SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 6. WATER AND WASTEWATER

SUBTITLE G. RIVER AUTHORITIES

CHAPTER 8504. LOWER NECHES VALLEY AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 8504.001.  DEFINITIONS.  In this chapter:

(1)  "Authority" means the Lower Neches Valley Authority.

(2)  "Basins" means the Neches River basin and the adjoining Neches-Trinity coastal basin.

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

(4)  "Commission" means the Texas Commission on Environmental Quality.

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

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.002.  CREATION AND NATURE OF AUTHORITY.  The authority is created as a conservation and reclamation district.  The authority is an independent governmental agency and a body politic and corporate.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see S.B. [2407](http://capitol.texas.gov/tlodocs/89R/billtext/html/SB02407F.HTM), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 8504.0021.  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, 2025, 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 2015, 84th Leg., R.S., Ch. 1148 (S.B. [523](http://capitol.texas.gov/tlodocs/84R/billtext/html/SB00523F.HTM)), Sec. 9, eff. June 19, 2015.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 596 (S.B. [619](http://capitol.texas.gov/tlodocs/86R/billtext/html/SB00619F.HTM)), Sec. 3.06, eff. June 10, 2019.

Sec. 8504.003.  TERRITORY.  Unless modified under Subchapter J, Chapter 49, Water Code, or other law, the authority's territory is composed of:

(1)  all of Jefferson, Hardin, and Tyler Counties;

(2)  a strip of land 10 miles in width off the eastern end of Liberty County (the west line of that strip being parallel to and 10 miles west of the extreme eastern boundary line of Liberty County); and

(3)  a strip of land 15 miles in width off the east side of Chambers County (the west line of that strip being parallel to and 15 miles west of the eastern boundary line of Chambers County).

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.004.  LIBERAL CONSTRUCTION OF CHAPTER.  This chapter shall be liberally construed to effect its purposes.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER B. BOARD OF DIRECTORS; ADMINISTRATIVE PROVISIONS

Sec. 8504.051.  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 freehold property taxpayer and a qualified voter of this state.

(c)  Five directors must reside in Jefferson County, two directors must reside in Hardin County, and two directors must reside in Tyler County.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see S.B. [2407](http://capitol.texas.gov/tlodocs/89R/billtext/html/SB02407F.HTM), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 8504.052.  TERMS.  Directors hold office for staggered terms of six years.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.053.  VACANCY.  A vacancy on the board shall be filled for the unexpired term in the same manner as provided for an appointment for a full term.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.054.  OATH AND BOND REQUIREMENT FOR DIRECTORS. (a)  A director shall, within 15 days after the date of appointment, qualify by taking the constitutional oath of office and by filing a good and sufficient bond with the secretary of state.

(b)  The bond is subject to approval by the secretary of state and must:

(1)  be in the amount of $5,000;

(2)  be payable to the authority; and

(3)  be conditioned on the faithful performance of the duties as a director.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.055.  COMPENSATION OF DIRECTORS. (a) A director is entitled to receive a fee of office for each day of service approved by a vote of the board and necessary to discharge the director's duties.

(b)  The board shall set the fee described by Subsection (a) in an amount not greater than the amount allowed under general law.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.056.  QUORUM; VOTING REQUIREMENT. (a) Five directors constitute a quorum at any meeting.

(b)  A concurrence of a majority of the directors present is sufficient in any matter pertaining to authority business.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.057.  GENERAL MANAGER.  The board shall employ a general manager at the compensation set by a majority of the board.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 8504.101.  POWERS UNDER CONSTITUTION AND OTHER LAW.  The authority has and is vested with the powers of a conservation and reclamation district under the constitution and other laws of this state, including the powers:

(1)  expressly authorized by Section 59, Article XVI, Texas Constitution, for a district created to conserve, store, control, preserve, use, and distribute storm water, floodwater, and the water of the rivers and streams of the state;

(2)  implied by the purposes of that section of the constitution; and

(3)  conferred by general law.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.102.  POWERS TO ACCOMPLISH PURPOSES FOR WHICH CREATED.  The authority has and may exercise the functions, powers, rights, and duties as may permit the authority to accomplish the purposes for which it is created.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.103.  GENERAL POWERS RELATING TO WORKS AND WATER. (a)  The authority may construct, maintain, and operate in the basins, inside or outside the authority, any work considered essential:

(1)  to the operation of the authority; and

(2)  for the authority's administration in the control, storage, preservation, and distribution to all useful purposes of the water, including storm water and floodwater, of the basins.

(b)  The authority has the same power of control and regulation over the water of the basins that the state has, subject to the constitution and statutes of this state.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.104.  ADDITIONAL POWERS RELATING TO PARTICULAR PURPOSES; NOT A LIMITATION. (a)  For the conservation and beneficial use of the water of the basins, including storm water and floodwater, the authority may control and use the water in the manner and for the particular purposes described below:

(1)  for the prevention of the devastation of land from recurrent overflows;

(2)  for the protection of life and property in the authority from uncontrolled floodwater;

(3)  to encourage the conservation of soil;

(4)  to prevent destructive erosion;

(5)  to provide through practical and legal means for the control and coordination of the regulation of that water;

(6)  to provide by adequate organization and administration for the preservation of the equitable rights of the people of different sections of the watershed area in the beneficial use of that water;

(7)  for the storage, control, and conservation of that water inside or outside the authority and the prevention of the escape of that water without the maximum of public service;

(8)  for the equitable distribution of that water to the regional potential requirements for all uses;

(9)  for any purpose for which floodwater and storm water when controlled and conserved may be used in the performance of a useful service as authorized by the constitution of this state;

(10)  for the conservation of the water essential for the domestic and municipal uses of the people of the authority;

(11)  to control the water and make it available for use in the development of commercial and industrial enterprises in the basins or the authority;

(12)  to control, store, and use the water in the development and distribution of hydroelectric power, if that use is economically coordinated with and subordinate to other uses declared by law to be superior;

(13)  for the irrigation of all land in the authority or outside the authority but inside the basins; and

(14)  to provide for the drainage of land in the basins.

(b)  The plans and works provided by the authority in acting under this section, and the works provided under the power of the authority in acting under this section, shall have primary regard for the necessary and potential needs for water by or in the area in the authority constituting the basins.

(c)  This section does not limit the powers of the authority expressed elsewhere in this chapter or under other law.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.105.  POWERS RELATING TO PURCHASE OR CONSTRUCTION OF WORKS OR ACQUISITION OF PROPERTY.  The authority may:

(1)  purchase or construct any work necessary or convenient for the exercise of the authority's powers under this chapter and to accomplish the purposes of this chapter; and

(2)  purchase or otherwise acquire land or other property necessary or convenient for carrying out the purposes of this chapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.106.  ADDITIONAL POWERS RELATING TO ACQUISITION OR OPERATION OF PROPERTY. (a)  In this section, "property" includes:

(1)  rights, including water rights; and

(2)  land, tenements, easements, rights-of-way, improvements, reservoirs, dams, canals, laterals, plants, works, and facilities.

(b)  The authority may investigate, plan, acquire, construct, maintain, or operate any property the authority considers necessary or proper to accomplish the purposes for which the authority is created.

(c)  The power described by Subsection (b) includes the power to acquire, inside or outside the authority, property and all other rights that are incidental or helpful to carrying out the purposes for which the authority is created.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.107.  POWERS RELATING TO CONTRACT, LEASE, AGREEMENT, OR CONVEYANCE. (a)  In this section, "property" includes land, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works, and facilities.

(b)  The authority may with any person enter into a contract, lease, or agreement necessary or convenient to carry out a power granted to the authority under this chapter.

(c)  The authority may:

(1)  convey or cause to be conveyed any of its property to the United States; and

(2)  enter into a lease, regardless of whether it includes a privilege of purchase, with the United States relating to the property and obligate the authority to pay rent under the lease from the income or other revenue of the property.

(d)  A contract, lease, or agreement under this section must be approved by board resolution and must be executed by the board president and attested by the board secretary.

(e)  This section does not authorize the authority to assume an obligation requiring a payment from taxes.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.108.  POWERS RELATING TO RECREATIONAL FACILITIES.  The authority may acquire land for recreational facilities and may construct, operate, and maintain recreational facilities as provided by general law, provided that money derived from taxation may not be spent in purchasing that land or constructing and maintaining those facilities.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.109.  EMINENT DOMAIN. (a)  The authority may exercise the power of eminent domain inside or outside the authority to acquire the fee simple title to, or an easement or right-of-way over or through, any private or public land, water, or land under water that is necessary or convenient for carrying out any purpose or power conferred on the authority by this chapter.

(b)  A condemnation proceeding is under the direction of the board and must be in the name of the authority.

(c)  The assessment of damages and all procedures with reference to condemnation, appeal, and payment must conform to Chapter 21, Property Code.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.110.  STATE SUPERVISION AND APPROVAL.  The powers and duties conferred on the authority by this chapter, and the adequacy of any plan for flood control or conservation improvement purposes devised by the authority, are subject to such continuing rights of state supervision and state approvals as are required under general law.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER D. POWERS RELATING TO DEVERS CANAL SYSTEM AND ITS WATER RIGHTS AND ASSOCIATED PROPERTY

Sec. 8504.151.  DEFINITIONS.  In this subchapter:

(1)  "Canal system" means the canal system and associated properties generally known as the Devers Canal System.

(2)  "Navigation district" means the Chambers-Liberty Counties Navigation District.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.152.  POWERS RELATING TO CANAL SYSTEM.  The authority may:

(1)  acquire, own, operate, maintain, and improve the canal system; and

(2)  enlarge and extend the canal system east of the Trinity River in Chambers, Liberty, and Jefferson Counties.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.153.  POWERS RELATING TO WATER. (a)  The authority may own the water rights and appropriate and divert water of this state under the permits and contracts previously owned by and acquired from the Devers Canal Rice Producers Association, Inc.

(b)  Except as provided by Section 8504.154, the authority may distribute, sell, and use water of this state for any purpose approved by the commission.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.154.  RIGHT OF FIRST REFUSAL FOR CERTAIN WATER CONTRACTS. (a)  This section applies only to a contract to sell or provide water:

(1)  that is for any use other than irrigation in Chambers County outside the authority's boundaries; and

(2)  that the navigation district had authority to sell or provide under the navigation district's water rights on May 1, 2009.

(b)  Before entering into a contract, the authority must:

(1)  send to the navigation district a written notice of intent to sell or provide water for nonirrigation use in Chambers County outside the authority's boundaries; and

(2)  allow the navigation district 30 days to exercise a right of first refusal to provide the water.

(c)  Not later than the 30th day after the date the navigation district receives the notice of intent under Subsection (b), the navigation district may exercise its right of first refusal under Subsection (b) by delivering to the authority notice that it intends to exercise that right.

(d)  The authority may enter into a contract only if the navigation district:

(1)  fails to comply with Subsection (c); or

(2)  complies with Subsection (c) and does not enter into a contract to sell or otherwise provide water for the use described by the authority's notice of intent under Subsection (b) before the expiration of four months after the date the navigation district receives the notice of intent.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER E. ECONOMIC DEVELOPMENT PROGRAMS

Sec. 8504.201.  DEFINITION.  In this subchapter, "economic development program" includes a community assistance program, a privatization program, or any other program designed to:

(1)  encourage economic diversification;

(2)  maintain or expand employment;

(3)  train persons;

(4)  eliminate conditions detrimental to the public health, safety, or welfare;

(5)  improve the quality or quantity of services essential for the development of viable communities and economic growth, including services related to:

(A)  education;

(B)  transportation;

(C)  public safety;

(D)  recreation;

(E)  health care;

(F)  water and wastewater treatment; or

(G)  rural water and sewer development; or

(6)  contribute to the health and development of a community to improve the attractiveness of the community to public and private enterprises.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.202.  LEGISLATIVE FINDINGS.  The legislature finds that the economic development programs authorized by this subchapter are a specific public purpose and governmental function of the authority in accordance with:

(1)  Section 52-a, Article III, Texas Constitution; and

(2)  to the extent that the programs provide assistance to public firefighting organizations, Section 51-a-1, Article III, Texas Constitution.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.203.  AUTHORITY FOR ECONOMIC DEVELOPMENT PROGRAM; PROGRAM AREA.  The authority may, in the areas served by the authority, sponsor and participate in an economic development program intended to strengthen the economic base and further the economic development of this state.  The program may not be outside the areas served by the authority unless the authority has entered into an interlocal agreement with an entity under Section 8504.205.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.204.  ESTABLISHMENT OF PROGRAM.  Each economic development program must be established by formal action of the board.  The board shall:

(1)  establish the goals of the program;

(2)  impose requirements on persons participating in and receiving the benefits of the program; and

(3)  provide restrictions, procedures, and budget limits that the board determines are necessary to ensure that the governmental purposes of this subchapter and the program are achieved.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.205.  PARTICIPATION IN PROGRAM BY OTHER PERSONS.  A program under this subchapter may involve grants or loans of money, services, or equipment to a person engaged in an economic development activity, including a public firefighting organization, governmental body, nonprofit corporation, local or regional development council, or other nonprofit or noncommercial organization.  The authority may provide assistance to a for-profit entity if the assistance is necessary or appropriate to carry out an economic development program consistent with the purposes of this subchapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.206.  STAFFING AND FUNDING OF PROGRAM. (a)  The authority may employ staff and spend authority resources to further an economic development program under this subchapter, except that the authority may not use money received from an ad valorem tax or a general appropriation to further a program.

(b)  The authority may apply for and receive from any source money, grants, or other assistance to carry out an economic development program under this subchapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.207.  AGREEMENT.  The authority and any other public or private person may enter into an agreement with respect to an economic development program.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.208.  GUIDELINES FOR ASSISTANCE TO PUBLIC FIREFIGHTING ORGANIZATIONS.  If the authority provides scholarships, grants, loans, or financial assistance to a public firefighting organization, the authority shall adopt guidelines to determine:

(1)  eligibility for the assistance;

(2)  the amount of grants, loans, or other assistance the authority may make available to a firefighting organization; and

(3)  the type of equipment, education, or training for which the assistance may be used.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.209.  BOARD DETERMINATION CONCLUSIVE.  A determination by the board that a program is intended and expected to carry out the program's stated purposes is conclusive with respect to whether the purposes of this subchapter are satisfied.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

Sec. 8504.251.  FEES AND CHARGES. (a)  The board shall prescribe fees and charges to be collected for the use of water, a water connection, or another service.

(b)  The fees and charges must be reasonable and equitable and sufficient to produce revenue adequate to pay the items described by Subsection (c).  The fees and charges may not exceed what may be reasonably necessary to fulfill the obligations imposed on the authority by this chapter.

(c)  The board shall pay the following items from the fees and charges:

(1)  all expenses necessary to the operation and maintenance of the improvements and facilities of the authority, including:

(A)  the cost of acquiring materials and other property necessary to maintain the improvements and facilities in good condition and to operate them efficiently;

(B)  necessary wages and salaries of the authority; and

(C)  other expenses reasonably necessary to the efficient operation of the improvements and facilities;

(2)  the interest on any obligation issued under this chapter and payable from the revenue from the improvements and facilities; and

(3)  the amount required to be paid for the payment of an obligation issued under this chapter and payable from the revenue from the improvements and facilities.

(d)  If the revenue received exceeds the amount required for the purposes listed in Subsection (c), the board may pay from the excess revenue the cost of improvements and replacements not covered by Subsection (c)(1) and may establish a reasonable depreciation and emergency fund.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.252.  TAX OR SPECIAL ASSESSMENT NOT AUTHORIZED BY CHAPTER.  This chapter does not authorize the authority to levy a tax or special assessment or to create any debt payable from taxes.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

SUBCHAPTER G. OBLIGATIONS RELATING TO BORROWED MONEY

Sec. 8504.301.  GENERAL POWER TO BORROW MONEY. (a)  The authority may:

(1)  borrow money for any corporate purpose from any source; and

(2)  issue a note, warrant, bond, certificate of indebtedness, or other form of obligation of the authority as evidence of the borrowed money.

(b)  An obligation of the authority under Subsection (a) is payable only from revenue derived from authority improvements and facilities and the operation and services of the improvements and facilities.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.302.  COVENANTS FOR MARKETABILITY. (a)  As considered necessary to ensure the marketability of obligations issued under this chapter, a resolution or order authorizing issuance may contain covenants with the holders of the obligations as to:

(1)  the management and operation of the authority's improvements and facilities;

(2)  the collection of fees and charges for the use of the improvements and facilities;

(3)  the disposition of the fees and charges;

(4)  the issuance of future obligations and the creation of future liens, mortgages, and encumbrances against the improvements and facilities and the revenue of the improvements and facilities; and

(5)  other pertinent matters.

(b)  A covenant under this section may not be inconsistent with this chapter.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.303.  HOLDER OF OBLIGATION MAY COMPEL PERFORMANCE. (a)  A holder of obligations issued under this chapter or of coupons originally attached to the obligations may enforce and compel the board's performance of all duties required by this chapter, including:

(1)  setting and collecting reasonable and sufficient fees or charges for the use of the authority's improvements and facilities;

(2)  segregating the income and revenue of the improvements and facilities; and

(3)  applying the income and revenue under this chapter.

(b)  The holder of the obligations or coupons may act under Subsection (a):

(1)  at law or in equity; and

(2)  by an action, mandamus, or other proceeding.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.304.  HOLDER OF OBLIGATION ENTITLED TO ADMINISTRATOR OR RECEIVER. (a)  If there is a default in the payment of the principal of or interest on an obligation issued under this chapter, any holder of the obligation is entitled to have a court appoint an administrator or receiver to administer and operate, on behalf of the authority and the holders of the obligation, the improvements and facilities the revenue of which is pledged to the payment of the obligation.

(b)  The administrator or receiver may:

(1)  set and collect fees and charges sufficient to:

(A)  provide for the payment of operation and maintenance expenses as described by this chapter; and

(B)  pay any outstanding obligations or interest coupons payable from the revenue of the improvements and facilities; and

(2)  apply the income and revenue of the improvements and facilities in accordance with this chapter and the proceedings authorizing the issuance of the obligation.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.305.  ADDITIONAL SECURITY FOR OBLIGATION: MORTGAGE AND ENCUMBRANCE. (a)  As additional security for the payment of an obligation issued under this chapter, the board may have executed in favor of the holder of the obligation an indenture mortgaging and encumbering:

(1)  the improvements, facilities, and other property acquired with the proceeds of the sale of the obligation; or

(2)  all the authority's improvements, facilities, and other property.

(b)  The indenture may also mortgage and encumber the revenue to be derived from the operation of the improvements, facilities, and other property.

(c)  In the encumbrance, the board may provide for granting to any purchaser at a foreclosure sale under the encumbrance a franchise to operate the improvements, facilities, and other property for a term not to exceed 50 years after the date of the purchase, subject to the laws regulating the matter.

(d)  The indenture:

(1)  may contain the provisions the board considers proper; and

(2)  is enforceable in the manner provided by the laws of this state for the enforcement of other mortgages and encumbrances.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.306.  SALE UNDER MORTGAGE OR ENCUMBRANCE. (a)  Under a sale ordered under a mortgage or encumbrance described by Section 8504.305, a purchaser of the improvements, facilities, and other property at the sale, and the purchaser's successors or assigns, are vested with a permit and franchise to maintain and operate the improvements, facilities, and other property, with powers and privileges like those held by the authority in the operation of the improvements, facilities, and other property.

(b)  Instead of operating the improvements, facilities, and other property as provided by Subsection (a), the purchaser and the purchaser's successors or assigns may remove all or part of the improvements, facilities, and other property for diversion to other purposes.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.307.  INSURING IMPROVEMENTS AND FACILITIES. (a)  The board and the purchaser of an obligation issued under this chapter may enter into an agreement under which the board agrees to:

(1)  keep all the improvements and facilities, the revenue of which is pledged to the payment of the obligation, insured with one or more insurers of good standing against loss or damage by fire, water or flood, or another hazard that private companies operating similar properties customarily cover by insurance; and

(2)  carry with one or more insurers of good standing the insurance covering the use and occupancy of the property that is customarily carried by private companies operating similar properties.

(b)  The board shall budget the cost of the insurance as a maintenance and operation expense.

(c)  The insurance shall be carried for the benefit of the holder of the obligation.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.

Sec. 8504.308.  TAX EXEMPTION.  An obligation issued under this chapter is exempt from taxation by this state or by any political subdivision of this state.

Added by Acts 2013, 83rd Leg., R.S., Ch. 112 (S.B. [1026](http://capitol.texas.gov/tlodocs/83R/billtext/html/SB01026F.HTM)), Sec. 1.04, eff. April 1, 2015.