

1-1 By: Flynn (Senate Sponsor - Nichols) H.B. No. 1920
 1-2 (In the Senate - Received from the House May 3, 2017;
 1-3 May 11, 2017, read first time and referred to Committee on
 1-4 Agriculture, Water & Rural Affairs; May 19, 2017, reported
 1-5 adversely, with favorable Committee Substitute by the following
 1-6 vote: Yeas 4, Nays 0; May 19, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14			X	
1-15			X	

1-16 COMMITTEE SUBSTITUTE FOR H.B. No. 1920 By: Rodríguez

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the Palo Duro River Authority, following
 1-20 recommendations of the Sunset Advisory Commission.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Sections 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, and 12,
 1-23 Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973,
 1-24 are amended to read as follows:

1-25 Sec. 1. By virtue of Section 59, Article XVI of the
 1-26 Constitution of the State of Texas, there is hereby created a
 1-27 conservation and reclamation district to be known as "Palo Duro
 1-28 Water District," [~~River Authority of Texas~~ (hereinafter sometimes
 1-29 ~~referred to as the "Authority"~~)] which shall be a governmental
 1-30 agency, a body politic and corporate, and a political subdivision
 1-31 of this state.

1-32 Sec. 2. The district [~~Authority~~] hereby created and
 1-33 established shall comprise all of the territory contained within
 1-34 the Counties of Hansford and Moore and the City of Stinnett
 1-35 [~~Ochiltree~~]. It is hereby found and determined that all of the land
 1-36 thus included in the district [~~Authority~~] will be benefited by the
 1-37 improvements to be acquired and constructed by the district
 1-38 [~~Authority~~], and that the district [~~Authority~~] is created to serve
 1-39 a public use and benefit.

1-40 Sec. 3. The district, inside or outside its boundaries,
 1-41 [~~Authority within its limits~~] is hereby empowered: (a) to develop,
 1-42 construct or purchase dams and reservoirs. The district
 1-43 [~~Authority~~] is empowered to construct or to purchase all plants and
 1-44 other facilities necessary or useful for the purpose of providing a
 1-45 source of water supply and storing, processing such water and
 1-46 transporting and distributing it for irrigation, livestock
 1-47 raising, agricultural, municipal, domestic and industrial
 1-48 purposes. The district [~~Authority~~] shall at all times have power to
 1-49 develop or purchase additional sources of water and to improve,
 1-50 enlarge and extend its water system. The district [~~Authority~~] is
 1-51 also empowered to make contracts for the purchase of water; (b) in
 1-52 order to preserve and protect the purity of the waters of the state
 1-53 and of the district [~~Authority~~] and conserve and reclaim said
 1-54 waters for beneficial use by the inhabitants of the district
 1-55 [~~Authority~~], to provide all plants, works, facilities and
 1-56 appliances incident to or helpful or necessary to the collection,
 1-57 transportation, processing, disposal, and control of such waters
 1-58 for agricultural, municipal, domestic, oil field flooding, mining
 1-59 and industrial purposes; and (c) the district [~~Authority~~] is
 1-60 empowered to impound, store, control and conserve the storm and

2-1 flood waters and the unappropriated flow waters [~~within the limits~~
 2-2 ~~of the Authority~~], including but not limited to the storm and flood
 2-3 waters and unappropriated flow waters of Palo Duro Creek and Horse
 2-4 Creek, [~~River and the tributaries thereof within and without its~~
 2-5 ~~watershed~~] by complying with the provisions of Chapter 1, Title
 2-6 128, Revised Civil Statutes of Texas, as amended.

2-7 Sec. 5. (a) The district [~~No~~] dam or
 2-8 other facility [~~facilities~~] for impounding water [~~shall be~~
 2-9 ~~constructed~~] until the plans therefor are approved by the
 2-10 commission [~~Texas Water Rights Commission~~]. The Authority is not
 2-11 authorized to develop or otherwise acquire underground sources of
 2-12 water.

2-13 (b) The district [~~Authority~~] may sell, trade, or otherwise
 2-14 dispose of any real or personal property deemed by the district
 2-15 [~~this Commission~~] not to be needed for district [~~Authority~~]
 2-16 purposes, subject to the terms of any deed of trust or other
 2-17 indenture [~~issued by the Commission~~].

2-18 Sec. 6. The district [~~Authority~~] is authorized to enter
 2-19 into contracts with cities and others for supplying water to them.
 2-20 The district [~~Authority~~] is also authorized to contract with any
 2-21 city for the rental or leasing of, or for the operation of the water
 2-22 production, water supply, and water filtration or purification [~~and~~
 2-23 ~~water supply~~] facilities of such city upon such consideration as
 2-24 the district [~~Authority~~] and the city may agree. Any such contract
 2-25 may be upon such terms and for such time as the parties may agree,
 2-26 and it may provide that it shall continue in effect until bonds
 2-27 specified therein and refunding bonds issued in lieu of such bonds
 2-28 are paid.

2-29 Sec. 7. The district [~~Authority~~] is empowered to obtain
 2-30 through appropriate hearings an appropriation permit or permits
 2-31 from the commission [~~Texas Water Rights Commission~~], as provided in
 2-32 Chapter 1 of Title 128, Revised Civil Statutes of 1925, as amended.
 2-33 Thereafter such permit, either upon application of the district
 2-34 [~~Authority~~] or at the will of the commission [~~Texas Water Rights~~
 2-35 ~~Commission~~], may be modified by the commission [~~said Commission~~]
 2-36 after an appropriate hearing to increase or decrease the amount of
 2-37 water which may be appropriated[~~7~~] and the amount which may be
 2-38 stored by the district [~~Authority~~] to meet fluctuating demands.
 2-39 ~~On~~[~~, either upon~~] application by the district [~~Authority~~] or by its
 2-40 own action the commission [~~Texas Water Rights Commission~~] shall
 2-41 redetermine the maximum amount of water which the district
 2-42 [~~Authority~~] may store in its reservoir and in making such
 2-43 determination it shall consider the needs of the cities and others
 2-44 that purchase water from the district [~~Authority~~].

2-45 Sec. 8. The district [~~Authority~~] is authorized to acquire
 2-46 or construct within or without the boundaries of the district
 2-47 [~~Authority~~], a dam or dams and all works, plants and other
 2-48 facilities necessary or useful for the purpose of impounding,
 2-49 processing and transporting water to cities and others for
 2-50 municipal, agricultural, domestic, industrial, oil field flooding,
 2-51 and mining purposes. The size of the dam and reservoir shall be
 2-52 determined by the board [~~Board of Directors~~], taking into
 2-53 consideration probable future increases in water requirements, and
 2-54 the size of the dam shall not be limited by the amount of water
 2-55 initially authorized by the commission [~~Texas Water Commission~~] to
 2-56 be impounded therein. [~~No dam or other facilities for impounding~~
 2-57 ~~water shall be constructed until the plans therefor are approved by~~
 2-58 ~~the Texas Department of Water Resources.~~]

2-59 Sec. 9. The district [~~Authority~~] is empowered to acquire
 2-60 land within or without the boundaries of the district [~~Authority~~],
 2-61 and to construct, lease or otherwise acquire all works, plants and
 2-62 other facilities necessary or useful for the purpose of diverting,
 2-63 further impounding or storing water, processing such water and
 2-64 transporting it to cities and others for agricultural, municipal,
 2-65 domestic, industrial, oil field flooding, and mining purposes.

2-66 Sec. 10. (a) For the purpose of carrying out any power or
 2-67 authority conferred by this Act the district [~~Authority~~] shall have
 2-68 the right to acquire by condemnation in the manner provided by Title
 2-69 52, Revised Statutes, as amended, relating to eminent domain:

3-1 (1) the fee simple title to land and other property and
 3-2 easements (including land needed for the reservoir and dam and
 3-3 flood easements above the probable high water line around any such
 3-4 reservoirs) within the boundaries of the district [Authority]; and

3-5 (2) the fee simple title to land and other property and
 3-6 easements (except for land, other property, and easements to be
 3-7 used for a dam or dams or facilities for the impoundment or storage
 3-8 of water) outside the boundaries of the district [Authority].

3-9 (b) The district [Authority] is hereby declared to be a
 3-10 municipal corporation within the meaning of Article 3268 of said
 3-11 Title 52, except that the district [Authority] shall not have the
 3-12 right to so condemn any property which may be owned by any other
 3-13 political subdivision, city or town; provided, however, that as
 3-14 against persons, firms and corporations, or receivers or trustees
 3-15 thereof, who have the power of eminent domain, the fee title may not
 3-16 be condemned, but the district [Authority] may condemn only an
 3-17 easement. The amount of and character of interest in land, other
 3-18 property and easements thus to be acquired shall be determined by
 3-19 the board [Board of Directors].

3-20 Sec. 11. The district [Authority] herein created shall be
 3-21 and it is hereby empowered to control, store, conserve, protect,
 3-22 distribute and utilize the storm and flood waters within the area of
 3-23 the district [Authority] for all useful purposes permitted by law;
 3-24 also, to carry out flood prevention and control measures within the
 3-25 district [Authority] and to prevent or aid in preventing damage to
 3-26 the lands of the district [Authority] and the soil and fertility
 3-27 thereof; to cooperate with all other districts, departments or
 3-28 agencies of the State Government, or any agency, representative,
 3-29 instrumentality or department of the United States Government; and
 3-30 to receive and accept technical and financial assistance therefrom
 3-31 in the accomplishment of the [said] purposes described by this
 3-32 section. The district [said Authority] is further authorized and
 3-33 empowered to purchase, construct, maintain, or in any other lawful
 3-34 manner to acquire, provide and develop all works, facilities,
 3-35 improvements, lands, easements and properties, which may be
 3-36 necessary or useful in fulfilling the purposes of the district
 3-37 [Authority] or any of them.

3-38 Sec. 12. The district [Authority] is authorized to acquire
 3-39 water appropriation permits from owners of permits. The district
 3-40 [Authority] is hereby empowered to lease or acquire rights in and to
 3-41 storage and storage capacity in any reservoir constructed or to be
 3-42 constructed by any person, firm, corporation or public agency or
 3-43 from the United States Government or any of its agencies.

3-44 SECTION 2. Sections 13(a), (b), (c), and (d), Chapter 438,
 3-45 Acts of the 63rd Legislature, Regular Session, 1973, are amended to
 3-46 read as follows:

3-47 (a) The board [Board of Directors of the Authority] shall
 3-48 have the power to adopt and promulgate all reasonable regulations
 3-49 to secure, maintain, and preserve the sanitary condition of all
 3-50 water in and to flow into any reservoir owned by the district,
 3-51 [Authority] to prevent waste of water or the unauthorized use
 3-52 thereof, and to regulate residence, hunting, fishing, boating and
 3-53 camping, and all recreational and business privileges, along or
 3-54 around any such reservoir, [or any] body of land, or easement owned
 3-55 by the district [Authority].

3-56 (b) The district [Such Authority] may prescribe reasonable
 3-57 penalties for the breach of any regulation of the district
 3-58 [Authority], which penalties shall not exceed fines of more than
 3-59 Two Hundred Dollars (\$200.) [, or imprisonment for not more than
 3-60 thirty (30) days, or may provide both such fine and such
 3-61 imprisonment]. The penalties hereby authorized shall be in
 3-62 addition to any other penalties provided by the laws of Texas and
 3-63 may be enforced by complaints filed in the appropriate court of
 3-64 jurisdiction, provided, however, that no rule or regulation which
 3-65 provides a penalty for the violation thereof shall be in effect, as
 3-66 to enforcement of the penalty, until five (5) days next after the
 3-67 district [Authority] may have caused a substantive statement of the
 3-68 particular rule or regulation and the penalty for the violation
 3-69 thereof to be published, once a week for two (2) consecutive weeks

4-1 in the county in which such reservoir is situated, or in any county
 4-2 in which it is partly situated. The substantive statement so to be
 4-3 published shall be as condensed as is possible to afford an
 4-4 intelligent direction of the mind to the act forbidden by the rule
 4-5 or regulation; one (1) notice may embrace any number of
 4-6 regulations; there must be embraced in the notice advice that
 4-7 breach of the particular regulation, or regulations, will subject
 4-8 the violator to the infliction of a penalty and there also shall be
 4-9 included in the notice advice that the full text of the regulations
 4-10 sought to be enforced is on file in the principal office of the
 4-11 district [Authority], where the same may be read by any interested
 4-12 person. Five (5) days after the second publication of the notice
 4-13 hereby required, the advertised regulation shall be in effect, and
 4-14 ignorance of any such regulation shall not constitute a defense to a
 4-15 prosecution for the enforcement of a penalty and, the rules and
 4-16 regulations authorized hereby, after the required publication,
 4-17 shall judicially be known to the courts and shall be considered of a
 4-18 nature like unto that of valid penal ordinance of a city of the
 4-19 state.

4-20 (c) Any duly constituted peace officer, provided such
 4-21 officers meet the Texas Law Officers minimum certification
 4-22 requirements, shall have the power to make arrests when necessary
 4-23 to prevent or abate the commission of any offense against the
 4-24 regulations of the district [Authority], and against the laws of
 4-25 the State of Texas, when any such offense or threatened offense
 4-26 occurs upon any land, water or easement owned or controlled by the
 4-27 district [Authority], or to make such arrest at any place, in case
 4-28 of an offense involving injury or detriment to any property owned or
 4-29 controlled by such district [Authority].

4-30 (d) Territory may be annexed to the district [Authority],
 4-31 whether or not contiguous to the district [Authority], in the
 4-32 following manner:

4-33 (1) A petition praying for such annexation signed by
 4-34 fifty (50) or a majority, whichever number is smaller, of the
 4-35 resident, qualified voters of the territory or of duly incorporated
 4-36 cities or towns sought to be annexed shall be filed with the board.
 4-37 The petition shall describe the territory to be annexed by metes and
 4-38 bounds, or otherwise, unless such territory is the same as that
 4-39 contained within the boundaries of such city or town, in which event
 4-40 it shall be sufficient to state that the territory to be annexed is
 4-41 that which is contained within the boundaries of such city or town.

4-42 (2) If the board [Board of Directors] finds that the
 4-43 petition complies with and is signed by the number of qualified
 4-44 persons required by Subdivision (1) of this subsection, that the
 4-45 annexation would be to the best interest of the territory, city or
 4-46 town, and the district [Authority], and that the district
 4-47 [Authority] will be able to supply water, or cause water to be
 4-48 supplied to the territory, city, or town, it shall adopt a
 4-49 resolution stating the conditions, if any, under which such
 4-50 territory, city, or town may be annexed to the district
 4-51 [Authority], and shall fix a time and place when and where a hearing
 4-52 shall be held by the board on the question of whether the territory,
 4-53 city, or town sought to be annexed will be benefited by the
 4-54 improvements, works, and facilities then owned or operated or
 4-55 contemplated to be owned or operated by the district [Authority] or
 4-56 by the other functions of the district [Authority]. Notice of the
 4-57 adoption of such resolution stating the time and place of such
 4-58 hearing shall be published one (1) time in a newspaper of general
 4-59 circulation in the territory, city, or town sought to be annexed at
 4-60 least ten (10) days prior to the date of such hearing. The notice
 4-61 shall describe the territory in the same manner in which it is
 4-62 required or permitted by this Act to be described in the petition.
 4-63 All persons interested may appear at such hearing and offer
 4-64 evidence for or against the proposed annexation. Such hearing may
 4-65 proceed in such order and under such rules as may be prescribed by
 4-66 said board, and the hearing may be recessed from time to time. If,
 4-67 at the conclusion of the hearing, the board [Board of Directors]
 4-68 finds that the property in such territory, city, or town will be
 4-69 benefited by the present or contemplated improvements, works, or

5-1 facilities of the district [~~Authority~~], the board [~~Board of~~
5-2 ~~Directors~~] shall adopt a resolution making a finding of such
5-3 benefit and calling an election in the territory, city, or town
5-4 proposed to be annexed stating therein the date of the election, the
5-5 place or places of holding the same, the proposition to be voted on,
5-6 and appointing a presiding judge for each voting place who shall
5-7 appoint the necessary assistant judges and clerks to assist in
5-8 holding the election.

5-9 Notice of such election shall be given by publishing a
5-10 substantial copy of the resolution calling the election one (1)
5-11 time in a newspaper of general circulation in the territory sought
5-12 to be annexed to the district [~~Authority~~] at least ten (10) days
5-13 before the date set for the election. Only constitutionally
5-14 qualified electors who reside in the territory, city, or town
5-15 sought to be annexed shall be qualified to vote in said election.
5-16 Returns of the result of said election shall be made to the board.
5-17 The board shall canvass the returns of the election and adopt a
5-18 resolution declaring the results thereof. If such resolution shows
5-19 that a majority of the votes cast are in favor of annexation, the
5-20 board shall by resolution annex said territory to the district
5-21 [~~Authority~~], and such annexation shall thereafter be incontestable
5-22 except in the manner and within the time for contesting the
5-23 elections under the Texas Election Code, as amended.

5-24 (3) The board [~~Board of Directors~~], in calling an
5-25 election on the proposition for annexation of territory, city, or
5-26 town, may include as a part of the same proposition or a separate
5-27 proposition for the assumption of its part of the tax-supported
5-28 bonds of the district [~~Authority~~] then outstanding and those
5-29 theretofore voted but not yet sold, and for the levy of an ad
5-30 valorem tax on taxable property in said territory along with the tax
5-31 in the rest of the district [~~Authority~~] for the payment thereof and
5-32 the levying of maintenance taxes permitted by Section 27 of this
5-33 Act, in which event the voting shall be restricted to
5-34 constitutionally qualified electors. If such election fails, the
5-35 annexed territory, city, or town shall be excluded from the
5-36 district [~~Authority~~].

5-37 SECTION 3. Sections 14, 15, 16, 17, 18, and 19, Chapter 438,
5-38 Acts of the 63rd Legislature, Regular Session, 1973, are amended to
5-39 read as follows:

5-40 Sec. 14. The district [~~Authority~~] is authorized to
5-41 establish or otherwise provide for public parks and recreation
5-42 facilities, and to acquire land for such purposes within the
5-43 district [~~Authority~~].

5-44 Sec. 15. In the event that the district [~~Authority~~], in the
5-45 exercise of the power of eminent domain or power of relocation, or
5-46 any other power granted hereunder, makes necessary the relocation,
5-47 raising, rerouting or changing the grade of, or altering the
5-48 construction of any highway, railroad, electric transmission line,
5-49 telephone or telegraph properties and facilities, or pipeline, all
5-50 such necessary relocation, raising, rerouting, changing of grade or
5-51 alteration of construction shall be accomplished at the sole
5-52 expense of the district [~~Authority~~].

5-53 Sec. 16. It shall not be necessary for the board [~~Board of~~
5-54 ~~Directors~~] to call a confirmation election or to hold a hearing on
5-55 the exclusion of lands or a hearing on the adoption of a plan of
5-56 taxation, but the ad valorem plan of taxation shall be used by the
5-57 district [~~Authority~~].

5-58 Sec. 17. (a) All powers of the district [~~Authority~~] shall
5-59 be exercised by the board. Each director of the board [~~a Board of~~
5-60 ~~Directors (sometimes herein referred to as the "Board"), each of~~
5-61 ~~whom]~~ shall serve staggered, two-year terms that expire on December
5-62 31 of each year. [~~for a term of two (2) years except for the~~
5-63 ~~directors appointed by this Act. The following directors are hereby~~
5-64 ~~appointed:~~

<u>DIRECTOR</u>	<u>RESIDENCE</u>	<u>TERM EXPIRING</u>
[Dee Jackson	Spearman, Hansford	December 31, 1973
	County, Texas	
[N. F. (Cus) Renner	Spearman, Hansford	December 31, 1974
	County, Texas	

6-1 [~~Robert V. Skinner~~ Spearman, Hansford
6-2 County, Texas
6-3 [~~Bill Logsdon~~ Cruver, Hansford
6-4 County, Texas
6-5 [~~Bob Urban~~ Perryton, Ochiltree
6-6 County, Texas
6-7 [~~Delbert Timmons~~ Perryton, Ochiltree
6-8 County, Texas
6-9 [~~Jerry Garrison~~ Perryton, Ochiltree
6-10 County, Texas
6-11 [~~Robert D. Lemon~~ Perryton, Ochiltree
6-12 County, Texas

6-13 (b) In [~~December of 1973 and in~~] December of each year,
6-14 [~~hereafter~~] the Commissioners Court of each county contained in the
6-15 district, except for Hutchinson County, and the city council of the
6-16 City of Stinnett [Authority] shall appoint a director or directors
6-17 [~~from such county~~] whose term or terms are about to expire. Any
6-18 vacancy shall be filled for the unexpired term by the governing body
6-19 of the appropriate county or city. Four (4) directors [~~members of~~
6-20 ~~the Board of Directors~~] shall be appointed by the Commissioners
6-21 Court of each county contained in the district, except for
6-22 Hutchinson County, and one director shall be appointed by the city
6-23 council of the City of Stinnett. Each [Authority, and each]
6-24 director shall reside in the county from which the director [he] is
6-25 appointed.

6-26 (c) Each director shall serve for the director's [~~his~~] term
6-27 of office as herein provided, and thereafter until the director's
6-28 [~~his~~] successor shall be appointed and qualified. No person shall
6-29 be appointed a director unless the person [~~he~~] resides in and owns
6-30 taxable property in the county or city from which the person [~~he~~] is
6-31 appointed. No member of a governing body of a county or the City of
6-32 Stinnett, and no employee of a county or the City of Stinnett shall
6-33 be appointed as director. Such directors shall subscribe the
6-34 Constitutional oath of office, and each shall give bond for the
6-35 faithful performance of the director's [his] duties in the amount
6-36 of Five Thousand Dollars (\$5,000.), the cost of which shall be paid
6-37 by the district [Authority]. A majority shall constitute a quorum.
6-38 If any director moves from the county or city from which the
6-39 director [he] is appointed or otherwise ceases to be a director, the
6-40 Commissioners Court of such county or the city council of the City
6-41 of Stinnett, as appropriate, shall appoint a director to succeed in
6-42 the position [him,] for the unexpired term.

6-43 (d) Unless the board by resolution increases the fee to an
6-44 amount authorized by Section 49.060, Water Code, each [Each]
6-45 director shall receive a fee of not to exceed Twenty-Five Dollars
6-46 (\$25.) for attending each meeting of the board [Board], provided
6-47 that no more than Fifty Dollars (\$50.) shall be paid to any director
6-48 for meetings held in any one (1) calendar month. Each director
6-49 shall also be entitled to receive not to exceed Twenty-Five Dollars
6-50 (\$25.) per day devoted to the business of the district [Authority]
6-51 and to reimbursement for actual expenses incurred in attending to
6-52 district [Authority] business provided that such service and
6-53 expense are expressly approved by the board [Board].

6-54 Sec. 18. The board [Board of Directors] shall elect from its
6-55 number a president and a vice president of the district
6-56 [Authority], and such other officers as in the judgment of the board
6-57 [Board] are necessary. The president shall be the chief executive
6-58 officer of the district [Authority] and the presiding officer of
6-59 the board [Board], and shall have the same right to vote as any
6-60 other director. The vice president shall perform all duties and
6-61 exercise all powers conferred by this Act upon the president when
6-62 the president is absent or fails or declines to act except the
6-63 president's right to vote. The board [Board] shall also appoint a
6-64 secretary and a treasurer who may or may not be members of the board
6-65 [Board], and it may combine those offices. The treasurer shall give
6-66 bond in such amount as may be required by the board [Board of
6-67 Directors]. The condition of such bond shall be that the treasurer
6-68 [he] will faithfully account for all money which shall come into the
6-69 treasurer's [his] custody as treasurer of the district [Authority],

7-1 and the board [~~Board~~] may adopt a seal for the district [~~Authority~~].
 7-2 Sec. 19. The board [~~Board of Directors~~], from time to time,
 7-3 shall be authorized to make or cause to be made surveys and
 7-4 engineering investigations for the information of the district
 7-5 [~~Authority~~] to facilitate the accomplishment of the purposes for
 7-6 which the district [~~Authority~~] is created; and may employ a general
 7-7 manager, attorneys, accountants, engineers, or other technical or
 7-8 nontechnical employees or assistants; fix the amount and manner of
 7-9 their compensation; and may provide for the payment of expenditures
 7-10 deemed essential to the proper maintenance of the district
 7-11 [~~Authority~~] and its affairs. The power to employ and discharge
 7-12 employees may be conferred upon the general manager.

7-13 SECTION 4. Sections 20(a), (b), (d), (e), (f), (g), (h), and
 7-14 (i), Chapter 438, Acts of the 63rd Legislature, Regular Session,
 7-15 1973, are amended to read as follows:

7-16 (a) For the purpose of providing a source of water supply
 7-17 for cities and other users for agricultural, municipal, domestic,
 7-18 industrial, oil field flooding, and mining purposes, as authorized
 7-19 by this Act, and for the purpose of carrying out any other power or
 7-20 authority conferred by this Act, the district [~~Authority~~] is
 7-21 empowered to issue its negotiable bonds to be payable from revenues
 7-22 or taxes or both revenues and taxes of the district [~~Authority~~] as
 7-23 are pledged by resolution of the board [~~Board of Directors~~].
 7-24 Pending the issuance of definitive bonds the board [~~Board~~] may
 7-25 authorize the delivery of negotiable interim bonds or notes,
 7-26 eligible for exchange or substitution by use of the definitive
 7-27 bonds.

7-28 (b) Such bonds shall be authorized by resolution of the
 7-29 board [~~Board of Directors~~] and shall be issued in the name of the
 7-30 district [~~Authority~~], signed by the president or vice president,
 7-31 attested by the secretary and shall bear the seal of the district
 7-32 [~~Authority~~]. It is provided, however, that the signatures of the
 7-33 president or of the secretary or of both may be printed or
 7-34 lithographed on the bonds if authorized by the board [~~Board of~~
 7-35 ~~Directors~~], and that the seal of the district [~~Authority~~] may be
 7-36 impressed on the bonds or may be printed or lithographed thereon.
 7-37 The bonds shall mature serially or otherwise in not to exceed forty
 7-38 (40) years and may be sold at a price and under terms determined by
 7-39 the board [~~Board of Directors~~] to be the most advantageous
 7-40 reasonably obtainable[, provided that the interest cost to the
 7-41 ~~Authority, including the discount, if any, shall bear interest at~~
 7-42 ~~any rate per annum permitted by the Constitution and laws of the~~
 7-43 ~~State as shall be determined by the Board of Directors,] and within
 7-44 the discretion of the board [~~Board~~] may be made callable prior to
 7-45 maturity at such times and prices as may be prescribed in the
 7-46 resolution authorizing the bonds, and may be made registrable as to
 7-47 principal or as to both principal and interest.~~

7-48 (d) The bonds may be secured by a pledge of all or part of
 7-49 the net revenue of the district [~~Authority~~], or by the net revenues
 7-50 of any one (1) or more contracts theretofore or thereafter made or
 7-51 other revenue or income specified by resolution of the board [~~Board~~
 7-52 ~~of Directors~~] or in the trust indenture. Any such pledge may
 7-53 reserve the right, under conditions therein specified, to issue
 7-54 additional bonds which will be on a parity with or subordinate to
 7-55 the bonds then being issued. The term "net revenues" as used in
 7-56 this Section shall mean the gross revenues and income of the
 7-57 district [~~Authority~~] from all sources after deduction of the amount
 7-58 necessary to pay the cost of maintaining and operating the district
 7-59 [~~Authority~~] and its properties.

7-60 (e) The district [~~Authority~~] is also empowered to issue
 7-61 bonds payable from ad valorem taxes to be levied on all taxable
 7-62 property therein, or to issue bonds secured by and payable from both
 7-63 such taxes and the revenues of the district [~~Authority~~]. Where
 7-64 bonds are issued payable wholly or partially from ad valorem taxes,
 7-65 it shall be the duty of the board [~~Board of Directors~~] to levy a tax
 7-66 sufficient to pay the bonds and the interest thereon as such bonds
 7-67 and interest become due without limit as to the rate or the amount,
 7-68 but the rate of the tax for any year may be fixed after giving
 7-69 consideration to the money received from the pledged revenues which

8-1 may be available for payment of principal and interest to the extent
 8-2 and in the manner permitted by the resolution authorizing the
 8-3 issuance of the bonds.

8-4 (f) Where bonds payable wholly from revenues are issued, it
 8-5 shall be the duty of the board [~~Board of Directors~~] to fix, and from
 8-6 time to time to revise, the rates of compensation for water sold and
 8-7 services rendered by the district [~~Authority~~] which will be
 8-8 sufficient to pay the expense of operating and maintaining the
 8-9 facilities of the district [~~Authority~~] and to pay the bonds as they
 8-10 mature and the interest as it accrues and to maintain the reserve
 8-11 and other funds as provided in the resolution authorizing the
 8-12 bonds. Where bonds payable partially from revenues are issued it
 8-13 shall be the duty of the board [~~Board~~] to fix, and from time to time
 8-14 to revise, the rate of compensation for water sold and services
 8-15 rendered by the district [~~Authority~~] which will be sufficient to
 8-16 assure compliance with the resolution authorizing the bonds.

8-17 (g) From the proceeds from the sale of the bonds, the
 8-18 district [~~Authority~~] may set aside an amount for the payment of
 8-19 interest expected to accrue during construction and a reserve
 8-20 interest and sinking fund, and such provision may be made in the
 8-21 resolution authorizing the bonds. Proceeds from the sale of the
 8-22 bonds may also be used for the payment of all expenses necessarily
 8-23 incurred in accomplishing the purpose for which this district
 8-24 [~~Authority~~] is created, including expenses of issuing and selling
 8-25 the bonds. The proceeds from the sale of the bonds may be
 8-26 temporarily invested in direct obligations of the United States
 8-27 Government maturing in not more than one (1) year from the date of
 8-28 investment.

8-29 (h) In the event of a default or a threatened default in the
 8-30 payment of principal or of interest on bonds payable wholly or
 8-31 partially from revenues, any court of competent jurisdiction may,
 8-32 upon petition of the holders of outstanding bonds, appoint a
 8-33 receiver with authority to collect and receive all income of the
 8-34 district [~~Authority~~] except taxes, employ and discharge agents and
 8-35 employees of the district [~~Authority~~], take charge of funds on hand
 8-36 (except funds received from taxes unless commingled) and manage the
 8-37 proprietary affairs of the district [~~Attorney~~] without consent or
 8-38 hindrance by the directors [~~Directors~~]. Such receiver may also be
 8-39 authorized to sell or make contracts for the sale of water or renew
 8-40 such contracts with the approval of the court appointing him. The
 8-41 court may vest the receiver with such other powers and duties as the
 8-42 court may find necessary for the protection of the holders of the
 8-43 bonds. The resolution authorizing the issuance of the bonds or the
 8-44 trust indenture securing the bonds [~~them~~] may limit or qualify the
 8-45 rights of the holders of less than all of the outstanding bonds
 8-46 payable from the same source to institute or prosecute any
 8-47 litigation affecting the district's [~~Authority's~~] property or
 8-48 income.

8-49 (i) Before the district [~~Authority~~] shall issue any bonds
 8-50 for improvements authorized herein, it shall secure prior approval
 8-51 from the commission [~~Texas Water Rights Commission~~] in the manner
 8-52 provided by Section 51.421, Texas Water Code.

8-53 SECTION 5. Sections 21 and 22, Chapter 438, Acts of the 63rd
 8-54 Legislature, Regular Session, 1973, are amended to read as follows:

8-55 Sec. 21. The district [~~Authority~~] is authorized to issue
 8-56 refunding bonds for the purpose of refunding any outstanding bonds
 8-57 authorized by this Act and interest thereon. Such refunding bonds
 8-58 may be issued to refund more than one (1) series of outstanding
 8-59 bonds and combine the pledges for the outstanding bonds for the
 8-60 security of the refunding bonds, and may be secured by other or
 8-61 additional revenues and mortgage liens. The provisions of this law
 8-62 with reference to the issuance by the district [~~Authority~~] of other
 8-63 bonds, their security, and their approval by the Attorney General
 8-64 and the remedies of the holders shall be applicable to refunding
 8-65 bonds. Refunding bonds shall be registered by the Comptroller upon
 8-66 surrender and cancellation of the bonds to be refunded, but in lieu
 8-67 thereof, the resolution authorizing their issuance may provide that
 8-68 they shall be sold and the proceeds thereof deposited in the bank
 8-69 where the original bonds are payable, in which case the refunding

9-1 bonds may be issued in an amount sufficient to pay the principal of
 9-2 and the interest on the original bonds to their option date or
 9-3 maturity date, and the Comptroller shall register them without
 9-4 concurrent surrender and cancellation of the original bonds.

9-5 Sec. 22. Any bonds (including refunding bonds) authorized
 9-6 by this law, not payable wholly from ad valorem taxes, may be
 9-7 additionally secured by a trust indenture under which the Trustee
 9-8 may be a bank having trust powers situated either within or outside
 9-9 of the State of Texas. Such bonds, within the discretion of the
 9-10 board [~~Board of Directors~~], may be additionally secured by a deed of
 9-11 trust or mortgage lien upon physical properties of the district
 9-12 [~~Authority~~] and all franchises, easements, water rights and
 9-13 appropriation permits, leases and contracts and all rights
 9-14 appurtenant to such properties vesting in the trustee power to sell
 9-15 the properties for the payment of the indebtedness, power to
 9-16 operate the properties and all other powers and authority for the
 9-17 further security of the bonds. Such trust indenture, regardless of
 9-18 the existence of the deed of trust or mortgage lien on the
 9-19 properties may contain any provisions prescribed by the board
 9-20 [~~Board of Directors~~] for the security of the bonds and the
 9-21 preservation of the trust estate, and may make provision for
 9-22 amendment or modification thereof and the issuance of bonds to
 9-23 replace lost or mutilated bonds, and may condition the right to
 9-24 expend district [~~Authority~~] money or sell district [~~Authority~~]
 9-25 property upon approval of a registered professional engineer
 9-26 selected as provided therein, and may make provision for the
 9-27 investment of funds of the district [~~Authority~~]. Any purchaser
 9-28 under a sale under the deed of trust lien, where one is given, shall
 9-29 be the absolute owner of the properties, facilities and rights so
 9-30 purchased and shall have the right to maintain and operate the same.

9-31 SECTION 6. Sections 23(a), (b), and (c), Chapter 438, Acts
 9-32 of the 63rd Legislature, Regular Session, 1973, are amended to read
 9-33 as follows:

9-34 (a) No bonds payable wholly or partially from ad valorem
 9-35 taxes (except refunding bonds) shall be issued unless authorized by
 9-36 a majority vote of the constitutionally qualified electors voting
 9-37 at such election. [~~No territory shall be detached from the~~
 9-38 ~~Authority after the issuance of bonds which are payable from~~
 9-39 ~~revenues or taxes or both.~~] Bonds not payable wholly or partially
 9-40 from ad valorem taxes may be issued without an election.

9-41 (b) Such election may be called by the board [~~Board of~~
 9-42 ~~Directors~~] without a petition. The resolution calling the election
 9-43 shall specify the time and places of holding the same, the purpose
 9-44 for which the bonds are to be issued, the maximum amount thereof,
 9-45 the maximum maturity thereof, the form of the ballot, and the
 9-46 presiding judge for each voting place. The presiding judge serving
 9-47 at each voting place shall appoint one (1) assistant judge and at
 9-48 least two (2) clerks to assist in holding such election. Notice of
 9-49 the election shall be given by publishing a substantial copy
 9-50 thereof in one (1) newspaper published in each city contained in the
 9-51 district [~~Authority~~] for two (2) consecutive weeks. The first
 9-52 publication shall be at least twenty-one (21) days prior to the
 9-53 election. In any city in which no newspaper is published, notice
 9-54 shall be given by posting a copy of the resolution in three (3)
 9-55 public places.

9-56 (c) The returns of the election shall be made to and
 9-57 canvassed by the board [~~Board of Directors of the Authority~~].

9-58 SECTION 7. Sections 24, 25, 26, and 27, Chapter 438, Acts of
 9-59 the 63rd Legislature, Regular Session, 1973, are amended to read as
 9-60 follows:

9-61 Sec. 24. After any bonds (including refunding bonds) are
 9-62 authorized by the district [~~Authority~~], such bonds and the record
 9-63 relating to their issuance shall be submitted to the Attorney
 9-64 General for [~~his~~] examination as to the validity thereof. Where
 9-65 such bonds recite that they are secured by a pledge of the proceeds
 9-66 of a contract theretofore made between the district [~~Authority~~] and
 9-67 any city or other governmental agency, authority or district, a
 9-68 copy of such contract and the proceedings of the city or other
 9-69 governmental agency, authority or district authorizing such

10-1 contract shall also be submitted to the Attorney General. If such
 10-2 bonds have been authorized and if such contracts have been made in
 10-3 accordance with the Constitution and laws of the State of Texas the
 10-4 Attorney General ~~he~~ shall approve the bonds and such contracts
 10-5 and the bonds then shall be registered by the Comptroller of Public
 10-6 Accounts. Thereafter the bonds, and the contracts, if any, shall be
 10-7 valid and binding and shall be incontestable for any cause.

10-8 Sec. 25. All bonds of the district ~~Authority~~ shall be and
 10-9 are hereby declared to be legal and authorized investments for
 10-10 banks, savings banks, trust companies, building and loan
 10-11 association, savings and loan association, insurance companies,
 10-12 fiduciaries, trustees, guardians, and for the sinking fund of
 10-13 cities, towns, villages, counties, school districts, or other
 10-14 political corporations or subdivisions of the State of Texas. Such
 10-15 bonds shall be eligible to secure the deposit of any and all public
 10-16 funds of the State of Texas, and any and all public funds of cities,
 10-17 towns, villages, counties, school districts, or other political
 10-18 corporations or subdivision of the State of Texas; and such bonds
 10-19 shall be lawful and sufficient security for said deposits to the
 10-20 extent of their value, when accompanied by all unmatured coupons
 10-21 appurtenant thereto.

10-22 Sec. 26. The accomplishment of the purposes stated in this
 10-23 Act is for the benefit of the people of this state and for the
 10-24 improvement of their properties and industries, and the district
 10-25 ~~Authority~~, in carrying out the purposes of this Act will be
 10-26 performing an essential public function under the Constitution.
 10-27 The district ~~Authority~~ shall not be required to pay any tax or
 10-28 assessment on the project or any part thereof, and the bonds issued
 10-29 hereunder and their transfer and the income therefrom, including
 10-30 the profits made on the sale thereof, shall at all times be free
 10-31 from taxation within this state.

10-32 Sec. 27. The district ~~Authority~~ may upon a favorable
 10-33 majority vote of the qualified property taxpaying electors of the
 10-34 district ~~Authority~~, voting at an election held within the
 10-35 boundaries of the district ~~Authority~~ for that purpose, levy,
 10-36 assess and collect annual taxes to provide funds necessary to
 10-37 construct or acquire, maintain and operate dams, works, plants and
 10-38 facilities deemed essential or beneficial to the district
 10-39 ~~Authority~~ and its purposes, and also when so authorized may levy,
 10-40 assess and collect annual taxes as provided by the Tax Code to
 10-41 provide funds adequate to defray the cost of the maintenance,
 10-42 operation and administration of the district ~~Authority~~;
 10-43 provided, however, that the district ~~Authority~~ shall not have the
 10-44 power to levy or collect a tax for the maintenance, operation, and
 10-45 administration of the district ~~Authority~~ which exceeds fifty
 10-46 cents (50¢) on the One Hundred Dollars (\$100) assessed valuation on
 10-47 the property subject to taxation. Elections for the levy of such
 10-48 taxes shall be ordered by the board ~~Board of Directors~~ and shall
 10-49 be held and conducted in the manner provided by this law relating to
 10-50 elections for the authorization of bonds. The board ~~Board of~~
 10-51 ~~Directors~~ shall designate such polling places as they deem fitting
 10-52 and proper. ~~[All taxes levied by the Authority for any purpose~~
 10-53 ~~shall constitute a lien on the property against which levied and~~
 10-54 ~~shall not bar the enforcement or collection thereof.]~~

10-55 SECTION 8. Sections 28(a), (b), (d), (e), (f), and (h),
 10-56 Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973,
 10-57 are amended to read as follows:

10-58 (a) The tax rolls of the counties situated within the
 10-59 district ~~Authority~~, are hereby adopted and shall constitute the
 10-60 tax rolls of the district ~~Authority~~, until assessment and tax
 10-61 rolls shall be made by the district ~~Authority~~.

10-62 (b) If the district ~~Authority~~ issues and delivers bonds
 10-63 which are payable wholly or partially from ad valorem taxes, or
 10-64 votes the taxes as provided in Section 27 ~~[of the Authority's Act]~~,
 10-65 the board annually shall cause the taxable property in the district
 10-66 ~~Authority~~ to be rendered and assessed for ad valorem taxation,
 10-67 and the value of such taxable property to be equalized, and the ad
 10-68 valorem taxes in the district ~~Authority~~ to be collected, in
 10-69 accordance with any of the methods set forth in this section, and

11-1 any method adopted shall remain in effect until changed by the
11-2 board.

11-3 (d) The laws of this State applicable to counties may be
11-4 adopted and shall be used to the extent pertinent and practicable,
11-5 provided that the board shall have the authority to act as its own
11-6 board of equalization or to appoint three resident, qualified
11-7 electors of the district [Authority] who own taxable property
11-8 therein to act as the board of equalization of the district
11-9 [Authority], and in either case the board of equalization shall
11-10 qualify and perform the duties prescribed by law for county
11-11 commissioners courts acting as boards of equalization.

11-12 (e) The board shall be authorized to have the taxable
11-13 property in the district [Authority] assessed, its values
11-14 equalized, and/or its taxes collected, in whole or in part, by the
11-15 tax assessors, board of equalization, and/or tax collectors,
11-16 respectively, of any county, city, taxing district, or other
11-17 governmental subdivision in which all or any part of the district
11-18 [Authority] is located; and such property may be assessed and the
11-19 values thereof equalized on the same basis or a different basis than
11-20 that used by any such governmental subdivision. Such property
11-21 shall be assessed, the values thereof equalized, and such taxes
11-22 collected in the manner and for such compensation as shall be agreed
11-23 on between the appropriate parties, and the functions thus assumed
11-24 by the officials of any such governmental subdivision shall be
11-25 additional duties pertaining to their offices, respectively. The
11-26 ad valorem tax law applicable to each such governmental subdivision
11-27 shall apply to its officials in carrying out such functions for the
11-28 district [Authority].

11-29 (f) It is specifically provided, however, that under any
11-30 method used all taxable property within the district [Authority]
11-31 shall be assessed on the same basis, and the values thereof shall be
11-32 equalized by only one board of equalization, in an equal and uniform
11-33 manner, as required by the Texas Constitution. If the board desires
11-34 that taxable property shall be assessed and taxes collected by the
11-35 tax assessors and/or collectors of more than one governmental
11-36 subdivision, the board shall either act as its own board of
11-37 equalization or appoint three resident, qualified electors of the
11-38 district [Authority] who own taxable property therein to act as the
11-39 board of equalization, and in either case the board of equalization
11-40 shall qualify and perform the duties prescribed by law for county
11-41 commissioners courts acting as boards of equalization.

11-42 (h) If the district [Authority] issues and delivers bonds
11-43 payable wholly or partially from ad valorem taxes, the board
11-44 [~~Board~~] shall levy and cause to be assessed and collected ad valorem
11-45 taxes sufficient to pay the interest on and principal of said bonds,
11-46 without limit as to the rate or the amount [~~after giving~~
11-47 ~~consideration to any revenues that may be pledged to the payment of~~
11-48 ~~bonds~~].

11-49 SECTION 9. Chapter 438, Acts of the 63rd Legislature,
11-50 Regular Session, 1973, is amended by amending Section 29 and adding
11-51 Sections 1B, 3A, 13A, 19A, 19B, 19C, 19D, 19E, 19F, and 19G to read
11-52 as follows:

11-53 Sec. 29. (a) The board [~~Board of Directors~~] shall designate
11-54 one (1) or more banks within the district [Authority] to serve as
11-55 depository for the funds of the district [Authority]. All funds of
11-56 the district [Authority] shall be deposited in such depository bank
11-57 or banks except that funds pledged to pay bonds may be deposited
11-58 with the trustee bank named in the trust agreement, and except that
11-59 funds shall be remitted to the bank of payment for the payment of
11-60 principal of and interest on bonds. To the extent that funds in the
11-61 depository banks and the trustee bank are not insured by the
11-62 F.D.I.C. they shall be secured in the manner provided by law for the
11-63 security of county funds.

11-64 (b) Before designating a depository bank or banks, the board
11-65 [~~Board of Directors~~] shall issue a notice stating the time and place
11-66 when and where the board [~~Board~~] will meet for such purpose and
11-67 inviting the banks in the district [Authority] to submit
11-68 applications to be designated depositories. The term of service
11-69 for depositories shall be prescribed by the board [~~Board~~]. Such

12-1 notice shall be published one (1) time in a newspaper or newspapers
 12-2 published in the district [Authority] and specified by the board
 12-3 [Board].

12-4 (c) At the time mentioned in the notice, the board [Board]
 12-5 shall consider the applications and the management and condition of
 12-6 the banks filing them, and shall designate as depositories the bank
 12-7 or banks which offer the most favorable terms and conditions for the
 12-8 handling of the funds of the district [Authority] and which the
 12-9 board [Board] finds have proper management and are in condition to
 12-10 warrant handling of district [Authority] funds. Membership on the
 12-11 board [Board of Directors] of an officer or director of a bank shall
 12-12 not disqualify such bank from being designated as depository.

12-13 (d) If no applications are received by the time stated in
 12-14 the notice, the board [Board] shall designate some bank or banks
 12-15 within or without the district [Authority] upon such terms and
 12-16 conditions as it may find advantageous to the district [Authority].

12-17 Sec. 1B. In this Act:

12-18 (1) "Board" means the district's board of directors.

12-19 (2) "Commission" means the Texas Commission on
 12-20 Environmental Quality.

12-21 (3) "Director" means a member of the board.

12-22 (4) "District" means the Palo Duro Water District.

12-23 (5) "Member entity" means a county or municipality
 12-24 that is a member of the district.

12-25 Sec. 3A. The district may:

12-26 (1) lease the hunting rights on property owned by the
 12-27 district;

12-28 (2) develop, manage, or lease property owned by the
 12-29 district for any recreational purpose; and

12-30 (3) lease property owned by the district to a person
 12-31 seeking to develop renewable energy resources.

12-32 Sec. 13A. (a) A county or municipality may withdraw from
 12-33 the district or the district may dissolve according to this
 12-34 section.

12-35 (b) In order to withdraw from the district or to dissolve
 12-36 the district, the governing body of a member entity must issue an
 12-37 order or pass a resolution declaring the intent to withdraw from or
 12-38 dissolve the district. The order or resolution must state:

12-39 (1) the intention to either withdraw from the district
 12-40 or call for the dissolution of the district; and

12-41 (2) the reasons supporting the withdrawal or
 12-42 dissolution.

12-43 (c) Not later than the 30th day after the date the district
 12-44 receives an order or resolution under Subsection (b), the district
 12-45 shall hold a public hearing on the matter described by the order or
 12-46 resolution.

12-47 (d) In the event of a proposed withdrawal or dissolution
 12-48 under this section, the member entities must reach a financial
 12-49 agreement that:

12-50 (1) for a withdrawal of a county or municipality from
 12-51 the district, provides for sufficient revenue for maintaining the
 12-52 Palo Duro Reservoir and the dam that impounds the water in the
 12-53 reservoir; or

12-54 (2) for a dissolution of the district, provides for
 12-55 the transfer of:

12-56 (A) the ownership rights of the dam to an entity
 12-57 that assumes responsibility for the maintenance of the dam and
 12-58 liability for actions related to the dam;

12-59 (B) all assets and liabilities of the district to
 12-60 other entities; and

12-61 (C) the responsibility for the continued
 12-62 provision of services, if the district provides services.

12-63 (e) The board must provide an opportunity for the public to
 12-64 comment on the financial agreement described by Subsection (d)
 12-65 before the board votes as described by Subsection (f). The period
 12-66 for public comment must last not less than 10 days.

12-67 (f) After consideration of the public comments submitted
 12-68 under Subsection (e), the board shall vote on the issue described by
 12-69 the order or resolution under Subsection (b). The board may proceed

with the withdrawal or dissolution only if two-thirds of all of the members of the board vote in favor of withdrawal or dissolution.

(g) If the board votes in favor of withdrawal or dissolution as provided by Subsection (f), the governing body of each member entity shall vote on the matter of withdrawal or dissolution.

(h) A withdrawal or dissolution authorized under this section does not take effect until:

(1) the governing body of each county and municipality has voted in favor of withdrawal or dissolution;

(2) all conditions specified in the financial agreement described by Subsection (d) have been met; and

(3) all actions described in the financial agreement described by Subsection (d) have been completed.

Sec. 19A. The board shall develop and implement policies that provide the public with a reasonable opportunity to appear before the board and to speak on any agenda item at board meetings.

Sec. 19B. A director who has a financial interest in a contract under consideration by the district for the purchase, sale, lease, rental, or supply of property, including supplies, materials, and equipment, or the construction of facilities, shall disclose that fact to the other members of the board and may not vote on or participate in discussions during board meetings on the acceptance of the contract. A financial interest of a director does not affect the validity of a contract if disclosure is made and the director with the financial interest does not vote on the question of entering into the contract.

Sec. 19C. Not earlier than the 10th day after the date a director receives written notice of a charge against the director, and after an opportunity to be heard in person or through the appearance of counsel at a public hearing on the matter of the charge described by the notice, the board may remove a director for:

- (1) inefficiency;
- (2) neglect of duty; or
- (3) misconduct in office.

Sec. 19D. (a) A person who is appointed to and qualifies for office as a director may not vote, deliberate, or be counted as a director in attendance at a meeting of the board until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

- (1) the law governing district operations;
- (2) the programs, functions, rules, and budget of the district;
- (3) the scope of and limitations on the rulemaking authority of the district;
- (4) the results of the most recent formal audit of the district;
- (5) the requirements of:

(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and

(B) other laws applicable to members of the governing body of a water district in performing their duties; and

(6) any applicable ethics policies adopted by the board or the Texas Ethics Commission.

(c) A person appointed to the board is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

(d) The board shall create a training manual that includes the information required by Subsection (b). The board shall distribute a copy of the training manual annually to each director. On receipt of the training manual, each director shall sign a statement acknowledging receipt of the training manual.

Sec. 19E. The board shall develop and implement policies that clearly separate the policymaking responsibilities of the board and the management responsibilities of the general manager and staff of the district.

Sec. 19F. (a) The district shall maintain a system to

14-1 promptly and efficiently act on complaints filed with the district.
14-2 The district shall maintain information about parties to the
14-3 complaint, the subject matter of the complaint, a summary of the
14-4 results of the review or investigation of the complaint, and its
14-5 disposition.

14-6 (b) The district shall make information available
14-7 describing its procedures for complaint investigation and
14-8 resolution.

14-9 (c) The district shall periodically notify the complaint
14-10 parties of the status of the complaint until final disposition.

14-11 Sec. 19G. (a) The district shall develop a policy to
14-12 encourage the use of:

14-13 (1) negotiated rulemaking procedures under Chapter
14-14 2008, Government Code, for the adoption of district rules; and

14-15 (2) appropriate alternative dispute resolution
14-16 procedures under Chapter 2009, Government Code, to assist in the
14-17 resolution of internal and external disputes under the district's
14-18 jurisdiction.

14-19 (b) The district's procedures relating to alternative
14-20 dispute resolution must conform, to the extent possible, to any
14-21 model guidelines issued by the State Office of Administrative
14-22 Hearings for the use of alternative dispute resolution by state
14-23 agencies.

14-24 (c) The district shall:

14-25 (1) coordinate the implementation of the policy
14-26 adopted under Subsection (a);

14-27 (2) provide training as needed to implement the
14-28 procedures for negotiated rulemaking or alternative dispute
14-29 resolution; and

14-30 (3) collect data concerning the effectiveness of those
14-31 procedures.

14-32 SECTION 10. Section 325.025(b), Government Code, is amended
14-33 to read as follows:

14-34 (b) This section applies to the:

14-35 (1) Angelina and Neches River Authority;

14-36 (2) Bandera County River Authority and Groundwater
14-37 District;

14-38 (3) Brazos River Authority;

14-39 (4) Central Colorado River Authority;

14-40 (5) Guadalupe-Blanco River Authority;

14-41 (6) Lavaca-Navidad River Authority;

14-42 (7) Lower Colorado River Authority;

14-43 (8) Lower Neches Valley Authority;

14-44 (9) Nueces River Authority;

14-45 (10) ~~Palo Duro River Authority of Texas;~~

14-46 ~~[(11)] Red River Authority of Texas;~~

14-47 ~~[(12)] Sabine River Authority of Texas;~~

14-48 ~~[(13)] San Antonio River Authority;~~

14-49 ~~[(14)] San Jacinto River Authority;~~

14-50 ~~[(15)] Sulphur River Basin Authority;~~

14-51 ~~[(16)] Trinity River Authority of Texas;~~

14-52 ~~[(17)] Upper Colorado River Authority; and~~

14-53 ~~[(18)] Upper Guadalupe River Authority.~~

14-54 SECTION 11. (a) The following sections of Chapter 438, Acts
14-55 of the 63rd Legislature, Regular Session, 1973, are repealed:

14-56 (1) Section 1A;

14-57 (2) Section 2A;

14-58 (3) Section 2B;

14-59 (4) Section 4;

14-60 (5) Section 13(e);

14-61 (6) Section 28(i); and

14-62 (7) Section 30.

14-63 (b) The following sections are repealed:

14-64 (1) Section 9, Chapter 115, Acts of the 64th
14-65 Legislature, Regular Session, 1975;

14-66 (2) Section 6, Chapter 17, Acts of the 68th
14-67 Legislature, Regular Session, 1983; and

14-68 (3) Section 4, Chapter 651, Acts of the 70th
14-69 Legislature, Regular Session, 1987.

15-1 SECTION 12. (a) Notwithstanding Section 19D(a), Chapter
15-2 438, Acts of the 63rd Legislature, Regular Session, 1973, as added
15-3 by this Act, a person serving on the board of directors of the Palo
15-4 Duro Water District, as renamed by this Act, may vote, deliberate,
15-5 and be counted as a director in attendance at a meeting of the board
15-6 until December 1, 2017.

15-7 (b) This section expires January 1, 2018.

15-8 SECTION 13. (a) The legal notice of the intention to
15-9 introduce this Act, setting forth the general substance of this
15-10 Act, has been published as provided by law, and the notice and a
15-11 copy of this Act have been furnished to all persons, agencies,
15-12 officials, or entities to which they are required to be furnished
15-13 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
15-14 Government Code.

15-15 (b) The governor, one of the required recipients, has
15-16 submitted the notice and Act to the Texas Commission on
15-17 Environmental Quality.

15-18 (c) The Texas Commission on Environmental Quality has filed
15-19 its recommendations relating to this Act with the governor, the
15-20 lieutenant governor, and the speaker of the house of
15-21 representatives within the required time.

15-22 (d) All requirements of the constitution and laws of this
15-23 state and the rules and procedures of the legislature with respect
15-24 to the notice, introduction, and passage of this Act are fulfilled
15-25 and accomplished.

15-26 SECTION 14. This Act takes effect September 1, 2017.

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