

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 6. WATER AND WASTEWATER

SUBTITLE X. DISTRICTS WITH COMBINED POWERS

CHAPTER 11006. SOUTH TEXAS WATER AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11006.001. DEFINITIONS. In this chapter:

- (1) "Authority" means the South Texas Water Authority.
- (2) "Board" means the board of directors of the authority.
- (3) "Cities" means the cities of Agua Dulce, Bishop, Driscoll, and Kingsville.
- (4) "Director" means a member of the board.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.002. NATURE OF AUTHORITY. The authority is a conservation and reclamation district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.003. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The authority is created to serve a public use and benefit.

(b) All land and other property in the authority will benefit from the works and projects to be accomplished by the authority under powers conferred by Section [59](#), Article XVI, Texas Constitution.

(c) The accomplishment of the purposes stated in this chapter will benefit the people of this state and improve their properties and industries.

(d) The authority, in carrying out the purposes of this chapter, will be performing an essential public function under the constitution of this state.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

SUBCHAPTER B. AUTHORITY TERRITORY; ANNEXATION

Sec. 11006.051. AUTHORITY TERRITORY. (a) The authority is composed of the territory described by Section 2, Chapter 436, Acts of the 66th Legislature, Regular Session, 1979, as that territory may have been modified under:

- (1) this subchapter or its predecessor statute, Section 7, Chapter 436, Acts of the 66th Legislature, Regular Session, 1979;
- (2) Subchapter J, Chapter 49, Water Code; or
- (3) other law.

(b) The boundaries of the authority form a closure. A mistake does not affect:

- (1) the authority's organization, existence, or validity;
- (2) the authority's right to issue any type of bond for a purpose for which the authority is created or to pay the principal of and interest on the bond;
- (3) the authority's right to impose a tax; or
- (4) the legality or operation of the authority, its bonds, or its governing body.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.052. ANNEXATION OF TERRITORY. (a) Territory may be annexed to the authority as provided by this section.

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

(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 authority, and that the authority will be able to supply water or have water supplied 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 authority; 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 authority; or

(B) the other functions of the authority.

(d) At least 10 days before the date of the hearing, notice of the adoption of the resolution stating the time and place of the hearing must be published one time in a newspaper of general circulation in the territory or municipality proposed to be annexed. The notice must describe the territory in the same manner in which Subsection (b) requires the petition to describe the territory.

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

(f) The hearing may proceed in the order and under the rules prescribed by the board and may be recessed from time to time.

(g) If, at the conclusion of the hearing, the board finds that the property in the territory or municipality will benefit from the 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 or municipality 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 or municipality to the authority.

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

(l) The board is not required to call an election if:

(1) a petition requesting annexation is signed by all residents and landowners of the territory or municipality to be annexed, the same as provided by law for conveyance of real property; and

(2) the petition:

(A) states that the petitioners:

(i) approve their share of the outstanding bonds or other obligations and the unissued bonds, if any, of the authority; and

(ii) authorize the board to set rates sufficient to pay their share of the debt and impose taxes sufficient to pay those bonds, if authorized; and

(B) is filed in the office of the county clerk of each county in which the authority is located.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 11006.101. COMPOSITION OF BOARD; TERMS. (a) The authority is governed by a board of nine directors. The directors occupy numbered places on the board. The Commissioners Court of Kleberg County shall appoint directors for Places 1, 3, 5, 7, and 9, and the Commissioners Court of Nueces County shall appoint directors for Places 2, 4, 6, and 8.

(b) Directors serve staggered two-year terms, with the terms of the directors occupying Places 1, 2, 3, and 4 commencing at 12:01 a.m. on April 1 of each even-numbered year and the terms of the directors occupying Places 5, 6, 7, 8, and 9 commencing at 12:01 a.m. on April 1 of each odd-numbered year.

(c) In March of each year, the appropriate commissioners court shall appoint directors to the appropriate places on the board.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.102. QUALIFICATIONS FOR OFFICE. (a) To be eligible to be appointed or to serve as a director, a person:

- (1) must be a resident, qualified voter of:
 - (A) the authority; and
 - (B) the county from which the person is appointed; and
- (2) may not:
 - (A) hold another public office; or
 - (B) be an officer or employee of the authority.

(b) Of the directors appointed by the Commissioners Court of Nueces County:

- (1) one must be a resident of the municipality of Agua Dulce;
 - (2) one must be a resident of the municipality of Bishop;
 - (3) one must be a resident of the municipality of Driscoll;
- and
- (4) one must be appointed at large and may be a resident of any of those municipalities.

(c) A director is eligible for reappointment.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.103. VACANCIES. Any vacancy occurring on the board shall be filled for the unexpired term by appointment in the manner in which the vacating director was appointed.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.104. REMOVAL FROM OFFICE. After reasonable notice and a public hearing, the board may remove a director from office for misfeasance, malfeasance, or wilful neglect of duty. Reasonable

notice and a public hearing are not required if the notice and hearing are expressly waived in writing.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.105. BOND. Each director shall execute a good and sufficient bond for \$5,000 that is:

- (1) payable to the authority; and
- (2) conditioned on the faithful performance of the director's duties.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.106. BOARD RESOLUTIONS; VOTING. (a) The authority shall act by resolutions adopted by the board.

- (b) All directors are entitled to vote.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.107. OFFICERS AND ASSISTANTS. (a) The board shall elect a president, vice president, secretary, and treasurer at the first meeting of the board in April of each year or at any time necessary to fill a vacancy.

- (b) The board shall elect the president and vice president from among the directors.

- (c) The president serves for a one-year term.

- (d) The offices of secretary and treasurer:

- (1) may be held by one person; and
- (2) are not required to be held by a director.

- (e) The board may appoint as assistant board secretary one or more persons who are not directors.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.108. DUTIES OF OFFICERS AND ASSISTANTS. (a) The board president shall preside at board meetings and perform other duties prescribed by the board.

(b) The board vice president shall perform the duties of the president when the president is not present or is otherwise incapacitated.

(c) The board secretary is the official custodian of the minutes, books, records, and seal of the board and shall perform other duties and functions prescribed by the board. An assistant board secretary may perform any duty or function of the board secretary.

(d) The board treasurer shall perform duties and functions prescribed by the board.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.109. MEETINGS. The board shall have regular meetings at times specified by board resolution and shall have special meetings when called by the board president or by any three directors.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.110. PERSONAL LIABILITY OF DIRECTORS. A director is not personally liable for a bond issued or contract executed by the authority.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 11006.151. GENERAL POWERS. The authority may exercise any power necessary or appropriate to achieve the purposes of this chapter, including the power to:

(1) sue and be sued and plead and be impleaded in its own name;

- (2) adopt an official seal;
- (3) adopt and enforce bylaws and rules for the conduct of its affairs;
- (4) acquire, hold, use, and dispose of its receipts and money from any source;
- (5) select a depository or depositories;
- (6) acquire, own, rent, lease, accept, hold, or dispose of property, or an interest in property, including a right or easement, by purchase, exchange, gift, assignment, condemnation, sale, lease, or otherwise, in performing authority duties or exercising authority powers under this chapter;
- (7) hold, manage, operate, or improve property;
- (8) lease or rent any land, building, structure, or facility from or to any person;
- (9) sell, assign, lease, encumber, mortgage, or otherwise dispose of property, or an interest in property, and release or relinquish a right, title, claim, lien, interest, easement, or demand, regardless of the manner in which acquired, and conduct a transaction authorized by this subdivision by public or private sale, with or without public bidding, notwithstanding any other law;
- (10) issue bonds, provide for and secure the payment of the bonds, and provide for the rights of the holders of the bonds in the manner and to the extent authorized by this chapter;
- (11) request and accept any appropriation, grant, allocation, subsidy, guaranty, aid, service, material, or gift from any source, including the federal government, the state, a public agency, or a political subdivision;
- (12) operate and maintain an office;
- (13) appoint and determine the duties, tenure, qualifications, and compensation of officers, employees, agents, professional advisors, and counselors, including financial consultants, accountants, attorneys, architects, engineers, appraisers, and financing experts considered necessary or advisable by the board; and
- (14) exercise any power granted by Chapter 383, Health and Safety Code, or Chapter 30, Water Code.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.152. PERMITS. (a) The authority may obtain, through appropriate proceedings, an appropriation permit or a diversion permit from the Texas Commission on Environmental Quality.

(b) The authority may acquire a water appropriation permit from a permit owner by contract or otherwise.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.153. GENERAL POWER OF PUBLIC AGENCIES AND POLITICAL SUBDIVISIONS TO CONTRACT WITH AUTHORITY. A public agency or political subdivision of this state, including the cities, may enter into a contract or agreement with the authority, on terms agreed to by the parties, for any purpose relating to the authority's powers or functions. Approval, notice, consent, or an election is not required in connection with the contract or agreement.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.154. CONTRACTS TO SUPPLY WATER. (a) The authority may contract with public agencies or political subdivisions, including the cities, to supply water to them. The authority may sell water inside or outside the boundaries of the authority.

(b) Contracts under Subsection (a) may provide that the contractual payments by the political subdivisions:

(1) will be payable from revenue or the imposition of taxes or both; and

(2) will constitute the purchase of the authority's system at the time all indebtedness incurred by the authority for acquisition, construction, improvement, and extensions of the system is paid in full.

(c) The authority may contract with a public agency or political subdivision for the rental or leasing of or for the operation of the water supply, water, and filtration or purification facilities of the entity for the consideration agreed to by the authority and the entity.

(d) A contract under Subsection (a) or (c) may:

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

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

(e) The authority may enter into contracts or agreements with the Nueces River Authority and the City of Corpus Christi for the purchase of water.

(f) The authority and the City of Corpus Christi may enter into contracts or agreements for the sale of water and the operation and maintenance of the authority's water lines if considered advisable.

(g) Public agencies or political subdivisions of this state, including the cities, may enter into contracts or agreements with the authority for a water supply.

(h) Approval, notice, consent, or an election is not required in connection with a contract or agreement described by Subsection (e), (f), or (g).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.155. SOURCES FOR WATER; ACQUISITION OF LAND; STORAGE CAPACITY. (a) The authority may acquire or construct, inside or outside the authority, any work, well, plant, transmission line, or other facility necessary or useful to divert, impound, drill for, store, treat, or transport water to the cities for municipal, domestic, agricultural, industrial, or any other useful purposes.

(b) The authority may develop or otherwise acquire underground sources of water.

(c) The authority may acquire land, or an interest in land, inside or outside the authority for any reservoir, work, well, plant, transmission line, or other facility necessary or useful to impound, store, treat, or transport water to the cities and others for municipal, domestic, agricultural, industrial, mining, oil flooding, or any other useful purposes.

(d) The authority may lease, purchase, or otherwise acquire rights in and to storage and storage capacity in any reservoir constructed or to be constructed by any person.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.156. CONVEYANCE OF LAND TO AUTHORITY. A public agency or political subdivision of this state, including the cities, may lease, sell, or otherwise convey its land or an interest in its land to the authority for the consideration that the parties agree is adequate. Approval, notice, consent, or an election is not required in connection with the conveyance.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.157. SURPLUS PROPERTY. Subject to the terms of a resolution or deed of trust authorizing or securing bonds issued by the authority, the authority may sell, lease, rent, trade, or otherwise dispose of property that the board considers not needed for an authority purpose.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.158. EMINENT DOMAIN. (a) To carry out a power conferred by this chapter, the authority may exercise the power of eminent domain to acquire the fee simple title to land, or any other interest in land, and other property and easements, inside or outside the authority, including land or an interest in land needed for a reservoir, dam, or flood easement above the probable high-water line around a reservoir.

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

(c) The authority is a municipal corporation for the purposes of Chapter [21](#), Property Code.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.159. COST OF RELOCATING OR ALTERING PROPERTY; RIGHTS-OF-WAY AND EASEMENTS. (a) If the authority's exercise of its eminent domain, police, or other power requires relocating, raising, lowering, rerouting, or changing the grade of or altering the construction of any railroad, electric transmission, telegraph, or telephone line, conduit, pole, property, or facility or pipeline, the action shall be accomplished at the sole expense of the authority. The term "sole expense" means the actual cost of the raising, lowering, rerouting, or change in grade or alteration of construction to provide a comparable replacement without enhancing the facility, after deducting from the cost the net salvage value derived from the old facility.

(b) The authority has all necessary or useful rights-of-way and easements along, over, under, and across all public, state, municipal, and county roads, highways, and places for any of its purposes. The authority shall restore a used facility to its previous condition as nearly as possible at the sole expense of the authority.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.160. OTHER AUTHORITY POWERS. The authority has the same power as is conferred by general law on municipal utility districts and on water control and improvement districts with reference to entering land, making surveys, and attending to other business of the authority.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 11006.201. DEPOSITORY. (a) The board shall designate one or more banks inside or outside the authority to serve as the depository for the authority's money.

(b) Authority money shall be deposited in the depository designated by the board, except that:

(1) bond proceeds and money pledged to pay bonds, to the extent provided in a resolution or trust indenture authorizing or securing authority bonds, may be deposited with another bank or trustee named in the bond resolution or trust indenture; and

(2) money shall be remitted to each paying agent for the payment of principal of and interest on the 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 municipal money.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.202. INVESTMENT OF AUTHORITY MONEY. The board may invest authority money in obligations and make time deposits of authority money in the manner determined by the board or in the manner permitted or required in a resolution or trust indenture authorizing or securing authority bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.203. AUTHORITY ACCOUNTS. The authority shall maintain a complete system of the authority's accounts.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.204. AUTHORITY FACILITIES EXEMPT FROM TAXATION AND ASSESSMENT. The authority is not required to pay a tax or assessment on its facilities or any part of its facilities.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

SUBCHAPTER F. BONDS

Sec. 11006.251. AUTHORITY TO ISSUE BONDS. (a) The authority may issue bonds payable from and secured by revenue or ad valorem taxes, or both revenue and ad valorem taxes, of the authority to carry out any power or authority conferred by this chapter. The bonds must be authorized by a board resolution.

(b) The bonds must be issued in the manner and under the terms of the resolution authorizing the issuance of the bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.252. FORM OF BONDS. Authority bonds must be:

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

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.253. MATURITY. Authority bonds must mature not later than 50 years after the date of their issuance.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.254. 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 authority 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 place at which the election will be held;
- (2) the purpose for which the bonds will be issued;

(3) the amount of the bonds;
(4) the form of the ballot; and
(5) other matters the board considers necessary or advisable.

(c) Notice of the election must be given by publishing a substantial copy of the resolution calling the election in a newspaper of general circulation in the authority. The notice must be published once each week for two consecutive weeks. The first publication must be not later than the 14th day before the date of the election.

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

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.255. BONDS SECURED BY REVENUE; ADDITIONAL BONDS.

(a) Authority bonds issued may be secured by a pledge of all or part of the authority's revenue or by all or part of the revenue of one or more contracts made or other revenue or income specified by board resolution or a trust indenture securing the bonds. The pledge may reserve the right, under conditions specified by the pledge, to issue additional bonds that will be on a parity with or subordinate to the bonds then being issued.

(b) The authority may issue bonds secured by both taxes and revenue of the authority described by Subsection (a).

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.256. BONDS PAYABLE FROM AD VALOREM TAXES. (a) If bonds are issued payable wholly or partly from ad valorem taxes, the board shall annually impose a tax on the taxable property in the authority in an amount sufficient to pay the principal of and interest on the bonds when due but not to exceed 20 cents on the \$100 valuation of taxable property in the authority.

(b) The board may adopt the rate of a tax imposed under Subsection (a) for any year after giving consideration to the money

received from the pledged revenue that may be available for payment of principal and interest, to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.257. ADDITIONAL SECURITY. (a) Authority bonds, including refunding bonds, that are not payable wholly from ad valorem taxes may be additionally secured, at the discretion of the board, by a deed of trust or mortgage lien on physical property of the authority 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 property, facilities, and rights purchased; and
- (2) is entitled to maintain and operate the property, facilities, and rights.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.258. TRUST INDENTURE. (a) Authority 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 this 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 authority money or sell authority property on the approval of a licensed engineer selected as provided by the trust indenture; and

(5) provide for the investment of authority money.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.259. CHARGES FOR AUTHORITY SERVICES. (a) If authority bonds payable wholly from revenue are issued, the board shall set and from time to time revise the rates of compensation for water sold and services provided by the authority. The rates must be sufficient to:

(1) pay the expenses of operating and maintaining authority facilities;

(2) pay the principal of and interest on the bonds when due; and

(3) maintain the reserve fund and other funds as provided in the resolution authorizing the bonds.

(b) If bonds payable partly from revenue are issued, the board shall set and from time to time revise the rate of compensation for water sold and any other services provided by the authority. The rate must be sufficient to ensure compliance with the resolution authorizing the bonds or the trust indenture securing the bonds.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.260. USE OF BOND PROCEEDS. (a) The authority may set aside an amount of proceeds of the sale of authority bonds for:

(1) the payment of interest expected to accrue during construction not to exceed three years;

(2) a reserve interest and sinking fund; and

(3) other funds as may be provided in the resolution authorizing the bonds or in the trust indenture.

(b) The authority may use proceeds from the sale of bonds to pay any expense necessarily incurred in accomplishing the purpose of the authority, including:

- (1) any expense of issuing and selling the bonds; and
- (2) the amount needed to operate the authority during construction of the improvements.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.261. APPOINTMENT OF RECEIVER. (a) On default or threatened default in the payment of the principal of or interest on authority bonds that are payable wholly or partly from revenue, a court may, on petition of the holders of outstanding bonds, appoint a receiver for the authority.

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

(c) The receiver may be authorized to sell or contract for the sale of water or to renew 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 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.262. REFUNDING BONDS. (a) The authority may issue refunding bonds to refund outstanding authority bonds 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 authority, 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 and any required redemption premium on the bonds to be refunded to any redemption date or to their maturity date, and the comptroller shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

(f) An election is not required to authorize the issuance of refunding bonds.

(g) The authority may also issue refunding bonds under any other applicable law.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.263. 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 authority's property or income.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. [1162](#)), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.264. BONDS EXEMPT FROM TAXATION. An authority 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 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.

Sec. 11006.265. DETACHMENT OF AUTHORITY TERRITORY AFTER ISSUANCE OF BONDS. Territory may not be detached from the authority after the issuance of bonds payable from revenue or taxes, or both revenue and taxes.

Added by Acts 2015, 84th Leg., R.S., Ch. 855 (S.B. 1162), Sec. 1.07, eff. April 1, 2017.