

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 6. WATER AND WASTEWATER
SUBTITLE G. RIVER AUTHORITIES
CHAPTER 8509. PALO DURO WATER DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8509.0001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "Commission" means the Texas Commission on Environmental Quality.
- (3) "Director" means a board member.
- (4) "District" means the Palo Duro Water District.
- (5) "Member entity" means a county or municipality that is a member of the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0002. NATURE OF DISTRICT. The district is a conservation and reclamation district created under Section [59](#), Article XVI, Texas Constitution, and a political subdivision of this state.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

(a) The legislature finds that:

(1) all land included in the district will benefit from the improvements to be acquired and constructed by the district; and

(2) the district is created to serve a public use and benefit.

(b) The accomplishment of the purposes stated in this chapter is for the benefit of the people of this state and for the improvement of their property and industries. The district, in carrying out the purposes of this chapter, will be performing an essential public function under the Texas Constitution.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0004. DISTRICT TERRITORY. Unless modified under Subchapter J, Chapter 49, Water Code, this chapter or its predecessor statute, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, or other law, the district's territory comprises all of the territory contained in:

- (1) Hansford and Moore Counties; and
- (2) the City of Stinnett.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0005. CORRECTION OF INVALID PROCEDURES. If a court holds that any procedure under this chapter violates the Texas Constitution or the United States Constitution, the board by resolution may provide an alternative procedure that conforms with the constitution.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER B. PROCEDURES FOR ANNEXATION, WITHDRAWAL, OR DISSOLUTION

Sec. 8509.0051. ANNEXATION OF TERRITORY. (a) Territory, whether or not contiguous to the district, may be annexed to the district in the manner provided by this section.

(b) The board may annex territory or a municipality under this section only if a petition requesting annexation is filed with the board. The petition must:

- (1) describe the territory to be annexed by metes and bounds, or otherwise, except that if the territory is the same as that contained in the boundaries of a municipality, the petition is sufficient if it states that the territory to be annexed is the territory contained in the municipal boundaries; and

- (2) be signed by 50 registered voters of the territory or municipality to be annexed, or a majority of the registered

voters of that territory or municipality, whichever is fewer.

(c) If the board determines that the petition complies with Subsection (b), that the annexation would be in the best interest of the territory or municipality and the district, and that the district will be able to supply water to the territory or municipality, the board shall:

(1) adopt a resolution stating the conditions, if any, under which the territory or municipality may be annexed to the district; and

(2) set a time and place to hold a hearing on the question of whether the territory or municipality to be annexed will benefit from:

(A) the improvements, works, or facilities owned or operated or contemplated to be owned or operated by the district; or

(B) the other functions of the district.

(d) At least 10 days before the date of the hearing, notice of the adoption of the resolution must be published one time in a newspaper of general circulation in the territory or municipality proposed to be annexed. The notice must:

(1) state the time and place of the hearing; and

(2) describe the territory in the same manner in which Subsection (b) requires or permits the petition to describe the territory.

(e) The hearing may proceed in the order and under the rules prescribed by the board and may be recessed.

(f) Any interested person may appear at the hearing and offer evidence for or against the annexation.

(g) If, at the conclusion of the hearing, the board finds that the property in the territory or municipality will benefit from the district's present or contemplated improvements, works, or facilities, the board shall adopt a resolution making a finding of the benefit and calling an election in the territory or municipality to be annexed.

(h) The resolution must state:

(1) the date of the election;

(2) each place where the election will be held; and

(3) the proposition to be voted on.

(i) At least 10 days before the date set for the election, notice of the election must be given by publishing a substantial copy of the resolution calling the election one time in a newspaper of general circulation in the territory proposed to be annexed.

(j) If a majority of the votes cast at the election are in favor of annexation, the board by resolution shall annex the territory to the district.

(k) An annexation under this section is incontestable except in the manner and within the time for contesting elections under the Election Code.

(l) In calling an election on the proposition for annexation of the territory or municipality, the board may include, as part of the same proposition or as a separate proposition, a proposition for:

(1) the territory to assume its part of the district's tax-supported bonds then outstanding and those bonds previously voted but not yet sold; and

(2) an ad valorem tax to be imposed on taxable property in the territory along with the tax in the rest of the district for payment of the bonds and maintenance taxes to be imposed as permitted by Section [8509.0252](#).

(m) If an election under Subsection (l) fails, the annexed territory or municipality shall be excluded from the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0052. WITHDRAWAL FROM OR DISSOLUTION OF DISTRICT.

(a) A county or municipality may withdraw from the district or the district may dissolve according to this section.

(b) To withdraw from the district or to dissolve the district, the governing body of a member entity must issue an order or adopt a resolution declaring the intent to withdraw from or to dissolve the district. The order or resolution must state:

(1) the intention to withdraw from the district or to call for the dissolution of the district; and

(2) the reasons supporting the withdrawal or

dissolution.

(c) Not later than the 30th day after the date the district receives an order issued or resolution adopted under Subsection (b), the district shall hold a public hearing on the matter described by the order or resolution.

(d) For a proposed withdrawal of a county or municipality from the district, the member entities must reach a financial agreement that provides for sufficient revenue for maintaining the Palo Duro Reservoir and the dam that impounds the water in the reservoir.

(e) For a proposed dissolution of the district, the member entities must reach a financial agreement that provides for the transfer of:

(1) the ownership rights of the dam that impounds the water in the Palo Duro Reservoir to an entity that assumes responsibility for the maintenance of the dam and liability for actions related to the dam;

(2) all district assets and liabilities to other entities; and

(3) the responsibility for the continued provision of services, if the district provides services.

(f) The board must provide an opportunity for the public to comment on the financial agreement described by Subsection (d) or (e) before the board votes as described by Subsection (g). The period for public comment must last not less than 10 days.

(g) After consideration of the public comments submitted under Subsection (f), the board shall vote on the issue described by the order issued or resolution adopted under Subsection (b). The board may proceed with the withdrawal or dissolution only if two-thirds of all of the members of the board vote in favor of withdrawal or dissolution.

(h) If the board votes in favor of withdrawal or dissolution as provided by Subsection (g), the governing body of each member entity shall vote on the matter of withdrawal or dissolution.

(i) A withdrawal or dissolution authorized under this section does not take effect until:

(1) the governing body of each county and municipality

has voted in favor of withdrawal or dissolution;

(2) all conditions specified in the financial agreement described by Subsection (d) or (e) have been met; and

(3) all actions described in the financial agreement described by Subsection (d) or (e) have been completed.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER C. BOARD OF DIRECTORS; ADMINISTRATIVE PROVISIONS

Sec. 8509.0101. COMPOSITION OF BOARD; TERMS. (a) Four directors are appointed by the commissioners court of each county contained in the district, except for Hutchinson County, and one director is appointed by the city council of the City of Stinnett.

(b) Directors serve staggered two-year terms expiring December 31.

(c) Each December the commissioners court of each county contained in the district, except for Hutchinson County, and the city council of the City of Stinnett shall appoint a director or directors from that county or city to succeed the director or directors appointed by that commissioners court or city council whose terms expire on the 31st day of that month.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0102. QUALIFICATIONS FOR OFFICE. (a) A person may be appointed a director by the commissioners court of a county only if the person resides in and owns taxable property in the county from which the person is appointed.

(b) A person may be appointed director by the city council of the City of Stinnett only if the person resides in and owns taxable property in the city.

(c) A member of a governing body of a county or of the City of Stinnett or an employee of a county or of the City of Stinnett may not be appointed director.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0103. REMOVAL. Not earlier than the 10th day after the date a director receives written notice of a charge against the director, and after an opportunity to be heard in person or through the appearance of counsel at a public hearing on the matter of the charge described by the notice, the board may remove a director for:

- (1) inefficiency;
- (2) neglect of duty; or
- (3) misconduct in office.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0104. VACANCY. (a) If a director appointed by the commissioners court of a county ceases to reside in the county or otherwise ceases to serve as a director, the commissioners court of that county shall appoint a director to fill the vacancy for the unexpired term.

(b) If a director appointed by the city council of the City of Stinnett ceases to reside in the city or otherwise ceases to serve as a director, the city council of that city shall appoint a director to fill the vacancy for the unexpired term.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0105. OFFICERS. (a) The board shall elect from the board's membership a president, a vice president, and any other officers as the board determines necessary. The president is the district's chief executive officer and the board's presiding officer. Except as provided by Section [8509.0106](#), the vice president shall act as president if the president is absent or fails or declines to act.

(b) The board shall appoint a secretary and a treasurer, who are not required to be directors. The board may combine the offices of secretary and treasurer.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0106. VOTE BY BOARD PRESIDENT. The president has the same right to vote as any other director. The vice president may not exercise the president's right to vote.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0107. EMPLOYEES. The board may employ a general manager, attorneys, accountants, engineers, or other technical or nontechnical employees or assistants and set the amount and manner of their compensation.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0108. DIRECTOR'S AND TREASURER'S BONDS.

(a) Each director shall give bond in the amount of \$5,000 conditioned on the faithful performance of the director's duties.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0109. COMPENSATION OF DIRECTORS. (a) Unless the board by resolution increases the fee to an amount authorized by Section 49.060, Water Code, each director:

(1) shall receive a fee for attending each board meeting not to exceed \$25 for a meeting or \$50 in one calendar month; and

(2) is entitled to an additional amount not to exceed \$25 for each day that the director devotes to serving the district's business if the service is expressly approved by the board.

(b) In all areas of conflict with Subsection (a) of this section, Section 49.060, Water Code, takes precedence.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0110. INTEREST IN CONTRACT. (a) A director who has a financial interest in a contract under consideration by the district for the purchase, sale, lease, rental, or supply of property, including supplies, materials, and equipment, or the construction of facilities, shall disclose that fact to the other directors and may not vote on or participate in discussions during board meetings on the acceptance of the contract.

(b) A director's financial interest does not affect the validity of a contract if disclosure is made and the director with the financial interest does not vote on the question of entering into the contract.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0111. 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 board meeting 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 district operations;
- (2) the district's programs, functions, rules, and budget;
- (3) the scope of and limitations on the district's rulemaking authority;
- (4) the results of the district's most recent formal audit;
- (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 members of the governing body of a water district in performing their duties; and
- (6) any applicable ethics policies adopted by the board or the Texas Ethics Commission.

(c) A person appointed to the board is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the 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 a statement acknowledging receipt of the training manual.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0112. 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 district's general manager and staff.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0113. COMPLAINTS. (a) The district shall maintain a system to promptly and efficiently act on complaints filed with the district. The district 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 district shall make information available describing its procedures for complaint investigation and resolution.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0114. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. (a) The district shall develop a policy to

encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of district 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 district's jurisdiction.

(b) The district'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 district 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 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0115. 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 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0116. EXPENDITURES. The board may provide for the payment of expenditures considered essential to the proper maintenance of the district and its affairs.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0117. SEAL. The board may adopt a seal for the

district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 8509.0151. GENERAL WATER SUPPLY POWERS. (a) The district, inside or outside its boundaries, may:

(1) develop, construct, or purchase a dam or reservoir;

(2) in order to preserve and protect the purity of the waters of the state and of the district and conserve and reclaim those waters for beneficial use by the district's inhabitants, provide any plant, work, facility, or appliance incident to or helpful or necessary to the collection, transportation, processing, disposal, or control of those waters for agricultural, municipal, domestic, oil field flooding, mining, or industrial purposes;

(3) construct or purchase any plant or other facility necessary or useful to:

(A) provide a source of water supply;

(B) store or process the water; or

(C) transport or distribute the water for irrigation, livestock raising, agricultural, municipal, domestic, or industrial purposes;

(4) impound, store, control, and conserve the storm and flood waters and the unappropriated flow waters, including the storm and flood waters and unappropriated flow waters of Palo Duro Creek and Horse Creek, by complying with Subchapters A-D, Chapter [11](#), and Subchapter B, Chapter [12](#), Water Code;

(5) acquire or construct a dam or any work, plant, or other facility necessary or useful to impound, process, or transport water to a municipality or other entity for municipal, agricultural, domestic, industrial, oil field flooding, or mining purposes; and

(6) develop or purchase additional sources of water, subject to Section [8509.0157](#).

(b) The district may acquire land inside or outside the district's boundaries and construct, lease, or otherwise acquire any work, plant, or other facility necessary or useful to:

(1) divert, further impound, or store water;

(2) process the water; or

(3) transport the water to a municipality or other entity for agricultural, municipal, domestic, industrial, oil field flooding, or mining purposes.

(c) The board shall determine the size of a dam and reservoir developed, constructed, or purchased under Subsection (a), taking into consideration probable future increases in water requirements. The size of the dam may not be limited by the amount of water the commission initially authorizes to be impounded by the dam.

(d) The district may lease or otherwise acquire rights in and to storage and storage capacity in any reservoir constructed or to be constructed by any person or from the United States.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0152. GENERAL PROPERTY POWER. In addition to powers granted the district under other law, the district has the power to purchase, construct, maintain, or in any other manner acquire, provide, and develop all works, facilities, improvements, lands, easements, and properties that may be necessary or useful in fulfilling any district purpose.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0153. CONTRACTS TO SUPPLY WATER AND OPERATE FACILITIES. (a) The district may contract with a municipality or other entity to supply water to the municipality or entity.

(b) The district may contract with a municipality for the rental or leasing of or for the operation of the municipality's water production, water supply, and water filtration or purification facilities on the consideration agreed to by the district and the municipality.

(c) A contract entered into under this section may:

(1) be on terms and for the time agreed to by the parties; and

(2) provide that the contract will continue in effect until bonds specified in the contract and refunding bonds issued in lieu of the bonds are paid.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0154. CONTROL OF STORM AND FLOOD WATERS. The district may:

(1) control, store, conserve, protect, distribute, and use the storm and flood waters in the district for all useful purposes permitted by law; and

(2) implement flood prevention and control measures in the district and prevent or aid in preventing damage to district lands and the soil and fertility of those lands.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0155. DISTRICT TO RECEIVE AND ACCEPT TECHNICAL AND FINANCIAL ASSISTANCE. The district may receive and accept technical and financial assistance from other districts or state agencies or from the United States to accomplish the purposes described by Sections [8509.0152](#) and [8509.0154](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0156. WATER APPROPRIATION PERMITS. (a) Through an appropriate hearing, the district may obtain an appropriation permit from the commission, as provided by Subchapters A-D, Chapter [11](#), and Subchapter B, Chapter [12](#), Water Code.

(b) On application of the district or at the will of the commission and after an appropriate hearing, the commission may modify an appropriation permit obtained by the district from the commission to increase or decrease the amount of water that may be appropriated and the amount that may be stored by the district to

meet fluctuating demands.

(c) On application by the district or by the commission's own action, the commission shall redetermine the maximum amount of water that the district may store in the district's reservoir. In making this determination, the commission shall consider the needs of the municipalities and other entities that purchase water from the district.

(d) The district may acquire a water appropriation permit from a permit owner.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0157. UNDERGROUND SOURCES OF WATER. The district may not develop or otherwise acquire underground sources of water.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0158. LIMITATION ON CONSTRUCTION OF CERTAIN FACILITIES. The district may not construct a dam or other facility for impounding water unless the plans for the dam or facility are approved by the commission.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0159. DISPOSAL OF DISTRICT PROPERTY. The district may sell, trade, or otherwise dispose of any property considered by the district not to be needed for district purposes, subject to the terms of any deed of trust or other indenture.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0160. EMINENT DOMAIN. (a) To carry out a power conferred by this chapter, the district may exercise the power of eminent domain to acquire:

(1) the fee simple title to land and other property and easements inside the district, including land needed for a reservoir or dam or a flood easement above the probable high-water

line around a reservoir; and

(2) the fee simple title to land and other property and easements outside the district, except for land, other property, and easements to be used for a dam or facility for the impoundment or storage of water.

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

(c) The district is a municipal corporation for the purposes of Section 21.021, Property Code.

(d) The district may not exercise the power of eminent domain to acquire property owned by any other political subdivision.

(e) In exercising the power of eminent domain against a person that has the power of eminent domain or a receiver or trustee for that person, the district may acquire an easement only and not the fee title.

(f) The board shall determine the amount of and the type of interest in land, other property, or easements to be acquired under this section.

(g) The district's authority under this section to exercise the power of eminent domain expired on September 1, 2013, unless the district submitted a letter to the comptroller in accordance with Section 2206.101(b), Government Code, not later than December 31, 2012.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0161. COST OF RELOCATING OR ALTERING PROPERTY. If the district's exercise of the power of eminent domain, the power of relocation, or any other power granted by this chapter makes necessary relocating, raising, rerouting, changing the grade of, or altering the construction of a highway, railroad, electric transmission line, telephone or telegraph property or facility, or pipeline, the necessary action shall be accomplished at the district's sole expense.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0162. CERTAIN POWERS RELATED TO DISTRICT PROPERTY. The district may:

(1) lease the hunting rights on property owned by the district;

(2) develop, manage, or lease property owned by the district for any recreational purpose; and

(3) lease property owned by the district to a person seeking to develop renewable energy resources.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0163. PARKS AND RECREATION FACILITIES. The district may establish or otherwise provide for public parks and recreation facilities and may acquire land in the district for those purposes.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0164. SURVEYS AND INVESTIGATIONS. The board may conduct a survey or an engineering investigation to provide information for the district to facilitate the accomplishment of a district purpose.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER E. REGULATORY POWERS

Sec. 8509.0201. ADOPTION OF RULES. The board may adopt reasonable rules to:

(1) secure, maintain, and preserve the sanitary condition of water in and water that flows into any reservoir owned by the district;

(2) prevent waste of or the unauthorized use of water; and

(3) regulate residence, hunting, fishing, boating, camping, and any other recreational or business privilege along or

around any reservoir, body of land, or easement owned by the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0202. ENFORCEMENT OF RULES; PENALTY. (a) The district by rule may prescribe reasonable penalties for the violation of a district rule.

(b) A penalty may consist of a fine not to exceed \$200.

(c) A penalty prescribed under this section is in addition to any other penalty provided by the laws of this state.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0203. NOTICE OF RULE PROVIDING PENALTY. (a) If the district adopts a rule that provides a penalty, the district must publish a substantive statement of the rule and the penalty once a week for two consecutive weeks in each county in which any part of the reservoir to which the rule applies is situated.

(b) A single statement must be as condensed as possible so that the act prohibited by the rule can be easily understood.

(c) The statement may include notice of any number of rules.

(d) The notice must state that:

(1) a person who violates the rule is subject to a penalty; and

(2) the rule is on file in the district's principal office, where the rule may be read by any interested person.

(e) A rule takes effect five days after the date of second publication of the statement under this section.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0204. JUDICIAL NOTICE OF RULES. A court shall take judicial notice of a rule adopted under this subchapter and published as required by Section [8509.0203](#), and the court shall consider the rule to be similar in nature to a penal ordinance of a municipality.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0205. ENFORCEMENT BY PEACE OFFICERS. (a) A licensed peace officer may make an arrest when necessary to prevent or abate the commission of an offense:

(1) in violation of a district rule or a law of this state that occurs or threatens to occur on any land, water, or easement owned or controlled by the district; or

(2) involving damage to any property owned or controlled by the district.

(b) A peace officer may make an arrest under Subsection (a)(2) at any location.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

Sec. 8509.0251. TAX METHOD. (a) The district shall use the ad valorem plan of taxation.

(b) The board is not required to hold a hearing on the adoption of a plan of taxation.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0252. AUTHORITY TO IMPOSE TAX; LIMITATION ON TAX RATE; TAX ELECTION. (a) If a tax is authorized at an election under Section [49.107](#), Water Code, the district annually may impose an ad valorem tax on the taxable property in the district to provide money:

(1) necessary to construct or acquire, maintain, and operate dams, works, plants, and facilities considered essential or beneficial to the district and the district's purposes; or

(2) adequate to defray the cost of the district's maintenance, operation, and administration.

(b) The district may not impose an ad valorem tax for the district's maintenance, operation, and administration that exceeds

50 cents on the \$100 assessed valuation of the taxable property in the district.

(c) An election for the imposition of taxes authorized by this section must be:

(1) ordered by the board; and

(2) held and conducted in the manner provided by this chapter relating to elections for the authorization of bonds.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0253. DEPOSITORY. (a) The board shall designate one or more banks in the district to serve as depository for the district's money.

(b) District money shall be deposited with a designated depository bank or banks, except that:

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

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

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

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

(e) Before designating a depository bank, the board shall issue a notice that:

(1) states the time and place at which the board will meet to designate a depository bank or banks; and

(2) invites the banks in the district to submit an application to be designated as a depository.

(f) The notice must be published one time in a newspaper or newspapers published in the district and specified by the board.

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

(1) consider the application and the management and condition of each bank that applies; and

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

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

(B) the board finds have proper management and are in condition to handle the money.

(h) Membership on the board of an officer or director of a bank does not disqualify the bank from being designated as a depository.

(i) If the board does not receive any applications before the time stated in the notice, the board shall designate one or more banks located inside or outside the district on terms that the board finds advantageous to the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0254. PAYMENT OF TAX OR ASSESSMENT NOT REQUIRED. The district is not required to pay a tax or assessment on a district project or any part of the project.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

SUBCHAPTER G. BONDS

Sec. 8509.0301. AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to carry out any power conferred by this chapter, including to provide a source of water supply for municipalities and other users for agricultural, municipal, domestic, industrial, oil field flooding, and mining purposes.

(b) The bonds must be authorized by a board resolution.
Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0302. FORM OF BONDS. District bonds must be:

- (1) issued in the district's name;
- (2) signed by the president or vice president; and
- (3) attested by the secretary.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0303. MATURITY. District bonds must mature not later than 40 years after the date of their issuance. Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0304. ELECTION FOR BONDS PAYABLE FROM AD VALOREM TAXES. (a) Bonds, other than refunding bonds, payable wholly or partly from ad valorem taxes may not be issued unless authorized by a majority vote of the voters voting at an election held for that purpose.

(b) The board may call an election under this section without a petition. The resolution calling the election must specify:

- (1) the time and places at which the election will be held;
- (2) the purpose for which the bonds will be issued;
- (3) the maximum amount of the bonds;
- (4) the maximum maturity of the bonds;
- (5) the form of the ballot; and
- (6) the presiding judge for each polling place.

(c) Notice of the election must be given by publishing a substantial copy of the resolution calling the election in one newspaper published in each municipality contained in the district for two consecutive weeks. The first publication must be not later than the 21st day before the date of the election. In any municipality in which a newspaper is not published, notice must be given by posting a copy of the resolution in three public places.

(d) The district may issue bonds not payable wholly or partly from ad valorem taxes without an election.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0305. BONDS PAYABLE FROM REVENUE. (a) In this section, "net revenue" means the district's gross revenue and income from all sources less the amount necessary to pay the cost of maintaining and operating the district and the district's property.

(b) Bonds issued under this subchapter may be secured under board resolution by a pledge of:

- (1) all or part of the district's net revenue;
- (2) the net revenue of one or more contracts made before or after the issuance of the bonds; or
- (3) other revenue or income specified by board resolution or in the trust indenture.

(c) The pledge may reserve the right to issue additional bonds on a parity with, or subordinate to, the bonds being issued, subject to conditions specified by the pledge.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0306. BONDS PAYABLE FROM AD VALOREM TAXES. The board may issue bonds payable, as pledged by board resolution, from:

- (1) ad valorem taxes imposed on taxable property in the district; or
- (2) ad valorem taxes and revenue of the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0307. TAX AND RATE REQUIREMENTS. (a) If the district issues bonds payable wholly or partly from ad valorem taxes, the board shall impose an ad valorem tax on the taxable property in the district sufficient to pay the principal of and the interest on the bonds as the bonds and interest become due without limit as to the rate or the amount. The board may adopt the rate of the tax for any year after considering the money received from the pledged revenue available for payment of principal and interest to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

(b) If the district issues bonds payable wholly or partly from revenue, the board shall set and revise the rates of compensation for water sold and services rendered by the district.

(c) For bonds payable wholly from revenue, the rates of compensation must be sufficient to:

(1) pay the expense of operating and maintaining the district's facilities;

(2) pay the bonds as they mature and the interest as it accrues; and

(3) maintain the reserve and other funds as provided by the resolution authorizing the issuance of the bonds.

(d) For bonds payable partly from revenue, the rates of compensation must be sufficient to assure compliance with the resolution authorizing the issuance of the bonds.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0308. ADDITIONAL SECURITY. (a) District bonds, including refunding bonds, that are not payable wholly from ad valorem taxes may be additionally secured, at the board's discretion, by a deed of trust or mortgage lien on the district's physical property and all franchises, easements, water rights and appropriation permits, leases, and contracts and all rights appurtenant to the property, vesting in the trustee power to:

(1) sell the property for the payment of the debt;

(2) operate the property; and

(3) take other action to further secure the bonds.

(b) A purchaser under a sale under the deed of trust lien, if one is given:

(1) is the absolute owner of the property, facilities, and rights purchased; and

(2) is entitled to maintain and operate the property, facilities, and rights.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0309. TRUST INDENTURE. (a) District bonds, including refunding bonds, that are not payable wholly from ad valorem taxes may be additionally secured by a trust indenture. The trustee may be a bank with trust powers located inside or outside the state.

(b) A trust indenture, regardless of the existence of a deed

of trust or mortgage lien on property, may:

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

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0310. INTERIM BONDS OR NOTES. Before issuing definitive bonds, the board may issue interim bonds or notes exchangeable for definitive bonds.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0311. USE OF BOND PROCEEDS. (a) The district may set aside an amount of proceeds from the sale of bonds issued under this subchapter for the payment of interest expected to accrue during construction and a reserve interest and sinking fund. The resolution authorizing the bonds may provide for setting aside and using the proceeds as provided by this subsection.

(b) The district may use proceeds from the sale of the bonds to pay any expense necessarily incurred in accomplishing the district's purpose, including any expense of issuing and selling the bonds.

(c) The proceeds from the sale of the bonds may be temporarily invested in direct obligations of the United States maturing not later than the first anniversary of the date of investment.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0312. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of 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 district.

(b) The receiver may collect and receive all district income except taxes, employ and discharge district agents and employees, take charge of money on hand, except money received from taxes, unless commingled, and manage the district's proprietary affairs without the consent of or hindrance by the board.

(c) The receiver may be authorized to sell or contract for the sale of water or to renew those contracts with the approval of the court that appointed the receiver.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. 4172), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0313. REFUNDING BONDS. (a) The district 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 one 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.

(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 district, 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.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0314. LIMITATION ON RIGHTS OF BONDHOLDERS. The resolution authorizing the bonds or the trust indenture securing the bonds may limit or qualify the rights of the holders of less than all of the outstanding bonds payable from the same source to institute or prosecute litigation affecting the district's property or income.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.

Sec. 8509.0315. BONDS EXEMPT FROM TAXATION. A district bond, the transfer of the bond, and the income from the bond, including profits made on the sale of the bond, are exempt from taxation in this state.

Added by Acts 2019, 86th Leg., R.S., Ch. 468 (H.B. [4172](#)), Sec. 1.03, eff. April 1, 2021.