

SPECIAL DISTRICT LOCAL LAWS CODE  
TITLE 6. WATER AND WASTEWATER  
SUBTITLE F. MUNICIPAL UTILITY DISTRICTS  
CHAPTER 8101. ATHENS MUNICIPAL WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8101.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Athens Municipal Water Authority.

(2) "Board" means the authority's board of directors.  
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.002. NATURE OF AUTHORITY. The authority is a conservation and reclamation district in Henderson County.  
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.003. FINDING OF BENEFIT AND PUBLIC PURPOSE.

(a) The legislature finds that the authority is created to serve a public use and benefit.

(b) The authority is created under and is essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

(c) The accomplishment of the purposes stated in this chapter are for the benefit of the people of this state and for the improvement of their properties and industries. The authority in carrying out the purposes of this chapter will be performing an essential public function under the constitution of this state.  
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 13.005(a), eff. September 1, 2007.

Sec. 8101.004. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed to effect its purposes.  
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

SUBCHAPTER B. DISTRICT TERRITORY AND ANNEXATIONS TO DISTRICT  
TERRITORY

Sec. 8101.051. BOUNDARIES. The authority is in Henderson County and, unless modified as provided by Section 8101.052, by Subchapter J, Chapter 49, Water Code, or by Subchapter O, Chapter 51, Water Code, the boundaries of the authority are coextensive with the corporate limits of the city of Athens, Henderson County, Texas, as those corporate limits existed on September 1, 2003.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 13.005(b), eff. September 1, 2007.

Sec. 8101.052. ANNEXATIONS OF TERRITORY. (a) The board, as provided by this section, may annex territory the City of Athens annexes. The authority may not annex territory under this section if bonds supported by ad valorem taxes previously voted on remain unissued and unsold.

(b) The board by order may set a date for a hearing on the annexation and hold the hearing on that date.

(c) Notice of the hearing must:

(1) be posted in three public places in the territory proposed to be annexed at least 15 days before the date set for the hearing; and

(2) contain a statement of the nature and purpose of the hearing and the date, time, and place of the hearing.

(d) A person whose land is included in or would be affected by the annexation may:

(1) appear at the hearing to contest the annexation; and

(2) offer testimony to show that the annexation would or would not benefit land proposed to be annexed.

(e) The board shall enter a resolution ordering the annexation and designating the territory if the board finds as a result of the hearing that the proposed annexation is feasible and practicable and would benefit the land proposed to be annexed. The

board may designate the territory by reference to the city's annexation ordinance or in another manner.

(f) The board shall refuse the proposed annexation if the board finds as a result of the hearing that the annexation does not satisfy the requirements of Subsection (e).

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 13.005(c), eff. September 1, 2007.

#### Sec. 8101.053. LIMITATION ON ASSUMPTION OF TAX OBLIGATIONS.

(a) The authority may not impose on territory the authority annexes under Section 8101.052 a tax obligation the authority incurred before annexation unless:

(1) the owners of the land annexed provide written consent for the assumption of that tax obligation; or

(2) at an election held for that purpose in the territory, a majority of the voters of the territory approve the assumption of that tax obligation.

(b) The notice provisions of Section 49.106, Water Code, apply to an election held under this section.

(c) The election notice must be published in a newspaper published in the city of Athens. If a newspaper is not published in the city of Athens, it is sufficient to post notices at three public places in that city at least 28 days before the date of the election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

### SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 8101.101. GENERAL POWERS. The board consists of five directors.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.102. ELIGIBILITY TO SERVE. (a) A director must reside in and own taxable property in the authority.

(b) A person may not serve as a director if the person is:

- (1) a member of a governing body of a municipality; or
- (2) an employee of a municipality.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.103. DIRECTORS ELECTION. (a) The board shall issue an order for each directors election stating the time, place, and purpose of the election.

(b) Notice of a directors election shall be published in a newspaper of general circulation in the authority's territory one time at least 30 days before the date of the election.

(c) The appropriate number of candidates who receive the highest number of votes shall be declared elected.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.104. BALLOT PROCEDURE FOR CANDIDATES. (a) A person who wants to have the person's name printed on the ballot as a candidate for director must submit a petition to the board secretary requesting that action.

(b) The petition must be:

- (1) signed by at least 50 qualified voters; and
- (2) presented to the secretary not later than the 21st

day before the date of the election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.105. APPOINTMENT OF SECRETARY AND TREASURER. The board shall appoint a secretary and a treasurer. The board may combine those offices. The secretary or treasurer is not required to be a director.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.106. VOTE BY BOARD PRESIDENT. The president has the same right to vote as any other director.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.107. DIRECTOR'S AND TREASURER'S BOND. (a) A director shall give bond in the amount of \$5,000 for the faithful performance of the director's duties.

(b) The treasurer shall give bond in an amount required by the board, conditioned on the treasurer's faithfully accounting for all money that comes into the treasurer's custody.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.108. COMPENSATION. Unless the board by resolution increases the fee to an amount authorized by Section 49.060, Water Code, each director shall receive a fee not to exceed \$10 for attending each board meeting and a fee not to exceed \$10 for each day devoted to authority business.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### SUBCHAPTER D. POWERS AND DUTIES

Sec. 8101.151. POWERS AND DUTIES. The authority has:

- (1) all the powers of a governmental agency; and
- (2) the rights, powers, privileges, and functions that:
  - (A) may be contemplated and implied by Section 59, Article XVI, Texas Constitution; or
  - (B) are conferred by the general laws of the state relating to water control and improvement districts, including Chapters 49 and 51, Water Code, unless those rights, powers, privileges, or functions conflict with this chapter.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.152. WATER SUPPLY AND DISTRIBUTION. (a) The authority may develop, construct, or purchase dams, reservoirs, and underground or other sources of water.

(b) The authority may construct or purchase all works, plants, and other facilities necessary or useful to:

- (1) provide a source of water supply;
- (2) store and process the water; and
- (3) transport and distribute the water for municipal, domestic, and industrial purposes.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.153. WASTE SERVICES. To preserve and protect the purity of the waters of the authority and this state and to conserve and reclaim those waters for beneficial use by the inhabitants of the authority, the authority may provide all plants, works, facilities, and appliances incident to, helpful to, or necessary to collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes, whether fluid, solid, or composite. Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.154. EMINENT DOMAIN. (a) The authority may exercise the power of eminent domain to acquire land and easements to carry out any power conferred by this chapter.

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

(c) The board shall determine the amount of and character of interest in land and easements to be acquired.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.155. COST OF RELOCATING PROPERTY. If the authority, in the exercise of the power of eminent domain, the power of relocation, or any other power granted under this chapter, makes necessary relocating, raising, rerouting, changing the grade of, or altering the construction of any highway, railroad, electric transmission line, or pipeline or telephone or telegraph property or facility, the authority is solely responsible for the expense of that necessary action.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.156. CONSTRUCTION OR PURCHASE CONTRACTS. (a) Except as provided by Subsection (e), the authority shall award a construction contract or contract for the purchase of materials, equipment, or supplies requiring an expenditure of more than \$2,000 to the lowest and best bidder.

(b) Notice to bidders must be published once each week for two weeks before the contract is awarded.

(c) The notice is sufficient if it states:

(1) the time and place for opening the bids;

(2) the general nature of the work to be done or the material, equipment, or supplies to be purchased; and

(3) where and how copies of the plans and specifications may be obtained.

(d) The notice must be printed in a newspaper that is designated by the board and that is published in Henderson County.

(e) This section does not apply to the purchase of a system or part of a system in existence at the time of the purchase.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### Sec. 8101.157. CONTRACTS WITH MUNICIPALITIES AND OTHERS.

(a) The authority may contract with municipalities and others for supplying services to them.

(b) The authority may contract with any municipality for the rental, lease, or operation of the water production, water supply, and water supply facilities of the authority for the consideration agreed to by the authority and the municipality.

(c) The authority may contract with any municipality for the rental, lease, or operation of the water production, water supply, and water supply facilities or sanitary sewer system of the municipality for the consideration agreed to by the authority and the municipality.

(d) A contract under this section:

(1) may be on the terms and for the period to which the parties agree; and

(2) may provide that the contract continues in effect until the bonds specified by the contract and refunding bonds issued in place of those bonds are paid.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

### SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 8101.201. TAX METHOD. The authority shall use the ad valorem plan of taxation.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.202. TAX ASSESSOR AND COLLECTOR. Before issuing

bonds payable wholly or partly from ad valorem taxes or imposing ad valorem taxes for any other purpose, the board shall:

- (1) appoint a tax assessor and collector;
- (2) provide for taxes to be assessed; and
- (3) provide for the preparation of tax rolls.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.203. DEPOSITORY. (a) The board shall designate one or more banks to serve as depository for the authority's money.

(b) All of the authority's money shall be deposited in the depository bank or banks, except that:

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

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

(c) To the extent that money in the depository banks and the trustee bank are not insured by the Federal Deposit Insurance Corporation, they must be secured in the manner provided by law for the security of county funds.

(d) Before designating a depository bank or banks, the board shall issue a notice that:

(1) states the time and place of the board's meeting for that purpose; and

(2) invites the banks to submit applications to be designated depositories.

(e) The notice must be published one time in a newspaper published in the city of Athens at least 10 days before the date set for receiving applications.

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

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

(1) consider the applications and the management and condition of the banks filing applications; and

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

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

(B) the board finds have proper management and



are in condition to handle the authority's money.

(h) If the board does not receive any applications by the time stated in the notice, or if the board rejects all applications, the board shall designate a bank or banks on terms it finds advantageous to the authority.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

#### SUBCHAPTER F. BONDS

Sec. 8101.251. AUTHORITY TO ISSUE BONDS. (a) The authority may issue bonds to:

(1) purchase or otherwise provide works, plants, facilities, or appliances necessary to accomplish the purposes authorized by this chapter; or

(2) exercise any other power conferred by this chapter.

(b) Bonds issued by the authority must be payable from revenue or ad valorem taxes. If bonds are payable wholly from revenue, the revenue may be pledged by board resolution without an election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.252. REFUNDING BONDS. (a) The authority 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 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, except that an election is not required for 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 authority, 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 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.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.253. FORM OF BONDS. (a) An authority bond must:

- (1) be issued in the name of the authority;
- (2) be signed by the president;
- (3) be attested to by the secretary; and
- (4) have the authority seal impressed on it or a facsimile seal printed on it.

(b) At the option of the board, a bond may be signed in accordance with Chapter 618, Government Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.254. MATURITY. Bonds issued under this subchapter must mature within 40 years.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.255. TRUST INDENTURE. The trust indenture may contain provisions prescribed by the board that:

- (1) provide for the security of the bonds and the operation and preservation of the trust estate;
- (2) provide for amendment or modification of the trust indenture;
- (3) provide for the issuance of bonds to replace lost or mutilated bonds; and
- (4) condition the right to spend authority money or sell authority property on the approval of a licensed engineer selected as provided by the trust indenture.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.256. ELECTION FOR BONDS PAYABLE FROM AD VALOREM TAXES. The authority may not issue bonds payable wholly or partly from ad valorem taxes unless the voters of the authority authorize that issuance at an election held for that purpose in the manner prescribed by Section [49.106](#), Water Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.257. BOND SECURITY; REVENUE; TAXES; ADDITIONAL BONDS. (a) In this section, "net revenue" means the gross revenue of the authority after deducting the amount necessary to pay the cost of maintaining and operating the authority, including its properties.

(b) Bonds issued under this subchapter may be secured by:

(1) a pledge of all or part of the net revenue of the authority, including the net revenue of a past or future contract; or

(2) other revenue and income specified by resolution of the board or the trust indenture.

(c) If bonds are issued payable wholly or partly from taxes, the board shall impose taxes on all taxable property in the authority without limit as to rate or amount while those bonds are outstanding. The board shall impose the taxes in amounts:

(1) sufficient to pay the principal of and interest on the bonds annually as they mature; or

(2) required to supplement the net revenue pledged to the bonds' payment so that the principal of and interest on the bonds are paid when due.

(d) A bond security pledge under this section may reserve to the authority 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.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.258. ADDITIONAL SECURITY. (a) Bonds, including refunding bonds, payable partly or wholly from a pledge of revenue

authorized by this subchapter may be additionally secured by a mortgage lien on physical properties of the authority and all franchises, easements, water rights and appropriation permits, leases, contracts, and all rights appurtenant to those properties, vesting in the trustee under the trust indenture the power to:

- (1) sell the properties for payment of the debt;
- (2) operate the properties; and
- (3) take any other action to secure the bonds.

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

(1) is the absolute owner of the properties and facilities purchased; and

(2) is entitled to maintain and operate those properties and facilities.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.259. CHARGES FOR AUTHORITY SERVICES. The board shall set the rates of compensation for services rendered by the authority so that the authority has enough money to pay the expenses of operating and maintaining the facilities of the authority, to pay bonds as they mature and the interest as it accrues, and to maintain the reserve and other funds as provided in the resolution authorizing the bonds or in the trust indenture.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.260. USE OF BOND PROCEEDS. (a) The authority may set aside and use proceeds from bond sales for:

(1) the payment of interest expected to accrue during construction and the first year after construction; and

(2) a reserve interest and sinking fund.

(b) The authority may provide in the resolution authorizing the bonds or in the trust indenture for setting aside and using the proceeds as described by Subsection (a).

(c) The authority may use proceeds from the sale of bonds to pay an expense incurred in accomplishing the purposes of the authority.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.261. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of the 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 authority.

(b) The receiver, without consent of or hindrance by the board, may:

- (1) collect and receive all authority income;
- (2) employ and discharge authority agents and employees;
- (3) take charge of money on hand; and
- (4) manage the affairs of the authority.

(c) The receiver may be authorized to sell or contract for the sale of services of the authority's facilities or to renew those contracts with the approval of the appointing court.

(d) The court may vest the receiver with any other power or duty the court finds necessary to protect the bondholders.

(e) The resolution that authorizes the issuance of the bonds or the trust indenture securing their payment may:

(1) specify the minimum percentage of outstanding bonds that must be held by the bondholders seeking the appointment of a receiver; or

(2) otherwise qualify the right of bondholders to institute litigation that might affect the authority's property, including money.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.262. BONDS SECURED BY CONTRACT PROCEEDS; APPROVAL. (a) If bonds issued under this subchapter state that they are secured by a pledge of the proceeds of a contract previously made between the authority and a municipality or other governmental agency, including a district, a copy of that contract and the proceedings of the entity authorizing the contract must be submitted to the attorney general along with the bonds.

(b) If the attorney general finds that the bonds have been authorized and the contract has been made in accordance with law, the attorney general shall approve the bonds and contract.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.263. 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.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 8101.264. PROPERTY EXEMPT FROM TAXATION AND ASSESSMENT. Property of the authority is exempt from taxation and assessment.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.