

CHAPTER 779

H.B. No. 2487

An Act relating to the creation, administration, powers, duties, operations, financing, and organization of the Fox Crossing Water District and annexation of territory to that district.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. CREATION AUTHORIZED. On approval at an election called and held under Section 5 of this Act, the Fox Crossing Water District is created pursuant to Article XVI, Section 59, of the Texas Constitution.

SECTION 2. DEFINITIONS. In this Act:

- (1) "District" means the Fox Crossing Water District.
- (2) "Board" means the board of directors of the district.
- (3) "Director" means a member of the board of directors.
- (4) "Person" means an individual, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, joint venture, association, or any other legal entity.
- (5) "Department" means the Texas Department of Water Resources.

SECTION 3. LEGISLATIVE FINDINGS AND DECLARATION. (a) The legislature finds that the land and other property included within the boundaries of the district will be benefited by the works and projects that are to be accomplished by the district and by the powers granted pursuant to Article XVI, Section 59, of the Texas Constitution, and that the district is created to serve a public use and benefit.

(b) The legislature declares the creation and operation of the district to be essential to accomplish the purposes of Article XVI, Section 59, of the Texas Constitution.

(c) The district is declared to be a governmental agency and a body politic and corporate.

SECTION 4. DISTRICT BOUNDARIES. The district consists of the territory contained within the boundaries of Lampasas, San Saba, and Mills counties.

SECTION 5. CONFIRMATION ELECTION. (a) The commissioners courts of Lampasas, San Saba, and Mills counties may call an election within the boundaries of their respective counties to determine if the proposed district will be created. If an election is called, it must be held in each county on the same day.

(b) Notice of the confirmation election must state the day and places for holding the election in the county and the proposition to be voted on. The commissioners court of each county shall publish the notice of the election one time in one or more newspapers of general circulation in the county. The notice must be published at least 35 days before the date set for the election.

(c) The ballot for the election in each county shall be printed to provide for voting for or against the proposition: "The creation of the Fox Crossing Water District."

(d) Immediately after the confirmation election, the presiding judge of each polling place shall make returns of the election to the commissioners court of the respective county.

(e) Within 10 days after the date of the election, each commissioners court shall meet and shall canvass the returns and declare the result of the vote on the proposition to create the district. If a majority of the votes cast at the election in a county favor creation of the district, the commissioners court shall issue an order declaring the district created and the county included in the district. If a majority of the votes cast at the election in a county are against the creation of the district, the commissioners court shall issue an order declaring that the creation of the district was defeated in that county and the county is not included in the district, if created. Each commissioners court shall enter the election results in its minutes, and each commissioners court shall file a copy of the election results with the department.

(f) If the voters of a county approve the creation of the district, the commissioners court of that county shall appoint three persons who are residents of that county to be the initial directors for that county on the board.

(g) At the first meeting of the board the initial directors shall draw lots to determine their terms of office, with the number of directors being divided into two groups as nearly equal as possible. One group shall serve until the directors elected at the first directors' election have qualified for office, and the second group shall serve until the directors elected at the second directors' election have qualified for office.

SECTION 6. EXCLUSION OF A COUNTY FROM DISTRICT. (a) On a majority vote of the membership of the commissioners court of a county or on approval of a majority of the qualified voters voting at an election called and held for that purpose, a county included in the district may be excluded from the district.

(b) If the commissioners court votes to exclude the county from the district, the exclusion takes effect on delivery of a resolution adopted by the commissioners court excluding the county from the district to the board at a regularly scheduled meeting of the board and execution of the agreement required by Subsection (d) of this section.

(c) To exclude a county from the district by approval of the qualified voters, a petition must be submitted to the commissioners court of that county requesting that an election be called and held within the county to vote on the proposition whether to exclude the county from the district. The petition must be signed by at least 10 percent of the qualified voters of the county as shown by the most recent voter registration rolls of the county. Not later than the 60th day after the commissioners court receives a petition under this section, it shall call and hold an election to determine whether the county should be excluded from the district. Ballots for the election shall be printed to provide for voting for or against the proposition: "The exclusion of (*Name of County*) from the Fox Crossing Water District." A general law requiring elections to be held on uniform or specified election dates does not apply to an election ordered under this subsection. Except as specifically provided by this section, an election to exclude a county from the district is governed by Section 5 of this Act as if it were a confirmation election and the Texas Election Code.

(d) Before a county is excluded from the district under this section, the county commissioners of that county must enter into a written agreement with the board to retire the proportionate share of any debt of the district attributable to that county.

SECTION 7. BOARD OF DIRECTORS. The district shall be governed by a board of directors composed of three members from each county included in the district, who, except for the initial directors, are elected as provided by this Act.

SECTION 8. QUALIFICATIONS OF DIRECTORS. To serve as a director, a person must be at least 18 years old and must be a resident of the county that he represents.

SECTION 9. TERM OF OFFICE. Except for the initial directors appointed under Section 5 of this Act, a director shall hold office for a term of four years and shall serve until his successor is elected and has qualified.

SECTION 10. ELECTION OF DIRECTORS. (a) On the first Saturday in April in each odd-numbered year, an election shall be held in each county in the district to elect the appropriate number of directors to the board.

(b) A person who desires to have his name printed on the ballot at a directors' election as a candidate for a director shall file a petition with the secretary of the district before the 30th day preceding the date of the election.

SECTION 11. BEGINNING OF DIRECTOR'S TERM. A director shall take office at the first regular meeting of the board in April following his election to the board.

SECTION 12. VACANCY ON BOARD. A vacancy on the board shall be filled by appointment of the remaining members of the board until the next election of directors for the district. If the vacant position is not scheduled to be filled at that election, the person elected to fill the vacancy shall serve only for the remainder of the unexpired term.

SECTION 13. OATH. Each director shall take the constitutional oath of office required of state officers.

SECTION 14. COMPENSATION. Each director is entitled to receive for his services not more than \$25 a day for each day he is actually engaged in his duties for the district.

SECTION 15. ORGANIZATION OF BOARD. (a) After each directors' election, the board shall hold a regular meeting in April at the district office and shall organize by electing from the members of the board one person to serve as chairman, one person to serve as vice-chairman, and one person to serve as secretary.

(b) A person selected to serve as chairman, vice-chairman, or secretary shall serve in that capacity for a term of two years.

(c) The chairman shall preside over meetings of the board, and in his absence, the vice-chairman shall preside.

(d) The chairman, vice-chairman, and secretary shall perform the duties and may exercise the powers specifically given them by this Act or by orders of the board.

SECTION 16. QUORUM. A majority of the members of the board constitute a quorum for the transaction of business of the district, but no official action of the board is valid without the affirmative vote of a majority of the members of the board.

SECTION 17. OTHER OFFICERS. (a) The board shall appoint persons to serve as treasurer and attorney for the district.

(b) The persons appointed under this section are entitled to the compensation provided by the district's budget.

(c) The person appointed as treasurer shall execute a bond in the amount determined by the board, payable to the district, conditioned on the faithful performance of the treasurer's duties. The district shall pay for the bond.

SECTION 18. GENERAL MANAGER. (a) The board may employ a general manager to be the chief administrative officer of the district and may delegate to him full authority to manage and operate the affairs of the district subject only to orders of the board.

(b) The general manager shall execute a bond in the amount determined by the board, payable to the district, conditioned on the faithful performance of the general manager's duties. The district shall pay for the bond.

(c) The general manager is entitled to receive the compensation provided by the district's budget.

SECTION 19. ENGINEER. The board may appoint or contract with a competent professional civil engineer for the district and may determine the amount of compensation to be paid to the engineer.

SECTION 20. PERSONNEL. (a) The board or the general manager at the direction of the board shall employ persons necessary for the proper handling of the business and operation of the district and may employ or contract with expert and specialized personnel who are necessary to carry out this Act.

(b) The board shall determine the terms of employment and the compensation to be paid to employees under this section.

(c) A majority of the members of the board or the general manager at the direction of the board may dismiss an employee of the district.

(d) The board shall require each employee or person under contract to the district who collects, pays, or handles any funds of the district to furnish a bond, payable to the district, for an amount sufficient to protect the district from financial loss resulting from actions of the employee or another person. Each bond shall be conditioned on the faithful performance of the employee's or person's duties and on accounting for all money and property of the district under his control. The district shall pay for each bond.

SECTION 21. OFFICE. The board shall maintain an office within the boundaries of the district for conducting the business of the district.

SECTION 22. MEETINGS OF BOARD. The board shall hold regular meetings at the district's office at least once each month on a date established by rule of the board.

SECTION 23. MINUTES AND RECORDS. (a) The board shall keep a complete written account of all its meetings and other proceedings and shall preserve its minutes, contracts, records, plans, notices, accounts, receipts, and records of all kinds in a secure manner at the district's office.

(b) Minutes, contracts, records, plans, notices, accounts, receipts, and other records are the property of the district and are subject to public inspection.

SECTION 24. CONTRACTS. The board may enter into contracts as provided by this Act, and those contracts shall be executed by the board in the name of the district.

SECTION 25. RULES. (a) After notice and hearing, the board may adopt rules to carry out this Act.

(b) The board shall adopt rules providing procedures for giving notice and holding hearings before the board.

SECTION 26. SUPERVISION OF DISTRICT. The district is subject to the continuing right of supervision by the state, to be exercised by the department under this Act and the Water Code.

SECTION 27. SUITS; PAYMENT OF JUDGMENTS. (a) The district may, through its board, sue and be sued in any court of this state in the name of the district. Service of process in a suit may be had by serving the chairman of the board or the general manager.

(b) The courts of this state shall take judicial notice of the creation of the district.

(c) A court of this state that renders a money judgment against the district may require the board to pay the judgment from money in the district depository that is not dedicated to the payment of any indebtedness of the district.

SECTION 28. SEAL. The board shall adopt a seal for the district.

SECTION 29. GENERAL POWER OF AUTHORITY. (a) The district may:

- (1) construct, renovate, repair, and maintain dams, spillways, and related facilities;
- (2) supply water for municipal uses, domestic uses, power and commercial purposes, industrial uses, and all other beneficial uses or controls;
- (3) collect, transport, process, dispose of, and control all domestic, industrial, and communal wastes whether in fluid, solid, or composite state; and
- (4) conserve, preserve, protect, recharge, and prevent waste of water from the underground water reservoirs and subdivisions of underground water reservoirs in the district.

(b) The district may prepare and adopt plans for and may purchase, construct, acquire, own, operate, maintain, repair, improve, and extend inside and outside the boundaries of the district any works, improvements, facilities, projects, plants, pipelines, equipment, and appliances necessary to carry out the powers provided by Subsection (a) of this section.

(c) In addition to the authority granted by this Act, the district has the rights, powers, privileges, authority, and functions applicable to municipal utility districts provided by Chapters 52 and 54, Water Code. The district has the rights, powers, privileges, authority, and functions under Chapter 51, Water Code, to the extent necessary to carry out its duties and authority relating to underground water. If any provision of Chapter 51, 52, or 54, Water Code, conflicts or is inconsistent with this Act, this Act prevails.

SECTION 30. GIFTS, GRANTS, LOANS, AND OTHER FUNDS. To carry out any purposes or powers under this Act, the district may apply for, accept, receive, and administer gifts, grants, loans, and other funds available from any source.

SECTION 31. CONSULTATION, CONTRACTS, AND COOPERATION WITH OTHER GOVERNMENTAL AGENCIES AND ENTITIES. To carry out any purposes or powers under this Act, the district may advise, consult, contract, and cooperate with the federal government and its agencies, the state and its agencies, local governments, and private entities.

SECTION 32. ACQUISITION OF PROPERTY. The district may acquire by gift, grant, devise, purchase, or lease any land, easements, rights-of-way, and other property interests necessary to carry out the powers and duties provided by this Act.

SECTION 33. AUTHORITY TO ENTER INTO CONSTRUCTION, RENOVATION, AND REPAIR CONTRACTS. The district may contract with any person to construct,

renovate, or repair any of its works, improvements, facilities, projects, plants, pipelines, equipment, and appliances and, from time to time, make improvements to them.

SECTION 34. BIDS ON CONTRACTS. Contracts entered into under Section 33 of this Act requiring an expenditure of more than \$5,000 may be made only after competitive bidding as provided by Chapter 770, Acts of the 66th Legislature, Regular Session, 1979 (Article 2368a.3, Vernon's Texas Civil Statutes).

SECTION 35. ATTACHMENTS TO CONTRACTS. A contract entered into under Section 33 of this Act must contain, or have attached to it, the specifications, plans, and details for work included in the contract, and work shall be done according to those plans and specifications under the supervision of the district.

SECTION 36. EXECUTION AND AVAILABILITY OF CONTRACTS. (a) A contract entered into under Section 33 of this Act shall be in writing and signed by the contractor and a representative of the district designated by the board.

(b) The contract shall be kept in the district's office and shall be available for public inspection.

SECTION 37. CONTRACTOR'S BOND. (a) A contractor shall execute a bond in an amount determined by the board, not to exceed the contract price, payable to the district and approved by the board, conditioned on the faithful performance of the obligations, agreements, and covenants of the contract.

(b) The bond must provide that if the contractor defaults on the contract, he will pay to the district all damages sustained as a result of the default. The bond shall be deposited in the district's depository, and a copy of the bond shall be kept in the district's office.

SECTION 38. MONITORING WORK. (a) The board has control of construction, renovation, or repairs being done for the district under a contract entered into under Section 33 of this Act and shall determine whether or not the contract is being fulfilled.

(b) The board shall have the construction, renovation, or repair work inspected by engineers, inspectors, and personnel of the district.

(c) During the progress of the work, the engineers, inspectors, and personnel doing the inspections shall submit to the board written reports that show whether or not the contractor is complying with the contract.

(d) On completion of construction, renovation, or repair work, the engineers, inspectors, and personnel shall submit to the board a final detailed written report including information necessary to show whether or not the contractor has fully complied with the contract.

SECTION 39. PAYMENT FOR WORK. (a) The district shall pay the contract price of construction, renovation, or repair contracts in accordance with this section.

(b) The district will make progress payments under contracts monthly as the work proceeds, or at more frequent intervals as determined by the board.

(c) If requested by the board, the contractor shall furnish an analysis of the total contract price showing the amount included for each principal category of the work, in such detail as requested, to provide a basis for determining progress payments.

(d) In making progress payments, 10 percent of the estimated amount shall be retained until final completion and acceptance of the contract work. However, if the board, at any time after 50 percent of the work has been completed, finds that satisfactory progress is being made, it may authorize any of the remaining progress payments to be made in full. Also, if the work is substantially complete, the board, if it finds the amount retained to be in excess of the amount adequate for the protection of the district, may release to the contractor all or a portion of the excess amount.

(e) On completion and acceptance of each separate project, work, or other division of the contract, on which the price is stated separately in the contract, payment may be made without retention of a percentage.

(f) When work is completed according to the terms of the contract, the board shall draw a warrant on the depository to pay any balance due on the contract.

SECTION 40. CONTRACTS FOR PURCHASE OF VEHICLES, EQUIPMENT, AND SUPPLIES OVER \$10,000. (a) If the estimated amount of a proposed contract for the purchase of vehicles, equipment, or supplies is more than \$10,000, the board shall ask for competitive bids as provided by Section 34 of this Act.

(b) This section does not apply to purchases of property from public agencies or to contracts for personal or professional services.

SECTION 41. ENTRY ON LAND. (a) The directors, the engineer, and the employees of the district may go on any land inside or outside the boundaries of the district to make surveys and examine the land with reference to the location of works, improvements, facilities, projects, plants, pipelines, equipment, and appliances and to attend to business of the district.

(b) Before a director, engineer, or employee enters on the land, five days' written notice must be given to the landowner.

(c) If any activities of the district on the land cause damages to the land or property, the land or property shall be restored as nearly as possible to its original state. The district shall pay the cost of the restoration.

SECTION 42. RIGHT TO USE ROAD RIGHT-OF-WAY. The district has a right-of-way along and across all public state or county roads or highways, but the district shall restore the roads and highways crossed, as nearly as possible, to their previous condition of use at the sole expense of the district.

SECTION 43. FEES AND CHARGES. (a) The board may adopt and enforce all necessary charges, fees, or rentals, in addition to taxes, for providing any district facilities or service.

(b) The board may require a deposit for any service or facilities furnished and may or may not provide that the deposit will bear interest.

(c) The board may discontinue a facility or service to prevent an abuse or enforce payment of an unpaid charge, fee, or rental due the district including taxes that have been due for not less than six months.

SECTION 44. ACQUISITION OF EXISTING FACILITIES. If the district acquires existing works, improvements, facilities, projects, plants, equipment, and appliances that are completed, partially completed, or under construction, the district may assume the contracts and obligations of the previous owner and perform the obligations of the previous owner in the same manner and to the same extent that any other purchaser or assignee would be bound.

SECTION 45. AREAWIDE WASTE TREATMENT. The powers and duties conferred on the district are granted subject to the policy of the state to encourage the development and use of integrated areawide waste collection, treatment, and disposal systems to serve the waste disposal needs of the citizens of the state, it being an objective of the policy to avoid the economic burden to the people and the impact on the quality of the water in the state that result from the construction and operation of numerous small waste collection, treatment, and disposal facilities to serve an area when an integrated areawide waste collection, treatment, and disposal system for the area can be reasonably provided.

SECTION 46. UNDERGROUND WATER POWERS. (a) The board may require permits for the drilling, equipping, and completion of wells in an underground water reservoir and issue permits subject to terms and provisions relating to drilling, equipping, and completion of wells that are necessary to prevent waste or conserve, preserve, and protect underground water.

(b) The board may provide for the spacing of wells producing from underground water reservoirs and regulate the production from those wells to minimize as far as practicable the drawdown of the water table or the reduction of the artesian pressure. The owner of the land, his heirs, assigns, and lessees may not be denied a permit to drill a well on the land and the right to produce underground water from that well subject to rules adopted under this Act.

(c) The board may require records to be kept and reports to be made of the drilling, equipping, and completion of wells into any underground water reservoir and the taking and use of underground water from those reservoirs and may require accurate driller's logs to be kept of those wells and may require that a copy of those logs and of any electric logs that may be made of the wells be filed with the district.

(d) The district may acquire land for the erection of dams and for the purpose of draining lakes, depressions, and draws and may construct dams, drain lakes, depressions, draws, and creeks, and install pumps and other equipment necessary to recharge an underground water reservoir.

(e) The district may have registered professional engineers make surveys of the underground water of any underground water reservoir and of the facilities for the development, production, and use of that underground water and determine the quantity of the underground water available for production and use and the improvements, developments, and recharges needed for those underground water reservoirs.

(f) The district may develop comprehensive plans for the most efficient use of the underground water of any underground water reservoir and for the control and prevention of waste of that underground water. The plans shall specify in the amount of detail that may be practicable any act, procedure, performance, and avoidance necessary to effect those plans.

(g) The district may carry out research projects, develop information, and determine limitations, if any, that should be made on the withdrawal of underground water from any underground water reservoir.

(h) The district may collect and preserve information regarding the use of the underground water and the practicability of recharge of any underground water reservoir.

(i) The board may publish plans and information, bring them to the notice and attention of the users of the underground water within the district, and encourage their adoption and execution.

(j) The district may contract for, sell, and distribute water from a water import authority or other agency.

SECTION 47. ACQUISITION OF WATER RIGHTS. The district may acquire all necessary water rights to carry out its powers and duties under this Act.

SECTION 48. SUIT TO PROTECT WATER RIGHTS. The board may institute and maintain any suit or suits to protect the water supply or other rights of the district, to prevent any unlawful interference with the water supply or other rights of the district, or to prevent a diversion of its water supply by others.

SECTION 49. STUDIES. (a) The district may make or have made any studies necessary to carry out its powers and duties under this Act.

(b) The counties in the district and the cities within those counties shall pay the expenses of any study carried out under this section.

SECTION 50. ASSISTANCE OF DEPARTMENT. On request of the board, the department shall assist the district in carrying out its powers and duties under this chapter.

SECTION 51. WATER CONSERVATION PROGRAM. The district shall adopt and implement a program of water conservation consistent with rules and criteria duly adopted and enforceable by the Texas Department of Water Resources for similarly situated districts in the region. A program of water conservation means the use of practices, techniques, and technologies that will reduce the consumption of water, reduce the loss or waste of water, improve efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future uses.

SECTION 52. FISCAL YEAR. (a) The district shall be operated on the basis of a fiscal year established by the board.

(b) The fiscal year may not be changed more than once in a 24-month period.

SECTION 53. ANNUAL AUDIT. Annually, the board shall have an audit made of the financial condition of the district.

SECTION 54. ANNUAL BUDGET. (a) The board shall prepare and approve an annual budget.

(b) The budget shall contain a complete financial statement, including a statement of:

- (1) the outstanding obligations of the district;
- (2) the amount of cash on hand to the credit of each fund of the district;
- (3) the amount of money received by the district from all sources during the previous year;
- (4) the amount of money available to the district from all sources during the ensuing year;
- (5) the amount of the balances expected at the end of the year in which the budget is being prepared;
- (6) the estimated amount of revenues and balances available to cover the proposed budget; and
- (7) the estimated tax rate that will be required.

SECTION 55. AMENDING BUDGET. After the annual budget is adopted, it may be amended on the board's approval.

SECTION 56. LIMITATION ON EXPENDITURES. Money may not be spent for an expense not included in the annual budget or an amendment to it unless the board by order declares the expense to be necessary.

SECTION 57. DEPOSITORY. (a) The board shall name one or more banks to serve as depository for district funds.

(b) District funds, other than those transmitted to a bank of payment for bonds issued by the district, shall be deposited as received with the depository bank and shall remain on deposit. This section does not limit the power of the board to invest the district's funds as provided by Section 58 of this Act.

(c) Before the district deposits funds in a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation, the bank must execute a bond or provide other security in an amount sufficient to secure from loss the district's funds that exceed the amount secured by the Federal Deposit Insurance Corporation.

SECTION 58. INVESTMENTS. (a) Funds of the district may be invested and reinvested by the board or its authorized representative in the following:

(1) direct obligations of or obligations guaranteed directly or indirectly by the United States;

(2) obligations, debentures, notes, or other evidence of indebtedness issued or guaranteed directly or indirectly by the Association for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Association System, Export-Import Association of the United States, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Farmers' Home Administration, Tennessee Valley Authority, Federal Farm Credit System, the Government National Mortgage Association, or successor agencies;

(3) obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States, or temporary notes, preliminary loan notes, or project notes issued by public agencies or municipalities that are fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States;

(4) direct and general obligations of or obligations guaranteed by the state, the payment of the principal of and interest on which is a general obligation of the State of Texas;

(5) demand deposits or interest-bearing time deposits, certificates of deposit, or other similar banking arrangements that are made with a member of the Federal Deposit Insurance Corporation, or any savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, provided those time deposits or certificates of deposit, to the extent not insured to their full amount, are fully secured by obligations of the types specified in Subdivision (1), (2), (3), (4), (8), or (9) of this subsection that have a fair market value at least equal at all times to the amount of those deposits;

(6) repurchase agreements with banks that are members of the Federal Deposit Insurance Corporation and with members of the Association of Primary Dealers in United States Government Securities, the underlying securities of which are of the type described in Subdivisions (1) and (2) of this subsection and each of which is fully secured at all times by obligations of the same type that have a fair market value, including accrued interest, at least equal to the amount of the repurchase agreement including accrued interest;

(7) interest-bearing time deposits or repurchase agreements with agencies or intermediaries of the federal government of the United States that are described in Subdivisions (1) and (2) of this subsection;

(8) obligations of this state, any other state within the United States, any nonprofit corporation, or any instrumentality of this state, any other state, or any nonprofit corporation, provided that at the time of their purchase under the indenture, those obligations are rated in one of the two highest letter-rating categories by a nationally recognized securities credit rating agency; and

(9) obligations issued by political subdivisions or municipalities of this state, any other state within the United States, any nonprofit corporation, or any instrumentality of this state, any other state, or any nonprofit corporation, that are rated in one of the two highest letter-rating categories by a nationally recognized securities credit rating agency.

(b) Funds of the district may be placed in certificates of deposit of state or national banks or state or federal savings and loan associations within the state provided that the funds are secured in the manner required for the security of the funds of counties of the state.

(c) The board by resolution may provide that an authorized representative of the district may invest and reinvest the funds of the district and provide for money to be withdrawn from the appropriate accounts of the district for investments on terms the board considers advisable.

SECTION 59. PAYMENT OF EXPENSES. (a) The district's directors may pay all costs and expenses necessarily incurred in the creation, organization, and operation of the district, legal fees, and other incidental expenses and may reimburse any person for money advanced for those purposes.

(b) Payments may be made from money obtained from the sale of bonds issued by the district or out of taxes, fees, or other revenues of the district.

SECTION 60. BORROWING MONEY. The district may borrow money for any purpose authorized under this Act or any combination of those purposes.

SECTION 61. ISSUANCE OF BONDS. The board may issue and sell bonds in the name of the district to acquire land and construct works, improvements, facilities, plants, pipelines, equipment, and appliances as provided by this Act.

SECTION 62. MANNER OF REPAYMENT OF BONDS. The board may provide for the payment of the principal of and interest on the bonds from the levy and collection of property taxes on all taxable property within the district.

SECTION 63. BOND ELECTION. (a) Bonds may not be issued by the district until authorized by a majority vote of the qualified voters of each county in the district voting at an election called and held for that purpose.

(b) The board may order a bond election, and the order calling the election must state the nature and the date of the election, the hours during which the polls will be open, the location of the polling places, the amount of bonds to be authorized, and the maximum maturity of the bonds.

(c) Notice of a bond election must be given as provided by Section 5 of this Act for the confirmation election.

(d) At an election to authorize bonds, the ballots must be printed to provide for voting for or against the issuance of bonds and the levy of property taxes for payment of the bonds.

(e) The board shall canvass the returns and declare the results of the election. If a majority of the votes cast in each county in the district favor the issuance of the bonds, the bonds may be issued by the board, but if a majority of the votes cast in one or more counties in the district do not favor issuance of the bonds, the bonds may not be issued.

SECTION 64. FORM OF BONDS. (a) The district may issue its bonds in various series or issues.

(b) Bonds may mature serially or otherwise not more than 50 years from their date and shall bear interest at any rate or rates permitted by the constitution and laws of this state.

(c) The district's bonds are investment securities under the terms of Chapter 8 of the Business & Commerce Code and may be issued registrable as to principal or as to both principal and interest or may be issued in book entry form and may be made redeemable before maturity at the option of the district or may contain a mandatory redemption provision.

(d) The district's bonds may be issued in the form, denominations, and manner and under the terms, conditions, and details and shall be signed and executed as provided by the board in the resolution or order authorizing their issuance.

SECTION 65. PROVISIONS OF BONDS. (a) In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds, the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds and may make additional covenants with respect to the bonds and the pledged fees.

(b) The orders or resolutions of the board authorizing the issuance of bonds may also prohibit the further issuance of bonds or other obligations payable from the pledged fees or may reserve the right to issue additional bonds to be secured by a pledge of and payable from the fees on a parity with or subordinate to the pledge in support of the bonds being issued.

(c) The orders or resolutions of the board issuing bonds may contain other provisions and covenants as the board may determine.

(d) The board may adopt and have executed any other proceedings or instruments necessary and convenient in connection with the issuance of bonds.

SECTION 66. APPROVAL BY ATTORNEY GENERAL; REGISTRATION BY COMPTROLLER. (a) Bonds issued by the district and the records relating to their issuance must be submitted to the attorney general for examination.

(b) If the attorney general finds that the bonds have been authorized in accordance with law, he shall approve them, and they shall be registered by the comptroller of public accounts.

(c) After the approval and registration of bonds, the bonds are incontestable in any court or other forum for any reason and are valid and binding obligations in accordance with their terms for all purposes.

SECTION 67. REFUNDING BONDS. Refunding bonds may be issued for the purposes and in the manner provided by general law including Chapter 503, Acts of the 54th Legislature, Regular Session, 1955 (Article 717k, Vernon's Texas Civil Statutes), and Chapter 784, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-3, Vernon's Texas Civil Statutes).

SECTION 68. BONDS AS INVESTMENTS. District bonds are legal and authorized investments for:

- (1) banks;
- (2) savings banks;
- (3) trust companies;
- (4) savings and loan associations;
- (5) insurance companies;

- (6) fiduciaries;
- (7) trustees;
- (8) guardians; and
- (9) sinking funds of cities, counties, school districts, and other political subdivisions of the state and other public funds of the state and its agencies, including the permanent school fund.

SECTION 69. BONDS AS SECURITY FOR DEPOSITS. District bonds are eligible to secure deposits of public funds of the state and cities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value.

SECTION 70. MANDAMUS BY BONDHOLDERS. In addition to all other rights and remedies provided by law, if the district defaults in the payment of principal, interest, or redemption price on its bonds when due or if it fails to make payments into any fund or funds created in the orders or resolutions authorizing the issuance of the bonds or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the orders or resolutions authorizing the issuance of its bonds, the owners of any of the bonds are entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the district and its officials to observe and perform the covenants, obligations, or conditions prescribed in the orders or resolutions authorizing the issuance of the district's bonds.

SECTION 71. APPLICATION OF OTHER LAWS. Bonds of the district are considered bonds under the Bond Procedures Act of 1981 (Article 717k-6, Vernon's Texas Civil Statutes).

SECTION 72. TAX STATUS OF BONDS. Since a district created under this chapter is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are free from taxation by the state or by any city, county, special district, or other political subdivision of the state.

SECTION 73. LEVY OF TAXES. (a) If authorized by a majority of the qualified voters of each county in the district, the board may annually levy taxes to pay the principal of and interest on bonds issued by the district and the expense of assessing and collecting taxes.

(b) On approval of a majority of the qualified voters of each county in the district at an election called and held for that purpose, the district may levy and collect a maintenance and operating tax on property in the district to pay maintenance and operating expenses of the district. The maintenance and operating tax election shall be held in the manner provided by Section 5 of this Act for the confirmation election.

SECTION 74. BOARD AUTHORITY. (a) The board may levy taxes for the entire year in which the district is created.

(b) The board shall levy taxes on all property within the boundaries of the district subject to district taxation.

SECTION 75. TAX RATE. In setting the tax rate, the board shall take into consideration the income of the district from sources other than taxation. On determination of the amount of tax required to be levied, the board shall make the levy and certify it to the tax assessor-collector.

SECTION 76. TAX APPRAISAL, ASSESSMENT, AND COLLECTION. (a) The Tax Code governs the appraisal, assessment, and collection of district taxes.

(b) The board may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code.

SECTION 77. ANNEXATION. (a) A county may be annexed to the district as provided by this section.

(b) Before the district may institute annexation proceedings, the board shall provide an opportunity for all interested persons to be heard at two public hearings to be held not more than 40 days or less than 20 days before institution of the annexation proceedings.

(c) At least one public hearing must be held within the county proposed to be annexed.

(d) Notice of the hearings shall be published in a newspaper having general circulation in the area of the district and in the county proposed to be annexed. The notice for each hearing shall be published at least one time not more than 20 days or less than 10 days before that hearing.

(e) Not later than the 10th day after the date of the last required hearing held under this section, the board shall issue an order stating whether the county should be annexed to the district. If the board issues an order that the county should be annexed, the board shall call and hold a confirmation election within the boundaries of the district and within the county proposed to be annexed to determine whether the county will become a part of the district.

(f) At an election called under Subsection (e) of this section, the ballots shall be printed to provide for voting for or against the proposition: "The annexation of (*Name of county to be*

annexed) to the Fox Crossing Water District, and assumption by the county of a proportionate share of any taxes and indebtedness of the district." If a majority of the qualified voters of the district and a majority of the qualified voters of the county proposed to be annexed voting at the election vote for annexation of the county to the district, the county on the date of the confirmation election is annexed to the district. If a majority of the qualified voters of the district or a majority of the qualified voters of the county proposed to be annexed voting at the election vote against the annexation of the county to the district, the county is not annexed to the district. Except as specifically provided by this section, the confirmation election shall be called and held in the manner provided by Section 5 of this Act for the confirmation election creating the district.

(g) If a county is added to the district, that county is entitled to three directors for the district. The commissioners court shall appoint the initial directors for the county. After appointment of the initial directors, the board shall designate the terms of office of those directors so that at each election of directors for the district, as nearly as possible half of the district's directors will be elected.

SECTION 78. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 17, 1985, by the following vote: Yeas 134, Nays 0, 1 present, not voting; and, pursuant to the provisions of Article XVI, Section 59(d) of the Constitution of Texas, a copy of H.B. No. 2487 was transmitted to the Governor on May 2, 1985, and the recommendation of the Texas Water Commission was filed with the Speaker of the House on May 27, 1985; passed by the Senate on May 26, 1985, by the following vote: Yeas 31, Nays 0.

Approved: June 14, 1985

Effective: Immediately