

UPPER LEON RIVER MUNICIPAL WATER DISTRICT

CHAPTER 405³⁴

S. B. No. 268

An Act creating Upper Leon River Municipal Water District, a conservation District under Article XVI, Section 59 of the Constitution comprising initially the territory contained within the Cities of Comanche, DeLeon, Dublin, Gorman, Hamilton, Hico and Stephenville, for the purpose of providing a source of water supply for municipal, domestic, and industrial uses and processing and transporting such water; authorizing provision of sewage treatment and disposal facilities as an aid to conservation of water; providing for the annexation of additional territory; providing for a Board of Directors for the government of the District; providing for elimination of "Potential Cities" and defining status of "Definitive Cities"; authorizing the District to do any and all things to make available for municipal and industrial uses the water from Proctor Dam and Reservoir which has been authorized for construction by the United States Government on Leon River or from any other dams which may be constructed in lieu thereof, pursuant to such rights as District may acquire in such reservoir from Brazos River Authority; permitting contracts with Brazos River Authority Board for acquisition of the rights to utilize water from the storage capacity of Proctor Dam and Reservoir which storage rights are being acquired by the Authority; permitting sale of surplus water for irrigation purposes; authorizing the issuance of bonds and providing for the payment and security thereof; prescribing an alternative method of financing the cost of providing the water supply, water supply lines, purification and pumping facilities or any of such items through contract with Brazos River Authority and the issuance of Authority's bonds for such purposes; prescribing conditions under which cities may withdraw from the District; making applicable to the District, Title 52 of the Revised Statutes of Texas relating to eminent^{34a} domain and denying the District the right to acquire lands and easements by condemnation outside of certain named counties; requiring all bonds which are wholly supported by taxation to be voted; adopting the powers of water control and improvement districts to the extent not in conflict with this Act; prescribing other powers of the District; enacting other provisions related to the subject and declaring an emergency.

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

Section 1. By virtue of Article XVI, Section 59 of the Texas Constitution, a conservation and reclamation district is hereby created to be known as "Upper Leon River Municipal Water District" (hereinafter called "District") which shall be a governmental agency and a body politic and corporate.

Sec. 2. The District shall comprise all of the territory which was contained within the Cities of Comanche, DeLeon, Dublin, Gorman, Hamilton, Hico and Stephenville, on April 1, 1961; provided, however, that no defect in the definition of the boundaries of any of said cities or in any past or future proceedings for the annexation of territory to any of said cities shall affect the validity of the District hereby created or any of its powers or duties. Each of said cities is hereby designated a "Potential City." Circumstances under which any of said cities may be eliminated from the District are set forth in Section 17 hereof. It is hereby found that all of the land thus included in said District will be benefited by the water storage rights to be acquired, and improvements to be acquired and constructed by said District.

34. Vernon's Ann.Civ.St. art. 8280—257.

34a. So in enrolled bill.

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Sec. 3. (a) All powers of the District shall be exercised by a Board of Directors (hereinafter sometimes called the "Board"). Originally, two Directors shall be appointed by a majority vote of the governing body of each of the Potential Cities contained in the District. Any such city may be eliminated from the District under circumstances set forth in Section 17 hereof and from the date of such occurrence shall lose its representation on the Board. In appointing the first Directors for a city, the governing body of such city shall appoint one (1) Director who shall serve to and including May 31, 1962, and one (1) who shall serve to and including May 31, 1963. In May, 1962, and in May of each year thereafter, the governing body of such city shall appoint one (1) Director for the two (2) year term beginning on June 1st of that year. Each Director shall serve for his term of office as herein provided and thereafter until his successor shall be appointed and qualified. No person shall be appointed a Director unless he resides in and owns taxable property in the city from which he is appointed. No member of a governing body of a city, and no employee of a city shall be appointed as Director. Such Directors shall subscribe the constitutional oath of office, and each shall give bond for the faithful performance of his duties in the amount of Five Thousand Dollars (\$5,000.), the cost of which shall be paid by the District. A majority shall constitute a quorum.

(b) Each Director shall receive a fee of Twenty Dollars (\$20.), for attending each meeting of the Board, provided that not more than Forty Dollars (\$40.) shall be paid to any Director for meetings held in any one (1) calendar month. Each Director shall also be entitled to receive Twenty Dollars (\$20.) per day devoted to the business of the District and to reimbursement for actual expenses incurred in attending to District business, provided that such service and expense are expressly approved by the Board.

Sec. 4. The Board of Directors shall elect from its members a president and a vice-president of the District. The president shall be the chief executive officer of the District and the presiding officer of the Board, and shall have the same right to vote as any other Director. The vice-president shall perform all duties and exercise all powers conferred by this Act upon the president when the president is absent or fails or declines to act. The Board shall also appoint a secretary and a treasurer who may or may not be members of the Board, and it may combine those offices. The treasurer shall give bond in such amount as may be required by the Board of Directors, but in no event less than Twenty-five Thousand Dollars (\$25,000.). The condition of such bond shall be that he will faithfully account for all money which shall come into his custody as treasurer of the District. Until the District shall have authorized the issuance and shall have contracted for the sale of bonds the amount of the official bond of the treasurer may be fixed by the Board of Directors in any amount not less than Five Thousand Dollars (\$5,000.). The Board may elect or appoint such other officers as it may consider necessary, who may or may not be members of the Board. The Board shall appoint and employ all necessary engineers, attorneys and other employees. The Board shall adopt a seal for the District.

Sec. 5. Other territory in Comanche, Coryell, Eastland, Erath, and Hamilton Counties may be annexed to the District in the following manner:

(a) A petition praying for such annexation signed by fifty (50) or a majority of the qualified electors of the territory shall be filed with the Board of Directors of the District. The petition shall describe the territory by metes and bounds or otherwise unless such territory is the same

as that contained in a city or town, in which event it shall be sufficient to state that the territory to be annexed is that which is contained within such city or town. The provisions of this Section shall be applicable also to Potential Cities named in Section 1 of this Act which may have been eliminated under the provisions of Section 17 hereof;

(b) If the Board of Directors finds: that the petition complies with, and is signed by the number of qualified electors required by the foregoing subsection (a), that the annexation would be to the interest of the territory and the District, and that the District will be able to supply water to the territory, it shall adopt a resolution stating the conditions, if any, under which the territory may be annexed to the District, and requesting the Board of Water Engineers of the State of Texas (or any board or body succeeding substantially to the powers and duties of said Board of Water Engineers) hereinafter called "State Board," to annex said territory to the District. A certified copy of such resolution and of the petition shall be filed with the State Board.

(c) The State Board shall adopt a resolution declaring its intention to call an election in the territory for the purpose of submitting the proposition of whether or not such territory shall be annexed to the District, and fix a time and place when and where a hearing shall be held by the State Board on the question of whether the territory will be benefited by the water storage rights, the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the District. Railroad right-of-way which is not situated within the defined limits of an incorporated city or town will not be benefited by improvements, works and facilities which the District is authorized to construct, therefore it is provided that no railroad right-of-way shall hereafter be annexed to the District except such right-of-way as is contained within the limits of an incorporated city or town then or theretofore annexed to the District.

(d) Notice of the adoption of such resolution stating the time and place of such hearing, addressed to the qualified electors residing in such territory shall be published one (1) time in a newspaper published within or having general circulation within such territory, designated by the State Board, at least ten (10) days prior to the date of such hearing. The notice shall describe the territory in the same manner as required or permitted by the petition.

(e) All persons interested may appear at such hearing and offer evidence for or against the intended annexation. Such hearing may proceed in such order and under such rules as may be prescribed by the State Board, and the hearing may be recessed from time to time. If, at the conclusion of the hearing, the State Board finds that all of the lands in such territory will be benefited by the present or contemplated water storage rights, improvements, works or facilities of the District, the State Board shall adopt a resolution calling an election in the territory to be annexed stating therein the date of the election, the place or places of holding the same, and appointing a presiding judge for each voting place who shall appoint the necessary assistant judges and clerks to assist in holding the election.

(f) Notice of such election, stating the date thereof, the proposition to be voted upon and the conditions under which the territory may be annexed, or making reference to the resolution of the Board of Directors for that purpose, and the place or places of holding the same, shall be published one (1) time in a newspaper designated by the State Board at least ten (10) days before the day set for the election, and if the newspaper carrying such notice is not published within such territory, addi-

tional notice shall be given for the required period by posting copies of the notice of election at three (3) public places therein.

(g) Only qualified electors who reside in the area proposed to be annexed, shall be qualified to vote in said election. Returns of said election shall be made to the State Board.

(h) The State Board shall canvass the returns of the election and adopt a resolution declaring the results thereof. If such resolution shows that a majority of the votes cast are in favor of annexation the State Board shall enter an order annexing said territory to the District, and such annexation shall thereafter be incontestable except in the manner and within the time for contesting elections under the General Election Law. A certified copy of said order shall be recorded in the deed records of the county in which the territory is situated.

(i) The State Board in calling the election on the proposition for annexation of territory, may include a separate proposition for the assumption of its part of the tax supported bonds of the District, if any, then outstanding and those theretofore voted but not yet sold, and for the levy of an ad valorem tax on taxable property in said territory along with the tax in the remainder of the District for the payment thereof. All qualified voters who reside in the area proposed to be annexed, and who own taxable property within the District and who shall have duly rendered such property for taxation may vote on the proposition to assume such indebtedness.

(j) Territory annexed after April 1, 1961 to any city contained in the District may be annexed to the District in the following manner:

(1) At any time after final passage of an ordinance or resolution annexing territory to the city, the Board of Directors of the District may issue a notice of hearing on the question of annexing said territory or any part thereof. Such notice shall be sufficient if it states the date and place of the hearing, a description of the area proposed to be annexed, but in lieu of such description of the area the notice may make reference to the annexation ordinance of the city.

(2) The notice shall be published one time in a newspaper having general circulation in the city which made the annexation, such publication to be at least ten days before the date set for the hearing.

(3) If, pursuant to such hearing, the Board of Directors finds that the territory proposed to be annexed will be benefited by the water supply afforded or to be afforded by the District, the Board shall adopt resolution annexing said territory to the District.

(k) After territory is added to the District, the Board of Directors of the District may call an election over the entire District for the purpose of determining whether the entire District as enlarged shall assume the tax supported bonds of the District, if any, then outstanding, and those theretofore voted but not yet sold, and whether an ad valorem tax shall be levied upon all taxable property within the District as enlarged for the payment thereof, unless such proposition is voted along with the annexation election and becomes lawfully binding upon the territory annexed. Such election shall be called and held in the same manner as elections for the issuance of bonds as provided in this Act.

(l) If no newspaper is published in the territory to be annexed, the notices shall be posted in three (3) public places therein.

(m) If any election for the assumption of indebtedness then existing or bonds theretofore voted but not yet issued shall fail to carry by a majority vote, the Board of Directors may, in its discretion, adopt a resolution detaching such territory from the District.

Sec. 6. When any city, the territory of which is hereafter annexed to the District, contains five thousand (5,000) inhabitants or more, ac-

According to the most recent Federal Census, the governing body of the city shall appoint one (1) Director for the term ending the following May 31st, and one (1) Director for the term ending one (1) year after the following May 31st, and in May of each year shall appoint one (1) Director for a two (2) year term the same as provided in this Act for Potential Cities originally included in the District. If such city contains less than five thousand (5,000) inhabitants, according to the most recent Federal Census, the governing body of the city shall appoint one (1) Director whose term shall expire the following May 31st, and in May of each second year thereafter shall appoint one (1) Director for a two (2) year term. Whenever such city may later attain a population of five thousand (5,000) or more, according to the Federal Census, it shall thereafter be entitled to two (2) Directors to be appointed as herein provided.

Sec. 7. The District is hereby empowered to acquire any rights in and to all or any part of the conservation storage and storage capacity in the reservoir to be provided by Proctor Dam on the Leon River, now proposed, or any dams and reservoirs which may be constructed in lieu thereof, as provided in the report of the Chief of Engineers of the Army to the Congress of the United States (House Document 535, 81st Congress, 2nd Session), including without limitation of the generality of the term such conservation storage as may be provided in such recommended structure, if and when such dam is constructed or such dams are constructed, and the right to take water from such reservoir, which said dam will impound of certain storm and flood waters and the unappropriated flow of Leon River and its tributaries, by complying with Chapter 1, Title 128, Revised Civil Statutes, as amended, and pursuant to any contract or contracts which the District may make with Brazos River Authority (hereinafter sometimes called the "Authority") in reference to such rights; the Authority having theretofore made a contract with the United States Government (hereinafter called the "Government") for the right to utilize the conservation storage space at Proctor Reservoir. The District is also empowered to construct or otherwise acquire and operate all works, plants and other facilities necessary or useful for the purpose of diverting, further impounding or storing such water, processing it, and transporting it either processed or unprocessed, to cities and others for municipal, domestic and industrial purposes. To the extent permissible under its contract with the Authority and under the contract between the Authority and the Government, the District may dispose of surplus waters under its control for irrigation purposes. As an aid to conserving such water, the District may construct and operate sewage transportation, treatment and disposal plants and related facilities and may make contracts necessary to financing the construction and operation thereof with any city included within the District. No works for the diverting of water from said impounding dam shall be constructed until the plans therefor are approved by the Board of Water Engineers of the State of Texas; provided that none of the powers granted in this Section shall extend outside of Comanche, Coryell, Eastland, Erath, and Hamilton Counties unless another or other cities are annexed by amendment to this law or in the manner prescribed in Section 5.

Sec. 8. For the purpose of carrying out any power or authority conferred by this Act the District shall have the right to acquire land and easements within and without the District in Comanche, Coryell, Eastland, Erath, and Hamilton Counties (including land above the probable high water line around any impounding or diversion reservoir) by condemnation in the manner provided by Title 52, Revised Civil Statutes, as amended, relating to eminent domain. This District is hereby declared to be a municipal corporation within the meaning of Article 3268 of said

Title 52. The amount of and character of interest in land and easements thus to be acquired shall be determined by the Board of Directors; provided, however, that as against persons, firms, and corporations, or receivers or trustees thereof, having the power of eminent domain, the fee title may not be condemned, but the District may condemn only an easement. Provided, however, that the District shall not have the right to acquire land and easements without Comanche, Coryell, Eastland, Erath, and Hamilton Counties by condemnation.

Sec. 9. In the event that the District, in the exercise of the power of eminent domain or power of relocation, or any other power granted hereunder makes necessary the relocation, raising, re-routing 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, re-routing, changing of grade or alteration of construction shall be accomplished at the sole expense of the District."

Sec. 10. Any construction contract requiring an expenditure of more than Five Thousand Dollars (\$5,000.) shall be made after publication of a notice to bidders once each week for two (2) weeks before awarding the contract. Such notice shall be sufficient if it states the time and place when and where 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 and the terms upon which copies of the plans and specifications may be obtained. The publication shall be in a newspaper published in the District and designated by the Board of Directors.

Sec. 11 (a). For the purpose of providing a source of water supply, intake facilities, water supply lines, water purification and pumping facilities, or any of them, for cities and other users for municipal, domestic and industrial purposes, as authorized by this Act, and for the purpose of carrying out any other power or authority conferred by this Act including provision of sewage transportation, treatment and disposal plants and related facilities, or for any or all such purposes, the District is empowered to issue its negotiable bonds to be payable from such revenues or taxes or both revenues and taxes of the District as are pledged by resolution of the Board of Directors. Pending the issuance of definitive bonds the Board may authorize the delivery of negotiable interim bonds or notes, eligible for exchange or substitution by use of the definitive bonds.

(b) Such bonds shall be authorized by resolution of the Board of Directors and shall be issued in the name of the District, signed by the president or vice-president, attested by the secretary and have the seal of the District impressed thereon. They shall mature serially or otherwise in not to exceed forty (40) 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 cost to the District, calculated by use of standard bond interest tables currently in use by insurance companies and investment houses does not exceed six per cent (6%) per annum, 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.

(c) Bonds may be issued in more than one (1) 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 District, or by the net revenues of any one (1) 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 District, after deduction of the amount necessary to pay the cost of maintaining and operating the District and its properties, including provision for prompt payment to Brazos River Authority of any and all obligations assumed by the District on account of acquiring the right to use water stored at Proctor Reservoir and to pay the cost of any facilities provided by Authority in connection with the use of and delivery of water from such reservoir. Within the sole discretion of the Board, the bonds may be issued, secured by the combined revenues of its water properties and its sewage transportation, treatment and disposal facilities, or may be secured by revenues from either of such sources.

(e) For the purposes stated in Section 11 (a) hereof, and subject to the conditions prescribed in Section 14 (a) hereof, the District is also empowered to issue bonds payable from ad valorem taxes to be levied on all taxable property therein, or to issue bonds secured both by and payable from such taxes and the revenues of the District. Where bonds are issued payable wholly or partially from ad valorem taxes, it shall be the duty of the Board of Directors to levy a tax sufficient to pay the bonds and the interest thereon as such bonds and interest become due, but the rate of the tax for any year may be fixed after giving consideration to the money received from the pledged revenues which may be available for payment of principal and interest and for creation of any reserve fund required in such resolution, to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

(f) Where bonds payable wholly from revenues are issued, 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 District which will be sufficient to pay the expense of operating and maintaining the facilities of the District 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. Where bonds payable partially from revenues are issued, it shall be the duty of the Board to fix, and from time to time to revise, the rate of compensation for water sold and services rendered by the District which will be sufficient to assure compliance with the resolution authorizing the bonds.

(g) 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 and to establish 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 this District is created, including expenses of engineering and of issuing and selling the bonds, and the expense of creating and organizing the District.

(h) The District is authorized to cause the investment of all or any part of the proceeds of the bonds before and during the period of construction in obligations of, or in obligations unconditionally guaranteed by, the United States Government.

(i) In the event of a default or a threatened default in the payment of principal or of interest on bonds payable wholly or partially from revenues, any Court of competent jurisdiction may upon petition of the holders of twenty-five per cent (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 District except income from 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 Directors. Such receiver may also be authorized to sell or make contracts for the sale 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.

Sec. 12. The District 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 (1) 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 by the District 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.

Sec. 13. Any bonds (including refunding bonds) authorized by this law, 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, situated either within or outside of the State of Texas. Another bank likewise qualified may, within the discretion of the Board be selected as co-trustee. Such bonds within the discretion of the Board of Directors may be additionally secured by a deed of trust lien upon physical properties of the District 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 sell 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 trust indenture regardless of the existence of the deed of trust lien 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 the deed of trust lien, where one is given, shall be the owner of properties, facilities and rights so purchased and shall have the right to maintain and operate the same.

Sec. 14 (a). No bonds payable wholly or partially from ad valorem taxes (except refunding bonds) shall be issued unless authorized by an election at which only the qualified voters who reside in the District and who own taxable property therein and who have duly rendered the same for taxation shall participate and unless a majority of the votes cast at said election is in favor of the issuance of the bonds. No election for the issuance of bonds secured either wholly or partially by a pledge of ad valorem taxes shall be ordered until the Board of Directors is able to and does publish, in the manner in this Section prescribed, a summary of the improvements to be financed with the proceeds of bonds to be issued. If at such time the District has not provided facilities for delivering water to any city within the District, and if such summary of improvements does

not include provision for delivering water to such city, the District shall cause to be published in such city notice of its intention on a date therein specified to call an election involving the issuance of bonds, wholly or partially secured by a pledge of ad valorem taxes, and containing the summary of the proposed improvements. Such notice shall be published at least once in a newspaper published in or having general circulation in such city, the date of publication being at least fourteen (14) days prior to the date on which the District intends to adopt a resolution ordering such election. The District shall also mail a copy of such notice to the mayor of such city at least fourteen (14) days prior to the date on which the election is to be ordered. If no newspaper is published in such city notice shall be given by posting a copy of such notice of intention at three (3) public places therein for such period of time. If, prior to the date so designated for the calling of the election, the governing body of such city, so notified, shall adopt a resolution to the effect that the District has not provided facilities for delivering water to such city and does not propose to provide the facilities necessary for such purpose with the proceeds from the proposed tax-supported bonds and on a reasonable cost basis; and it is to the best interests of the people of the city that such city be eliminated from the District for all purposes; and seeking withdrawal from the District. If, prior to the date designated for such election, a certified copy of such resolution is delivered to the District and to the State Board, the District shall not proceed with the calling of such election until the State Board shall have acted finally upon such request for withdrawal from the District. Upon receipt of the certified copy of the resolution requesting such withdrawal the State Board shall fix a date for a hearing on the request, giving written notice thereof both to the city and to the District. If, at the hearing the State Board finds that no facilities have been made available to the city and that none will become available to the city because of the proposed tax-supported bond issue for the delivery of water to the city, and upon a reasonable cost basis, the Board shall enter an order eliminating the city from the District. The necessity for such hearing will be avoided if the District files with the Board a consent to the elimination of such territory. But if the Board shall find either that such facilities are available or will be provided from the proceeds of the proposed bonds for the providing of such facilities upon a reasonable cost basis, it shall enter an order denying the request for withdrawal. After such order by the State Board shall have been entered, the District may proceed with the ordering of such election with such city either eliminated or retained in its boundaries as may have been prescribed in such order. Bonds not payable wholly or partially from ad valorem taxes may be issued without an election.

(b) Such election may be called by the Board without a petition. The resolution calling the election shall specify the time and places of holding the same, the purpose for which the bonds are to be issued, the maximum amount thereof, the maximum maturity thereof, the form of the ballot, and the presiding judge for each voting place. The presiding judge serving at each voting place shall appoint one (1) assistant judge and at least two (2) clerks to assist in holding such election. There shall be at least one voting place in each city. Notice of the election shall be given by publishing a substantial copy thereof in one (1) newspaper published in each city contained in the District for two (2) consecutive weeks. The first publication shall be at least twenty-one (21) days prior to the election. In any city in which no newspaper is published, notice shall be given by posting a copy of the resolution in three (3) public places.

(c) The returns of the election shall be made to and canvassed by the Board.

(d) The General Laws relating to elections shall be applicable to elections held under this Section of this Law except as otherwise provided in this Law.

Sec. 15. After any bonds (including refunding 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.

Sec. 16. The District is authorized to enter into contracts with Potential Cities, cities which may later be annexed, and others for supplying water to them. The District is also authorized to contract with any Potential City or city to be later annexed, for the rental or leasing of, or for the operation of the water production, water supply, water filtration or purification and water supply facilities of such city upon such consideration as the District and the city may agree. Any such contract may be upon such terms and for such time as the parties may agree, and it may provide that it shall continue in effect until any bonds specified therein and refunding bonds issued in lieu of such bonds are paid.

Sec. 17. No contract under which the District will supply water to a Potential City or to any other city hereafter annexed to the District shall be executed and no tax shall be levied for bonds in any such Potential City or city until such action shall have been authorized at an election held in such Potential City or in such city. Within the discretion of the Board of Directors of the District the first election on the question of executing such contract and the first election as to voting such tax may be held in less than all of the Potential Cities. Until an election is held in a Potential City and until it has voted adversely, it shall remain a Potential City. Whenever an election is held in all Potential Cities or in some of them either for approval of contracts between the respective Potential Cities and the District, or for the voting of an ad valorem tax to pay wholly or partially the principal of and interest on any bonds proposed by the District, and if a majority of the votes cast in one or more of such Potential Cities is against either the executing of such contract or against tax supported bonds, the Board of Directors may adopt a resolution detaching the territory of any such city from the District if the Board finds that it is to the best interest of the District to execute such contracts with the Potential Cities voting favorably to issue bonds payable wholly or partially from taxes, or to execute such contracts and without participation by the Potential Cities thus voting unfavorably, but no territory shall be detached from the District after the issuance of bonds which are payable from revenues or taxes or both, or after the execution of such contracts. Any city thus detached from the District shall be eligible for re-annexation under the provisions of Section 5 hereof. Potential Cities which shall have voted in favor of such contract or tax-support-

ed bond issue, as the case may be, shall after such vote be Constituent Cities, and as such shall remain committed under such vote.

Sec. 18. A component part of the cost to the District of providing a water supply for the several Constituent Cities is the amount District will be obligated to pay to the Authority for the right to use water from the conservation storage space Authority has acquired from the Government. Within the discretion of the Board that obligation to the Authority may be evidenced by a contract with Authority, under which the District will make periodic remittances to the Authority, which the District will consider as operating expenses. To that extent the District's bonds need not be issued.

Sec. 19. (a). Instead of the issuance and sale of District's bonds, as authorized under Section 11 et seq. for the purpose of providing a source of water supply, water supply lines, water purification and pumping facilities, or for any one or more of such items, the District is hereby empowered to make contracts with the Authority, under which Authority may issue and sell its revenue bonds and with the proceeds, will equip such water supply storage facilities, and provide water supply lines, water purification and pumping facilities so as to make possible delivery of treated water, or in the alternative raw water, to the Constituent Cities, as Authority is permitted to do under Chapter 194, Acts of the 53rd Legislature. The obligation of the District under any such contract may be secured by a pledge of revenues, or by an ad valorem tax or by both an ad valorem tax and a pledge of revenues. No such contract shall be secured in whole or in part by an ad valorem tax unless the contract shall have been approved at an election held substantially in accordance with the requirements for a bond election as prescribed in Section 14.

(b) Recognizing the fact that under such contract the District will be required to provide the money which Authority will use in paying the principal of and interest on Authority's revenue bonds, and for creating the reserves required under the bond resolution, and that District should have the financial burden of providing a market for Authority's bonds to be issued for the purpose, District shall have the responsibility of employing and compensating engineers, financial advisers and bond counsel who will recommend to Authority the form of the several instruments involved in authorizing, offering, selling and delivering the bonds. To the extent that Authority concludes that it should have the services and advice of independent engineering, financial and legal consultants in reference to the issuance and sale of the revenue bonds, the expense thereof shall be paid from the proceeds of the bonds.

(c) The bonds necessary for the purpose will be authorized and issued by Authority, with approval by the Board. Such bonds will be sold by the Board. Expenditures of the proceeds of the bonds will be made by Authority, in accordance with the contract between the Authority and the District. The contract will incorporate provisions under which vouchers for expenditure will first have been approved by proper representatives of the District.

(d) Such contract will provide for full reimbursement of all of Authority's actual expenses incurred in its performance and for reasonable compensation designed to cover a proper part of Authority's overhead expenses allocated to the performance of the contract.

Sec. 20. Except as provided otherwise in this Act the District shall have all of the powers and corresponding duties prescribed by Section 128, Chapter 2 of the Revised Statutes of Texas, pertaining to water control and improvement districts, but in the event of conflict with any of the provisions of this Act, the provisions of this Act shall prevail.

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Sec. 21. (a). The Board of Directors shall designate one (1) or more banks within the District to serve as depository or depositories for the funds of the District. All funds of the District shall be deposited in such depository bank or banks, except that funds pledged to pay principal of and interest on 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; or the resolution or trust agreement, or both, securing the bonds, may require that any or all of such funds be secured by obligations of, or unconditionally guaranteed by, the United States Government.

(b) Before designating a depository bank or banks, the Board of Directors shall issue a notice stating the time and place when and where the Board will meet for such purpose and inviting the banks in the District to submit applications to be designated depositories. The term of service for depositories shall be prescribed by the Board. Such notice shall be published one (1) time in a newspaper or newspapers published in the District and specified by the Board.

(c) At the time mentioned in the notice, the Board shall consider the applications and the management and condition of the banks filing them, and shall designate as depositories the bank or banks which offer the most favorable terms and conditions for the handling of the funds of the District and which the Board finds have proper management and in condition to warrant handling of District funds. Membership on the Board of Directors of an officer or Director of a bank shall not disqualify such bank from being designated as depository.

(d) If no applications are received by the time stated in the notice, the Board shall designate some bank or banks within or without the District upon such terms and conditions as it may find advantageous to the District.

Sec. 22. The District is authorized to acquire water appropriation permits directly from the Board of Water Engineers of the State of Texas; or from owners of permits. The District is also authorized to purchase water or a water supply from any person, firm, corporation or public agency, or from the United States Government or any of its agencies.

Sec. 23. All bonds of the District (and all bonds of Brazos River Authority which are issued for the benefit of the District) shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, saving and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas, and any and all public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas; and such bonds shall be lawful and sufficient security for said deposits to the extent of their value, when accompanied by all unmatured coupons appurtenant thereto.

Sec. 24. The accomplishment of the purposes stated in this Act being for the benefit of the people of this State and for the improvement of their properties and industries, the District in carrying out the purposes of this Act will be performing an essential public function under the Constitution and shall not be required to pay any tax or assessment on the project or any part thereof, and the bonds issued hereunder and their transfer and

the income therefrom, including the profits made on the sale thereof, shall at all times be free from taxation within this State.

Sec. 25. (a). The tax rolls of the Constituent Cities situated within the District, and within territory hereafter annexed, are hereby adopted and shall constitute the tax rolls of the District until assessments and tax rolls shall be made by the District.

(b) Prior to the sale and delivery of District bonds which are payable wholly or partially from ad valorem taxes the Board of Directors shall appoint a tax assessor and collector and a board of equalization and cause taxes to be assessed, valuations to be equalized, and tax rolls to be prepared. General laws applicable to water control and improvement districts with reference to tax assessors and collectors, boards of equalization, tax rolls and the levy and collection of taxes and delinquent taxes shall be applicable to this District, except that the board of equalization to be appointed each year by the Board of Directors shall consist of one (1) member residing in each city then contained in the District. The District may contract with any or all cities in the District for the collection of taxes due the District.

Sec. 26. The Board of Directors of the District shall have the power to adopt and promulgate all reasonable regulations to secure, maintain and preserve the sanitary condition of all water in and to flow into any reservoir owned by the District, or which by contract or otherwise it may control, to prevent waste of water or the unauthorized use thereof, to regulate residence, hunting, fishing, boating, and camping, and all recreational and business privileges, along or around any such reservoir or any body of land, or easement owned or controlled by the District. The District shall have the same power to enforce such rules and regulations as is accorded by law to Water Control and Improvement Districts, except that such regulations shall be enforced by duly constituted peace officers.

Sec. 27. The Board of Directors shall file a map and plat of said District, clearly showing its boundaries and limits, with each of the following offices: two (2) copies with the Board of Water Engineers; one (1) copy with the Secretary of State; one (1) copy with the county clerk of each county in which any portion of said District is located.

Sec. 28. If any provision of this Act or the application thereof to any person or circumstance shall be held to be invalid or unconstitutional, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Sec. 29. The fact that additional sources of water are immediately and urgently needed in the District hereby established, creates an emergency and an imperative public necessity requiring that the Constitutional Rule that bills be read on three several days be suspended; and that Rule is hereby suspended, and this Act shall take effect from and after its passage, and it is so enacted.

Passed the Senate, March 28, 1961: Yeas 28, Nays 0; May 25, 1961,

Senate concurred in House amendments by a viva voce vote; passed the House, April 27, 1961, with amendments, by a non-record vote.

Approved June 17, 1961.

Effective 90 days after May 29, 1961, date of adjournment.