enforcement action against the district or an affiliated person.

Added by Acts 2023, 88th Leg., R.S., Ch. 1088 (S.B. [1188](#)), Sec. 5, eff. September 1, 2023.