

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE G. RIVER AUTHORITIES
CHAPTER 8506. UPPER COLORADO RIVER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8506.001. DEFINITIONS. In this chapter:

(1) "Authority" means the Upper Colorado River Authority.

(2) "Board" means the board of directors of the authority.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.002. CREATION AND NATURE OF AUTHORITY. (a) The authority is created as a conservation and reclamation district and a state agency.

(b) The creation of the authority is essential to the accomplishment of the purposes of Section [59\(a\)](#), Article XVI, Texas Constitution.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.0021. APPLICATION OF SUNSET ACT. (a) The authority is subject to review under Chapter [325](#), Government Code (Texas Sunset Act), but may not be abolished under that chapter. The review shall be conducted under Section [325.025](#), Government Code, as if the authority were a state agency scheduled to be abolished September 1, 2029, and every 12th year after that year.

(b) The authority shall pay the cost incurred by the Sunset Advisory Commission in performing the review. The Sunset Advisory Commission shall determine the cost, and the authority shall pay the amount promptly on receipt of a statement from the Sunset Advisory Commission detailing the cost.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 2, eff. September 1, 2017.

Sec. 8506.003. TERRITORY. Unless modified under Subchapter [J](#), Chapter [49](#), Water Code, or other law, the authority's territory consists of that part of this state included in the boundaries of Coke, Concho, Crockett, Glasscock, Irion, Menard, Mitchell, Nolan, Reagan, Runnels, Schleicher, Sterling, Taylor, and Tom Green Counties.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 1, eff. September 1, 2017.

Sec. 8506.004. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed to effect its purposes.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

SUBCHAPTER B. BOARD OF DIRECTORS; ADMINISTRATIVE PROVISIONS

Sec. 8506.051. MEMBERSHIP OF BOARD. (a) The board consists of nine directors appointed by the governor with the advice and consent of the senate.

(b) Each director must be a resident of and a freehold property taxpayer in this state.

(c) Each director must be a resident of a county located in the authority's territory. The governor shall attempt to achieve geographic representation throughout the authority in the appointment of directors.

(d) The governor shall designate a member of the board as the presiding officer of the board to serve in that capacity at the pleasure of the governor.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 3, eff. September 1, 2017.

Sec. 8506.052. TERMS. Directors are appointed for staggered terms of six years with three directors' terms expiring on February 1 of each odd-numbered year.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.053. REMOVAL. A director may be removed by the governor for inefficiency, neglect of duty, or misconduct in office, after at least 10 days' written notice of the charge against the director and an opportunity to be heard in person or by counsel at a public hearing.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.054. VACANCY. A vacancy on the board shall be filled by the governor for the unexpired term.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.055. VOTING REQUIREMENT. (a) Except as provided by this chapter or the bylaws, action may be taken by the affirmative vote of a majority of the directors present at a meeting.

(b) The following are valid only if authorized or ratified by the affirmative vote of at least five directors:

(1) a contract that involves an amount greater than \$10,000 or has a duration of more than one year;

(2) a bond, note, or other evidence of indebtedness;
or

(3) an amendment of the bylaws.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.056. OFFICERS AND EMPLOYEES. (a) The board

shall select a secretary and a treasurer. The treasurer may also hold the office of secretary.

(b) The secretary shall keep accurate and complete records of all proceedings of the board.

(c) Until the board selects a secretary, or if the secretary is absent or unable to act, the board shall select a secretary pro tem.

(d) The board may employ a general manager. The general manager is the chief executive officer of the authority. The general manager may not be a member of the board.

(e) The secretary, secretary pro tem, presiding officer, general manager, and treasurer have the powers and duties, hold office for the term, and are subject to removal in the manner provided by the bylaws.

(f) The board shall set the compensation of the secretary, secretary pro tem, presiding officer, general manager, and treasurer.

(g) The board may appoint other officers, agents, and employees, set their compensation and term of office, prescribe their duties and the method by which they may be removed, and delegate to them any of its powers and duties as it considers proper.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 4, eff. September 1, 2017.

Acts 2021, 87th Leg., R.S., Ch. 332 (H.B. [2083](#)), Sec. 1, eff. September 1, 2021.

Sec. 8506.057. SURETY BONDS. (a) The presiding officer, the treasurer, and any other officer, agent, or employee of the authority who is charged with the collection, custody, or payment of authority money shall give bond conditioned on:

(1) the faithful performance of the person's duties;
and

(2) an accounting for all money and property of the

authority coming into the person's possession.

(b) The bond must be in a form and amount and with a surety approved by the board, and the surety on the bond must be a surety company authorized to do business in this state.

(c) The authority shall pay the premium on the bond and charge the premium as an operating expense.

(d) The bond must be payable to the board for the use and benefit of the authority.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.058. AUTHORITY'S OFFICE AND DOMICILE. (a) The board by majority vote shall determine the location of the authority's general office.

(b) The county in which the authority's general office is located is the authority's domicile.

(c) The general manager is in charge of the authority's general office.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 332 (H.B. [2083](#)), Sec. 2, eff. September 1, 2021.

Sec. 8506.059. CONFLICT OF INTEREST; CRIMINAL PENALTY.

(a) A director, officer, agent, or employee of the authority may not be directly or indirectly interested in a contract for the purchase of any property or construction of any work by or for the authority.

(b) A person commits an offense if the person violates this section. An offense under this subsection is a felony punishable by:

(1) a fine not to exceed \$10,000;

(2) confinement in the institutional division of the Texas Department of Criminal Justice for not less than one year or more than 10 years; or

(3) both the fine and confinement.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.060. DIRECTOR TRAINING PROGRAM. (a) A person who is appointed to and qualifies for office as a director may not vote, deliberate, or be counted as a director in attendance at a meeting of the board until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

- (1) the law governing authority operations;
- (2) the programs, functions, rules, and budget of the authority;
- (3) the scope of and limitations on the rulemaking authority of the authority;
- (4) the results of the most recent formal audit of the authority;
- (5) the requirements of:
 - (A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and
 - (B) other laws applicable to directors of a river authority in performing their duties; and
- (6) any applicable ethics policies adopted by the authority or the Texas Ethics Commission.

(c) A person appointed to the board is entitled to reimbursement by the authority for travel expenses incurred in attending the training program regardless of whether attendance at the program occurs before or after the person qualifies for office.

(d) The board shall create a training manual that includes the information required by Subsection (b). The board shall distribute a copy of the training manual annually to each director. On receipt of the training manual, each director shall sign and submit to the board a statement acknowledging receipt of the training manual.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 5, eff. September 1, 2017.

Sec. 8506.061. SEPARATION OF POLICYMAKING AND MANAGEMENT FUNCTIONS. The board shall develop and implement policies that clearly separate the policymaking responsibilities of the board and the management responsibilities of the general manager and staff of the authority.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. 1921), Sec. 5, eff. September 1, 2017.

Sec. 8506.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. (a) The board shall develop a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of authority rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the authority's jurisdiction.

(b) The authority's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The authority shall:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. 1921), Sec. 5, eff. September 1, 2017.

Sec. 8506.063. PUBLIC COMMENT POLICY. The board shall develop and implement policies that provide the public with a reasonable opportunity to appear before the board and to speak on

any agenda item at board meetings.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 5, eff. September 1, 2017.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8506.101. GENERAL POWERS. (a) The authority has:

(1) the powers of government and the authority to exercise the rights, privileges, and functions specified by this chapter; and

(2) all powers, rights, privileges, and functions conferred by general law on any district created pursuant to Section [59](#)(a), Article XVI, Texas Constitution, except as expressly limited by this chapter.

(b) The authority may perform any act necessary or convenient to the exercise of the powers, rights, privileges, or functions conferred on the authority by this chapter or any other law.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.102. POWERS RELATED TO WATER OF COLORADO RIVER AND ITS TRIBUTARIES. Inside the boundaries of the authority, the authority may:

(1) control, store, and preserve the water of the Colorado River and its tributaries for any useful purpose; and

(2) use, distribute, and sell the water described by Subdivision (1) for any useful purpose.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.103. SALE AND DISTRIBUTION OF WATER OUTSIDE BOUNDARIES OF AUTHORITY. The authority may:

(1) sell and distribute water outside the boundaries of the authority to any municipality for domestic, municipal, or irrigation purposes or to any person for municipal purposes or irrigation; and

(2) construct a flume, irrigation ditch, pipeline, or storage reservoir outside the authority for a purpose described by Subdivision (1).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.104. DEVELOPMENT, GENERATION, DISTRIBUTION, AND SALE OF WATER POWER AND ELECTRIC ENERGY. (a) The authority may:

(1) develop and generate water power and electric energy inside the boundaries of the authority; and

(2) distribute and sell water power and electric energy inside or outside the boundaries of the authority.

(b) A use authorized by this section is subordinate and inferior to an irrigation requirement.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.105. PREVENTION OF DAMAGE TO PERSONS OR PROPERTY. The authority may prevent or aid in the prevention of damage to persons or property from the water of the Colorado River and its tributaries.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.106. FORESTATION AND REFORESTATION; PREVENTION OF SOIL EROSION AND FLOODS. In the watershed of the Colorado River and its tributaries, the authority may:

(1) forest, reforest, or aid in foresting or reforesting; and

(2) prevent or aid in the prevention of soil erosion and floods.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.107. AUTHORITY PROPERTY; EMINENT DOMAIN. (a) The authority may acquire, maintain, use, and operate property of any kind or any interest in property, inside or outside the

boundaries of the authority, necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred on the authority by this chapter. The authority may acquire the property or interest in property by purchase, lease, gift, exercise of the power of eminent domain, or any other manner.

(b) The authority must exercise the power of eminent domain in the manner provided by:

(1) Chapter 21, Property Code; or

(2) the statutes relating to condemnation by districts organized under general law pursuant to Section 59(a), Article XVI, Texas Constitution.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.108. SALE, LEASE, MORTGAGE, OR OTHER DISPOSITION OF AUTHORITY PROPERTY. (a) The authority may not:

(1) mortgage or otherwise encumber authority property of any kind, or any interest in authority property; or

(2) acquire any property or interest in property subject to a mortgage or conditional sale.

(b) Subsection (a) does not prevent pledging authority revenue as authorized by this chapter.

(c) This chapter does not authorize the sale, lease, or other disposition of authority property of any kind, or an interest in authority property, by the authority, by a receiver of any authority property, through a court proceeding, or otherwise.

(d) Notwithstanding Subsection (c), the authority may sell for cash authority property of any kind, or an interest in authority property, if:

(1) the board, by the affirmative vote of six members of the board, determines that the property or interest is not necessary or convenient to the business of the authority and approves the terms of the sale; and

(2) the aggregate value of the properties or interests sold in any year does not exceed \$50,000.

(e) It is the intent of the legislature that, except by sale as expressly authorized by this section, authority property or an

interest in authority property never come into the ownership or control, directly or indirectly, of any person other than a public authority created under the laws of this state.

(f) Authority property is exempt from forced sale. The sale of authority property under a judgment rendered in a suit is prohibited.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.109. OVERFLOW OR INUNDATION OF PUBLIC PROPERTY; RELOCATION OF ROADS. The authority may overflow and inundate any public land or public property and require the relocation of a road or highway in the manner and to the extent permitted to a district organized under general law pursuant to Section [59](#)(a), Article XVI, Texas Constitution.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.110. CONSTRUCTION, MAINTENANCE, AND OPERATION OF FACILITIES. The authority may construct, extend, improve, maintain, and reconstruct, cause to be constructed, extended, improved, maintained, and reconstructed, and use and operate facilities of any kind necessary or convenient to the exercise of the authority's powers, rights, privileges, and functions.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.111. SEAL. The authority may adopt and use a corporate seal.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.112. GENERAL CONTRACT POWERS. The authority may make a contract or execute an instrument necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred on the authority by this chapter.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05,

eff. April 1, 2017.

Sec. 8506.113. ADDITIONAL POWERS RELATING TO CONTRACTS, RULES, AND REGULATIONS. The authority may enter into and carry out contracts or establish or comply with rules and regulations concerning labor and materials and other related matters in connection with any project the authority considers desirable or as requested by the United States, or any corporation or agency created, designated, or established by the United States, that may assist in the financing of the project.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.114. LIMITATIONS ON POWERS OF AUTHORITY.

(a) Notwithstanding any right or permit to use the water of the Colorado River and its tributaries for the generation of hydroelectric power that was issued by the former State Board of Water Engineers, was in existence as of May 2, 1935, and is acquired by the authority, the impounding and use of the floodwaters of the Colorado River and its tributaries for the generation of hydroelectric power by the authority or a person who succeeds to the rights and privileges conferred on the authority by this chapter are subject to the rights of any other person who before May 2, 1935, was impounding or as of that date was putting to beneficial use any water for the purposes described by Sections [11.024](#)(1) and (2), Water Code, if the person:

(1) before May 2, 1935, received a permit for that use from the former State Board of Water Engineers; or

(2) by law was permitted before May 2, 1935, to impound water for those purposes.

(b) This chapter may not be construed to subject to condemnation by the authority or any successor of the authority, or by any person who succeeds to the rights and privileges conferred on the authority by this chapter, any water:

(1) impounded or to be impounded inside or outside the authority under any law authorizing water to be impounded or under any permit granted to a municipal corporation or body politic; or

(2) impounded or permitted to be impounded or used outside the authority under a permit granted to any person.

(c) This chapter may not be construed to deprive any person of the right to impound the water of the Colorado River or its tributaries for domestic or municipal purposes or to repeal any law granting such a right to a person.

(d) The rights of the authority to impound, use, or sell the water of the Colorado River and its tributaries for the generation of hydroelectric power are subordinate and inferior to the rights of:

(1) municipalities situated in the watershed of the Colorado River and its tributaries to build dams and impound floodwaters for municipal purposes; and

(2) any residents of this state or bodies politic to build dams and impound the floodwaters in the watershed of the Colorado River and its tributaries for domestic purposes and for the purposes of irrigation.

(e) The title to any right, property, license, franchise, or permit acquired by the authority is subject to the limitations imposed by Subsection (d).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.115. PUBLIC USE OF AUTHORITY'S LAND. (a) The authority may not prevent free public use of its land for recreational purposes, hunting, or fishing except:

(1) at such points where, in the opinion of the board, the use would interfere with the proper conduct of the business;

(2) in connection with the enforcement of sanitary regulations; or

(3) to protect the public's health.

(b) All public rights-of-way not traversing the areas to be flooded by the impounded waters shall remain open as a way of free public passage to and from the lakes created, and a charge may not be made to the public for the right to engage in hunting, fishing, boating, or swimming thereon.

(c) On notice by a resident of this state of a violation of

this section, the attorney general shall institute the proper legal proceedings to require the authority or its successor to comply with this section.

(d) If the authority sells any of the authority's land bordering a lake created under this chapter, the authority shall retain in each tract a strip 80 feet wide abutting the high-water line of the lake for the purpose of passage and use by the public for public sports and amusements. This subsection does not apply to a sale of land by the authority to a state or federal agency to be used for game or fish sanctuaries, preserves, or for propagation purposes.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.116. COMPLAINTS. (a) The authority shall maintain a system to promptly and efficiently act on complaints filed with the authority. The authority shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.

(b) The authority shall make information available describing its procedures for complaint investigation and resolution.

(c) The authority shall periodically notify the complaint parties of the status of the complaint until final disposition.

Added by Acts 2017, 85th Leg., R.S., Ch. 269 (H.B. [1921](#)), Sec. 6, eff. September 1, 2017.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 8506.151. DISBURSEMENT OF MONEY. The authority may disburse its money only by a check, draft, order, or other instrument signed by a person authorized to sign the instrument by the bylaws or a resolution in which at least five directors concur.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.152. ACCOUNTS, CONTRACTS, AND OTHER RECORDS; PUBLIC INSPECTION. (a) The authority shall keep complete and accurate accounts conforming to approved methods of bookkeeping.

(b) The accounts and all contracts, documents, and records of the authority shall be kept at the principal office of the authority.

(c) The contracts shall be open to public inspection at all reasonable times.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.153. FILING OF COPIES OF AUDIT REPORT. Copies of the audit report prepared under Subchapter G, Chapter 49, Water Code, shall be certified to by the accountant who performed the audit and filed:

- (1) as required by Section 49.194, Water Code; and
- (2) with the comptroller.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.154. RATES AND OTHER CHARGES. (a) The board shall establish and collect rates and other charges for the sale or use of water, water connections, power, electric energy, or other services sold, provided, or supplied by the authority.

(b) The rates and charges must be reasonable, nondiscriminatory, and sufficient to provide revenue adequate to:

(1) pay all expenses necessary to the operation and maintenance of the properties and facilities of the authority;

(2) pay the interest on and the principal of all bonds issued under this chapter or its predecessor statute when and as they become due and payable;

(3) pay all sinking fund or reserve fund payments agreed to be made with respect to bonds issued under this chapter or its predecessor statute and payable out of that revenue when and as they become due and payable; and

(4) fulfill the terms of any agreements made with the holders of bonds issued under this chapter or its predecessor

statute or with any person in their behalf.

(c) The rates and charges may not exceed what may be necessary to fulfill the obligations imposed on the authority by this chapter.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.155. USE OF EXCESS REVENUE. If the authority receives revenue in excess of that required for the purposes specified by Section [8506.154\(b\)](#), the board may:

(1) use the excess revenue to:

(A) establish a reasonable depreciation and emergency fund; or

(B) retire bonds issued under this chapter or its predecessor statute by purchase and cancellation or redemption; or

(2) apply the excess revenue to any corporate purpose.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.156. TAX OR ASSESSMENT OR PLEDGE OF CREDIT OF STATE NOT AUTHORIZED BY CHAPTER. This chapter does not authorize the authority to:

(1) levy or collect a tax or assessment;

(2) create any debt payable out of taxes or assessments; or

(3) in any way pledge the credit of this state.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

SUBCHAPTER E. OBLIGATIONS RELATING TO BORROWED MONEY OR GRANTS

Sec. 8506.201. LOANS AND GRANTS. The authority may:

(1) borrow money for the authority's corporate purposes;

(2) borrow money or accept a grant from the United States and, in connection with the loan or grant, enter into any agreement the United States or the corporation or agency may

require; and

(3) make and issue bonds for money borrowed, in the manner and to the extent provided by Sections [8506.204](#), [8506.205](#), [8506.206](#), [8506.207](#), and [8506.208](#).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.202. STATE PLEDGE REGARDING RIGHTS AND REMEDIES OF BONDHOLDERS. This chapter does not deprive this state of its power to regulate and control rates or charges to be collected for the use of water, water connections, power, electric energy, or another service. The state pledges to and agrees with the purchasers and successive holders of the bonds issued under this chapter that the state will not limit or alter the power this chapter gives the authority to establish and collect rates and charges that will produce revenue sufficient to pay the items specified by Section [8506.154\(b\)](#) or in any way impair the rights or remedies of the holders of the bonds, or of any person in their behalf, until the following are fully met and discharged:

- (1) the bonds;
- (2) the interest on the bonds;
- (3) interest on unpaid installments of interest;
- (4) all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders; and
- (5) all other obligations of the authority in connection with the bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.203. OBLIGATION PAYABLE FROM REVENUE. A debt, liability, or obligation of the authority for the payment of money, however entered into or incurred and whether arising from an express or implied contract or otherwise, is payable solely:

- (1) out of the revenue received by the authority with respect to its properties, subject to any prior lien on the revenue conferred by any resolution previously adopted as provided by this chapter authorizing the issuance of bonds; or

(2) if the board so determines, out of the proceeds of sale by the authority of bonds payable solely from revenue described by Subdivision (1).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.204. POWER TO ISSUE REVENUE BONDS. (a) The authority may issue revenue bonds for any corporate purpose in any amount authorized by the directors but not to exceed an aggregate principal amount of \$6 million.

(b) The bonds may be secured only by a pledge of the amounts granted or donated by this state or out of any other current revenue of the district, which amounts shall be paid to the legal holders of the bonds.

(c) The bonds must be authorized by a board resolution.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.205. TERMS OF ISSUANCE. Authority bonds may be:

(1) sold for cash;

(2) issued on terms the board determines in exchange for property of any kind, or any interest in property, that the board considers necessary or convenient for the corporate purpose for which the bonds are issued; or

(3) issued in exchange for like principal amounts of other obligations of the authority, whether matured or unmatured.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.206. DEPOSIT OF PROCEEDS. The proceeds of sale of authority bonds shall be deposited in one or more banks or trust companies, and shall be paid out according to the terms, on which the authority and the purchasers of the bonds agree.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.207. RESOLUTION PROVISIONS. (a) A resolution

authorizing bonds may contain provisions approved by the board that are not inconsistent with this chapter, including provisions:

(1) reserving the right to redeem the bonds at the time or times, in the amounts, and at the prices, not exceeding 105 percent of the principal amount of the bonds, plus accrued interest, as may be provided;

(2) providing for the setting aside of sinking funds or reserve funds and the regulation and disposition of those funds;

(3) pledging, to secure the payment of the principal of and interest on the bonds and of the sinking fund or reserve fund payments agreed to be made with respect to the bonds:

(A) all or any part of the gross or net revenue subsequently received by the authority with respect to the property to be acquired or constructed with the bonds or the proceeds of the bonds; or

(B) all or any part of the gross or net revenue subsequently received by the authority from any source;

(4) prescribing the purposes to which the bonds or any bonds subsequently to be issued, or the proceeds of the bonds, may be applied;

(5) agreeing to set and collect rates and charges sufficient to produce revenue adequate to pay the items specified by Section [8506.154\(b\)](#) and prescribing the use and disposition of all revenue;

(6) prescribing limitations on the issuance of additional bonds and on the agreements that may be made with the purchasers and successive holders of those bonds;

(7) regarding the construction, extension, improvement, reconstruction, operation, maintenance, and repair of the properties of the authority and the carrying of insurance on all or any part of those properties covering loss or damage or loss of use and occupancy resulting from specified risks;

(8) setting the procedure, if any, by which, if the authority so desires, the terms of a contract with the bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to that amendment or abrogation, and the manner in which the consent may be given; and

(9) providing for the execution and delivery by the authority to a bank or trust company authorized by law to accept trusts, or to the United States or any officer of the United States, of indentures and agreements for the benefit of the bondholders setting forth any or all of the agreements authorized by this chapter to be made with or for the benefit of the bondholders and any other provisions that are customary in such indentures or agreements.

(b) A provision authorized by this section that is contained in a bond resolution is part of the contract between the authority and the bondholders.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.208. DEFAULT PROCEDURES. (a) This section applies only to a default in:

(1) the payment of the interest on bonds as the interest becomes due and payable;

(2) the payment of the principal of bonds as they become due and payable, whether at maturity, by call for redemption, or otherwise; or

(3) the performance of an agreement made with the purchasers or successive holders of bonds.

(b) A resolution authorizing bonds and any indenture or agreement entered into under the resolution may provide that in the event of a default described by Subsection (a) that continues for a period, if any, prescribed by the resolution, the trustee under the indenture entered into with respect to the bonds authorized by the resolution, or, if there is no indenture, a trustee appointed in the manner provided in the resolution by the holders of 25 percent in aggregate principal amount of the bonds authorized by the resolution and then outstanding may, and on the written request of the holders of 25 percent in aggregate principal amount of the bonds authorized by the resolution then outstanding, shall, in the trustee's own name, but for the equal and proportionate benefit of the holders of all of the bonds, and with or without having possession of the bonds:

(1) by mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the bondholders;

(2) bring suit on the bonds or the appurtenant coupons;

(3) by action or suit in equity, require the authority to account as if it were the trustee of an express trust for the bondholders;

(4) by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the bondholders; or

(5) after such notice to the authority as the resolution may provide, declare the principal of all of the bonds due and payable, and if all defaults have been made good, then with the written consent of the holders of 25 percent in aggregate principal amount of the bonds then outstanding, annul the declaration and its consequences.

(c) Notwithstanding Subsection (b), the holders of more than a majority in principal amount of the bonds authorized by the resolution and then outstanding, by written instrument delivered to the trustee, are entitled to direct and control any and all action taken or to be taken by the trustee under this section.

(d) A resolution, indenture, or agreement relating to bonds may provide that in a suit, action, or proceeding under this section, the trustee, whether or not all of the bonds have been declared due and payable and with or without possession of any of the bonds, is entitled to the appointment of a receiver who may:

(1) enter and take possession of all or any part of the properties of the authority;

(2) operate and maintain the properties;

(3) set, collect, and receive rates and charges sufficient to provide revenue adequate to pay the items specified by Section [8506.154\(b\)](#) and the costs and disbursements of the suit, action, or proceeding; and

(4) apply the revenue in conformity with this chapter and the resolution authorizing the bonds.

(e) In a suit, action, or proceeding by a trustee under this section, the reasonable fees, attorney's fees, and expenses of the

trustee and of the receiver, if any, constitute taxable disbursements, and all costs and disbursements allowed by the court are a first charge on any revenue pledged to secure the payment of the bonds.

(f) The courts of the county in which the authority is domiciled have jurisdiction of a suit, action, or proceeding by a trustee on behalf of the bondholders and of all property involved in the suit, action, or proceeding.

(g) In addition to the powers specifically provided by this section, a trustee has all powers necessary or appropriate for the exercise of the powers specifically provided or incident to the general representation of the bondholders in the enforcement of their rights.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.209. POWER OF AUTHORITY TO PURCHASE BONDS ISSUED BY AUTHORITY. (a) Using any money available for the purpose, the authority may purchase bonds issued by it at a price not exceeding the redemption price applicable at the time of purchase, or, if the bonds are not redeemable, at a price not exceeding the principal amount of the bonds plus accrued interest.

(b) All bonds purchased under this section shall be canceled, and bonds may not be issued in lieu of those bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.

Sec. 8506.210. BONDS EXEMPT FROM TAXATION. A bond issued under this chapter and the interest on the bond is exempt from taxation, except inheritance taxes, by this state or by any political subdivision of this state.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.05, eff. April 1, 2017.