

Red River Authority of Texas
Article 8280-228 VATCS
(As Amended)

Section 1. Pursuant to and as expressly authorized by Article XVI, Section 59 of the Constitution of the State of Texas, there is hereby created within the State of Texas, in addition to the conservation and reclamation districts into which the state has heretofore been divided, a conservation and reclamation district to be known as “**Red River Authority of Texas**” (*hereinafter referred to as the “Authority”*), which shall be a governmental agency of the State of Texas, a body politic and corporate.

Section 2. The area of the Authority is hereby established to comprise the whole of all counties in Texas lying wholly or in part within the watershed of the Red River and its Texas tributaries whose confluences with the Red River are upstream from the Northeast corner of Bowie County, Texas, as the same is made certain by contour maps now on file in the office of the Texas Department of Water Resources. Reference is hereby made to said records and maps in aid hereof. In addition to the counties lying wholly or in part within the watershed, the area of the Authority shall also comprise the whole of the following Texas Counties: Hutchinson, Hartley, Lamar, Lipscomb, and Red River Counties. For the limited purpose stated in Section 14d of this Act, the Authority shall include Bowie County. No defect or irregularity in the boundary, overlap or conflict of the boundary with other Authorities or districts shall in any manner affect the validity of the Authority hereby created. It is hereby found and determined that all of the territory comprising said Authority will be benefited by the exercise of the powers, rights, privileges and functions conferred by this Act. Except as provided by Section 14d of this Act, none of the provisions of this Act shall apply to the following Counties: Delta County, Hopkins County, Franklin County, Titus County, Morris County, Cass County, Marion County, and Bowie County.

(Amended by Acts 1975, 64th Legislature, Page 550, Chapter 217, Section 1, Effective May 19, 1975; Acts 1977, 65th Legislature, Page 1,331, Chapter 529, Section 1, Effective August 29, 1977, Acts 1981, 67th Legislature, Page 3,321, Chapter 870, Section 1, Effective June 18, 1981; Acts 1983 68th Legislature, Page 1,046, Chapter 235, Section 1, Effective September 1, 1983.)

Section 3. In the event of any overlapping of territory of this Authority with the territories or watershed of any other district or authority, such overlapping shall not interfere with or affect the powers, affairs, duties, or functions of the Canadian River Municipal Water Authority or any other district or authority. Provided further, that at anytime hereafter additional districts or authorities of a local nature, peculiar to a defined area may be created either entirely or partly within this Authority. It shall be the duty of the Authority to cooperate in every practical manner with the sponsors of such existing or proposed districts or authorities in the prosecution of its proposed improvements.

(Amended by Acts 1977, 65th Legislature, Page 1,331, Chapter 529, Section 2, Effective August 29, 1977.)

Section 4. (a) All powers of the Authority shall be exercised by a Board consisting of nine (9) directors.

(b) Directors shall be freehold property taxpayers and legal voters of the State of Texas and each director shall be a resident of the director region that he is appointed to represent.

(c) The Authority is divided into three regions for appointment and representation of directors as follows:

(1) Director region number 1 includes Roberts, Hemphill, Oldham, Potter, Carson, Gray, Wheeler, Deaf Smith, Randall, Armstrong, Donley, Collingsworth, Parmer, and Castro counties;

(2) Director region number 2 includes Swisher, Briscoe, Hall, Childress, Hale, Floyd, Motley, Cottle, Hardeman, Foard, Wilbarger, Wichita, Crosby, Dickens, King, Knox, Baylor, Archer, and Clay counties; and

(3) Director region number 3 includes Montague, Cooke, Grayson, Fannin, Lamar, Red River, and Bowie counties.

(d) Three directors shall be appointed from each of these director regions to the Board of the Authority.

(e) Each director shall be appointed by the Governor of the state and such appointment shall be confirmed by the Senate.

(f) Directors shall serve for staggered terms of six (6) years. The directors shall hold office after their appointment and qualification until their successors shall be appointed and qualify. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the Governor for the unexpired term.

(g) The directors appointed shall within fifteen (15) days after their appointment qualify by taking the official oath and filing with the Secretary of the State of Texas and obtaining his approval thereon, a good and sufficient bond in the sum of Five Thousand (\$5,000) Dollars each, payable to the Authority and conditioned upon the faithful performance of duties as a director.

(Amended by Acts 1969, 61st Legislature, Page 2, 564, Chapter 856, Section 3, Effective June 18, 1969, Acts 1981, 67th Legislature, Page 3,321, Chapter 870, Section 1, Effective June 19, 1981.)

Section 5. The directors of the Authority shall organize by electing one of their members' president, one vice president, one secretary, and one treasurer. Five (5) directors shall constitute a quorum at any meeting and a concurrence of a majority of those present shall be sufficient in all matters pertaining to the business of the district, except the letting of construction contracts and the authorization of issuance of warrants paying therefore, which shall require the concurrence of seven (7) directors. Warrants for the payment of money may be drawn and signed by two (2) officers or employees designated by standing order entered in the minutes of the Authority when such accounts have been contracted and ordered paid by the Board of Directors.

Section 6. The directors of the Authority shall require each officer and employee who shall be charged with the collection or paying or handling of any funds of the Authority to furnish good and sufficient bond, payable to the Authority, conditioned upon the faithful performance of duties and the accounting for all funds and property of the Authority.

Section 7. The president shall preside at all meetings of the Board and shall be the chief executive officer of the Authority. The vice president shall act as president in case of the absence or disability of the president. The secretary shall act as secretary of the Board and shall be charged with the duty of keeping a record of all proceedings and all others of the Board. The treasurer shall receive and receipt for all moneys received and expended. In case of the absence or inability of the secretary to act, a secretary pro tem shall be selected by the directors.

Section 7a. The Authority's Board of Directors or a Board committee may hold a meeting by telephone conference call, by video conference call, or through communications over the Internet, in accordance with procedures provided by Subchapter F, Chapter 551, Government Code, if holding the meeting in that way is determined to be necessary or convenient by the Board president or any three Board members.

(Amended by Acts 2013, 83rd Legislature, Chapter 1156, Section 1, Effective September 1, 2013.)

Section 8. All records of the Authority shall be kept in a fireproof vault or safe. The same shall be the property of the Authority and subject to public inspection during regular office hours. A regular office shall be established and maintained for the conduct of the Authority's business within the Authority at such place as may be determined by the Board of Directors.

Section 9. A complete book of accounts shall be kept. The account books and records of the Authority and of the depository of the Authority shall be audited by a Certified Public Accountant annually as soon as practicable after the end of the district's fiscal year, such audit to cover a fiscal year ending September 30 of each year, and a report thereon shall be submitted to the first regular meeting of the Board of Directors thereafter. Said report shall be in quadruplicate, one copy begin filed in the office of the Authority, one with the depository of the Authority, one in the office of the auditor and one with Texas Department of Water Resources, all of which shall be open to public inspection.

(Amended by Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 1, Effective April 20, 1981.)

Section 10. The directors shall receive as fees of office the sum not to exceed Twenty-Five (\$25) Dollars per day for each day of service necessary to the discharge of their duties, in addition to all traveling expenses, provided the same is authorized by vote of the Board of Directors, they shall file with the secretary on the last day of each month, or as soon thereafter as practicable, a verified statement showing the actual amount due and warrants shall be issued therefor.

Section 11. The directors may employ a general manager for the Authority and may give him full authority in the management and operation of the Authority's affairs (*subject only to the orders of the Board of Directors*). The term of office and compensation to be paid such manager and all employees shall be fixed by the Board of Directors and all employees may be removed by the Board. A director may be employed as general manager and at such compensation as may be fixed by a majority of the other directors, and when so employed he shall continue to perform the duties of a director, but shall receive no compensation as such director.

Section 12. All bonds required to be given by directors, officers, and employees of the Authority shall be executed by a surety company authorized to do business in the state, as surety thereon; and the premiums on such bonds shall be paid by the Authority.

Section 13. No director, engineer, or employee of the Authority shall be, directly or indirectly, interested either for themselves or as agents for anyone else, in any contract for the purchase of materials or construction of work by said Authority and if any such person shall, directly or indirectly, become interested in any such contract, he shall be guilty of a misdemeanor and on conviction thereof shall be punished by a fine in any sum not to exceed One Thousand (\$1,000) Dollars, or by confinement in the county jail for not less than six months nor more than one year, or both such fine and imprisonment.

Section 14. The Authority is hereby invested with all of the powers of the state under Article XVI, Section 59 of the Constitution to effectuate flood control and the conservation and use, for all beneficial purposes, of the storm, flood and unappropriated water of the Red River watershed and its Texas tributaries, subject only: (i) declarations of policy by the Legislature as to use of water; (ii) continuing supervision and control by the State Board of Water Engineers and any board or agency which may thereafter succeed to its duties; (iii) the provisions of Article 7471 prescribing the priorities of uses of water; and (iv) the rights heretofore or hereafter legally acquired in water by municipalities and other users. It shall be the duty of the Authority to exercise for the greatest practicable measure of the conservation and beneficial utilization of storm, flood and unappropriated waters of the Red River watershed and its Texas tributaries in the manner and for the particular purposes specified hereinafter in this Section and elsewhere in this Act, powers including those:

(a) To provide for the study, correcting and control of both artificial and natural pollution of the Red River and its tributaries. In this connection, such Authority is given the power to promulgate rules and regulations with regard to such pollution, both artificial and natural, with the right of policing by said Authority to enforce such rules and regulations; providing for penalties consisting of fines for violation of such pollution rules not to exceed One

Thousand (\$1,000) Dollars, or by confinement in the county jail for not more than thirty (30) days or both such fine and imprisonment. In this connection the provisions of the general law pertaining to water improvement regions herein shall govern, except as expressly provided herein.

(b) To provide through all practical and legal means for the control, conservations and orderly development of the watershed and water of the Red River and its Texas tributaries

(c) To provide for the preservations of the equitable rights and beneficial use of the water for the people of the different sections of the Authority.

(d) For storing, controlling and conserving the waters of the Red River and its Texas tributaries, and the prevention of the escape of any such waters without the maximum of public service, for the prevention of devastation of lands from recurrent overflows, and the protection of life and property in such watershed areas from uncontrolled flood waters.

(e) For the conservation of storm, flood and unappropriated water of the Red River watershed and its Texas tributaries essential for the beneficial uses of the people of the watersheds of the Red River and its Texas tributaries.

(f) For the better encouragement and development of drainage systems and provision for drainage of lands needing drainage for profitable agricultural production.

(g) For the purpose of conservation of all soils against destructive erosion and thereby preventing the increased flood menace incident thereto.

(h) To control and make available for employment such waters in the development of commercial, industrial and agricultural enterprises in all sections of the Authority.

(i) And for each and every purpose for which water when controlled and conserved may be utilized in the performance of a useful service as contemplated and authorized by the provisions of the constitution and the public policy therein declared.

(j) Such Authority shall have the right to sue and be sued in its own name.

(k) It shall be the duty of the Authority to prepare a master plan, for the maximum development of the soil and water resources of the entire Red River watershed within the Authority, including plans for the complete utilization, for all economically beneficial purposes, of the water resources of the watershed. That portion of the master plan and any amendments thereto relating to soil conservation and upstream flood prevention and watershed protection works in aid thereof shall be prepared by the soil conservation districts on the Red River watershed, subject to approval by the State Soil Conservation Board. The master plan shall be filed with and approved by the State Board of Water Engineers.

Section 14a. (1) In addition to other purposes heretofore authorized by law, the Authority shall have, and is vested with all of the powers of the State of Texas under Section 59, Article XVI, Constitution of the State of Texas, and shall likewise have and is vested with all powers, rights, privileges, and functions conferred upon navigation districts by General Law. Without limitation of generality of the foregoing, the Authority shall have and is hereby authorized to exercise the following powers, rights and privileges, and functions;

(2) to promote, construct, maintain and operate or aid and encourage, the construction, maintenance and operation of navigable canals or waterways and all navigational systems or facilities auxiliary thereto using the natural bed and banks of the Red River, where practicable, and thence traversing such route as may be found by the Authority to be more feasible and practicable to connect Red River in Texas with any new navigation canals to be constructed in the lower reaches of Red River or to connect Red River with the intercoastal canal. The Authority is empowered to construct or cause to be constructed a system of artificial waterways and canals, together with all locks and other works, structures and artificial facilities as may be necessary and convenient for the constructions, maintenance and operation of navigation canals or waterways and all navigational systems and facilities auxiliary thereto;

(3) the right, power, and authority to acquire, purchase, improve, extend, take over, construct, maintain, repair, operate, develop and regulate ports, levees, wharves, docks, locks, warehouses, grain elevators, dumping facilities, belt railways, lands, and all other facilities or aids to navigation or aids necessary to the operation or development of ports or waterways within the Red River Basin in Texas, provided, the powers conferred on the Authority under the provisions of this subdivision extend to a facility or aid authorized under this subdivision only if the facility or aid is situated in a county or counties included as part of said Authority.

(4) to acquire by gift or purchase any and all properties of any kind, including lighters, tugs, barges and other floating equipment of any nature, real, personal, or mixed, or any interest therein within or outside of the boundaries of the Authority necessary to the exercise of the powers, rights, privileges and functions conferred upon it by this Act and by condemnation in the manner provided in Section 18 of the Act creating the Authority, provided that the Authority shall not be required to give bond for appeal or bond for costs in any judicial proceedings;

(5) to control, develop, store and use the natural flow and floodwaters of the Red River and its tributaries for the purpose of operating and maintaining said navigable canals or waterways and all navigational systems or facilities auxiliary thereto, provided, however, that such navigational use shall be subordinate to consumptive use of water, and navigation shall be incidental thereto;

(6) to effectuate the construction, maintenance and operation of bank stabilization facilities, channel rectification or alignment, to prevent and aid in preventing devastation of lands from recurrent overflows and the protection of life and property in the Red River in Texas or any tributaries thereof within the Authority from uncontrolled flood waters; to store and conserve to the greatest beneficial use the storm, flood and unappropriated waters of

the Red River in Texas or any tributaries thereof within the Authority, so as to prevent the escape of any water without maximum beneficial use either within or without the boundaries of the authority;

(7) in the event the construction of maintenance and operation of navigable canals or waterways and all navigational systems or facilities auxiliary thereto on the Red River in Texas is taken over or performed by the Federal Government or any agency of the Federal Government, then and in such event the Authority shall be fully authorized to make and enter into any such contracts as may be lawfully required by the Federal Government, including such assignments and transfers of property and rights of property and easements and privileges and any and all other lawful things and acts may be necessary and required in order to meet the requirements of the Federal Government or any agency of the Federal Government in taking over the constructions or maintenance and operation of said navigable canals or waterways and all navigational systems or facilities auxiliary thereto;

(8) the Authority shall have the power to acquire additional land adjacent to any permanent improvement heretofore or hereafter constructed within the Authority for the purpose of developing public parks and recreational facilities; the power to acquire necessary right-of-way for public ingress and egress to such areas. The Authority may provide recreational facilities and services, and may enter into contracts and agreements with the Federal Government or any agency thereof; the Parks and Wildlife Department of the State of Texas, any county, municipality, municipal corporation, person, firm or nonprofit organization for the construction, operation and maintenance of such park, or recreational facility. It is legislative intent that the Authority will coordinate the development of any public parks and recreational facilities with the Parks and Wildlife Department for conformity with the "State Comprehensive Outdoor Recreation Plan". The Authority may perform all functions necessary to qualify for state or federal recreational grants and loans;

(9) in addition to other purposes heretofore authorized by law and as necessary aid to the conservation, control, preservations, and distribution of such water for beneficial use, the Authority is authorized to purchase, construct, improve, repair, operate and maintain works and facilities necessary for the collection, transportation, treatment and disposal of sewage and industrial waste and effluent and to issue negotiable bonds for such purposes, and the Authority may make contracts with cities and others under which the Authority will collect, transport, treat and dispose of sewage from such cities or other entities. The Authority may also make contracts with any city for the use of any collection, transportation, treatment or disposal facilities owned by such city or by the Authority;

(10) the bonds which may be issued under this Section shall be payable from revenues under any contract or contracts described herein or from other income of the Authority. Such bonds shall be in the form and shall be issued in the manner prescribed by law for other revenue bonds and as provided in Sections 26, 27, 28, and 29, Article 8280-228.

(Amended by Acts 1967, 60th Legislature, Page 1,278, Chapter 570, Section 1, Effective August 28, 1967, Acts 1969, 61st Legislature, Page 2,564, Chapter 856, Section 1, Effective June 18, 1969.)

Section 14b.

(a) As used in this section:

- (1) 'Person' means:
 - (a) an individual, partnership, corporation, or other private entity;
and
 - (b) a public agency
- (2) 'Public agency' means an authority, district, city, town, other political subdivision, joint board, or other public agency created and operating under the laws of this state.

(b) The Authority and all persons may contract, on terms and conditions to which the parties may agree, with respect to any power, function, or duty of the Authority, and the Authority and all persons may execute all appropriate documents and instruments in connection therewith. The Authority may issue bonds with respect to any of its powers in the manner provided by Section 26 of this Act including those powers granted in this section for the purpose of providing funds:

- (1) to enable the Authority to pay for the costs of engineering design and studies, surveys, title research, appraisals, options on real or personal property, and other related matters and activities in connection with planning and implementing various proposed projects or improvements; and
- (2) to operate and maintain any facilities.

(c) The Authority may invest any of its funds, including bond proceeds, in any manner or in any securities determined by its Board of Directors.

(d) Notwithstanding any provisions of this Act and in Addition to all other powers granted by this Act or by any other law, the Authority may:

- (1) undertake and carry out any activities;
- (2) enter into loan agreements, leases, or installment sales agreements; and
- (3) acquire, purchase, construct, own, operate, maintain, repair, improve, or extend and loan, lease, sell or otherwise dispose of, on terms and conditions including rentals, sale price, or installment sale payments as the parties may agree, at any place or location in the boundaries of the Authority, any and all money or bond proceeds, works, improvements, facilities, plants, buildings, structures, equipment, and appliances, and all property or any interest in property, that are incident, helpful, or necessary.

(e) The Authority may exercise the powers in Subsection (d) of this section, to:

- (1) provide for the control, storage, preservation, transmission, treatment, distribution, and use of water, including storm water, flood water, and the water of rivers and streams, for irrigation, electric energy or power, flood control, municipal, domestic, industrial, agricultural, and commercial uses and purposes and for all other beneficial uses and purposes;
- (2) supply water for municipal, domestic, electric energy or power, industrial, irrigation, oil flooding, mining, agricultural, and commercial uses and purposes and for all other beneficial uses and purposes;
- (3) generate, produce, distribute, and sell electric energy or power; and
- (4) facilitate the carrying out of any power, duty, or function of the Authority.

(f) It is found and determined by the legislature that all of the purposes stated in Subsection (e) of this section are for the conservation and development of the natural resources of this state within the meaning of Article XVI, Section 59, of the Texas Constitution.

(g) Each public agency may fix, charge, and collect fees, rates, charges, rentals, and other amounts for any services or facilities provided by a utility operated by it, or provided pursuant to or in connection with any contract with the Authority. The fees, rates, charges, rentals, and other amounts may be charged to and collected from inhabitants or from any users or beneficiaries of that utility, service, or facility. These may include specifically water charges, sewage charges, solid waste disposal system fees and charges including garbage collection or handling fees, and other fees or charges.

(h) Those fees, rates, charges, rentals, and other amounts may be used or pledged to make payments to the Authority required under the contract and may be pledged in amounts sufficient to make all or any part of those payments to the Authority when due. Those payments if the parties agree in the contract, constitute an expense of operation of any facilities or utility operated by the public agency; provided that an agreement may not be made that would violate the United States or Texas Constitutions.

(i) This section is wholly sufficient authority for the issuance of the bonds, the execution of contracts, and the performance of the other acts and procedures authorized in this Act by the Authority and persons, including public agencies, without reference to any other law or any restrictions or limitations included in any other law. To the extent of any conflict or inconsistency between this subsection and any other law including a home-rule city charter, this section prevails and controls; provided that the Authority and persons, including public agencies, may use any other law, not in conflict with this subsection, to the extent convenient or necessary to carry out any power or authority granted by this section.

(j) This section does not compel any person, including any public agency, to secure water, sewer service, or any other service from the Authority, except voluntarily executed contracts.

(Amended by Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 3, Effective April 30, 1981, Acts 1983, Legislature, Page 4,344, Chapter 696, Section 3, Effective June 19, 1983.)

Section 14c. (a) On Acquisition of any necessary authorization as provided by law, the Authority may engage in the manufacture and production of gasohol only for use in operating equipment of the Authority in an emergency as determined by the General Manager of the Authority.

(b) The Authority is eligible for a local industrial alcohol manufacturer's permit under chapter 47, Alcoholic Beverage Code, as amended, as if it were an eligible Texas corporation, but its authority under the permit is limited as provided by Subsection (a) of this section.

(Amended by Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 3, Effective April 30, 1981.)

Section 14d. (a) Bowie County is added to the Red River Authority for the limited purpose of participating in the U.S. Army Corps of Engineers' Red River Bank Stabilization and Navigation Project, from Index, Arkansas, to Denison Dam, and this Act shall apply to Bowie County to the extent necessary to accomplish the Red River Bank Stabilization and Navigation Project.

(b) Bowie County is liable only for debt incurred by the Authority directly in connection with the Red River Bank Stabilization and Navigation Project, and the Board may exercise the duties and powers, including the power of eminent domain, under this Act, with relation to Bowie County only to the extent necessary to accomplish the Red River Bank Stabilization and Navigation Project.

(Amended by Acts 1981, 67th Legislature, Page 3,321, Chapter 870, Section 2, Effective June 18, 1981, Acts 1983, Legislature, Page 4,344, Chapter 696, Section 2, Effective June 19, 1983.)

Section 15. The powers and duties herein granted to the Authority are recognized to be taken subject to all legislative declarations of public policy in the maximum utilization of the waters of the Authority's watersheds for the purposes for which the Authority is created. The Authority in the exercise of its powers and duties shall be subject to the continuing supervision by the state, which shall be exercised through the State Board of Water Engineers, or any board or agency which may succeed to its duties, which agency shall be charged with the authority and duty to approve, or to refuse to approve, the adequacy and feasibility of any plan or plans for flood control or conservation devised for the achievement of the purposes intended in the creation of the Authority.

Section 16. The Authority is granted the power to execute such contracts and enter into such agreements as may be necessary to accomplish the purpose for which it is created. In keeping with this provision the Authority is authorized to enter into contracts with cities, corporations, districts, the United States and its agencies, the State of Texas and agencies thereof, or the States of Oklahoma, Arkansas, and Louisiana, the confines of which are contiguous or adjacent to Red River.

(Amended by Acts 1969, 61st Legislature, Page 2,564, Chapter 856, Section 2, Effective June 18, 1969.)

Section 16a. The Authority is expressly authorized to contract with cities, towns or villages located within its boundaries for the purchase, lease, use, management, control of operation of water distribution plants or systems owned by said cities, towns or villages, in accordance with such terms and conditions as may be mutually agreed upon by and between the governing bodies of the Authority and such city, town or village. In this connection the Authority is empowered to acquire by any such contract surface or underground water rights belonging to any such city, town or village ; provided , however, that the Authority shall devote any such water rights so acquired to only such uses as the city, town or village from which they were acquired would be authorized to make of them; and, provided further, that the Authority shall use any such water rights so acquired only for the purposes of the water distribution plant or system of the city, town or village from which such water rights were acquired, and not otherwise.

(Amended by Acts 1961, 57th, Legislature, Page 1,116, Chapter 504, Section 2, Effective August 27, 1961.)

Section 16b. The Authority may enter into any contracts necessary to provide for the sale and delivery of water to the City of Eldorado, Oklahoma.

(Amended by Acts 1969, 61st Legislature, Page 2,077, Chapter 715, Section 1, Effective June 12, 1969.)

Section 17. For the purpose of providing funds requisite to secure the necessary studies, engineering and others services which may be necessary, the collection and computation of the data respecting regional and general conditions influencing the character and extent of the improvements necessary to effect the purposes of the creation of this Authority to the greatest public advantage, it is hereby provided that it may solicit, seed and accept contributions to its funds from any other district, authority or municipality, the Federal Government or the State of Texas, or from any other source. Any and all grants and gratuities shall be strictly accounted for and shall be subject to the same rules, regulations and orders as are other funds handled or disbursed by the Authority.

Section 18. The Authority is hereby vested with the right of eminent domain in the manner provided by the general law pertaining to water control and improvement districts. In the event that the Authority, in the exercise of the power of eminent domain or power of relocation, or any other power granted hereunder, makes necessary the relocation, raising, rerouting or changing the grade of, or altering the construction of any highway, railroad, electric transmission line, telephone or telegraph properties and facilities, or pipeline, all such necessary relocation, raising, rerouting, changing of grade or alteration of construction shall be accomplished at the sole expense of the Authority.

Section 19. Said Authority shall have and may exercise such functions, powers, authority, rights and duties as may permit the accomplishment of the purposes for which it is created, including investigating and planning, acquiring, construction, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works and facilities which it may deem necessary or proper for the accomplishment of said purposes, including the acquisition within and/or without said Authority of lands, rights-of-way, surface water rights, groundwater rights, if purchased, as provided by Section 19a, and all other properties, tenements, easements and all other rights incident, helpful to, or in aid of carrying out the purposes of said Authority as herein defined; provided, however, that Authority shall not engage in the generation or distribution of electric power except as provided by Section 14b of this Act. The right of eminent domain shall not be exercised or extended beyond the boundaries of this District.

(Amended by Acts 1961, 57th Legislature, Page 1,116, Chapter 504, Section 1, Effective August 27, 1961; Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 1, Effective April 20, 1981; Acts 2013, 83rd Legislature, Chapter 1156, Section 2, Effective September 1, 2013.)

Section 19a. The Authority may purchase groundwater rights in a county in the Authority's territory only if:

(1) there is a groundwater conservation district that has jurisdiction over water wells located in the county; or

(2) in the case where a county is not in the jurisdiction of a groundwater conservation district, the commissioners court of the county approves the purchase of groundwater rights by the Authority in the county.

(Amended by Acts 2013, 83rd Legislature, Chapter 1156, Section 3, Effective September 1, 2013.)

Section 20. The Authority shall establish and collect rates and other charges for the sale or use of water or for its services sold, furnished or supplied which fees and charges shall be reasonable and nondiscriminatory but sufficient to produce revenues adequate to pay the expenses of the Authority in carrying out its functions for which it is created and to fulfill the terms of any agreements made with the holders of any of its obligations. Provided, however, that the rates and charges for the sale or use of water shall be subject to review by the State Board of Water Engineers, as provided by general law.

Section 21. While the power is expressly given the Authority to issue its obligations or warrants for furnishing of funds, before such obligations or warrants shall be issued, the same shall bear the approval of the State of Texas, acting through the Attorney General of Texas.

Section 22. The Authority shall make by-laws for the management and regulation of its affairs; to adopt and use a corporate seal; to appoint officers, attorneys, agents and employees, and to prescribe their duties and fix their compensation; to make such other contracts and execute instruments necessary or convenient to the exercise of its powers, rights, privileges and functions conferred upon it by this Act and the general laws of the state pertaining to water

control and improvement districts; to borrow money and accept grants from the United States of America, or the State of Texas, or any other source, and in connection with any such loan or grant; to enter into such agreements and assume such obligations as may be required.

Section 23. The Board of Directors shall designate one or more banks within the Authority to serve as depository for the funds of the Authority. All funds of the Authority shall be deposited in such depository bank or banks except that funds pledged to pay bonds may be deposited with the trustee bank named in the trust agreement, and except that funds shall be remitted to the bank of payment for the payment of principal of and interest on bonds. To the extent that funds in the depository banks and the trustee bank are not insured by the F.D.I.C., they shall be secured in the manner provided by law for the security of county funds.

Section 24. Nothing in this Act shall be construed as authorizing the Authority to levy or collect any form of tax within said Authority.

Section 25. Nothing in this Act shall be construed as authorizing the Authority to acquire or regulate underground water or underground water rights by condemnation or regulate the use of underground water resources in any manner.

(Amended by Acts 2013, 83rd Legislature, Chapter 1156, Section 4, Effective September 1, 2013.)

Section 26. (a) For the purpose of providing funds for any purpose authorized by this Act the Authority shall have the power and is hereby authorized to issue bonds from time to time as authorized by this Act. The Authority is hereby empowered, without the necessity of an election, to issue such bonds to be payable from such revenues of district as are pledged by resolution of the Board of Directors.

(Amended by Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 2, Effective April 30, 1981.)

(b) Such bonds shall be authorized by resolution of the Board of Directors and shall be issued in the name of the Authority, signed by the president or vice president, attested by the secretary, and has the seal of the Authority impressed thereon. They shall mature serially or otherwise in not to exceed 50 years and may be sold at a price and under terms determined by the Board of Directors to be the most advantageous reasonably obtainable, provided that the interest rate on the bonds may not exceed the maximum net effective interest rate, as that term is defined by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969, as amended (*Article 717K-2, Vernon's Texas Civil Statutes*), that is legally authorized at the time the bonds are issued, and within the discretion of the Board, may be made callable prior to maturity at such times, and prices as may be prescribed in the resolution authorizing the bonds, and may be made registrable as to principal or as to both principal and interest.

(Amended by Acts 1981, 67th Legislature, Page 186, Chapter 86, Section 2, Effective April 30, 1981, Acts 1983, Legislature Page 4,344, Chapter 696, Section 4, Effective June 19, 1983.)

(c) Bonds may be issued in more than one series and from time to time as required for carrying out the purposes of this Act.

(d) The bonds may be secured by a pledge of all or part of the net revenues of the Authority, or by the net revenues of any one or more contracts theretofore or thereafter made or other revenues specified by resolution of the Board of Directors. Any such pledge may reserve the right, under conditions therein specified, to issue additional bonds which will be on a parity with or subordinate to the bonds then being issued. The term “net revenues” as used in this Section shall mean the gross revenues of the Authority after deduction of the amount necessary to pay the cost of maintaining and operating the Authority and its properties.

(e) It shall be the duty of the Board of Directors to fix, and from time to time to revise, the rates of compensation for water sold and services rendered by the Authority which will be sufficient to pay the expense of operating and maintaining the facilities of the Authority and to pay the bonds as they mature and the interest as it accrues and to maintain the reserve and other funds as provided in the resolution authorizing the bonds.

(f) From the proceeds of the sale of the bonds, the Authority may set aside an amount for the payment of interest expected to accrue during construction and a reserve interest and sinking fund, and such provision may be made in the resolution authorizing the bonds. Proceeds from the sale of the bonds may also be used for the payment of all expenses necessarily incurred in accomplishing the purposes for which the Authority is created.

(g) In the event of a default or a threatened default in the payment of principal or of interest on any of the bonds any court of competent jurisdiction may, upon petition of the holders of twenty-five percent (25%) of the outstanding bonds of the issue thus in default or threatened with default, appoint a receiver with authority to collect and receive all income of the Authority, employ and discharge agents and employees of affairs of the Authority without consent or hindrance by the directors. Such receiver may also be authorized to sell or make contracts for the sales of water or renew such contracts with the approval of the court appointing him. The court may vest the receiver with such other powers and duties as the court may find necessary for the protection of the holders of the bonds.

Section 27. The Authority is authorized to issue refunding bonds for the purpose of refunding any outstanding bonds authorized by this Act and interest thereon. Such 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. The provisions of this law with reference to the issuance of other bonds and their approval by the Attorney General and the remedies of the holders shall be applicable to refunding bonds. Refunding bonds shall be registered by the Comptroller upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the resolution authorizing their issuance may provide that they shall be sold and the proceeds thereof 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 the interest on the original bonds to their option date or maturity date, and the Comptroller shall register them without concurrent surrender and cancellation of the original bonds.

Section 28. Any bonds (*including refunding bonds*) authorized by this law may be additionally secured by a deed of trust lien upon physical properties of the Authority and all

franchises, easements, water rights and appropriation permits, leases and contracts and all rights appurtenant to such properties, vesting in the trustee power to see the properties for payment of the indebtedness, power to operate the properties, and all other powers and authority for the further security of the bonds. Such deed of trust may contain any provisions prescribed by the Board of Directors for the security of the bonds and the preservation of the trust estate, and may make provision for amendment or modification thereof and the issuance of bonds to replace lost or mutilated bonds. Any purchaser under a sale under such deed of trust shall be the owner of the dam or dams and the other properties and facilities so purchased and shall have the right to maintain and operate the same, in the event of forfeiture or default on the part of the Authority.

Section 29. After any bonds are authorized by the district, such bonds and the record relating to their issuance shall be submitted to the Attorney General for his examination as to the validity thereof. Where such bonds recite that they are secured by a pledge of the proceeds of a contract theretofore made between the district and any city or other governmental agency or district, a copy of such contract and the proceedings of the city or other governmental agency or district authorizing such contract shall also be submitted to the Attorney General. If such bonds have been authorized and if such contracts have been made in accordance with the Constitution and laws of the State of Texas he shall approve the bonds and such contracts and the bonds then shall be registered by the Comptroller of Public Accounts. Thereafter, the bonds and the contracts, if any, shall be valid and binding and shall be incontestable for any cause.

Section 30. The Legislature hereby declares that the enactment hereof is in fulfillment of a duty conferred upon it by Section 59 of Article XVI of the Constitution of Texas, wherein it is empowered to pass such laws as may be appropriate in the preservation and conservation of the natural resources of the state; that the Authority herein created is essential to the accomplishment of the purposes of said constitutional provision; and that this Act operates on a subject in which the state at large is interested. It is hereby found and determined that all of the lands and other property included within the boundaries of the Authority will be benefited and that the Authority is created to serve a public use and benefit. All the terms and provisions of this Act are to be liberally construed to effectuate the purposes herein set forth.

Section 31. Except as otherwise provided herein, the Authority is hereby vested with all of the rights, powers, and privileges conferred by the laws of this state now in effect or hereinafter enacted, applicable to water control and improvement districts created under the authority of Section 59, Article XVI of the Constitution. Acts 1959, 56th Legislature, page 604, Chapter 279.