

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE F. MUNICIPAL UTILITY DISTRICTS
CHAPTER 7886. SEBASTIAN MUNICIPAL UTILITY DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7886.0101. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "Corporation" means a qualified water supply corporation as described by Section [7886.0201](#).
- (3) "District" means the Sebastian Municipal Utility District.
- (4) "Utility commission" means the Public Utility Commission of Texas.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

SUBCHAPTER B. POWERS AND DUTIES

Sec. 7886.0201. QUALIFIED WATER SUPPLY CORPORATION. A corporation is qualified to assume the district's debts, liabilities, and obligations and assume ownership of the district's assets and facilities if the corporation:

- (1) is member-owned, member-controlled, and formed under Chapter [67](#), Water Code; and
- (2) possesses a valid certificate of public convenience and necessity obtained under Section [13.246](#), Water Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0202. PETITION TO DISSOLVE DISTRICT. (a) A petition may be filed with the board requesting an election in the district to decide if the board must enter into an agreement described by Section [7886.0205](#)(a).

- (b) A petition filed under this section must be printed in

English and Spanish and read as follows:

"We, the undersigned, being registered voters in the Sebastian Municipal Utility District, request the board of directors of the Sebastian Municipal Utility District to hold an election to decide if the board must enter into an agreement with a qualified water supply corporation in which the district's debts, liabilities, obligations, assets, and facilities are transferred to the qualified water supply corporation and the district is dissolved."

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0203. ELECTION RELATING TO DISSOLUTION OF DISTRICT. (a) The board shall call an election as requested by a petition filed under Section [7886.0202](#) only if:

(1) an election has not been held previously under this section; and

(2) the board determines that the petition is signed by at least 10 percent of the registered voters in the district.

(b) The board shall make the determination under Subsection (a)(2) not later than the seventh day after the date on which the board receives the petition.

(c) The board shall hold an election required by Subsection (a) on the first authorized uniform election date after the date the board determines an election is required that allows sufficient time for the board to comply with all applicable provisions of the Election Code.

(d) The board shall publish notice of the election in a newspaper of general circulation in the district once each week for three weeks before the date the election is scheduled to be held.

(e) The ballot for an election ordered in response to a petition filed under Section [7886.0202](#) must be printed in English and Spanish and read as follows:

"By voting YES on this ballot, you are voting in favor of requiring the Sebastian Municipal Utility District to enter into an agreement with a qualified water supply corporation in which the district's debts, liabilities, obligations, assets, and facilities

are transferred to the corporation and the district is dissolved. By voting NO on this ballot, you are voting against requiring the Sebastian Municipal Utility District to enter into such an agreement."

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0204. ELECTION RESULTS. (a) If a majority of the voters vote in favor of the ballot proposition stated in Section [7886.0203\(e\)](#), the board shall enter into an agreement described by Section [7886.0205\(a\)](#) if:

(1) a corporation agrees to the terms specified by Section [7886.0205\(a\)](#); and

(2) the utility commission determines that the corporation is capable of rendering adequate and continuous service as required by Section [13.251](#), Water Code.

(b) If a majority of the voters vote against the ballot proposition stated in Section [7886.0203\(e\)](#), the board may not enter into an agreement described by Section [7886.0205\(a\)](#) before the district conducts the first board election held after the date on which the voters voted against the ballot proposition.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0205. AGREEMENT AND ORDER RELATING TO DISSOLUTION OF DISTRICT. (a) A corporation may enter into an agreement with the district to:

(1) accept assignment of the district's certificate of public convenience and necessity obtained under Section [13.246](#), Water Code, and any right obtained under the certificate, after the utility commission determines that the corporation is capable of rendering adequate and continuous service as required by Section [13.251](#), Water Code;

(2) assume the district's debts, liabilities, and obligations;

(3) assume ownership of the district's assets and facilities; and

(4) perform the district's functions and provide all services previously provided by the district.

(b) If a corporation enters into an agreement described by Subsection (a), the board shall issue an order that dissolves the district.

(c) The district's dissolution becomes effective on the 30th day after the date the board issues the order dissolving the district.

(d) On the effective date of the dissolution:

(1) all of the district's property and other assets are transferred to the corporation;

(2) all of the district's debts, liabilities, and other obligations are assumed by the corporation; and

(3) the district's certificate of public convenience and necessity and any right obtained under the certificate is assigned to the corporation in the manner prescribed by Section [13.251](#), Water Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. [3530](#)), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0206. AGREEMENT AND ORDER RELATING TO WATER AND WASTEWATER SERVICE. (a) A corporation may enter into an agreement with the district to:

(1) assume the district's debts, liabilities, and obligations relating to water and wastewater service;

(2) assume ownership of the district's assets and facilities relating to water and wastewater service;

(3) apply to the utility commission to obtain a certificate of public convenience and necessity or an amendment to a certificate under Section [13.244](#), Water Code, to render water and wastewater service to the area served by the district; and

(4) perform the district's functions relating to water and wastewater service and provide all services relating to those services previously provided by the district.

(b) If a corporation enters into an agreement described by Subsection (a) and the utility commission grants to the corporation a certificate of public convenience and necessity as described by

Subsection (a)(3), the board shall issue an order transferring the district's debts, liabilities, obligations, assets, and facilities relating to water and wastewater service to the corporation.

(c) On the 30th day after the date the board issues the order transferring the district's debts, liabilities, obligations, assets, and facilities:

(1) all of the district's property and other assets relating to water and wastewater service are transferred to the corporation; and

(2) all of the district's debts, liabilities, and other obligations relating to water and wastewater service are assumed by the corporation.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. 3530), Sec. 1.02, eff. April 1, 2023.

Sec. 7886.0207. FILING REQUIREMENT. (a) The board shall file a copy of the agreement described by Section 7886.0205(a) and a copy of the board's order dissolving the district issued under Section 7886.0205(b) not later than the 15th day after the date the board issues the order:

(1) with the Texas Commission on Environmental Quality;

(2) with the utility commission; and

(3) in the deed records of Willacy and Cameron Counties.

(b) The board shall file a copy of the agreement described by Section 7886.0206(a) and a copy of the board's order transferring the district's obligations and assets issued under Section 7886.0206(b) not later than the 15th day after the date the board issues the order:

(1) with the Texas Commission on Environmental Quality;

(2) with the utility commission; and

(3) in the deed records of Willacy and Cameron Counties.

Added by Acts 2021, 87th Leg., R.S., Ch. 914 (H.B. 3530), Sec. 1.02, eff. April 1, 2023.