

By: Parker

S.B. No. 1359

A BILL TO BE ENTITLED

AN ACT

relating to the creation, powers, duties, and financing of the Wise Regional Water District; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose fees; creating a criminal offense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle X, Title 6, Special District Local Laws Code, is amended by adding Chapter 11021 to read as follows:

CHAPTER 11021. WISE REGIONAL WATER DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11021.0101. DEFINITIONS. In this chapter:

(1) "Basic service area" means the geographic area in the corporate limits of all participants and all customers and the areas that are served by those members and customers.

(2) "Board" means the board of directors of the district.

(3) "Contract member" means a governmental entity that provides retail utility service in its boundaries, that contracts with the district not later than the end of the second year after the effective date of the Act enacting this chapter to preserve the option to become a participant in the 10-year period following the effective date of the Act enacting this chapter, and that agrees to pay an annual pro rata share of the administrative and planning costs of the district that are unrelated to capital projects to be

1 financed by the district, provided that the share of administrative
2 and planning costs may not exceed for a contract member 50 cents per
3 capita unless otherwise agreed by at least 75 percent of the
4 contract members having, collectively, at least 75 percent of the
5 population represented by all the contract members.

6 (4) "County" means Wise County, Texas.

7 (5) "Customer" means a wholesale user of the water or
8 wastewater services provided by the district that provides retail
9 utility service in the boundaries of the user.

10 (6) "District" means the Wise Regional Water District.

11 (7) "Participant" means a governmental entity that
12 provides retail utility service in the entity's boundaries and that
13 contracts with the district for the construction of and payment for
14 the water or wastewater projects to be financed by the district.

15 (8) "Service area" means that geographic area in the
16 boundaries of the district.

17 (9) "Subdistrict" means a subdistrict authorized to be
18 created under this chapter.

19 Sec. 11021.0102. LEGISLATIVE FINDINGS. (a) The
20 legislature finds that the creation and establishment of the
21 district and the creation and establishment of subdistricts in the
22 district are essential to the accomplishment of the purposes of
23 Section 59, Article XVI, Texas Constitution.

24 (b) The legislature finds that all of the land and other
25 property included in the boundaries of the district and in the
26 boundaries of a subdistrict will be benefited by the improvements,
27 works, and projects that are to be provided by the district and by

1 subdistricts under the powers conferred on the district and
2 subdistricts by this chapter, and that the district is created to
3 serve a public use and benefit and any subdistrict created will
4 serve a public use and will be for a public purpose.

5 Sec. 11021.0103. CREATION. (a) A conservation and
6 reclamation district is created under Section 59, Article XVI,
7 Texas Constitution. The district shall be known as the Wise
8 Regional Water District.

9 (b) An election confirming the creation of the district is
10 not required.

11 Sec. 11021.0104. BOUNDARIES. (a) Except as provided by
12 Subsection (b), the boundaries of the district are coextensive with
13 the boundaries of the county.

14 (b) The boundaries of the district also include the entire
15 area in the boundaries of any participant or contract member, a
16 portion of whose incorporated limits is partially in the boundaries
17 of the county as those boundaries existed on the effective date of
18 the Act enacting this chapter.

19 Sec. 11021.0105. EXPANSION OF DISTRICT. (a) The territory of
20 the district may be expanded to include the area within the
21 boundaries of a municipality outside the county, if the district
22 and the municipality execute a contract member's contract or a
23 participating member's contract not later than the second
24 anniversary of the effective date of the Act enacting this chapter.

25 (b) Approval of a contract member's contract between the
26 district and the municipality requires a three-quarters majority
27 vote of the district's board of directors. Approval of a

1 participating member's contract between the district and the
2 municipality requires a three-quarters majority vote of the
3 weighted vote of all directors eligible to vote.

4 SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

5 Sec. 11021.0201. BOARD OF DIRECTORS. (a) The district is
6 governed by a board of directors. A director may not be an elected
7 official of any governmental entity that has the authority to
8 appoint a member of the board.

9 (b) Directors shall be appointed by the commissioners court
10 of the county and the governing bodies of the participants and
11 contract members in the manner provided by Section 11021.0202.

12 (c) A director is subject to removal with or without cause
13 by action of the governing body of the entity that originally
14 appointed that member.

15 (d) The board has exclusive authority to manage the district
16 under this chapter.

17 Sec. 11021.02015. INITIAL BOARD. (a) The initial board
18 shall be appointed as follows:

19 (1) the county judge of the county shall appoint one
20 director; and

21 (2) each county commissioner serving on the Wise
22 County Commissioners Court shall appoint one director.

23 (b) The initial directors serve until the date the directors
24 are appointed under Section 11021.0202.

25 (c) This section expires on the second anniversary of the
26 effective date of the Act enacting this chapter.

27 Sec. 11021.0202. COMPOSITION OF BOARD. (a) Each

1 participant or contract member shall appoint one member to the
2 board and the Commissioners Court of Wise County shall appoint one
3 member to the board.

4 (b) The Commissioners Court of Wise County may appoint one
5 additional member to the board if the board determines that such an
6 appointment is in the best interests of the district and that the
7 directors to be appointed by the commissioners court are selected
8 from a list of nominees submitted to the commissioners court by the
9 board.

10 (c) An entity that contracts with the district more than
11 five years after the effective date of the Act enacting this chapter
12 is entitled to representation on the board only under the rules
13 established by the board for the admission of board members and
14 member entities. For a contract member to which this section
15 applies, the board may establish rules regarding:

16 (1) appointing members to the board by the contract
17 member;

18 (2) voting authority of a board member appointed by
19 the contract member; and

20 (3) for a member appointed by the contract member,
21 voting weight for that board member appointed by the contract
22 member.

23 Sec. 11021.0203. VOTES OF DIRECTORS. (a) Directors who are
24 appointed by the participants are entitled to vote on all matters
25 before the board, including all projects to be considered by the
26 board in all service areas of the district, regardless of whether
27 the participant is participating in the project.

1 (b) A board vote concerning the authorization of and
2 financial commitments for capital projects must be determined as
3 provided by this section.

4 (c) Each participant that is receiving or that has
5 contracted to receive service or capacity, including that service
6 or capacity to be received as a result of the capital project then
7 under consideration, has one vote for each four million gallons per
8 day, or portion of that amount, of service or capacity for which the
9 participant has contracted with the district. The amount for which
10 the participant has contracted shall be determined by taking into
11 account the amount of service or capacity the participant receives
12 from a water treatment plant, a wastewater treatment plant, or a raw
13 water supply, or any combination of the preceding.

14 (d) Each participant with a population of 50,000 or more is
15 entitled to one extra vote that may be cast on those matters
16 requiring a weighted vote.

17 (e) Participation in capital projects financed by the
18 district through the issuance of special facility bonds entitles
19 that entity to be classified as a participant, but does not entitle
20 that entity to receive any credit toward the four million gallons
21 per day of service or capacity standard established in Subsection
22 (c).

23 (f) A director who is appointed by a contract member that is
24 not a participant is entitled to one vote on all matters before the
25 board except those matters that require a weighted vote.

26 (g) Regardless of the date on which an entity became a
27 member, the entity is not entitled to a number of weighted votes

1 that exceeds 25 percent of the weighted votes of all directors
2 eligible to vote for a capital project.

3 (h) A director who is appointed by a contract member that is
4 not a participant is entitled to one vote on all matters before the
5 board except those matters that require a weighted vote.

6 Sec. 11021.0204. TERMS OF OFFICE. (a) Except as otherwise
7 provided by this chapter, directors serve staggered four-year terms
8 in accordance with the procedures to be adopted by the initial
9 board.

10 (b) A director may serve consecutive terms.

11 Sec. 11021.0205. DIRECTOR QUALIFICATIONS AND COMPENSATION.

12 (a) A director must be a qualified voter who resides in the
13 district and must qualify to serve by taking the oath of office and
14 furnishing evidence of the person's qualifications to serve on the
15 board consistent with the requirements of this chapter.

16 (b) A director is not entitled to receive compensation for
17 serving as a director, but may be reimbursed for actual reasonable
18 expenses necessarily incurred on behalf of the district or in the
19 discharge of official duties.

20 Sec. 11021.0206. EX OFFICIO BOARD MEMBERS. The board may
21 establish a category of ex officio directors and may provide for the
22 duties and responsibilities of the ex officio members in bylaws or
23 rules to be adopted by the board.

24 Sec. 11021.0207. BOARD PROCEDURES. (a) The board shall
25 prepare and adopt bylaws for the district, and shall hold regular,
26 special, or emergency meetings at times and on days or dates as
27 specified in those bylaws.

1 (b) A majority of the directors constitutes a quorum for the
2 transaction of district business, and approval of at least a
3 majority of the directors present at a meeting is necessary for
4 approval of any matter coming before the board, except in a
5 situation in which a weighted vote is required. If a weighted vote
6 is required, a majority of the weighted vote of all directors
7 eligible to vote is necessary for approval of any matter coming
8 before the board.

9 (c) The board shall provide in its bylaws for the method of
10 execution for all contracts, the signing of checks, and the
11 handling of any other matters approved by the board. The board
12 shall elect new officers annually.

13 (d) The board shall designate in the bylaws a regular place
14 for board meetings.

15 Sec. 11021.0208. BOARD OFFICERS. (a) The officers of the
16 board include the president, one or more vice presidents, a
17 secretary, and a treasurer.

18 (b) The board shall elect a president and any vice president
19 from among its members.

20 (c) The board may appoint a secretary, one or more assistant
21 secretaries, a treasurer, an assistant treasurer, and other
22 officers that are necessary. The secretary, assistant secretaries,
23 treasurer, and assistant treasurer are not required to be members
24 of the board.

25 (d) The president is the chief executive officer of the
26 district and shall preside over the meetings of the board. A vice
27 president may perform any duty and exercise any power of the

1 president when the president is absent or fails, refuses, or is
2 unable to act.

3 (e) The secretary or one of the assistant secretaries is
4 responsible for keeping the minutes of the meetings of the board and
5 all official records of the board and may certify the accuracy or
6 authenticity of any actions, proceedings, minutes, or records of
7 the board or of the district.

8 (f) The duties of the other officers may be prescribed by
9 the bylaws of the district.

10 Sec. 11021.0209. EMPLOYEES. The board may appoint and
11 employ any person, firm, corporation, partnership, and other entity
12 considered necessary to conduct the affairs of the district,
13 including engineers, attorneys, financial advisors, accountants, a
14 general manager, and other employees or consultants.

15 Sec. 11021.0210. CUSTOMER ADVISORY COUNCIL. (a) The board
16 shall establish a customer advisory council composed of one
17 representative from each customer receiving service from the
18 district.

19 (b) The members of the customer advisory council may act as
20 provided in the bylaws of the district or rules of the board, but
21 the customer advisory council may not vote on matters coming before
22 the board.

23 Sec. 11021.0211. CONFLICT OF INTEREST. The members of the
24 board and all other officers of the district are subject to the
25 conflict of interest provisions of Chapter 572, Government Code, in
26 the same manner as an elected or appointed officer expressly
27 subject to that chapter.

1 SUBCHAPTER C. POWERS AND DUTIES

2 Sec. 11021.0301. GENERAL POWERS AND DUTIES. (a) Subject to
3 specific provisions of this chapter, the district and the board
4 have the rights, powers, privileges, authority, and functions
5 granted by Section 59, Article XVI, Texas Constitution, including
6 the rights, powers, privileges, authority, and functions conferred
7 by Chapters 49 and 54, Water Code, relating to municipal utility
8 districts, together with the additional rights, powers,
9 privileges, authority, and functions authorized by this chapter.

10 (b) The district may not levy or collect ad valorem taxes.

11 (c) If any general law is in conflict or inconsistent with
12 this chapter, this chapter prevails.

13 Sec. 11021.0302. PLANNING AND ACQUISITION OF WORKS AND
14 FACILITIES. The district may plan, lay out, purchase, construct,
15 acquire, own, operate, maintain, repair, and improve, inside or
16 outside its boundaries, any works, improvements, facilities,
17 plants, equipment, and appliances, including any administrative
18 properties and facilities, any permits, franchises, licenses, or
19 contract or property rights, and any levees, drains, waterways,
20 lakes, reservoirs, channels, conduits, sewers, dams, stormwater
21 detention facilities, or other similar facilities and
22 improvements, whether for municipal, industrial, agricultural,
23 flood control, or related purposes, that are necessary, helpful, or
24 incidental to the exercise of any right, power, privilege,
25 authority, or function provided by this chapter, including
26 supplying water for municipal, domestic, and industrial uses, and
27 all other beneficial uses or controls; collecting, treating,

1 processing, disposing of, and controlling all domestic or
2 industrial wastes whether in fluid, solid, or composite state;
3 gathering, conducting, diverting, controlling, and treating local
4 stormwater or local harmful excesses of water in the boundaries of
5 the district; and irrigating and altering land elevations in the
6 boundaries of the district where needed.

7 Sec. 11021.0303. ACQUISITION OF PROPERTY; EMINENT DOMAIN.

8 (a) The district may acquire, by purchase or by exercise of the
9 power of eminent domain, any land, easements, rights-of-way, or
10 other property or improvements inside or outside the boundaries of
11 the district, including land above the probable high water line
12 around any reservoirs in which the district has an ownership or
13 operational interest, that are needed or are appropriate to carry
14 out the powers and functions of the district.

15 (b) The district may exercise the power of eminent domain in
16 the manner and with the privileges, rights, and immunities
17 available under the laws of this state, including Chapter 21,
18 Property Code.

19 (c) The district may not exercise the power of eminent
20 domain to acquire:

21 (1) any property located in a municipality located
22 wholly or partly in the county without prior consent by resolution
23 of the governing body of the municipality in whose jurisdiction the
24 subject property is located;

25 (2) any property located outside the county to be used
26 as a water supply reservoir without the consent of the county or
27 counties in which the reservoir is to be located;

1 (3) any property owned by the county, any
2 municipality, or any agency or instrumentality of a county or
3 municipality; or

4 (4) a waterworks system or a wastewater system that is
5 owned by a municipality, a political subdivision of the state,
6 private persons, or a nonprofit corporation.

7 Sec. 11021.0304. ADDITIONAL GENERAL AUTHORITY. The
8 district may:

9 (1) acquire, construct, improve, maintain, and
10 operate wholesale water and wastewater systems and treatment works
11 necessary to provide service to district customers; and

12 (2) acquire, construct, improve, and maintain any
13 water supply, reservoir, or interest in any water supply or
14 reservoir necessary to fully implement the powers and duties of the
15 district as provided by this chapter.

16 Sec. 11021.0305. PROVIDING SERVICES OUTSIDE DISTRICT. On
17 approval of the board of directors, the district may elect to
18 provide water, wastewater, solid waste, or nonhazardous liquid
19 waste services outside its service area, but the district may not be
20 compelled to supply those services for use outside its service area
21 except by order of the state agency that has jurisdiction over those
22 matters.

23 Sec. 11021.0306. RIGHTS OF BASIC SERVICE AREA. The basic
24 service area has the primary right to water or wastewater treatment
25 capacity and to water supply in each classification that the
26 district secures under permit from the state agency that has
27 jurisdiction.

1 Sec. 11021.0307. RIGHTS PROTECTED. (a) This chapter does
2 not compel any customer or prospective customer to secure water or
3 wastewater service from the district, except under contracts
4 voluntarily executed.

5 (b) This chapter does not alter any outstanding permit,
6 contract, or other obligation, nor does this chapter in any manner
7 impair the rights of any entity to own, operate, maintain, or
8 otherwise use or control any water, wastewater, solid waste, or
9 liquid waste system in accordance with the law applicable to that
10 entity.

11 Sec. 11021.0308. DISPOSAL SYSTEMS. (a) The district may
12 exercise the powers needed to establish, acquire, operate, and
13 maintain a regional solid waste disposal system and a nonhazardous
14 liquid waste disposal system.

15 (b) The district shall provide the services afforded by a
16 disposal system to:

17 (1) any user as determined by the board if the services
18 are to be rendered in the basic service area of the district; and

19 (2) any customer if the services are to be rendered
20 outside the basic service area.

21 Sec. 11021.0309. WATER QUALITY RULES. (a) The district may
22 adopt and enforce rules to protect water quality in and flowing to
23 or from the areas in or surrounding the lakes, reservoirs, and other
24 sources of water supply owned, operated, or controlled by the
25 district.

26 (b) The rules shall be adopted for the purpose of the
27 prevention of waste or unauthorized use of water controlled by the

1 district and of the regulation of privileges on any land,
2 reservoir, or easement owned or controlled by the district.

3 (c) The rules shall be adopted and enforced in accordance
4 with Subchapter D, Chapter 54, Water Code, and must be consistent
5 with the applicable rules of any state agency that has jurisdiction
6 over those sources of water supply.

7 (d) Under a contract with a county, municipality, or water
8 district, the district may adopt and enforce rules applicable in
9 the boundaries of the county, municipality, or water district and
10 in other areas under the jurisdiction of the county, municipality,
11 or water district to:

12 (1) preserve and protect the quality and sanitary
13 condition of all water, sanitary sewage, and stormwater that may
14 affect a water supply of the county, municipality, or water
15 district or the district or the waters of the state;

16 (2) prevent waste or unauthorized use of water,
17 sanitary sewage, or stormwater under the jurisdiction of a county,
18 municipality, or water district or the district; or

19 (3) implement water conservation measures and
20 programs in the district.

21 (e) Rules adopted under Subsection (d):

22 (1) may not exceed the authority of the county,
23 municipality, or water district;

24 (2) must be consistent with and no more stringent than
25 state or federal requirements;

26 (3) must conform to the terms of the contract; and

27 (4) are not applicable within a municipality that is

1 not a party to the contract or does not consent to the rules
2 applying within the municipality.

3 (f) The district shall publish once a week for two
4 consecutive weeks in one or more newspapers with general
5 circulation in the district a notice of the substance of rules
6 adopted under Subsection (d) and of any penalties for a violation of
7 the rules.

8 (g) A person may not be charged with an offense under this
9 section before the fifth day after the date of the second
10 publication of the notice.

11 (h) A person who violates a rule or order adopted by the
12 board under this section commits an offense. An offense under this
13 section is a Class C misdemeanor.

14 Sec. 11021.0310. GENERAL CONTRACT AUTHORITY. (a) The
15 district may enter into contracts with the United States, an agency
16 of the United States, a municipality, or another public or private
17 person considered necessary in the exercise of the powers and
18 purposes of the district.

19 (b) The district may enter into contracts to acquire,
20 purchase, rent, lease, or operate the water production, water
21 supply, water filtration or purification, water supply facilities,
22 or other water or wastewater facilities that are owned or operated
23 by the contracting person.

24 (c) The district may acquire water appropriation permits
25 and other necessary permits directly from the appropriate agency of
26 the state or from owners of permits.

27 (d) Contracts that require a payment of money by the

1 district may be made payable from any general or specific source of
2 funds as determined by the board.

3 Sec. 11021.0311. CONTRACTS WITH MUNICIPALITIES. (a) A
4 municipality, public agency, political subdivision, or any
5 nonprofit water supply corporation doing business wholly or partly
6 in the district or a subdistrict may enter into any contract with
7 the district that is considered appropriate by its governing body.

8 (b) The governing body of an entity listed in Subsection (a)
9 may pledge to the payment of a contract any source of revenue that
10 may be available to the governing body, including the levy and
11 collection of ad valorem taxes, if that entity has the authority to
12 levy and collect those taxes.

13 (c) To the extent a governing body pledges to the payment of
14 the contract money to be derived from its own water system, its
15 wastewater system, or its combined system, the payments constitute
16 an operating expense of that system.

17 Sec. 11021.0312. REGULATORY POWER OF MUNICIPALITIES. This
18 chapter does not exempt the district or a subdistrict or land
19 located in the district from the terms and provisions of an
20 applicable ordinance, code, resolution, platting and zoning
21 requirement, rule, or regulation of a municipality.

22 Sec. 11021.0313. CREATION EXPENSES. The district is
23 authorized to pay all costs and expenses incurred in the creation
24 and organization of the district.

25 SUBCHAPTER D. FINANCIAL PROVISIONS

26 Sec. 11021.0401. RATES AND CHARGES. (a) The district may
27 establish rates and charges to be assessed against customers of the

1 district for each service rendered to those customers. The rates
2 and charges may be established by classes of customers, by project,
3 or by area of service.

4 (b) If revenue bonds or other obligations payable wholly
5 from revenue are issued, the board shall establish and revise rates
6 of compensation for water sold and for wastewater or other services
7 rendered by the district that will be sufficient to pay the expense
8 of operating and maintaining the facilities of the district, to pay
9 those bonds and obligations as they mature and the interest as it
10 accrues, and to maintain the reserve and other funds as provided by
11 the resolution or order authorizing those bonds or obligations.

12 Sec. 11021.0402. CHARGES, FEES, AND RENTALS. (a) The
13 district may adopt, enforce, and collect all necessary charges,
14 fees, or rentals for providing district facilities or services and
15 may require a deposit for any service or facilities furnished. The
16 district may provide that the deposit bear interest.

17 (b) The district may discontinue a facility or service to
18 prevent an abuse or enforce payment of an unpaid charge, fee, or
19 rental due the district.

20 (c) A municipality, a public agency, a political
21 subdivision, or any other entity that contracts with the district
22 may establish, charge, and collect fees, rates, charges, rentals,
23 and other amounts for any service or facility provided under or in
24 connection with a contract with the district, and to pledge
25 sufficient amounts to make all payments required under the
26 contract.

27 Sec. 11021.0403. DISTRICT AUDIT. The district shall have

1 the funds and accounts of the district audited by an independent
2 auditor. The district shall maintain a copy of any audit performed
3 under this section in the official records of the district.

4 Sec. 11021.0404. BONDS, NOTES, AND OTHER OBLIGATIONS. (a)
5 The district may issue its revenue bonds, notes, revenue
6 anticipation notes, bond anticipation notes, short-term
7 obligations, refunding bonds, or other obligations for any of its
8 purposes without an election and on those terms the board
9 determines to be appropriate.

10 (b) Obligations issued by the district may be made payable
11 from all or part of the revenues of the district derived from any
12 lawful source, including a contract with a customer or user of the
13 facilities owned or operated by the district under this chapter or
14 from the ownership and operation of any waterworks system,
15 wastewater system, sewer system, solid waste disposal system, or
16 nonhazardous liquid waste system, or any combination of those
17 systems. Additionally, those obligations may be paid from and
18 secured by liens on and pledges of all or part of any of the revenue,
19 income, or receipts derived by the district from its ownership,
20 operation, lease, or sale of the property, buildings, structures,
21 or facilities, including the proceeds or revenues from contracts
22 with a person, firm, corporation, municipality, public agency, or
23 other political subdivision or entity.

24 Sec. 11021.0405. BOND PROCEDURES. (a) The district's
25 bonds or other obligations may be issued to mature serially or
26 otherwise not later than 40 years from their date of issuance, and
27 provision may be made for the subsequent issuance of additional

1 parity obligations, or subordinate lien obligations, under terms or
2 conditions in the resolution authorizing the issuance of the
3 obligations.

4 (b) The obligations are negotiable instruments within the
5 meaning of Chapter 8, Business & Commerce Code.

6 (c) The district's bonds or other obligations shall be
7 executed and may be made redeemable before maturity, issued in the
8 form, denominations, and manner, and under the terms, conditions,
9 and details, and sold in the manner, at the price, and under the
10 terms provided by the bond resolution.

11 (d) The district's bonds and obligations shall bear
12 interest at rates provided in the resolution authorizing the
13 issuance of the bonds or other obligations.

14 (e) If provided in the authorizing resolution, the proceeds
15 from the sale of the bonds or other obligations may be used to pay
16 interest on those bonds or other obligations during the period of
17 the acquisition or construction of any facilities to be provided
18 through the issuance of the bonds or other obligations, to pay
19 expenses of operation and maintenance of facilities, to create a
20 reserve fund for the payment of the principal of and interest on the
21 bonds or other obligations, and to create any other funds.

22 (f) The proceeds from the sale of bonds or other obligations
23 may be placed on time deposit or invested to the extent and in the
24 manner provided by the authorizing resolution.

25 (g) The district may pledge all or any part of its revenue,
26 income, or receipts from fees, rentals, rates, charges, or contract
27 proceeds or payments to the payment of the district's bonds or other

1 obligations, including the payment of principal, interest, and any
2 other amounts required or permitted in connection with the bonds or
3 other obligations. The pledged fees, rentals, rates, charges,
4 proceeds, or payments shall be established and collected in amounts
5 that will be at least sufficient, together with any other pledged
6 resources, to provide for the payment of expenses in connection
7 with the bonds or other obligations, and for operation,
8 maintenance, and other expenses in connection with the facilities
9 for which the bonds or other obligations were issued.

10 (h) The district's bonds and other obligations may be
11 additionally secured by mortgages or deeds of trust on real
12 property owned or to be acquired by the district, and by chattel
13 mortgages or liens on any personal property appurtenant to that
14 real property. The board may authorize the execution of trust
15 indentures, mortgages, deeds of trust, or other forms of
16 encumbrances. Also, the district may pledge to the payment of the
17 obligations all or any part of any grant, donation, revenue, or
18 income received or to be received from the United States government
19 or any other public or private source.

20 (i) The district shall issue its bonds and other obligations
21 in accordance with Chapters 1201 and 1371, Government Code, as
22 applicable.

23 Sec. 11021.0406. DEPOSITORY. (a) The board, by order or
24 resolution, shall designate one or more banks inside or outside the
25 district to serve as depository for the district's money.

26 (b) Except as specifically provided by this chapter, the
27 district's money shall be deposited in the depository bank or

1 banks.

2 (c) The district's money may be invested as provided by law
3 for the investment of county funds and may be invested in accordance
4 with Chapter 2256, Government Code.

5 (d) The district's money shall be secured in the manner
6 provided by law for investment of public funds.

7 SUBCHAPTER E. SUBDISTRICTS

8 Sec. 11021.0501. CREATION OF SUBDISTRICTS. To provide for
9 the orderly development of water, wastewater, and other services of
10 the district in its boundaries and to prevent unnecessary
11 duplication of facilities, the district may create subdistricts.

12 Sec. 11021.0502. PETITION. (a) A petition requesting the
13 creation of a subdistrict in the district may be presented to the
14 board of the district.

15 (b) The petition must be signed by at least 25 persons who
16 own property in the boundaries of the proposed subdistrict, or the
17 petition may be submitted by the governing body of a municipality if
18 accompanied by a resolution of the governing body authorizing the
19 submission of the petition.

20 (c) A petition must specify:

21 (1) the boundaries of the proposed subdistrict as
22 required by the board;

23 (2) the general nature of the improvements to be
24 acquired, constructed, or otherwise implemented in the
25 subdistrict;

26 (3) the necessity and feasibility of those
27 improvements; and

1 (4) the proposed method for funding those
2 improvements.

3 (d) If a subdistrict is proposed in the corporate limits or
4 extraterritorial jurisdiction of a municipality, the petition
5 requesting the creation of the subdistrict must be accompanied by
6 an official action of the governing body of the municipality in
7 whose jurisdiction the subdistrict is proposed approving the
8 creation of the subdistrict. If the governing body of the
9 municipality in whose jurisdiction the subdistrict is proposed
10 objects to the creation of the subdistrict, the subdistrict may not
11 be created in the incorporated limits or the extraterritorial
12 jurisdiction of that municipality.

13 Sec. 11021.0503. NOTICE AND HEARING. (a) The board shall
14 set a date for a hearing on a petition not earlier than the 30th day
15 and not later than the 90th day after the date the petition is
16 presented to the district.

17 (b) Notice of the hearing shall be given to each
18 municipality in whose boundaries or extraterritorial jurisdiction
19 the proposed subdistrict is to be located.

20 (c) A copy of the notice of the hearing also shall be posted
21 in three public places located in the proposed subdistrict and at
22 the county courthouse not later than the 14th day before the date
23 set for the hearing.

24 (d) Notice of the hearing shall be published at least one
25 time in a newspaper of general circulation in the county not later
26 than the 10th day before the date of the hearing.

27 Sec. 11021.0504. APPEARANCE AT AND PROCEDURES FOR HEARING.

1 An interested person may appear at the hearing for the purpose of
2 supporting or opposing the creation of the subdistrict. The
3 hearing shall be conducted in accordance with the procedures
4 established by the board.

5 Sec. 11021.0505. BOARD ORDER. (a) After the public
6 hearing, the board shall enter an order in the official records of
7 the district making its findings.

8 (b) If the board considers the creation of a subdistrict to
9 be feasible and practical and finds that the creation of the
10 proposed subdistrict will be beneficial to the public, will benefit
11 the residents of and the land included in the proposed subdistrict,
12 and will contribute to the orderly growth and development of the
13 regional water and wastewater systems within the district, the
14 board shall enter an order granting the petition and ordering the
15 creation of the subdistrict under Section 11021.0506.

16 (c) The board shall include its findings in the order and
17 shall file the order in the official records of the district.

18 (d) The order shall define the boundaries of the
19 subdistrict, but the board is not required to include in the
20 subdistrict all of the land described in the petition if the board
21 in its judgment determines that a modification or change in the
22 subdistrict is necessary or beneficial to the public.

23 (e) If the board finds the subdistrict not to be feasible,
24 practical, or beneficial, the board shall enter an order dismissing
25 the petition and the proposed subdistrict may not be created. The
26 dismissal order does not affect the ability to petition for the
27 creation of a subdistrict covering the same territory at a later

1 time.

2 Sec. 11021.0506. CONFIRMATION ELECTION REQUIREMENT. If the
3 board orders the creation of a subdistrict, the subdistrict shall
4 be created and in existence from and after the date stated in the
5 order of the district, without the necessity of a confirmation
6 election in the boundaries of the subdistrict. The subdistrict
7 does not have the authority to levy or collect ad valorem taxes.

8 Sec. 11021.0507. STATUS OF SUBDISTRICTS. (a) A
9 subdistrict is a conservation and reclamation district under
10 Section 59, Article XVI, Texas Constitution, with the powers
11 granted in that section.

12 (b) Except as otherwise provided by this chapter, a
13 subdistrict has the powers specified in this chapter and the same
14 powers as the district, including the power of eminent domain, and
15 is subject to the same limitations.

16 (c) A subdistrict may not provide services outside its
17 boundaries, except that it may provide retail water and sewer
18 services in its customer service area as certificated by a state
19 regulatory agency.

20 Sec. 11021.0508. SUBDISTRICT GOVERNING BOARD. (a) A
21 subdistrict is governed by a board of supervisors consisting of at
22 least five members, as determined by the district's board at the
23 time the creation petition is granted.

24 (b) The initial board of supervisors shall be appointed by
25 the district from among the residents of the subdistrict.

26 (c) The district shall make the appointments for terms
27 specified in the order creating the subdistrict but not to exceed

1 four years.

2 (d) The initial supervisors are subject to removal, with or
3 without cause, by action of the district's board.

4 (e) Vacancies on the board of supervisors shall be filled by
5 the district's board for the unexpired term.

6 (f) Except for the initial supervisors and before the
7 issuance of bonds, notes, or other obligations of the subdistrict,
8 members of the board of supervisors shall be elected in the manner
9 provided by Chapter 49, Water Code. The election shall be held on
10 the first Saturday in May. At the initial election of supervisors,
11 the supervisors' positions shall be divided by the district's board
12 into two groups as nearly equal as possible for the purpose of
13 electing initial supervisors for two-year terms and four-year
14 terms. Successor supervisors serve four-year terms.

15 Sec. 11021.0509. GENERAL POWERS OF SUBDISTRICTS. (a) A
16 subdistrict may exercise the powers provided by this chapter and
17 shall own and manage the affairs, works, and projects of the
18 subdistrict subject to any contracts with the district.

19 (b) The issuance of bonds by the subdistrict is not
20 effective until the issuance is approved by official action of the
21 district's board.

22 Sec. 11021.0510. SUPERVISORS' COMPENSATION. The members of
23 the board of supervisors are not entitled to receive compensation
24 for serving as supervisors but may be reimbursed for actual
25 reasonable expenses necessarily incurred on behalf of the
26 subdistrict or in the discharge of their official duties.

27 Sec. 11021.0511. STATUS OF SUBDISTRICT. A subdistrict may

1 only become a participant of the district.

2 Sec. 11021.0512. CONVERSION OF WATER SUPPLY CORPORATION TO
3 A SUBDISTRICT. (a) On the adoption of a conversion resolution by
4 the board of directors of any nonprofit water supply corporation
5 doing business wholly or partly in the boundaries of the district,
6 the board may consider the question of converting the nonprofit
7 water supply corporation to a subdistrict by following the
8 procedures provided by this subchapter for creation of
9 subdistricts.

10 (b) The resolution required by Subsection (a) shall
11 include, in addition to the information required by Section
12 11021.0502, a plan of conversion, including the proposed method for
13 the transfer of assets and the assumption of debts to the
14 subdistrict.

15 Sec. 11021.0513. MEETINGS OF BOARD OF SUPERVISORS. The
16 board of supervisors of a subdistrict shall hold regular, special,
17 or emergency meetings at the times and on the dates the board
18 determines.

19 Sec. 11021.0514. SUBDISTRICT OFFICE; MEETING PLACE. The
20 board of supervisors of each subdistrict shall designate a meeting
21 place in the subdistrict as the regular office and meeting place,
22 but the regular meeting place may be at the regular meeting place of
23 the district if approved by order of the district.

24 Sec. 11021.0515. TAX EXEMPTION. (a) All property owned,
25 operated, leased, or controlled by the district or a subdistrict is
26 exempt from taxation.

27 (b) District or subdistrict bonds, transactions relating to

1 the bonds, and profits made in the sale of the bonds are exempt from
2 state taxation or taxation by a municipality, county, special
3 district, or other political subdivision of the state.

4 SECTION 2. (a) The legal notice of the intention to
5 introduce this Act, setting forth the general substance of this
6 Act, has been published as provided by law, and the notice and a
7 copy of this Act have been furnished to all persons, agencies,
8 officials, or entities to which they are required to be furnished
9 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
10 Government Code.

11 (b) The governor, one of the required recipients, has
12 submitted the notice and Act to the Texas Commission on
13 Environmental Quality.

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

18 (d) All requirements of the constitution and laws of this
19 state and the rules and procedures of the legislature with respect
20 to the notice, introduction, and passage of this Act are fulfilled
21 and accomplished.

22 SECTION 3. Each entity that enters into a contract with the
23 Wise Regional Water District before the second anniversary of the
24 effective date of this Act and qualifies to be a participant or
25 contract member shall appoint one member to the board of directors
26 of the Wise Regional Water District before the second anniversary
27 of the effective date of this Act.

1 SECTION 4. (a) Sections 11021.0303 and 11021.0507(b),
2 Special District Local Laws Code, as added by Section 1 of this Act,
3 take effect only if this Act receives a two-thirds vote of all the
4 members elected to each house.

5 (b) If this Act does not receive a two-thirds vote of all the
6 members elected to each house, Subchapter C, Chapter 11021, Special
7 District Local Laws Code, as added by Section 1 of this Act, is
8 amended by adding Section 11021.0303 to read as follows:

9 Sec. 11021.0303. ACQUISITION OF PROPERTY; NO POWER OF
10 EMINENT DOMAIN. (a) The district may acquire by purchase any land,
11 easements, rights-of-way, or other property or improvements inside
12 or outside the boundaries of the district, including land above the
13 probable high water line around any reservoirs in which the
14 district has an ownership or operational interest, that are needed
15 or are appropriate to carry out the powers and functions of the
16 district.

17 (b) The district may not exercise the power of eminent
18 domain.

19 (c) If this Act does not receive a two-thirds vote of all the
20 members elected to each house, Section 11021.0507, Special District
21 Local Laws Code, as added by Section 1 of this Act, is amended by
22 adding Subsection (b) to read as follows:

23 (b) Except as otherwise provided by this chapter, a
24 subdistrict has the powers specified in this chapter and the same
25 powers as the district and is subject to the same limitations. The
26 subdistrict may not exercise the power of eminent domain.

27 (d) This section is not intended to be an expression of a

1 legislative interpretation of the requirements of Section 17(c),
2 Article I, Texas Constitution.

3 SECTION 5. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2025.