SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 6. WATER AND WASTEWATER

SUBTITLE I. WATER CONTROL AND IMPROVEMENT DISTRICTS

CHAPTER 9011. BELL COUNTY WATER CONTROL AND

IMPROVEMENT DISTRICT NO. 3

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 9011.001.  DEFINITIONS. In this chapter:

(1)  "Board" means the district's board of directors.

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

(3)  "District" means the Bell County Water Control and Improvement District No. 3.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.002.  NATURE OF DISTRICT. The district is a water control and improvement district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.003.  FINDING OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

(b)  All land included in the district will benefit.

(c)  The accomplishment of the purposes stated in this chapter is for the benefit of the people of this state and 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 constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

SUBCHAPTER B. DISTRICT TERRITORY AND ANNEXATIONS

TO DISTRICT TERRITORY

Sec. 9011.051.  DISTRICT TERRITORY. The district is composed of the territory described by Section 2, Chapter 506, Acts of the 54th Legislature, Regular Session, 1955 (Article 8280-182, Vernon's Texas Civil Statutes), as that territory may have been modified under:

(1)  this subchapter or its predecessor statutes; or

(2)  other law.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.052.  ANNEXATION OF TERRITORY BY LANDOWNER PETITION. As provided by this subchapter, the district may annex territory by petition of the owners of land or a portion of the land requested to be annexed.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.053.  PETITION REQUIREMENTS. (a) A petition to the board to annex land must:

(1)  request that the district annex the land;

(2)  describe by metes and bounds the land proposed to be annexed;

(3)  affirmatively state that:

(A)  the land annexed is subject to its proportionate part of the outstanding debt;

(B)  the land will be subject to taxation for payment of that debt;

(C)  the assumption of the proportionate debt will be a covenant running with the land; and

(D)  the petition will be filed in the deed records of Bell County; and

(4)  be signed:

(A)  by a majority of the owners of the land to be annexed if the number of owners is 30 or fewer; or

(B)  by 30 owners of the land to be annexed if the number of owners is more than 30.

(b)  The petition must be filed with the board secretary.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.054.  HEARING ON PETITION. The board shall order a hearing on the petition to be held at a time and on a date stated in the order and not before the 30th day after the date of the order.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.055.  NOTICE OF HEARING. (a) The board secretary shall:

(1)  issue notice of the hearing that includes:

(A)  the time and place of the hearing; and

(B)  a description of the territory proposed to be annexed; and

(2)  post copies of the notice for 15 days before the date of the hearing in:

(A)  three public places in the district; and

(B)  one public place in the territory proposed to be annexed.

(b)  The notice must be published in a newspaper of general circulation in the county one time at least 15 days before the date of the hearing.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.056.  BOARD ANNEXATION OF TERRITORY. (a) The board by resolution may annex the proposed territory to the district if the board finds as a result of the hearing that the annexation:

(1)  is to the advantage of the district; and

(2)  will not injure other land of the district.

(b)  If on hearing the petition a change to the proposed annexation is found necessary or desirable, the annexation may include less than all of the territory described in the petition.

(c)  The resolution authorizing the annexation must be recorded in the board minutes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.057.  RATIFICATION ELECTION; LIMITATION ON ASSUMPTION OF DEBT OR TAXES. (a) The annexation of territory under this subchapter is not final until ratified by:

(1)  a majority of the voters voting at a separate election held in the district; and

(2)  a majority of the voters voting at a separate election held in the territory to be annexed.

(b)  If the district has outstanding debts or taxes, the proposition for the territory's assumption of its proportion of the debts or taxes on annexation shall be submitted at the same time and at the same election.

(c)  The manner of holding the election, the election notice, and the manner and time of giving notice of the election  under this section are governed by Chapters 49 and 51, Water Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.058.  ANNEXED TERRITORY'S RESPONSIBILITY FOR DISTRICT DEBT OR TAXES. The annexed territory shall bear the territory's proportionate share of all debt or taxes owed, contracted, or authorized by the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.059.  ANNEXATION OF TERRITORY IN A MUNICIPALITY. The district may annex territory inside a municipality's boundaries.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 9011.101.  COMPOSITION OF BOARD. The board consists of five elected directors.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.102.  QUALIFICATIONS FOR OFFICE. (a) A person may not be appointed a director unless the person resides in Bell County and owns taxable property in the district.

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

(1)  a member of a governing body of a county or municipality; or

(2)  an employee of a county or municipality.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.103.  DIRECTORS' ELECTION. (a) Except as provided by this subchapter, a directors' election is held in accordance with Chapters 49 and 51, Water Code, and the Election Code.

(b)  The election order must state the time, place, and purpose of the election.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.104.  BALLOT PETITION. (a) A person who wants to have the person's name printed on the ballot as a candidate for director must present to the board secretary a petition requesting that action.

(b)  The petition must be:

(1)  signed by at least 10 residents of the district who are registered voters; and

(2)  presented to the secretary not later than the 11th day before the date of the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](http://capitol.texas.gov/tlodocs/81R/billtext/html/SB01969F.HTM)), Sec. 21.085, eff. September 1, 2009.

Sec. 9011.105.  APPOINTMENT OF SECRETARY AND TREASURER. 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.106.  VOTE BY BOARD PRESIDENT. The president has the same right to vote as any other director.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.107.  DIRECTOR'S AND TREASURER'S BOND. (a) A director shall give bond in the amount of $5,000 for the faithful performance of the director's duties.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.108.  COMPENSATION. Unless the board by resolution increases the fee to an amount authorized by Section 49.060, Water Code, each director is entitled to receive a fee of not more than $25 a day for each day the director spends performing duties as a director.  The fees for each director for any one month may not exceed $100.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 9011.151.  WATER CONTROL AND IMPROVEMENT DISTRICT POWERS. The district has all powers conferred by the general laws of this state relating to water control and improvement districts, including Chapters 49 and 51, Water Code, except powers that:

(1)  conflict with this chapter; or

(2)  relate to the annexation and exclusion of territory.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.152.  WATER SUPPLY AND DISTRIBUTION; ACQUISITION OF LAND RIGHTS. (a) The district may acquire or develop water, including groundwater, and sources of water.

(b)  The district may acquire or construct all works, plants, or other facilities or equipment necessary or useful to:

(1)  store or process the water; and

(2)  transport and distribute the water for municipal, domestic, farm, or industrial purposes.

(c)  The board may make an agreement or contract with any organized district, municipality, person, public agency, or state or the federal government for the district to:

(1)  acquire water, groundwater, or sources of water;

(2)  store, process, transport, and distribute the water; and

(3)  perform any other act necessary to carry out the powers of the district or accomplish a purpose of this chapter.

(d)  An existing municipality or district may contract with the district for the purposes stated in this section.

(e)  The district may acquire all the land, easements, and rights-of-way necessary to carry out the powers of the district or the purposes of this chapter.

(f)  The district may exercise the powers under this section inside or outside the district's boundaries but only in Bell County.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.153.  EMINENT DOMAIN. (a) In Bell County only, the district may exercise the power of eminent domain to acquire land, easements, or rights-of-way to carry out any power conferred by this chapter.

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

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

(d)  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 but may not acquire the fee title.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.154.  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 under this chapter makes necessary the relocating, raising, rerouting, changing the grade, or altering the construction of any highway, railroad, electric transmission line, communication property and facility, or pipeline, the action shall be accomplished at the sole expense of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.155.  AWARD OF CERTAIN CONSTRUCTION OR PURCHASE CONTRACTS. (a) This section applies only to a construction contract or contract for the purchase of materials, equipment, or supplies requiring an expenditure of more than $2,000.

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

(c)  The district shall award a contract to the lowest and best bidder only after notice of the contract to bidders is published once at least 10 days before the date the contract is awarded.  The notice must be printed in a newspaper of general circulation in the district that is designated by the board.

(d)  The notice is sufficient if it states:

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

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

(3)  the place where and the terms on which copies of the plans and specifications may be obtained.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.156.  CONTRACTS REGARDING WATER OR SEWER FACILITIES. (a) The district may contract with a municipality, an organized district, or another person to supply water to that person.

(b)  The district may contract with a municipality, an organized district, or another person to rent, lease, or operate the water production, water supply and water supply facilities, or sanitary and storm sewer facilities of that person.

(c)  The parties to the contract may agree on the contract terms including the consideration and the duration of the contract.

(d)  The contract may provide that it will continue in effect until bonds specified in it and refunding bonds issued in lieu of those bonds are paid.

(e)  A power granted by this section does not apply outside Bell County.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.157.  CONTRACTS AND COOPERATION WITH MUNICIPALITY INSIDE DISTRICT. (a) The district territory described by the law codified by this chapter intentionally overlaps the territory of an existing municipality.  The board may contract or cooperate with the municipality on matters that come within the purposes for which the district is organized or in aid of those purposes.

(b)  The municipality may contract with the district for the purposes stated in this section or in aid of those purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.158.  PROHIBITED AGREEMENTS. (a) The district may not enter into a contract or agreement that requires the district or the people in the district to lose ownership of or control over the use of any district property, real, personal, or mixed, after payment of all outstanding legal obligations of the district, including bonds and refunding bonds.

(b)  A contract or agreement prohibited by this section, if entered into by the board, is void.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 9011.201.  DEPOSITORY. (a) The board shall designate one or more banks to serve as depository for the district's money.

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

(1)  money pledged to pay bonds may be deposited with the trustee bank named in the trust indenture; 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 the 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)  Membership on the board of an officer or director of a bank does not disqualify the bank from being designated as a depository.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.202.  IMPOSITION OF AD VALOREM TAXES. A tax imposed by the district must be an ad valorem tax, including a tax to:

(1)  pay off bonds for preliminary surveys and investigation or to provide funds for conducting preliminary surveys, if no construction bonds are to be issued; and

(2)  pay the principal and interest and other costs that may be paid from taxes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.203.  TAX ASSESSOR AND COLLECTOR. (a) The board shall appoint a tax assessor and collector.

(b)  The board may appoint deputies to assist the tax assessor and collector by an order stating the manner and period of assistance.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.204.  PROJECTS EXEMPT FROM ASSESSMENT OR TAXATION. The district is not required to pay a tax or assessment on a project or any part of a project.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

SUBCHAPTER F. BONDS

Sec. 9011.251.  AUTHORITY TO ISSUE BONDS. (a) The district may issue bonds to carry out any purpose of this chapter and to:

(1)  provide a water system, as authorized by this chapter, for municipal, domestic, and industrial purposes;

(2)  pay fees of an attorney, engineer, or fiscal agent;

(3)  pay the cost of printing and issuing bonds; and

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

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

(c)  Bonds issued by the district must be payable by a pledge of:

(1)  revenue;

(2)  ad valorem taxes imposed on all taxable property in the district; or

(3)  both revenue and ad valorem taxes.

(d)  The pledge must be in a resolution or trust indenture adopted or authorized by the board.

(e)  A bond issuance payable wholly or partly from ad valorem taxes is subject to the conditions prescribed by this subchapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.252.  FORM OF BONDS. A district bond 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.253.  MATURITY. District bonds must mature not later than 40 years after their date of issuance.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.254.  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 of the district voters voting at an election.

(b)  The board may order an election under this section without a petition.  The order must specify:

(1)  the time and place 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 voting place.

(c)  Notice of the election must be published:

(1)  at least once in a newspaper published or having general circulation in the district; and

(2)  at least 14 days before the date of the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.255.  BONDS PAYABLE FROM REVENUE. (a) In this section, "net revenue" means the gross revenue of the district less the amount necessary to pay the cost of maintaining and operating the district and its property.

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

(1)  all or part of the net revenue of the district;

(2)  the net revenue of one or more contracts made before or after the issuance of the bonds; or

(3)  other revenue specified by resolution of the board.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.256.  TAX AND RATE REQUIREMENTS. (a) If the district issues bonds payable wholly or partly from ad valorem taxes, the board shall impose a tax sufficient to pay the bonds and the interest on the bonds as the bonds and interest become due.  The board may adopt the rate of the tax after considering the money received from 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 the use of the systems 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 facilities of the district;

(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 or the trust indenture.

(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 or with the trust indenture.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.257.  ADDITIONAL SECURITY. (a) Bonds, including refunding bonds, authorized by this subchapter may be additionally secured by a deed of trust lien on physical property of the district, franchises, easements, water rights and appropriation permits, leases, contracts, and all rights appurtenant to the property, vesting in the trustee the power to:

(1)  sell the property; and

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

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

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.258.  TRUST INDENTURE OR DEED OF TRUST. (a) A deed of trust lien conferred on the physical property may be combined with the trust indenture authorized by this chapter.

(b)  The trust indenture or deed of trust may provide for:

(1)  the security of the bonds and the operation and preservation of the trust estate in the manner prescribed by the board;

(2)  amendment or modification of the trust indenture or deed of trust; and

(3)  the issuance of bonds to replace lost or mutilated bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.259.  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:

(1)  interest to accrue during two years after the purchase of a system or expected to accrue during construction and two years after construction; and

(2)  a reserve interest and sinking fund.

(b)  The resolution authorizing the bonds or a trust indenture may provide for setting aside amounts under Subsection (a).

(c)  The district may use proceeds from the sale of the bonds to pay an expense incurred in accomplishing the purposes of the district, including:

(1)  the fees of attorneys, engineers, or fiscal agents; and

(2)  the cost of printing and issuing the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.260.  APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of the principal of or interest on bonds issued under this subchapter and payable wholly or partly from revenue, a court may, on petition of the holders of 25 percent of the outstanding bonds, appoint a receiver.

(b)  The receiver may collect and receive all district income, employ and discharge district agents and employees, take charge of money on hand, and manage the affairs of the district without consent or hindrance by the board.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.261.  REFUNDING BONDS. (a) The district may issue refunding bonds without an election 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.

(c)  The provisions of this subchapter regarding the issuance of other bonds 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 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.

Sec. 9011.262.  BONDS EXEMPT FROM TAXATION. A bond issued under this subchapter, the transfer of the bond, and income from the bond, including profits made on the sale of the bond, are exempt from taxation in this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.12, eff. April 1, 2009.