

1-1 AN ACT

1-2 relating to the creation, administration, powers, duties,
 1-3 operation, and financing of the North Harris County Regional Water
 1-4 Authority; granting the power of eminent domain and the authority
 1-5 to issue bonds; providing a civil penalty.

1-6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-7 ARTICLE 1. GENERAL PROVISIONS

1-8 SECTION 1.01. CREATION. (a) A regional water authority, to
 1-9 be known as the North Harris County Regional Water Authority, is
 1-10 created in Harris County, subject to a confirmation election held
 1-11 under Section 2.05 of this Act. The authority is a governmental
 1-12 agency and a body politic and corporate.

1-13 (b) The authority is created under and is essential to
 1-14 accomplish the purposes provided by Section 59, Article XVI, Texas
 1-15 Constitution.

1-16 SECTION 1.02. DEFINITIONS. In this Act:

1-17 (1) "Authority" means the North Harris County Regional
 1-18 Water Authority.

1-19 (2) "Board" means the board of directors of the
 1-20 authority.

1-21 (3) "Commission" means the Texas Natural Resource
 1-22 Conservation Commission.

1-23 (4) "Director" means a member of the board.

1-24 (5) "Local government" means a municipality, county,
 2-1 special district, or other political subdivision of this state or a
 2-2 combination of two or more of those entities.

2-3 (6) "Person" has the meaning assigned by Section
 2-4 311.005, Government Code.

2-5 (7) "Subsidence district" means the Harris-Galveston
 2-6 Coastal Subsidence District.

2-7 (8) "System" means a network of pipelines, conduits,
 2-8 canals, pumping stations, force mains, treatment plants, and any
 2-9 other construction, device, or related appurtenance used to treat
 2-10 or transport water.

2-11 (9) "Water" includes:

2-12 (A) groundwater, percolating or otherwise;

2-13 (B) any surface water, natural or artificial,
 2-14 navigable or nonnavigable; and

2-15 (C) industrial and municipal wastewater.

2-16 (10) "Subsidence" means the lowering in elevation of
 2-17 the surface of land by the withdrawal of groundwater.

2-18 (11) "Agricultural crop" means food or fiber
 2-19 commodities grown for resale or commercial purposes that provide
 2-20 food, clothing, or animal feed.

2-21 SECTION 1.03. DESCRIPTION OF BOUNDARIES. (a) Except as
 2-22 provided by this section, the authority includes the territory that
 2-23 is contained in the following area, whether the territory contains
 2-24 noncontiguous parcels of land or whether the territory is located
 2-25 within the boundaries of any other governmental entity or political
 2-26 subdivision of the state, but only if also contained in one or more
 2-27 of the house districts described by this section:

3-1 BEGINNING at the intersection of the Harris and Waller County
 3-2 line with the north right-of-way line of U.S. Highway 290 (current
 3-3 alignment);

3-4 THENCE northwest along the Harris and Waller County line to
 3-5 the intersection with Spring Creek;

3-6 THENCE continuing southeasterly along said Harris and Waller
 3-7 County line, with the meanders of Spring Creek to the intersection
 3-8 of the Waller and Montgomery County line;

3-9 THENCE southeasterly along the Harris and Montgomery County
 3-10 line continuing with the meanders of said Spring Creek; to the
 3-11 intersection with the City of Houston, corporate limits;

3-12 THENCE along said City of Houston corporate limits, the
 3-13 following: south approximately one half mile; east approximately

3-14 one half mile to the City of Humble corporate limits; north along
3-15 said City of Humble corporate limits approximately one half mile to
3-16 aforementioned Spring Creek; east along Spring Creek to its
3-17 confluence with the San Jacinto River to the intersection of U.S.
3-18 Highway 59; easterly and southerly along the take line for Lake
3-19 Houston to the intersection with the southeasterly right-of-way of
3-20 the Union Pacific Railroad; southwesterly along said Union Pacific
3-21 Railroad for approximately two miles; south to the north end of
3-22 Duessen Parkway; southeast along the east side of Duessen Parkway
3-23 and along the north side of the access road to the intersection
3-24 with North Lake Houston Parkway;

3-25 THENCE departing said City of Houston corporate limits, west
3-26 along the north side of said North Lake Houston Parkway to the
3-27 beginning of Mount Houston Road, and continuing west on Mount
4-1 Houston Road to the 6900 block to the intersection of Suburban;

4-2 THENCE south along Suburban to the City of Houston corporate
4-3 limits;

4-4 THENCE along said City of Houston corporate limits, the
4-5 following: west to Hirsch Road; south along the west side of Hirsch
4-6 Road to Langely; west along the south side of Langley to the
4-7 southbound feeder road of US Highway 59; northeast along the west
4-8 side of the feeder road of US Highway 59 to Little York; west along
4-9 the south side of Little York to Bentley; north along the east side
4-10 of Bentley to Sagebrush; west along the north side of Sagebrush to
4-11 Halls Bayou; south along Halls Bayou to Little York; west along the
4-12 south side of Little York to Aldine Westfield Road; north along the
4-13 east sides of Aldine Westfield Road to its intersection with the
4-14 easterly extension of the City of Houston corporate limits; west to
4-15 the Hardy Toll Road; north along the Hardy Toll Road approximately
4-16 0.25 miles; east approximately 0.35 mile; north approximately 0.15
4-17 mile; west approximately 0.35 mile; northwest along the Hardy Toll
4-18 Road approximately 1 mile; southwesterly along an irregular path
4-19 generally west to Carby; west along Carby to Airline Drive; south
4-20 along Airline Drive to Canino; west along Canino to Sweetwater;
4-21 north along Sweetwater to West Road; west to Interstate 45/US 75;
4-22 south along Interstate 45/US 75 to south of Bluebell Road;
4-23 southerly along an irregular path generally south and west to West
4-24 Mount Houston Road; west along Mount Houston Road to a line east of
4-25 Ella Boulevard; south along a line generally parallel to Ella
4-26 Boulevard to south of West Gulf Bank; west along the south side of
4-27 West Gulf Bank to Tomball Parkway; northwest along Tomball Parkway
5-1 approximately 1.5 mile; west along an irregular path to North
5-2 Houston-Rosslyn Road; north along North Houston-Rosslyn Road to
5-3 Vogel Creek; west along Vogel Creek to the FWD CRIP RR; south
5-4 along the FWD CRIP RR to Logview; west along Logview to Hollister;
5-5 south along Hollister to White Oak Bayou; east along White Oak
5-6 Bayou to Twisting Vine; south along Twisting Vine to West Little
5-7 York; west along West Little York to Fairbanks North Houston; south
5-8 along Fairbanks North Houston to Cole Creek; west along Cole Creek
5-9 to Hempstead Road; northwest along Hempstead Road to Brittmore
5-10 Road, also being the intersection with U.S. Highway 290, Northwest
5-11 Freeway;

5-12 THENCE departing said City of Houston corporate limits and
5-13 continuing northwest along U.S. Highway 290, Northwest Freeway, at
5-14 Spencer Road;

5-15 THENCE northwest along U.S. Highway 290, Northwest Freeway
5-16 (current alignment), to the intersection of the Harris and Waller
5-17 County line, the POINT OF BEGINNING.

5-18 (b) The authority includes only that territory described by
5-19 Subsection (a) of this section that is also in the following state
5-20 representative districts as described by Article II, Chapter 2,
5-21 Acts of the 72nd Legislature, 3rd Called Session, 1992 (Article II,
5-22 Article 195a-11, Vernon's Texas Civil Statutes), as the districts
5-23 existed on the effective date of this Act:

5-24 (1) District 127;

- 5-25 (2) District 126;
- 5-26 (3) District 130;
- 5-27 (4) District 135; and
- 6-1 (5) District 150.

6-2 (c) Notwithstanding Subsections (a) and (b) of this section,
 6-3 the authority does not include any area that, on the effective date
 6-4 of this Act, is inside the municipal limits of the city of Houston
 6-5 or inside the municipal limits of the city of Humble.

6-6 (d) On a municipality's annexation of any of the authority's
 6-7 territory, the annexed territory is excluded from the authority's
 6-8 territory. The authority shall continue to provide services to the
 6-9 annexed territory in accordance with contracts in effect at the
 6-10 time of the annexation unless a written agreement between the board
 6-11 and the governing body of the municipality provides otherwise.

6-12 SECTION 1.04. EXCLUSION OF CERTAIN TERRITORY. (a) A
 6-13 district organized under Section 52, Article III, or Section 59,
 6-14 Article XVI, Texas Constitution, that is located in the portion of
 6-15 the territory described by Section 1.03(a) of this Act that is
 6-16 south of Beltway 8 or east of U.S. Highway 59 may petition for
 6-17 exclusion of its territory from the authority's territory. Before
 6-18 the 61st day after the date the authority receives the petition,
 6-19 the board shall:

6-20 (1) grant the petition and order the territory
 6-21 excluded if the petition:

6-22 (A) includes an accurate legal description of
 6-23 the boundaries of the territory to be excluded; and

6-24 (B) the petition is filed with the authority
 6-25 before March 1, 2001; and

6-26 (2) if the board grants the petition, file for
 6-27 recording in the office of the county clerk of Harris County a copy
 7-1 of the order and a description of the authority's boundaries as
 7-2 they exist after the exclusion of the territory.

7-3 (b) The order excluding the territory is effective
 7-4 immediately after the order and description are recorded.

7-5 SECTION 1.05. APPLICABILITY OF OTHER LAW. (a) This Act
 7-6 prevails over any inconsistent provision of general law.

7-7 (b) This Act does not prevail over or preempt a provision of
 7-8 Chapter 151, Water Code, or Chapter 36, Water Code, that is being
 7-9 implemented by the subsidence district.

7-10 SECTION 1.06. FINDING OF BENEFIT. All the land and other
 7-11 property included within the boundaries of the authority will be
 7-12 benefited by the works and projects that are to be accomplished by
 7-13 the authority under powers conveyed by this Act. The authority is
 7-14 created to serve a public use and benefit.

7-15 ARTICLE 2. DIRECTORS

7-16 SECTION 2.01. BOARD OF DIRECTORS. (a) The authority is
 7-17 governed by a board of five directors.

7-18 (b) The board shall appoint a person to fill a vacancy in
 7-19 the office of director until the next election for directors. If
 7-20 the position is not scheduled to be filled at the election, the
 7-21 person elected to fill the position serves only for the remainder
 7-22 of the unexpired term.

7-23 (c) To be eligible to serve as director, a person must be a
 7-24 qualified voter in the voting district from which the person is
 7-25 elected or appointed.

7-26 SECTION 2.02. METHOD OF ELECTION OF DIRECTORS. (a) One
 7-27 director shall be elected from each of five single-member voting
 8-1 districts by the qualified voters of the voting district.

8-2 (b) A person shall indicate on the person's application for
 8-3 a place on the ballot the voting district that the person seeks to
 8-4 represent.

8-5 (c) In the manner described by Section 49.103(d), Water
 8-6 Code, the board shall redraw the single-member voting districts as
 8-7 soon as practicable after:

- 8-8 (1) each federal decennial census; and

8-9 (2) any change in the boundaries of the authority.
8-10 (d) At the first election after each time the voting
8-11 districts are redrawn:
8-12 (1) five new directors shall be elected to represent
8-13 the single-member voting districts; and
8-14 (2) the directors elected shall draw lots to determine
8-15 their terms so that:
8-16 (A) two directors serve two-year terms; and
8-17 (B) three directors serve four-year terms.
8-18 (e) Subchapter C, Chapter 146, Election Code, applies to the
8-19 consideration of votes for a write-in candidate for the initial
8-20 permanent director or permanent director as if the authority were a
8-21 municipality.
8-22 SECTION 2.03. SERVICE OF DIRECTORS. (a) Temporary
8-23 directors serve until the initial permanent directors are elected
8-24 under Section 2.05 of this Act.
8-25 (b) The initial permanent directors serve until permanent
8-26 directors are elected under Section 2.06 of this Act.
8-27 (c) Permanent directors serve staggered four-year terms.
9-1 (d) A director serves until the director's successor has
9-2 qualified.
9-3 SECTION 2.04. TEMPORARY DIRECTORS. (a) The temporary board
9-4 of directors is composed of three individuals appointed by the
9-5 commission.
9-6 (b) If a temporary director fails to qualify for office, the
9-7 temporary directors who have qualified shall appoint a person to
9-8 fill the vacancy. If at any time there are fewer than two
9-9 qualified temporary directors, or if the temporary directors cannot
9-10 agree on the appointment, the commission shall appoint the
9-11 necessary number of persons to fill all vacancies on the board.
9-12 (c) A temporary director is not eligible to be elected under
9-13 Section 2.05 of this Act.
9-14 SECTION 2.05. CONFIRMATION AND INITIAL PERMANENT DIRECTORS
9-15 ELECTION. (a) The temporary board of directors shall:
9-16 (1) establish five single-member voting districts in
9-17 the manner described by Section 49.103(d), Water Code; and
9-18 (2) on the first uniform election date of the calendar
9-19 year 2000 hold an election to confirm the establishment of the
9-20 authority and to elect five initial permanent directors.
9-21 (b) A person who desires to be a candidate for the office of
9-22 initial permanent director may file an application with the
9-23 temporary board to have the candidate's name printed on the ballot.
9-24 (c) At the confirmation and initial permanent directors
9-25 election, the temporary board of directors shall have placed on the
9-26 ballot:
9-27 (1) the name of each candidate filing for the office
10-1 of director; and
10-2 (2) blank spaces to write in the names of other
10-3 persons.
10-4 (d) If the authority is created at the election, the
10-5 temporary board of directors, at the time the vote is canvassed,
10-6 shall:
10-7 (1) declare the qualified person who receives the most
10-8 votes for each position to be elected as the initial director for
10-9 that position; and
10-10 (2) include the results of the initial directors
10-11 election in the authority's election report to the commission.
10-12 (e) As soon as practicable after the initial permanent
10-13 directors have qualified, the directors shall draw lots to
10-14 determine their terms so that:
10-15 (1) two directors serve terms that expire when
10-16 permanent directors are elected at the first election held under
10-17 Section 2.06 of this Act; and
10-18 (2) three directors serve terms that expire when
10-19 permanent directors are elected at the second election held under

10-20 Section 2.06 of this Act.

10-21 (f) Section 41.001(a), Election Code, does not apply to the
10-22 confirmation and initial permanent directors election held under
10-23 this section.

10-24 (g) The temporary board of directors shall draft language
10-25 for the ballot proposition used for the confirmation election. The
10-26 ballot proposition must clearly and completely explain:

- 10-27 (1) the powers and duties of the authority;
11-1 (2) whether the authority has the power of eminent
11-2 domain;
11-3 (3) whether the authority has the authority to issue
11-4 bonds;
11-5 (4) whether the authority has the authority to impose
11-6 taxes; and
11-7 (5) whether the authority has the authority to impose
11-8 fees.

11-9 (h) The ballot language must explain the nature of any fees
11-10 or taxes the authority has the authority to impose.

11-11 SECTION 2.06. ELECTION DATES. On the first uniform election
11-12 date of the calendar year in each subsequent even-numbered year,
11-13 the appropriate number of directors shall be elected to the board.

11-14 SECTION 2.07. COST OF ELECTION. (a) The temporary board of
11-15 the authority shall fund the cost of the confirmation and initial
11-16 permanent directors election if the temporary board is able to find
11-17 a reasonable means of funding the election.

11-18 (b) If the temporary board is unable to fund the entire cost
11-19 of the election, the temporary board of the authority and the board
11-20 of directors of the subsidence district may execute an agreement by
11-21 which:

- 11-22 (1) the subsidence district shall pay the portion of
11-23 the costs that could not be funded by the district; and
11-24 (2) the authority shall repay the subsidence district
11-25 for those costs within a reasonable period.

11-26 ARTICLE 3. ADMINISTRATIVE PROVISIONS

11-27 SECTION 3.01. MEETINGS AND ACTIONS OF BOARD. The board
12-1 shall meet at least four times each year and may meet at any other
12-2 time the board considers appropriate.

12-3 SECTION 3.02. GENERAL MANAGER. (a) The board shall employ
12-4 a general manager as the chief administrative officer of the
12-5 authority. The board may delegate to the general manager full
12-6 authority to manage and operate the affairs of the authority
12-7 subject only to the orders of the board.

- 12-8 (b) The duties of the general manager include:
12-9 (1) the administration of the orders of the board;
12-10 (2) coordination with state, federal, and local
12-11 agencies;
12-12 (3) the oversight of development of authority plans
12-13 and programs; and
12-14 (4) other duties assigned by the board.

12-15 (c) The board shall determine the terms of office and
12-16 employment and the compensation to be paid the general manager.
12-17 The general manager may be discharged by majority vote of the
12-18 board.

12-19 SECTION 3.03. EMPLOYEES; BONDS. (a) The general manager of
12-20 the authority shall employ all persons necessary for the proper
12-21 handling of the business and operations of the authority and may
12-22 employ attorneys, bookkeepers, engineers, and other expert and
12-23 specialized personnel the board considers necessary. The general
12-24 manager shall determine compensation to be paid by the authority.

12-25 (b) The general manager may discharge employees of the
12-26 authority.

12-27 (c) The general manager of the authority and each employee
13-1 or contractor of the authority who is charged with the collection,
13-2 custody, or payment of any money of the authority shall execute a
13-3 fidelity bond in an amount determined by the board and in a form

13-4 and with a surety approved by the board. The authority shall pay
13-5 for the bond.

13-6 ARTICLE 4. POWERS AND DUTIES

13-7 SECTION 4.01. GENERAL POWERS AND DUTIES. (a) The authority
13-8 has all of the rights, powers, privileges, authority, functions,
13-9 and duties necessary and convenient to accomplish the purposes of
13-10 this Act, including those provided by Chapter 49, Water Code.

13-11 (b) The authority may:

13-12 (1) provide for the conservation, preservation,
13-13 protection, recharge, and prevention of waste of groundwater, and
13-14 for the reduction of groundwater withdrawals, in a manner
13-15 consistent with the purposes of Section 59, Article XVI, Texas
13-16 Constitution;

13-17 (2) for the purposes of reducing groundwater
13-18 withdrawals and subsidence, acquire or develop surface water and
13-19 groundwater supplies from sources inside of or outside of the
13-20 boundaries of the authority and may conserve, store, transport,
13-21 treat, purify, distribute, sell, and deliver water to persons,
13-22 corporations, municipal corporations, political subdivisions of the
13-23 state, and others, inside of and outside of the boundaries of the
13-24 authority;

13-25 (3) enter into contracts with persons, including
13-26 political subdivisions of the state, on terms and conditions the
13-27 board considers desirable, fair, and advantageous for the
14-1 performance of its rights, powers, and authority under this Act;

14-2 (4) coordinate water services provided inside of,
14-3 outside of, or into the authority; and

14-4 (5) administer and enforce the provisions of the Act.

14-5 (c) The authority's rights, powers, privileges, authority,
14-6 functions, and duties are subject to the continuing right of
14-7 supervision of the state, to be exercised by and through the
14-8 commission.

14-9 (d) The authority shall exercise its rights, powers,
14-10 privileges, and authority in a manner that will promote
14-11 regionalization of water treatment and distribution.

14-12 SECTION 4.02. AUTHORITY RULES. (a) The authority shall
14-13 adopt and enforce rules reasonably required to implement this Act,
14-14 including rules governing procedures before the board.

14-15 (b) The board shall compile its rules in a book and make
14-16 them available for use and inspection at the authority's principal
14-17 office.

14-18 SECTION 4.03. FEES AND CHARGES. (a) The authority may
14-19 establish fees and charges as necessary to enable the authority to
14-20 fulfill the authority's regulatory obligations provided by this
14-21 Act.

14-22 (b) The authority may charge against the owner of a well
14-23 located in the authority's boundaries a fee on the amount of water
14-24 pumped from the well. The board shall establish the rate of a fee
14-25 under this subsection only after a special meeting on the fee. The
14-26 board by rule may exempt classes of wells from the fee under this
14-27 subsection. The board may not apply the fee to a well:

15-1 (1) with a casing diameter of less than five inches
15-2 that serves a single-family dwelling;

15-3 (2) regulated under Chapter 27, Water Code;

15-4 (3) used for irrigation of agricultural crops;

15-5 (4) that produces 10 million gallons or less annually;

15-6 or

15-7 (5) used solely for electric generation.

15-8 (c) Fees the board establishes must be sufficient to:

15-9 (1) achieve water conservation, prevent waste of
15-10 water, serve as a disincentive to pumping groundwater, and
15-11 accomplish the purposes of this Act, including making available
15-12 alternative water supplies; and

15-13 (2) enable the authority to meet operation and
15-14 maintenance expenses and pay the principal of and interest on debt

15-15 issued in connection with the exercise of the authority's general
15-16 powers and duties.

15-17 (d) The temporary board may set fees to pay for the initial
15-18 operation of the authority and the election of the initial
15-19 permanent board until the permanent board has been elected.

15-20 SECTION 4.04. CIVIL PENALTY; INJUNCTION. (a) A person who
15-21 violates a rule or order of the authority is subject to a civil
15-22 penalty of not less than \$50 and not more than \$5,000 for each
15-23 violation or each day of a continuing violation.

15-24 (b) The authority may bring an action to recover the penalty
15-25 in a district court in the county where the violation occurred.
15-26 The penalty shall be paid to the authority.

15-27 (c) The authority may bring an action for injunctive relief
16-1 in a district court in the county where a violation of an authority
16-2 rule or order occurs or is threatened to occur. The court may
16-3 grant to the authority, without bond or other undertaking, a
16-4 prohibitory or mandatory injunction that the facts warrant,
16-5 including a temporary restraining order, temporary injunction, or
16-6 permanent injunction.

16-7 (d) The authority may bring an action for a civil penalty
16-8 and injunctive relief in the same proceeding.

16-9 SECTION 4.05. WATER SUPPLY PLANS. The authority by rule
16-10 shall, as needed but not less frequently than every five years,
16-11 develop, prepare, revise, and adopt comprehensive water supply and
16-12 drought contingency plans for various areas of the authority. The
16-13 plans:

16-14 (1) must be consistent with regional planning; and

16-15 (2) must include 10-year, 20-year, and 50-year
16-16 projections of water needs within the authority.

16-17 SECTION 4.06. ACQUISITION, CONSTRUCTION, AND OPERATION OF
16-18 SYSTEMS. (a) The authority may:

16-19 (1) acquire and provide by purchase, gift, or lease a
16-20 water treatment or supply system inside of or outside of the
16-21 authority's boundaries;

16-22 (2) design, finance, or construct a water treatment or
16-23 supply system and provide water services inside of or outside of
16-24 the authority's boundaries;

16-25 (3) operate, lease, or sell a water treatment or
16-26 supply system the authority constructs or acquires; and

16-27 (4) contract with any person to operate or maintain a
17-1 water treatment or supply system the person owns.

17-2 (b) The authority shall give persons outside the authority's
17-3 boundaries, including the city of Houston, the option to contract
17-4 for available excess capacity of the authority's water treatment or
17-5 supply system or, before construction of a water treatment or
17-6 supply system begins, for additional capacity of the system. The
17-7 authority must offer a contract that would enable the person to pay
17-8 for the excess capacity or additional capacity in accordance with
17-9 the person's pro rata share of the capital investment and
17-10 operational and maintenance costs for providing the excess capacity
17-11 or additional capacity.

17-12 SECTION 4.07. SALE OR REUSE OF WATER OR BY-PRODUCT. The
17-13 authority may store, sell, or reuse:

17-14 (1) water; or

17-15 (2) any by-product from the authority's operations.

17-16 SECTION 4.08. EMINENT DOMAIN. The authority may exercise
17-17 the power of eminent domain in the manner provided in Chapter 21,
17-18 Property Code, to acquire property of any kind to further
17-19 authorized purposes of the authority. The authority may not
17-20 exercise the power of eminent domain outside of the boundaries of
17-21 the authority.

17-22 SECTION 4.09. CONTRACTS. (a) The authority may enter into
17-23 a contract with any person or legal entity regarding the
17-24 performance of any purpose or function of the authority, including
17-25 a contract to jointly construct, finance, own, or operate works,

17-26 improvements, facilities, plants, equipment, or appliances
 17-27 necessary to accomplish a purpose or function of the authority. A
 18-1 contract may be of unlimited duration.

18-2 (b) The authority may purchase an interest in a project used
 18-3 for a purpose or function of the authority.

18-4 (c) The authority may contract for:

18-5 (1) the purchase or sale of water or water rights;

18-6 (2) the performance of activities within the powers of
 18-7 the authority to promote the continuing and orderly development of

18-8 land and property in the authority through the purchase,

18-9 construction, or installation of works, improvements, facilities,

18-10 plants, equipment, or appliances so that, to the greatest extent

18-11 possible, considering sound engineering practices and economic

18-12 feasibility, all the land and property in the authority may receive

18-13 services of the works, improvements, facilities, plants, equipment,

18-14 or appliances of the authority; or

18-15 (3) the construction, ownership, maintenance, or

18-16 operation of any works, improvements, facilities, plants,

18-17 equipment, or appliances of the authority or another person or

18-18 legal entity.

18-19 (d) The authority may purchase surplus property from this

18-20 state, the United States, or another public entity through a

18-21 negotiated contract without bids.

18-22 (e) An officer, agent, or employee of the authority who is

18-23 financially interested in the contract of the type described by

18-24 Subsection (d) of this section shall disclose the interest to the

18-25 board before the board votes on the acceptance of the contract.

18-26 SECTION 4.10. COOPERATION WITH AND ASSISTANCE OF OTHER

18-27 GOVERNMENTAL ENTITIES. (a) In implementing this Act, the board

19-1 may cooperate with and request the assistance of the Texas Water

19-2 Development Board, the commission, the United States Geological

19-3 Survey, the subsidence district, other local governments, and other

19-4 agencies of the United States and this state.

19-5 (b) The subsidence district may enter into an interlocal

19-6 contract with the authority to carry out the authority's purposes

19-7 and may carry out the governmental functions and services specified

19-8 in the interlocal contract.

19-9 (c) The board shall coordinate with the city of Houston to

19-10 develop an interregional plan for a system to distribute treated

19-11 surface water in an economical and efficient manner.

19-12 SECTION 4.11. GIFTS AND GRANTS. The authority is authorized

19-13 to accept a gift or grant from money collected by the subsidence

19-14 district under Chapter 151, Water Code, to fund a water treatment

19-15 or supply system. The authorization in this section is in addition

19-16 to the authorization provided in Section 49.229, Water Code.

19-17 SECTION 4.12. EXPENDITURES. (a) The authority's money may

19-18 be disbursed only by check, draft, order, or other instrument.

19-19 (b) Disbursements of the authority must be signed by at

19-20 least two directors, except the board by resolution may allow the

19-21 general manager, treasurer, bookkeeper, or other employee of the

19-22 authority to sign disbursements.

19-23 (c) The board by resolution may allow disbursements to be

19-24 transferred by federal reserve wire system to accounts in the name

19-25 of the authority.

19-26 SECTION 4.13. TAXATION. The authority may not impose an ad

19-27 valorem tax.

20-1 ARTICLE 5. NOTES AND BONDS

20-2 SECTION 5.01. REVENUE NOTES. (a) The board, without an

20-3 election, may borrow money on negotiable notes of the authority to

20-4 be paid solely from the revenue derived from any legal source,

20-5 including:

20-6 (1) tolls, charges, and fees the authority imposes;

20-7 (2) the sale of water, water or sewer services, or any

20-8 other service or product of the authority;

20-9 (3) grants or gifts;

20-10 (4) the ownership and operation of all or a designated
20-11 part of the authority's works, improvements, facilities, plants, or
20-12 equipment; and

20-13 (5) contracts between the authority and any person,
20-14 including a local government.

20-15 (b) The notes may be first or subordinate lien notes at the
20-16 board's discretion. An obligation may not be a charge on the
20-17 property of the authority. An obligation may only be a charge on
20-18 revenue pledged for the payment of the obligation.

20-19 SECTION 5.02. BONDS. (a) To carry out a power or authority
20-20 conferred by this Act, the authority may issue bonds secured by all
20-21 or part of the revenue derived from any source, including any
20-22 source described by Section 5.01(a) of this Act.

20-23 (b) In issuing or securing a bond or note of the authority,
20-24 the authority may exercise any power of an issuer under Chapter
20-25 656, Acts of the 68th Legislature, Regular Session, 1983 (Article
20-26 717q, Vernon's Texas Civil Statutes).

20-27 (c) The authority may conduct a public, private, or
21-1 negotiated sale of the bonds.

21-2 (d) The authority's bonds must:

21-3 (1) be authorized by board resolution;

21-4 (2) be issued in the authority's name;

21-5 (3) be signed by the president or vice president of
21-6 the board, which may be accomplished by facsimile signature;

21-7 (4) be attested by the secretary of the board, which
21-8 may be accomplished by facsimile signature; and

21-9 (5) bear the authority's seal or facsimile seal.

21-10 (e) An authority bond may be secured by an indenture of
21-11 trust with a corporate trustee.

21-12 (f) The authority may issue bonds in more than one series as
21-13 required for carrying out the purposes of this Act. In issuing
21-14 bonds secured by revenue of the authority, the authority may
21-15 reserve the right to issue additional bonds secured by the
21-16 authority's revenue that are on a parity with or are senior or
21-17 subordinate to the bonds issued earlier.

21-18 (g) The resolution authorizing the bonds or the trust
21-19 indenture securing the bonds may specify additional provisions that
21-20 constitute a contract between the authority and its bondholders.

21-21 The board may provide:

21-22 (1) for additional bond provisions; and

21-23 (2) for a corporate trustee or receiver to take
21-24 possession of the authority's facilities if the authority defaults.

21-25 (h) Section 49.181, Water Code, does not apply to bonds or
21-26 notes issued by the authority.

21-27 SECTION 5.03. REFUNDING BONDS. The provisions of this Act
22-1 that apply to the authority's issuance of other bonds, their
22-2 security, and the remedies of the holders apply to refunding bonds.

22-3 SECTION 5.04. APPROVAL AND REGISTRATION OF BONDS. After the
22-4 authority authorizes bonds, the authority shall submit the bonds
22-5 and the record relating to their issuance to the attorney general
22-6 for approval. If the bonds are secured by a pledge of the proceeds
22-7 of a contract between the authority and a municipality or other
22-8 governmental agency, authority, or district, the authority shall
22-9 submit to the attorney general a copy of the contract and the
22-10 proceedings of the municipality or other governmental agency,
22-11 authority, or district authorizing the contract. If the attorney
22-12 general finds that the bonds have been authorized and each contract
22-13 has been made in accordance with the constitution and laws of this
22-14 state, the attorney general shall approve the bonds and contracts.
22-15 On approval, the bonds shall be registered by the comptroller.

22-16 SECTION 5.05. FUNDING BY OTHER DISTRICTS. (a) The
22-17 authority shall develop a procedure for cooperatively funding a
22-18 project of the authority with money from other districts inside of
22-19 the authority's boundaries if the authority project fulfills a
22-20 governmental purpose of both the authority and other districts.

22-21 (b) Not later than the 90th day before the date the
 22-22 authority issues bonds, other than refunding bonds, to finance a
 22-23 project, the authority shall provide written notice of the
 22-24 authority's intention to issue the bonds to each district inside of
 22-25 the authority's boundaries that may be benefited or affected by the
 22-26 project. The notice must include the value of the bonds planned to
 22-27 be issued, a description of the project the bonds would finance,
 23-1 and a schedule of the portion of the project costs financed by the
 23-2 bonds that may be allocated to each district benefited or affected.
 23-3 The schedule must be prepared by means of a formula certified by
 23-4 the authority's engineer.

23-5 (c) A district may enter into a contract with the authority
 23-6 for the district to finance a portion of the proposed project with
 23-7 the district's resources instead of using proceeds from bonds of
 23-8 the authority for that purpose. The contract must be executed
 23-9 before the authority issues the bonds. As provided in the
 23-10 contract, the authority must:

23-11 (1) reduce the value of the bond issuance to the
 23-12 degree that the district provides project funding; and

23-13 (2) credit the district for its contribution to the
 23-14 project financing and adjust the allocation of revenue pledged to
 23-15 the payment of the bonds so that the authority avoids using, to a
 23-16 degree commensurate with the contribution, revenue from the
 23-17 district to service the authority's bond debt or interest.

23-18 ARTICLE 6. MISCELLANEOUS PROVISIONS

23-19 SECTION 6.01. FINDINGS RELATED TO PROCEDURAL REQUIREMENTS.

23-20 (a) The proper and legal notice of the intention to introduce this
 23-21 Act, setting out the general substance of this Act, has been
 23-22 published as provided by law, and the notice and a copy of this Act
 23-23 have been furnished to all persons, agencies, officials, or
 23-24 entities to which they are required to be furnished by the
 23-25 constitution and other laws of this state, including the governor,
 23-26 who has submitted the notice and the Act to the commission.

23-27 (b) The commission has filed its recommendations relating to
 24-1 this Act with the governor, lieutenant governor, and speaker of the
 24-2 house of representatives within the required time.

24-3 (c) All requirements of the constitution and laws of this
 24-4 state and the rules and procedures of the legislature with respect
 24-5 to notice, introduction, and passage of this Act are fulfilled and
 24-6 accomplished.

24-7 SECTION 6.02. EMERGENCY. The importance of this legislation
 24-8 and the crowded condition of the calendars in both houses create an
 24-9 emergency and an imperative public necessity that the
 24-10 constitutional rule requiring bills to be read on three several
 24-11 days in each house be suspended, and this rule is hereby suspended,
 24-12 and that this Act take effect and be in force from and after its
 24-13 passage, and it is so enacted.

 President of the Senate

 Speaker of the House

I certify that H.B. No. 2965 was passed by the House on April 22, 1999, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 2965 on May 19, 1999, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

 Chief Clerk of the House

I certify that H.B. No. 2965 was passed by the Senate, with amendments, on May 17, 1999, by the following vote: Yeas 30, Nays 0.

 Secretary of the Senate

APPROVED: _____
 Date

 Governor