

**CHAPTER 86**

**S.B. No. 287**

An Act relating to the creation, administration, powers, duties, operations, financing, and annexation authority of the Somervell County Water District and to the authority of public agencies or political subdivisions to contract with the district.

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

**SECTION 1. CREATION.** Pursuant to Article XVI, Section 59, of the Texas Constitution and subject to approval of a majority of the qualified voters of the area located in the proposed district voting at the confirmation and directors' election provided by Section 6 of this Act, a conservation and reclamation district to be known as the Somervell County Water District is created and is a governmental agency and a body politic and corporate.

**SECTION 2. DEFINITIONS.** In this Act:

- (1) "District" means the Somervell County Water District.
- (2) "Board" means the board of directors of the district.
- (3) "Directors" means members of the board of directors.

**SECTION 3. BOUNDARIES.** The district's boundaries include all the territory within the boundaries of Somervell County and all of that portion of the territory within the boundaries of Hood County adjacent to Somervell County beginning at a point where the western edge of presently existing Hood County Road number 221 intersects the Hood-Somervell County line and proceeding along the presently existing western edge of County Road 221 in a northerly direction to a point where said County Road 221 intersects the northern edge of presently existing Farm to Market Road 204 and thence in an easterly direction along the northern edge of Farm to Market Road 204 to a point where said northern line of Farm to Market Road 204 is intersected by the eastern edge of presently existing Hood County Road 219B and thence in a northerly direction along the western edge of presently existing Hood County Road 219B to the point where it intersects the southern edge of presently existing Hood County Road 219 and thence in a westerly direction along the southern edge of presently existing Hood County Road 219 to a point where it intersects the western edge of presently existing Hood County Road number 218 and thence in a northerly direction along the western edge of presently existing Hood County Road 218 to a point where the southern edge of presently existing Hood County Road 218A intersects presently existing Hood County Road 218 and thence in a westerly direction along the southern edge of presently existing Hood County Road 218A until it intersects the eastern edge of presently existing Texas Farm to Market Road 2870 and thence in a southerly direction along the generally eastern edge of presently existing Texas Farm to Market Road 2870 to the point where it intersects the Erath-Hood County Line.

**SECTION 4. FINDINGS.** It is determined and found that all of 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, pursuant to powers conferred by Article XVI, Section 59, of the Texas Constitution and that the district will serve a public use and benefit.

**SECTION 5. TEMPORARY DIRECTORS.** (a) On the effective date of this Act, the following persons, who are residents of the district, become the temporary directors of the district and constitute the board of the district for the places as numbered:

|             |                       |
|-------------|-----------------------|
| Place No. 1 | Dan McCarty           |
| Place No. 2 | Gerald Wood           |
| Place No. 3 | Eugene Ratliff        |
| Place No. 4 | Sam White             |
| Place No. 5 | Hugh M. Smith         |
| Place No. 6 | Temple Summers        |
| Place No. 7 | Carolyn Brown Hankins |

(b) A vacancy in the office of temporary director shall be filled by appointment made by the Commissioners Court of Somervell County.

(c) The temporary board shall call and hold the confirmation and directors' election and shall perform other duties necessary to assure the orderly creation of the district.

(d) The temporary board shall appoint a member to serve as secretary for the temporary board.

(e) A member of the temporary board shall hold office until the members of the initial board are elected and have qualified.

**SECTION 6. CONFIRMATION AND DIRECTORS' ELECTION.** (a) An election shall be held not later than 90 days after the effective date of this Act within the boundaries of the proposed district to determine if the proposed district will be created and, if created, to elect directors for the district. A general law requiring elections to be held on uniform or specified election dates does not apply to an election ordered under this section.

(b) Notice of the confirmation and directors' election shall state the date and places for holding the election, the proposition to be voted on, and the candidates for director. The

temporary board shall publish the notice of the election one time in one or more newspapers of general circulation in the proposed district. The notice must be published at least 35 days before the date set for the election.

(c) A person who desires to have his name printed on the ballot as a candidate for director of the district shall file a petition with the secretary of the temporary board before the 30th day preceding the date of the election. In the petition, each person shall designate the place that he desires to represent.

(d) The ballot for the election shall be printed to provide for voting for or against the proposition: "The creation of the Somervell County Water District." Also, the ballot shall have the names of the persons who have filed as candidates for director from the respective places. A voter is entitled to vote for one candidate for director from each place.

(e) Immediately after the confirmation and directors' election, the presiding judge of each polling place shall submit returns of the results to the temporary board, and the temporary board shall canvass the returns and declare the results.

(f) If a majority of the votes cast at the election favors creation of the district, the temporary board shall declare the district created and shall enter the results in its minutes. If a majority of the votes cast at the election is against the creation of the district, the temporary board shall declare that the district was defeated and shall enter the results in its minutes. The temporary board also shall file a copy of the election results with the Texas Department of Water Resources.

(g) If a majority of the voters at the election approves the creation of the district, the temporary board shall declare the candidate in each place who received the highest number of votes for election as director from that place to be elected director for that place. If two or more candidates tie for the highest vote for a director's position, the temporary board shall select the director by lot from those tying for the position. The directors elected from Places 2, 5, and 6 shall serve until the first regular meeting of the board in April following the second directors' election, and the directors elected from Places 1, 3, 4, and 7 shall serve until the first regular meeting of the board in April following the third directors' election.

(h) If a majority of the voters at the election votes against the creation of the district, the temporary board may call and hold additional confirmation and directors' elections, but another election to confirm creation of the district may not be called and held by the temporary board before the first anniversary of the most recent confirmation and directors' election. If the district is not created within five years after the effective date of this Act, this Act expires.

**SECTION 7. BOARD OF DIRECTORS.** (a) The district shall be governed by a board of directors composed of seven members, who are elected as provided by this Act and who occupy places on the board designated as Places 1, 2, 3, 4, 5, 6, and 7, respectively.

(b) One director shall be elected at large to occupy each place.

(c) To serve as a director, a person must be at least 18 years old and must be a resident of the district.

(d) Except for the initial directors elected under Section 6 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.

(e) On the first Saturday in April in each odd-numbered year, an election shall be held in the district to elect the appropriate number of directors to the board. The election shall be held in the manner provided for the election under Section 6 of this Act and by the Texas Election Code.

(f) 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. In the petition, each person shall designate the place that he desires to represent. For each place, the ballot shall include only those persons who are candidates for director from that place.

(g) A director shall take office at the first regular meeting of the board in April following his election to the board.

(h) If a vacancy occurs in the membership of the board, the remaining members of the board shall appoint a person to fill the vacancy until the next election of directors for the district. If the position to be filled at the next regular election is not regularly scheduled to be filled at that election, the person elected at that election to fill the vacancy shall serve only for the unexpired term.

(i) Each director shall take the constitutional oath of office required of state officers.

**SECTION 8. COMPENSATION, ORGANIZATION, AND OPERATION OF BOARD.** (a) A director may not receive any remuneration or emolument of office but is entitled to reimbursement for his actual expenses incurred in performing his duties, to the extent authorized and permitted by the board.

(b) The board shall elect one director as president of the board. The president shall serve in that capacity for a term of one year and shall preside at meetings of the board and perform other duties prescribed by the board. The board shall elect another director as vice-president of the board. The vice-president shall perform the duties of the president when the president is not present or is otherwise incapacitated. The board shall elect a secretary of the board. The 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. The board shall elect a treasurer of the board. The treasurer shall perform the duties and functions prescribed by the board. The offices of secretary and treasurer may be held by one person, and the holder or holders of those offices are not required to be directors. The board may appoint one or more persons who are not directors to be assistant secretaries of the board and to perform any duty or function of the secretary of the board.

(c) Any four directors shall constitute a quorum, and all directors shall have a vote. The district shall act through resolutions adopted by the board, and the affirmative vote of at least four of the directors is necessary to adopt any resolution.

(d) The president, vice-president, secretary, and treasurer of the board shall be elected initially at the first meeting of the board after all initial directors have qualified for office. Subsequently, the officers of the board shall be elected at the first regular meeting of the board in April of each odd-numbered year or at any time necessary to fill a vacancy. Each officer is eligible for reelection.

(e) The board shall hold regular meetings at times specified by resolutions of the board and shall hold special meetings when called by the president or when called by any three of the directors.

(f) A director is not liable personally for any bonds issued or contracts executed by the district.

**SECTION 9. POWERS.** The district may exercise all powers necessary or appropriate to carry out the purposes of this Act, including the power to:

- (1) sue and be sued and plead and be impleaded in its own name;
- (2) adopt an official seal and alter it when considered advisable, and adopt and enforce bylaws and rules for the conduct of its affairs that are not inconsistent with this Act;
- (3) acquire, hold, use, and dispose of its revenues, income, receipts, funds, and money from every source and select its depository or depositories;
- (4) acquire, own, rent, lease, accept, hold, or dispose of any real, personal, or mixed property or any interest in that property in performing its duties and exercising its powers under this Act by purchase, exchange, gift, assignment, condemnation, sale, lease, or otherwise, including rights or easements, and to hold, manage, operate, or improve real, personal, or mixed property;
- (5) sell, assign, lease, encumber, mortgage, or otherwise dispose of any real, personal, or mixed property or any interest in that property and release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired and perform any of these actions by public or private sale, with or without public bidding, notwithstanding the provisions of any other law;
- (6) lease or rent any land, buildings, structures, or facilities from or to any person, firm, corporation, city, or other public agency or political subdivision to carry out the purposes of this Act;
- (7) request and accept any appropriations, grants, allocations, subsidies, guaranties, aid, contributions, services, labor, materials, gifts, or donations from the federal government, the state, any city, public agency, political subdivision, or any other sources;
- (8) operate and maintain an office and appoint and determine the duties, tenure, qualifications, and compensation of the officers, employees, agents, professional advisors, and counsellors, including financial consultants, accountants, attorneys, architects, engineers, appraisers, and financial experts considered necessary or advisable by the board;
- (9) issue bonds, provide for and secure the payment of bonds, and provide for the rights of the holders of bonds in the manner and to the extent permitted by this Act;
- (10) fix and revise from time to time and charge and collect rates, fees, and charges for district facilities and services; and
- (11) levy and collect a tax not to exceed 25 cents on each \$500 of valuation of taxable property in the district for maintenance purposes, including funds for planning, maintaining, repairing, and operating all necessary plants, lines, works, facilities, improvements, appliances, and equipment of the district and for paying costs of proper services, engineering, fiscal and legal fees, and organization and administration expenses.

**SECTION 9A. WATER CONSERVATION PROGRAM.** The board shall adopt and implement a program of water conservation that incorporates the practices, techniques, and technologies that will reduce the consumption of water, reduce the loss or waste of water,

improve the efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future or alternative uses and that the Texas Department of Water Resources determines will meet reasonably anticipated local needs and conditions.

**SECTION 10. TAX.** (a) A maintenance tax may not be levied by the district until it is approved by a majority of the qualified voters voting at an election held for that purpose. The election shall be conducted in the same manner as a district bond election.

(b) A maintenance tax election may be held at the same time and in conjunction with an election to authorize bonds.

**SECTION 11. ANNEXATION.** (a) Territory may be annexed to the district in the manner provided by this section.

(b) A petition requesting annexation shall be filed with the board. The petition must be signed by 50 of the resident, qualified voters of the territory to be annexed or by a majority of the resident, qualified voters of the territory, if a majority is fewer than 50. The petition must describe the territory to be annexed by metes and bounds, or otherwise, but, if the territory to be annexed is the same as that contained within the boundaries of an incorporated city or town, it is sufficient to state that the territory to be annexed is that territory contained within the boundaries of the city or town.

(c) If the board finds that the petition complies with and is signed by the number of persons required by Subsection (b) of this section, that the annexation would be to the best interest of the territory and the district, and that the district will be able to supply water or have water supplied to the territory, it shall adopt a resolution stating the conditions, if any, under which the territory may be annexed to the district and shall set a time and place for a hearing to be held by the board on the question of whether the territory sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the district or by the other functions of the district.

(d) Notice of the adoption of the resolution stating the time and place of the hearing shall be published one time in a newspaper of general circulation in the territory sought to be annexed at least 10 days before the date of the hearing. The notice must describe the territory in the same manner in which it is required or permitted by this Act to be described in the petition.

(e) All persons interested may appear at the hearing and offer evidence for or against the proposed annexation. The hearing may proceed in the order and under the rules prescribed by the board and may be recessed from time to time.

(f) If, at the conclusion of the hearing, the board finds that the property in the territory will be benefited by the present or contemplated improvements, works, or facilities of the district, the board shall adopt a resolution making a finding of the benefit and calling an election in the territory proposed to be annexed stating the date of the election, the place or places for holding the election, the proposition or propositions to be voted on, and appointing a presiding judge for each voting place. Each presiding judge shall appoint the necessary assistant judges and clerks to assist in holding the election.

(g) Notice of the election shall be given by publishing a substantial copy of the resolution calling the election one time in a newspaper of general circulation in the territory sought to be annexed to the district at least 10 days before the date set for the election. Only resident, qualified voters who reside in the territory sought to be annexed are qualified to vote in the election. Returns of the results of the election shall be made to the board. The board shall canvass the returns of the election and adopt an order declaring the election results. If the order shows that a majority of the votes cast at the election is in favor of annexation, the board by resolution shall annex the territory to the district, and the annexation is incontestable except in the manner and within the time for contesting elections under the Texas Election Code.

(h) The board, in calling an election on the proposition for annexation of a territory, may include as a part of the same proposition or as a separate proposition the approval of a maintenance tax or assumption of its part of the tax-supported bonds of the district then outstanding and those previously voted but not yet sold, and for the levy of an ad valorem tax on taxable property in the territory along with the tax in the rest of the district for the payment of the bonds, in which event the voting shall be restricted to resident, qualified voters.

(i) An election need not be called by the board, if the petition praying for the annexation is signed by all residents and all landowners of the territory to be annexed, the same as provided by law for conveyance of real property. The petition must state that the petitioners approve of the levy of a maintenance tax by the district, if any, and assume their share of the outstanding bonds or other obligations and the voted but unissued bonds of the district and authorize the board to levy a tax on their property in each year while any of the bonds or obligations payable, in whole or in part, from taxation are outstanding and to pay their share of the indebtedness. The petition shall be filed in the office of the county clerk of each county in which the district is located.

**SECTION 12. PERMITS.** (a) The district may obtain through appropriate proceedings, appropriation permits and diversion permits from the Texas Water Commission.

(b) The district is authorized to acquire water appropriation permits from owners of permits through contract or otherwise.

(c) The district 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, firm, corporation, public agency, political subdivision, the state, or from the United States or any of its agencies.

**SECTION 13. CONTRACTS.** (a) The district may enter into and enforce contracts and agreements for the purchase or sale of water, and for any other purpose relating to its powers, with any person, firm, corporation, public agency, municipal corporation, including specifically the cities of Stephenville and Glen Rose, political subdivision, the state, or the United States or any of its agencies.

(b) The district may acquire or construct inside or outside the boundaries of the district a reservoir or reservoirs, wells, and all works, plants, transmission lines, and other facilities necessary or useful for the purpose of diverting, impounding, drilling, storing, treating, and transporting water for municipal, domestic, agricultural, industrial, mining, oil flooding, or any other useful purposes.

(c) The district may sell water inside and outside the boundaries of the district and may develop or otherwise acquire underground sources of water.

(d) All public agencies, municipal corporations, and political subdivisions of the state, including specifically the cities of Stephenville and Glen Rose, are authorized to enter into contracts and agreements with the district for a water supply, or for any purpose relating to the district's powers or functions, on such terms and conditions as the parties may agree. Also, each of these entities may lease, sell, or otherwise convey any of its land or any interest in its land to the district for the consideration agreed by the parties to be adequate. No approval, notice, or consent, nor any election, is required in connection with any contract, agreement, or conveyance.

(e) The rights, powers, privileges, authority, and functions granted to the district by this Act are subject to the continuing right of supervision of the state, to be exercised by the Texas Department of Water Resources, subject to this Act and Section 12.082 and Chapter 50, Water Code.

**SECTION 14. ACQUISITION OF LAND.** (a) The district may acquire land, or any interest in land, inside or outside the boundaries of the district for all works, wells, plants, and other facilities necessary or useful for the purpose of drilling, diverting, impounding, storing, treating, and transporting water to cities and others for municipal, domestic, agricultural, industrial, mining, oil flooding, and all other useful purposes.

(b) Subject to the terms of any resolution or deed of trust authorizing or securing bonds issued by the district, the district may sell, lease, rent, trade, or otherwise dispose of any real or personal property considered by the board not to be needed for district purposes.

**SECTION 15. EMINENT DOMAIN.** (a) For the purpose of carrying out any power or authority conferred by this Act, the district may acquire the fee simple title to land, or any other interest in land, and other property and easements including land or any interest in land needed for reservoir and dam and flood easements above the probable high-water line around any reservoirs, inside the district or outside the district as limited by Subsection (b) of this section, by condemnation in the manner provided by Chapter 21, Property Code. The amount of and character of interest in land, other property, and easements to be acquired shall be determined by the board. The district has the same power conferred by general law on municipal utility districts and on water control and improvement districts, with reference to entering land and making surveys and attending to other business of the district.

(b) For the purpose of constructing a reservoir or dam or to provide a flood easement above the probable high-water line around a reservoir, the district may acquire land or any interest in land outside the district only in the area that is within five miles of the boundaries of the district.

(c) The district is granted all necessary or useful rights-of-way and easements along, over, under, and across all public, state, city, and county roads, highways, and places for any of its purposes, but the district shall restore any of those facilities used to their previous condition as nearly as possible at the sole expense of the district.

(d) If the district, in the exercise of its power of eminent domain, police power, or any other power, requires the relocation, raising, lowering, rerouting, or change in grade or alteration in the construction of any railroad, electric transmission or distribution, telegraph, or telephone lines, conduits, poles, properties, or facilities or pipelines, that relocation, raising, lowering, rerouting, or change in grade or alteration of construction shall be accomplished at the sole expense of the district. "Sole expense" means the actual cost of the relocation, raising, lowering, rerouting, or change in grade or alteration of construction in providing comparable replacement of those facilities, after deducting the net salvage value derived from the old facility.

**SECTION 16. BIDS.** Any construction contract requiring an expenditure of more than \$5,000 shall be made after publication of a notice to bidders once each week for two weeks in a newspaper of general circulation in the district before awarding the contract. The notice is sufficient if it states the time and place that the bids will be opened, the general nature of the work to be done, or the material, equipment, or supplies to be purchased and states where the terms and conditions of bidding and copies of the plans and specifications may be obtained.

**SECTION 17. BONDS.** (a) For the purpose of carrying out any power or authority conferred by this Act, the district may issue its bonds to be payable from and secured by revenues or ad valorem taxes, or both revenues and ad valorem taxes, of the district, in the manner and under the terms and conditions provided in the resolution authorizing the issuance of the bonds.

(b) The bonds shall be authorized by resolution of the board and shall be issued in the name of the district, signed by the president or vice-president, attested by the secretary, and must bear the seal of the district. However, the signatures of the president, the vice-president, or the secretary or of all three may be printed or lithographed on the bonds if authorized by the board and the seal of the district may be impressed, printed, or lithographed on the bonds. The bonds shall mature serially or otherwise not more than 50 years from their date; may be sold at a public or private sale at a price and under terms determined by the board to be the most advantageous reasonably obtainable; shall bear interest at any rate permitted by the constitution and laws of this state; may be made callable before maturity at times and prices prescribed in the bonds; and may be made registrable as to principal or as to both principal and interest, as may be determined by the board.

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

(d) The district may issue bonds payable from ad valorem taxes to be levied on all taxable property in the district or secured by and payable from both taxes and revenues of the district described in Subsection (c) of this section. If bonds are issued payable wholly or partially from ad valorem taxes, it shall be the duty of the board to levy a tax sufficient to pay the principal of and the interest on those bonds when due, but the rate of the tax for any year may be fixed after giving consideration to the money received from the pledged revenues 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.

(e) If bonds payable wholly from revenues are issued, the board shall fix, and from time to time revise, the rates of compensation for water sold and services rendered by the district that will be sufficient to pay the expenses of operating and maintaining the facilities of the district, to pay the principal of and interest on the bonds when due, and to maintain the reserve and other funds as provided in the resolution authorizing the bonds. If bonds payable partially from revenues are issued, the board shall fix, and from time to time revise, the rate of compensation for water sold, and any other services rendered by the district, that will be sufficient to assure compliance with the resolution authorizing the bonds or the trust indenture securing the bonds.

(f) From the proceeds from the sale of the bonds, the district may set aside an amount for the payment of interest expected to accrue during construction not to exceed three years, a reserve interest and sinking fund, and other funds provided in the resolution authorizing the bonds or in the trust indenture securing the bonds. Proceeds from the sale of the bonds may also be used for the payment of all expenses necessarily incurred in accomplishing the purpose for which the district is created, including expenses of issuing and selling the bonds and the amount needed to operate the district during construction of the improvements.

(g) In the event of a default or a threatened default in the payment of principal of or interest on bonds payable wholly or partially from revenues, any court of competent jurisdiction may, on petition of the holders of outstanding bonds, appoint a receiver with authority to collect and receive all income of the district, except taxes; employ and discharge agents and employees of the district; take charge of funds on hand, except funds received from taxes, unless commingled; and manage the proprietary affairs of the district without consent or hindrance by the board. The receiver may also be authorized to sell or make contracts for the sale of water or renew contracts with the approval of the court appointing the receiver. The court may vest the receiver with other powers and duties as the court may find necessary for the protection of the holders of the bonds. The resolution authorizing the issuance of the bonds, or the trust indenture securing them, may limit or qualify the rights of the holders of less than all of the outstanding bonds payable from the same source to institute or prosecute litigation affecting the district's property or income.

**SECTION 18. REFUNDING BONDS.** The district may issue refunding bonds for the purpose of refunding any outstanding bonds authorized by this Act and interest on those bonds. The refunding bonds may be issued to refund more than one series of outstanding bonds and combine the pledges for the outstanding bonds for the security of the refunding bonds and may be secured by other or additional revenues and mortgage liens. The provisions of this Act with reference to the issuance by the district of other bonds, their security, and their approval by the attorney general and the remedies of the holders are applicable to refunding bonds. Refunding bonds shall be registered by the comptroller of public accounts on surrender and cancellation of the bonds to be refunded, but instead of those bonds, the resolution authorizing their issuance may provide that they shall be sold and the proceeds deposited in the bank where the original bonds are payable, in which case the refunding bonds may be issued in an amount sufficient to pay all principal coming due, all interest accruing, and any required redemption premium, on the bonds being refunded to or through any date on which they are subject to redemption before maturity, or through or at their maturity date or dates, respectively, and the comptroller of public accounts shall register them without concurrent surrender and cancellation of the original bonds. The refunding bonds may be issued without having been authorized at an election. Refunding bonds also may be issued by the district pursuant to any other applicable law.

**SECTION 19. TRUST INDENTURE.** (a) Any bonds, including refunding bonds, authorized by this Act, not payable wholly from ad valorem taxes, may be additionally secured by a trust indenture under which the trustee may be a bank having trust powers located either inside or outside the state.

(b) The bonds, within the discretion of the board, may be additionally secured by a deed of trust or mortgage lien on physical properties of the district and all franchises, easements, water rights and appropriation permits, leases and contracts, and all rights appurtenant to those properties, vesting in the trustee power to sell the properties for the payment of indebtedness, power to operate the properties, and all other powers and authority for the further security of the bonds.

(c) The trust indenture, regardless of the existence of the deed of trust or mortgage lien on the properties, may contain any provisions prescribed by the board for the security of the bonds and the preservation of the trust estate; may provide for amendment or modification and the issuance of bonds to replace lost or mutilated bonds; may condition the right to spend district money or sell district property on approval of a registered professional engineer selected as provided in the trust indenture; and may provide for the investment of funds of the district.

(d) Any purchaser in a sale under the deed of trust lien, if one is given, is the absolute owner of properties, facilities, and rights purchased and has the right to maintain and operate them.

**SECTION 20. BOND ELECTION.** (a) Bonds payable wholly or partially from ad valorem taxes, except refunding bonds, may not be issued unless authorized at an election at which only the qualified voters who reside in the district are allowed to vote and unless a majority of the votes cast at the election favor the issuance of the bonds. Territory may not be detached from the district after the issuance of bonds that are payable from revenues or taxes or both. Bonds not payable wholly or partially from ad valorem taxes may be issued without an election.

(b) These elections may be called by the board without a petition. The resolution calling the election must specify the time and place or places for holding the election, the purposes for which the bonds are to be issued, the amount of the bonds, the form of the ballot, and other matters considered necessary or advisable by the board.

(c) Notice of the election shall be given by publishing a substantial copy of the resolution calling the election in a newspaper having general circulation in the district once each week for two consecutive weeks, with the first publication to be at least 14 days before the election.

(d) The returns of the election shall be made to and canvassed by the board.

(e) The Texas Election Code applies to elections held under this section, except as otherwise provided in this section.

(f) Before the district issues any bonds for the improvements, it shall secure prior approval from the Texas Water Commission as provided by Section 51.421, Water Code.

**SECTION 21. APPROVAL AND REGISTRATION OF BONDS.** After bonds, including refunding bonds, are authorized by the district, the bonds and the proceedings relating to their issuance shall be submitted to the attorney general for his examination as to their validity. If the bonds recite that they are secured by a pledge of the revenues or proceeds of a contract previously made between the district and any city, or other public agency or political subdivision, or other entity, a copy of the contract and the proceedings of the city or other public agency or political subdivision, or other entity, authorizing the contract also shall be submitted to the attorney general. If the attorney general finds that the bonds have been authorized and



the contracts are made in accordance with the constitution and laws of this state, he shall approve the bonds and the contracts and the bonds then shall be registered by the comptroller of public accounts. After registration, the bonds, and the contracts, if any, are valid and binding obligations in accordance with their terms for all purposes and are incontestable in any court, or other forum, for any reason.

**SECTION 22. WATER CONTRACTS.** (a) The district may enter into contracts with cities, including specifically the cities of Stephenville and Glen Rose, and others for supplying water to them.

(b) The district may also contract with any city, public agency, or political subdivision for the rental, leasing, or operation of the water production, water supply, or water filtration or purification facilities of the entity on the consideration agreed to by the district and the entity.

(c) The contract shall be on the terms and for the time agreed to by the parties and may provide that it shall continue in effect until bonds specified in the contract and refunding bonds issued instead of those bonds are paid.

(d) The district may also contract with the city for the operation of the district's water facilities by the city.

(e) An election is not required in connection with a contract made under this section.

**SECTION 23. DEPOSITORIES.** (a) The board shall designate one or more banks inside or outside the district to serve as depositories for the funds of the district.

(b) All funds of the district shall be deposited in a depository bank, except that bond proceeds and funds pledged to pay bonds may, to the extent provided in any resolution or trust indenture authorizing or securing bonds of the district, be deposited with any other bank or trustee named in the bond resolution or trust indenture, and except that funds shall be remitted to each paying agent for the payment of principal of and interest on the bonds.

(c) To the extent that funds in the depository banks and the trustee bank are not insured by the Federal Deposit Insurance Corporation, they shall be secured in the manner provided by law for the security of city funds.

(d) The board may invest district funds in obligations and make time deposits of district funds, in the manner determined by the board, or in the manner permitted or required in any resolution or trust indenture authorizing or securing bonds of the district.

**SECTION 24. INVESTMENTS.** (a) All bonds of the district are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, and guardians and for the sinking funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the state.

(b) The bonds are eligible to secure the deposit of any and all public funds of the state and any and all public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the state. The bonds are lawful and sufficient security for those deposits to the extent of their value when accompanied by all unmatured coupons appurtenant to them.

**SECTION 25. EXEMPTION FROM TAX.** The accomplishment of the purposes stated in this Act is for the benefit of the people of this state and for the improvement of their properties and industries, and the district, in carrying out the purposes of this Act, will be performing an essential public function under the constitution. The district is not required to pay any tax or assessment on its facilities or any part of its facilities, and the bonds issued under this Act and their transfer and the income from those bonds, including the profits made on the sale of those bonds, shall at all times be free from taxation within this state.

**SECTION 26. TAX ASSESSMENT.** (a) The tax rolls of Somervell County are adopted and constitute the tax rolls of the district, and the tax rolls of the county in which land in the district is otherwise located are adopted and shall be the tax rolls of the district with respect to that property.

(b) The board shall be authorized to have the taxable property in the district assessed, or its taxes collected, in whole or in part, by the tax assessor-collector of any county, city, taxing district, or other governmental subdivision in which all or any part of the district is located. The property shall be assessed, and the taxes collected, in the manner and for the compensation agreed on between the appropriate parties and the functions assumed by the officials of the governmental subdivision are additional duties pertaining to their offices, respectively. The ad valorem tax law applicable to each governmental subdivision applies to its officials in carrying out these functions for the district.

**SECTION 27. APPLICATION OF ACT.** This Act is wholly sufficient authority within itself for the issuance of the bonds, the execution of contracts and conveyances, and the performance of the other acts and procedures authorized in this Act by the district and all other

public agencies, municipal corporations, and political subdivisions, without reference to any other law or any restrictions or limitations contained in any other law, except as specifically provided in this Act. When any bonds are being issued or other action taken under this Act, to the extent of any conflict or inconsistency between this Act and any other law, this Act prevails and controls. However, the district and all other public agencies, municipal corporations, and political subdivisions may use any other laws, not in conflict with this Act, to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this Act.

**SECTION 28. NOTICE.** Proof of publication of the constitutional notice required in the enactment of this Act under the provisions of Article XVI, Section 59(d), of the Texas Constitution has been made in the manner provided by that section and a copy of that notice and the bill as originally introduced have been delivered, as required by that constitutional provision, to the governor, to the Commissioners Court of Somervell County, and to the governing body of each incorporated city or town in whose jurisdiction the district or any part of the district is or will be located. That notice and delivery are found and declared to be proper and sufficient to satisfy those requirements.

**SECTION 29. 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 the Senate on April 1, 1985, by the following vote: Yeas 30, Nays 0; passed the House on April 25, 1985, by the following vote: Yeas 142, Nays 1, two present not voting.

Approved: May 9, 1985

Effective: Immediately