

SPECIAL DISTRICT LOCAL LAWS CODE  
TITLE 6. WATER AND WASTEWATER  
SUBTITLE F. MUNICIPAL UTILITY DISTRICTS  
CHAPTER 8104. BAYTOWN AREA WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8104.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Baytown Area Water Authority.

(2) "Board" means the authority's board of directors.  
Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.002. NATURE OF AUTHORITY. The Baytown Area Water Authority is a conservation and reclamation district in Harris County created under Section 59, Article XVI, Texas Constitution.  
Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.003. FINDING OF BENEFIT AND PUBLIC PURPOSE. (a) The authority is created to serve a public use and benefit.

(b) All land and other property included in the authority and land and property that feasibly may be served by the authority will benefit from the works and projects to be accomplished by the authority under powers conferred by Section 59, Article XVI, Texas Constitution.

(c) The creation of the authority is essential to accomplish the purposes of Section 59, Article XVI, Texas Constitution.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.004. STATE POLICY REGARDING WASTE DISPOSAL. The powers and functions conferred on the authority are subject to the state policy of encouraging the development and use of integrated area-wide waste collection, treatment, and disposal systems to



serve the waste disposal needs of the state's residents, if integrated systems can reasonably be provided for an area, so as to avoid the economic burden on residents and the effect on state water quality caused by the construction and operation of numerous small waste collection, treatment, and disposal facilities.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.005. OTHER DISTRICTS REQUIRED TO CONTRACT WITH AUTHORITY. To encourage the policy provided by Section [8104.004](#) and to prevent wasteful duplication, each conservation and reclamation district that is created in the authority after June 15, 1973, shall contract with the authority to provide facilities and services that the authority is authorized to provide under this chapter if the authority:

- (1) has those facilities and services; or
- (2) determines it can provide those facilities and services.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.006. RELATIONSHIP TO GULF COAST AUTHORITY. The rights, powers, privileges, and functions granted to the authority under this chapter are subject to the powers granted to the Gulf Coast Authority in Chapter 409, Acts of the 61st Legislature, Regular Session, 1969 (Article 7621d-2, Vernon's Texas Civil Statutes), to provide disposal systems.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 918 (S.B. [1489](#)), Sec. 5, eff. June 15, 2017.

Sec. 8104.007. RELATIONSHIP TO OTHER DISTRICTS. This chapter does not prevent the organization of or a change in the boundaries of a conservation and reclamation district in the authority as authorized by Section [52](#), Article III, or Section [59](#),



Article XVI, Texas Constitution.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.008. RIGHTS, POWERS, PRIVILEGES, AND FUNCTIONS OF MUNICIPAL UTILITY DISTRICTS. The authority has all of the rights, powers, privileges, and functions provided by the general laws of this state applicable to municipal utility districts, including Chapter 54, Water Code.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER B. DISTRICT TERRITORY

Sec. 8104.051. DISTRICT TERRITORY. (a) The authority is composed of the territory described by Section 4, Chapter 600, Acts of the 63rd Legislature, Regular Session, 1973, as that territory may have been modified under:

(1) Section 8104.052 or 8104.053 or their predecessor statutes, former Sections 7 and 8, Chapter 600, Acts of the 63rd Legislature, Regular Session, 1973;

(2) Subchapter H, Chapter 54, Water Code;

(3) Subchapter J, Chapter 49, Water Code; or

(4) other law.

(b) The boundaries and field notes of the authority contained in Section 4, Chapter 600, Acts of the 63rd Legislature, Regular Session, 1973, 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 authority's organization, existence, or validity;

(2) the authority's right to issue revenue bonds or revenue refunding bonds for a purpose for which the authority is created or to pay the principal of and interest on the bonds; or

(3) the legality or operation of the authority or the board.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff.



April 1, 2007.

Sec. 8104.052. ANNEXATION OF TERRITORY; BONDS. (a) Land may be added or annexed to the authority under Subchapter J, Chapter 49, and Subchapter H, Chapter 54, Water Code:

(1) without the consent of any municipality under Section 42.042, Local Government Code; and

(2) regardless of whether the authority has issued revenue bonds.

(b) A change in the authority's boundaries under this section does not affect the validity of the authority's bonds.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.053. EXCLUSION OF TERRITORY; HEARING. (a) The board is not required to call or hold a hearing on the exclusion of land or other property from the authority.

(b) The board on its own motion may call and hold one or more hearings on the exclusion of land or other property from the authority in the manner provided by general law.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 8104.101. COMPOSITION. The authority is governed by a board of five directors appointed by the Baytown City Council.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.102. ELIGIBILITY TO SERVE. (a) One director must reside outside the city limits of the city of Baytown but in the authority's boundaries.

(b) A person serving as a director may not serve during the person's term as a member of the Baytown City Council.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.



Sec. 8104.103. TERMS. Directors serve staggered terms of two years with the terms of the directors serving Positions 1 and 2 expiring September 1 of each even-numbered year and the terms of the directors serving Positions 3, 4, and 5 expiring September 1 of each odd-numbered year.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.104. VACANCIES. The Baytown City Council shall fill any vacancy occurring on the board by appointing a director for the unexpired term.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.105. OFFICERS. (a) The board shall elect a president, vice president, secretary, and any other officers the board considers necessary at the board's first meeting:

(1) in September of each year; or

(2) after the annual vacancies are filled as provided by this subchapter and the newly appointed directors are qualified.

(b) When the president is absent or fails or declines to act, the vice president shall perform all duties and exercise all power this chapter or general law gives the president.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.106. DIRECTOR'S BOND. (a) A director shall execute a bond for \$5,000 conditioned on the faithful performance of the director's duties.

(b) The bond must be recorded in a record kept for that purpose in the authority's office.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.107. VOTING REQUIREMENT. The concurrence of a majority of the directors who are present and voting at a board



meeting is sufficient for matters relating to the authority's business, including:

- (1) letting construction work and related matters; and
- (2) purchasing existing facilities.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.108. SIGNATURE FOR BOARD ACTIONS. An order adopted or other action taken at a board meeting at which the president is absent may be signed by:

- (1) the vice president; or
- (2) the president with board authorization.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER D. OTHER ADMINISTRATIVE PROVISIONS

Sec. 8104.151. GENERAL MANAGER. (a) The city manager of the City of Baytown is the authority's general manager.

(b) If the position of city manager is abolished, the chief executive officer of the City of Baytown or the officer's designee is the authority's general manager.

(c) The authority's general manager serves without compensation paid by the board.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.152. POWERS AND DUTIES OF GENERAL MANAGER. (a) The general manager is the authority's chief executive officer.

(b) The general manager, under policies established by the board, shall:

- (1) administer the board's directives;
- (2) keep the authority's records, including minutes of board meetings;
- (3) coordinate with state, federal, and local agencies;
- (4) develop plans and programs for the board's



approval;

(5) formulate a budget for the authority's fiscal year, as provided by this chapter, subject to the approval of the board and the Baytown City Council;

(6) hire, supervise, train, and discharge the authority's employees;

(7) contract for or retain technical, scientific, legal, fiscal, and other professional services; and

(8) perform other duties assigned by the board.

(c) At the board's direction, the general manager may execute a contract, including a construction contract, the board enters into for the authority.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.153. BOND OF GENERAL MANAGER AND CERTAIN EMPLOYEES. (a) The general manager and each employee of the authority charged with the collection, custody, or payment of the authority's money shall execute a fidelity bond.

(b) The board must approve the form, amount, and surety of each bond.

(c) The authority shall pay the premium on each bond.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.154. CONTRACT WITH CITY OF BAYTOWN FOR ADMINISTRATIVE FUNCTIONS. (a) In this section, "administrative functions" has the meaning assigned by Section 791.003, Government Code.

(b) The authority shall offer to enter into an interlocal contract under Chapter 791, Government Code, with the City of Baytown for the performance of administrative functions.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER E. POWERS AND DUTIES



Sec. 8104.201. WATER SUPPLY AND DISTRIBUTION. The authority may:

(1) acquire surface water or groundwater supplies from sources in or outside of the authority; and

(2) conserve, store, transport, treat, purify, distribute, sell, and deliver surface water or groundwater to a public or private corporation, a political subdivision of this state, or any other person in or outside of the authority.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.202. FACILITIES FOR WATER TRANSPORTATION AND DISTRIBUTION. (a) The authority may construct, maintain, and operate a canal, lateral, ditch, levee, pipeline, or other facility to transport and distribute water, together with a service road or other facility incidental to or designed for use in connection with transportation and distribution of water, under, along, and across a:

(1) railroad;

(2) railroad right-of-way;

(3) canal;

(4) stream;

(5) pipeline;

(6) utility line;

(7) street or alley in a municipality, subject to reasonable regulation by the municipality; or

(8) public road or highway.

(b) In crossing a facility described by Subsection (a), the authority:

(1) may not impair the use of the facility; and

(2) shall promptly restore the facility to its former condition of usefulness.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.203. WASTE SERVICES. The authority may collect and transport the domestic, industrial, or communal waste of an



entity described by Section 8104.201(2), for the purposes provided by Chapter 30, Water Code, or for other purposes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.204. CONTRACTS. (a) The authority may:

(1) contract with a public or private corporation, a political subdivision of this state, including the City of Baytown, or any other person, on terms the board considers desirable, fair, and advantageous, for the performance of the authority's rights and powers under this chapter; and

(2) contract with another person to transport that person's water.

(b) Before the authority enters into a contract under this section, other than a contract between the authority and the City of Baytown, the Baytown City Council must approve the contract.

(c) The period of a contract under Subsection (a)(1) may not exceed 40 years. The contract may provide that it continues in effect until bonds issued by the authority to finance the cost of facilities authorized by this chapter and refunding bonds issued in place of those bonds are paid.

(d) Section 552.014, Local Government Code, applies to any contract between the authority and a municipality, including the City of Baytown.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.77(23), eff. April 1, 2009.

Sec. 8104.205. CONSENT REQUIRED FOR WASTE TREATMENT AND DISPOSAL FACILITIES. Before acquiring or constructing a waste treatment or disposal facility, the authority must obtain the consent of the:

(1) Gulf Coast Authority; or

(2) Texas Commission on Environmental Quality, if the consent of the Gulf Coast Authority is unreasonably withheld or



delayed.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 918 (S.B. [1489](#)), Sec. 6, eff. June 15, 2017.

Sec. 8104.206. ACQUISITION OF WATER RIGHTS NOT PREVENTED. This chapter does not prevent the authority from acquiring water rights under any law or permit if the acquisition is approved by order or later permit from the Texas Commission on Environmental Quality.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.207. ELECTION NOT REQUIRED TO APPROVE CONTRACTS. The authority is not required to hold an election to approve a contract with a political subdivision for services described by this chapter.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.208. COST OF RELOCATING PROPERTY. (a) In this section, "sole expense" means the actual cost of relocating, raising, lowering, rerouting, changing the grade of, or altering the construction of a facility described by Subsection (b) in providing comparable replacement without enhancement of the facility, after deducting from that cost the net salvage value of the old facility.

(b) 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 the relocating, raising, rerouting, changing the grade of, or altering the construction of a highway, a railroad, an electric transmission line, a pipeline, or a telephone or telegraph property or facility, the necessary relocation, raising, rerouting, changing the grade of, or alteration of construction shall be accomplished at the sole



expense of the authority.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

Sec. 8104.251. FISCAL YEAR. The authority's fiscal year is from October 1 to September 30, unless the board changes the fiscal year.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.252. AUTHORITY DEPOSITORY. (a) With the prior approval of the Baytown City Council, the board shall select one or more banks in this state to act as depository for the authority's money.

(b) To the extent that money in a depository bank is not insured by the Federal Deposit Insurance Corporation, the money shall be secured in the manner provided by law for the security of the City of Baytown's money.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.253. INVESTMENT AUTHORITY. The authority may invest:

(1) money held in any sinking fund, reserve fund, or other fund; or

(2) money not required for immediate use or disbursement in the securities as provided by this chapter.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.254. RENTS, RATES, FEES, AND CHARGES. (a) The authority may:

(1) set, charge, alter, and collect a reasonable rent, rate, fee, or other charge for the use of a facility or for a service rendered by the authority; and



(2) provide for the imposition of a reasonable penalty for a delinquent rent, rate, fee, or charge.

(b) The authority shall set, charge, alter, and collect rent, rates, fees, and charges in amounts that are sufficient to produce revenue adequate to fulfill an agreement with the holders of bonds or notes issued under this chapter.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.255. GRANTS AND ASSISTANCE. The authority may:

(1) apply for, accept, and administer a grant, loan, or other assistance from the United States, this state, or another state to carry out the purpose of this chapter; and

(2) enter into an agreement as provided by the authority in connection with the grant, loan, or other assistance.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.256. PROPERTY TAX PROHIBITION. The authority may not:

(1) impose a tax on real, personal, or mixed property; or

(2) issue a bond or create debt payable directly from ad valorem taxes imposed by the authority.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

#### SUBCHAPTER G. BONDS AND NOTES

Sec. 8104.301. BORROWING THROUGH BONDS OR NOTES. (a) After the action is approved by the Baytown City Council, the authority may borrow money to carry out any power granted to the authority by:

(1) issuing and selling revenue bonds or negotiable or nonnegotiable notes payable from and secured by the sources described in this chapter; and

(2) delivering the bonds or notes to the United States or to this state when it is determined by the board to be in the best



interest of the authority.

(b) The bonds or notes must be authorized by a board resolution in which a majority of the board's membership concurs.

(c) The board must provide the terms of the bonds or notes and the rights of the holders of the bonds or notes.

(d) The Baytown City Council must approve the bonds or notes before they are issued.

(e) The board is not required to hold an election before issuing and selling revenue bonds.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.302. REFUNDING BONDS. (a) After the action is approved by the Baytown City Council, the board by resolution may authorize the issuance of refunding bonds or notes to refund outstanding bonds or notes issued under this chapter and their accrued interest.

(b) The authority may:

(1) sell the refunding bonds or notes and use the proceeds to retire the outstanding bonds or notes; or

(2) exchange the refunding bonds or notes for the outstanding bonds or notes.

(c) To the extent the provisions of this chapter relating to original bonds or notes may be made applicable, those provisions apply to:

(1) the issuance of the refunding bonds or notes;

(2) the maturity of the refunding bonds or notes;

(3) the rights of the bondholders; and

(4) the authority's duties regarding refunding bonds or notes.

(d) The authority also may refund bonds or notes under any general law of this state.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.303. FORM OF BONDS; LIABILITY. (a) Bonds or notes, including a coupon attached to a bond or note, issued under



this chapter shall:

(1) be signed by the board's president or vice president; and

(2) be attested by the board's secretary.

(b) A director, a board officer, or a person who executes a bond, note, or coupon for the authority is not liable personally on the bond, note, or coupon by participating in its issuance.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.304. MATURITY. Bonds or notes issued under this chapter must mature within 40 years.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.305. RESOLUTION AND TRUST INDENTURE PROVISIONS.

(a) A board resolution authorizing bonds or notes or a trust indenture securing bonds or notes may contain provisions that:

(1) to secure the payment of the bonds or notes, pledge all or a designated part of the authority's revenue and receipts from the planning, financing, ownership, operation, or leasing of, or otherwise in connection with, a specified facility or asset, or that are otherwise connected to the facility or asset;

(2) to secure the payment of the bonds or notes, pledge all or part of the authority's assets, including an obligation acquired by the authority;

(3) relate to the use and disposition of rents, rates, fees, and other charges made or received by the authority;

(4) pledge to set, charge, alter, and collect rents, rates, fees, or other charges for a designated facility or asset that will produce revenue adequate to:

(A) pay all expenses necessary to operate and maintain the designated facility or asset;

(B) pay the interest on and principal of all bonds or notes issued and payable from the revenues and receipts as the interest and principal become due and payable;

(C) pay all sinking fund, reserve fund, or other



fund payments agreed to be made related to any bonds or notes payable out of the revenues and receipts as the payments become due and payable; and

(D) fulfill the terms of an agreement made with:

(i) the bond or note holders; or

(ii) a person on behalf of the bond or note holders;

(5) set aside the reserves or sinking funds and that provide for the regulation and disposition of the reserves or sinking funds;

(6) limit the purpose to which the proceeds from the sale of the bonds or notes may be applied and that pledge the proceeds to secure the payment of the bonds or notes;

(7) limit the issuance of additional bonds and the refunding of outstanding or other bonds or notes;

(8) relate to the acquisition, construction, improvement, operation, extension, enlargement, maintenance, or repair of a facility or asset and the duties of the authority relating to the facility or asset;

(9) relate to the procedure by which the terms of an agreement with the bond or note holders may be amended or abrogated, the amount of bonds or notes the holders of which are required to give consent to, and the manner in which the consent may be given;

(10) limit the amount of money to be spent by the authority for administrative or other expenses;

(11) vest in a trustee or other fiduciary the property, rights, powers, and duties in trust as the authority determines, including the rights, powers, and duties of the trustee appointed by the bond or note holders under this chapter;

(12) abrogate the right of the bond or note holders to appoint a trustee under this chapter or limit the rights, powers, and duties of the trustee;

(13) provide for the management, operation, and control of a specified authority facility or asset by a board of trustees to be named in the resolution or trust indenture and that specify:

(A) the terms of office of the board of trustees;



(B) the powers and duties of the board of trustees;

(C) the manner of exercising those powers and duties;

(D) the appointment of successors; and

(E) all matters relating to the organization and duties of the board of trustees;

(14) govern the issuance of bonds or notes to replace lost, stolen, or mutilated bonds or notes; and

(15) relate to any other matter that affects the security or protection of the:

(A) bonds or notes; or

(B) bond or note holders.

(b) A provision authorized by this section that is contained in the resolution or trust indenture is a part of the agreement with the holders of the bonds or notes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.306. SECURITY FOR BONDS OR NOTES. (a) Bonds or notes of the authority and the interest on the bonds or notes may be secured by and payable only from the sources authorized by this chapter.

(b) The bonds or notes may be secured by and payable from a pledge of all or part of:

(1) the authority's revenues, receipts, or assets; or

(2) the revenues of one or more past or future leases or other contracts.

(c) A pledge made under this section must be specified:

(1) by the resolution authorizing the bonds or notes;

or

(2) by the trust indenture or other instrument securing the bonds or notes.

(d) The lien of the pledge or security instrument is binding against all parties having claims of any kind against the authority, including tort or contract claims, regardless of whether the parties have notice of the lien.



(e) A pledge made under this section may reserve to the authority the right, under conditions the pledge specifies, to issue additional bonds or notes that will be on a parity with or subordinate to the bonds or notes then being issued.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.307. TRUST INDENTURE. (a) Bonds or notes, including refunding bonds, authorized by this chapter may be additionally secured by a trust indenture under which the trustee may be a bank that has trust powers. The bank may be located in or outside of this state.

(b) Regardless of any mortgage or deed of trust lien or security interest in the facilities or assets, the trust indenture may:

(1) contain any provision prescribed by the authority and the Baytown City Council for the security of the bonds or notes and the preservation of the trust estate;

(2) provide for amendment or modification of the trust indenture;

(3) condition the right to spend authority money or to sell the authority's facilities or assets on approval of a licensed engineer selected as provided by the trust indenture; and

(4) include any other provision to protect and enforce the rights and remedies of the bond or note holders as may be reasonable and proper.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.308. ADDITIONAL SECURITY. At the discretion of the authority and the Baytown City Council, bonds or notes issued under this chapter may be secured additionally by a mortgage or a deed of trust lien or security interest on facilities or assets of the authority and all real property, franchises, easements, leases, contracts, and rights appurtenant to the properties that vest in the trustee the power to:

(1) sell the facilities or assets for payment of the



debt;

(2) operate the facilities or assets; and

(3) take any other action to secure the bonds or notes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.309. REVIEW AND APPROVAL OF CONTRACTS RELATING TO BONDS OR NOTES. (a) If bonds or notes issued under this chapter state that the bonds or notes are secured by a pledge of the revenues and receipts of a lease or other contract made between the authority and a person, a copy of the lease or contract may be submitted to the attorney general with the bonds or notes.

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.310. BONDS AND NOTES EXEMPT FROM TAXATION. A bond or note issued under this chapter, the interest on the bond or note, and the profit from the sale of the bond or note are exempt from taxation by this state or a political subdivision of this state.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.311. BOND OR NOTE SALE PROCEEDS. Proceeds from the sale of bonds or notes issued by the authority shall be:

(1) deposited in a depository bank; and

(2) paid out under the terms to which the authority and the purchasers agree.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.312. INVESTMENT OF FUNDS AND USE OF PROCEEDS. (a) The authority may direct the investment of money in the funds created by the resolution authorizing bonds or notes or by a trust



indenture or other instrument securing bonds or notes issued under this chapter.

(b) The authority may set aside proceeds from the sale of bonds or notes for payment into:

(1) the interest and sinking fund until completion of construction and until adequate revenues and receipts are available from operations to pay principal and interest; or

(2) reserve funds.

(c) The authority may provide, in the resolution authorizing the bonds or notes or in the trust indenture or other instrument, for setting aside the proceeds as described by Subsection (b).

(d) Proceeds from the sale of bonds or notes may be used to pay all expenses of issuing and selling the bonds or notes.

(e) Proceeds from the sale of bonds or notes and money in funds created in connection with the bonds or notes may be invested:

(1) in direct or indirect obligations of or obligations unconditionally guaranteed by the United States maturing in the manner that may be specified by the resolution authorizing the bonds or notes or by the trust indenture or other instrument securing the bonds or notes; or

(2) in bank or trust company certificates of deposit that are secured by the obligations described in Subdivision (1).

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.313. APPOINTMENT OF RECEIVER. (a) The resolution authorizing the issuance of the bonds or notes, or the trust indenture or other instrument securing the bonds or notes, may provide that, on petition of the holders of outstanding bonds or notes, a court may appoint a receiver for the authority:

(1) on default in the payment of the principal of or interest on bonds or notes; or

(2) under the conditions stated in the resolution, trust indenture, or other instrument, on a threatened default in the payment of the principal of or interest on bonds or notes.

(b) The receiver may collect and receive pledged revenues



and receipts.

(c) The resolution, trust indenture, or other instrument may limit or qualify the rights of less than all of the holders of outstanding bonds or notes payable from the same source to institute or prosecute litigation affecting the authority's properties or revenues.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.314. ENFORCEMENT. The following may be enforced in a court by mandamus or other appropriate proceeding:

(1) payment of bonds or notes according to the term and tenor;

(2) performance of agreements with the holders of bonds or notes or any person on their behalf; and

(3) performance of official duties prescribed by this chapter in connection with bonds or notes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. 2019), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.315. STATE PLEDGE REGARDING RIGHTS AND REMEDIES OF BOND OR NOTE HOLDERS. (a) The state pledges to and agrees with the holders of bonds or notes issued under this chapter that the state will not limit or alter the rights vested in the authority to fulfill the terms of agreements made with the holders that are consistent with this chapter or impair the rights and remedies of the holders until the following are fully discharged:

(1) the bonds or notes;

(2) interest on the bonds or notes;

(3) interest on any unpaid installments of interest;

and

(4) all costs and expenses for which the authority is liable related to an action or proceeding by or on behalf of the holders.

(b) The authority may include the state's pledge and agreement under Subsection (a) in an agreement with the holders of the bonds or notes.



Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.

Sec. 8104.316. LIMITATION ON RIGHT OF BOND OR NOTE HOLDERS.  
The purchasers and holders of any bonds or notes may not demand payment from revenues, receipts, or assets of the authority except those pledged to the payment of the bonds or notes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](#)), Sec. 1.06, eff. April 1, 2007.