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

relating to the creation of the Galveston Bay Area Authority under Section 59, Article XVI, Constitution of the State of Texas, and the control of water pollution in the Galveston Bay area; prescribing the powers, duties, functions, financial operations, and procedures of the authority; prescribing penalties; and declaring an emergency.

Section 1. The following is enacted and may be cited as the Galveston Bay Area Authority Act:

SUBCHAPTER 1. GENERAL PROVISIONS

Sec. 1.01. PURPOSE. The purpose of this Act is to implement the provisions of Section 59, Article XVI, Constitution of the State of Texas, by providing a system of control and abatement of water pollution as that term is defined in this Act.

Sec. 1.02. PUBLIC POLICY. It is declared to be the policy of the state to maintain the quality of the waters in the state consistent with the public health and public enjoyment thereof, the propagation and protection of fish and wildlife (including birds, mammals, and other terrestrial and aquatic life), the operation of existing industries, and the economic development of the state, and to that end to require the use of all reasonable methods to implement this policy.

Sec. 1.03. LEGISLATIVE INTENT. It is the intent of the Legislature to exhaust its legislative power from all sources in the Constitution of the State of Texas to provide an authority which is able to cope with water pollution on a regional basis.

Sec. 1.04. DEFINITIONS. (a) In this Act, unless the context requires a different definition,

(1) "authority" means the Galveston Bay Area Authority created by this Act;

(2) "board" means the board of directors of the authority;

(3) "director" means a member of the board;

(4) "district" means the territory included in the authority;

(5) "person" means an individual, an association of individuals, a partnership, a corporation, or any other legal entity;

(6) "quality board" means the State Water Pollution Control Board created by Chapter 42, Acts of the 57th Legislature, 1st Called Session, 1961 (Article 7621d, Vernon's Texas Civil Statutes), or its successor;

(7) "rule" includes regulation;
(8) "solid waste" means garbage, refuse, and other discarded materials, including solid-waste materials resulting from community activities, but does not include solids or dissolved material in domestic sewage or other significant pollutants in industrial waste water effluents, dissolved materials in irrigation return flows, or other common water pollutants; and

(9) "water pollution" means "pollution," as that term is defined in the Act (as now or later amended) creating the quality board or its successor.

(b) The following terms have the definitions given to them in the Act (as now or later amended) creating the quality board or its successor: waters; waste; sewage; municipal waste; recreational waste; agricultural waste; industrial waste; other wastes; sewer system; treatment facilities; disposal system; and local government.

SUBCHAPTER 2. ADMINISTRATIVE PROVISIONS

Sec. 2.01. AUTHORITY. There is hereby created the Galveston Bay Area Authority which is a conservation and reclamation district.

Sec. 2.02. DESCRIPTION. The authority's initial territory consists of the area inside the boundaries of Brazoria, Chambers, Galveston, Harris, and Liberty counties. All of the area initially included in the district and all of the area which may be included under Section 2.19 of this Act will be benefited by the exercise of the powers conferred by this Act.

Sec. 2.03. BOARD. The authority's powers, rights, duties, and functions are exercised by a board of directors.

Sec. 2.04. COMPOSITION OF BOARD. (a) The initial board consists of 15 directors.

(b) The commissioners courts of Brazoria, Chambers, and Liberty counties shall each appoint one director to the board.

(c) The City Council of Houston and the City Council of Galveston shall each appoint one director to the board.

(d) The voters of each county in the district who are qualified under Section 2, Article VI, Constitution of the State of Texas, shall elect a director to place one and place two in each county.

Sec. 2.05. QUALIFICATION OF DIRECTORS. To be qualified to be appointed or elected a director, a person must be a qualified property taxing elector of the county from which he is appointed or elected.

Sec. 2.06. ELECTION AND APPOINTMENT OF BOARD. (a) The commissioners court of each county in the district shall order an election to elect the county's first directors on the first Tuesday after the first Monday in November 1967. A director who is elected to place one holds office for one year and then until a successor is elected and has qualified. A director who is elected to place two holds office for two years and then until a successor is elected and has qualified.

(b) The commissioners court of each county in the district shall order an election on the first Tuesday after the first Monday in November of each year after 1967 for the purpose of electing one director to the board. A director who is elected after November 1967 holds office for two years and then until a successor is elected and has qualified.
(c) The commissioners courts shall conduct elections ordered under Subsections (a) and (b) of this section under the general laws of the state relating to elections.

(d) Directors elected to the board under Subsections (a) and (b) of this section take office on January 2 of the year following their election.

(e) Each governing body enumerated in Sections 2.04(b) and (c) of this Act shall appoint a director to take office on January 2, 1968.

(f) Three of the five directors appointed under Sections 2.04(b) and (c) of this Act hold office for two years and two of the five directors hold office for one year. When the directors have been appointed, they shall draw lots to determine which have one- and which have two-year terms of office.

(g) The governing body that has appointed a director under Section 2.04(b) or (c) of this Act who drew a one-year term of office under Subsection (f) of this section shall appoint a director to take office on January 2, 1969. A director appointed to take office on January 2, 1969, and each odd-numbered year thereafter, holds office for two years and then until a successor is appointed and has qualified.

(h) The governing body that has appointed a director under Section 2.04(b) or (c) of this Act who drew a two-year term of office under Subsection (f) of this section shall appoint a director to take office on January 2 of each even-numbered year after 1968. A director appointed under this subsection holds office for two years and then until a successor has been appointed and has qualified.

(i) The governing body that appointed a director shall fill a vacancy occasioned by his death, resignation, or removal from office by appointing a qualified person to fill the unexpired term.

(j) The remaining directors shall fill a vacancy occasioned by the death or resignation of an elected director by appointing a qualified person from the same county to fill the unexpired term.

Sec. 2.07. REMOVAL OF APPOINTED DIRECTORS. (a) By majority vote, the governing body that appointed a director may remove a director that it has appointed for inefficiency, neglect of duty, or misconduct in office.

(b) Before the governing body that appointed a director may remove him, it must give the director (1) at least 10 days' written notice of the charges against him; and (2) an opportunity to be heard, in person or by counsel, at a public hearing.

Sec. 2.08. MEETINGS. (a) Two-thirds of the directors constitute a quorum at a meeting of the board. (b) Except as otherwise provided in this Act, a majority of the directors present at a meeting at which a quorum is present may act for the authority. (c) The board shall meet at least once each month, and may meet at any other time at the call of the chairman. (d) The board shall hold its first meeting before January 16, 1968.
Sec. 2.09. ORGANIZATION OF BOARD. (a) The board shall elect from its members a chairman, vice chairman, and the other officers that it considers necessary. A person who is elected to a board office shall serve for two years in that capacity, or until his term as a director expires, whichever occurs first.

(b) At its January meeting in each year, the board shall elect officers for the board offices which are vacant by reason of the expiration of a board officer's term as an officer or by reason of the expiration of a board officer's term as a director.

(c) If a vacancy occurs in a board office, the directors at the next monthly meeting shall elect a person to serve until the next January meeting of the board.

(d) The board shall adopt bylaws prescribing the powers, duties, and removal from board office of officers that it elects.

Sec. 2.10. QUALIFICATION BY DIRECTORS. To qualify for office, each director must

(1) take the oath of office prescribed by Article 16, Revised Statutes of Texas, 1925;

(2) execute a bond in the amount of $10,000 with a corporate surety authorized to do business in this state conditioned on the faithful performance of his duties; and

(3) file a copy of his bond with the secretary of state, and file copies of his bond with the commissioners court of the county from which he is elected.

Sec. 2.11. INTEREST IN CONTRACT. No director, officer, agent, or employee of the authority may be financially interested in a contract executed by the authority for the purchase of property or the construction of facilities.

Sec. 2.12. DIRECTOR'S COMPENSATION. (a) A director is entitled to receive an allowance of $25 a day and reimbursement for actual and necessary expenses incurred

(1) for each day he spends attending meetings of the board; and

(2) for each day he spends attending to the business of the authority which is authorized by a resolution of the board.

(b) A director is not entitled to receive a per diem allowance for more than 120 days in any one calendar year.

Sec. 2.13. GENERAL MANAGER. (a) The board shall employ a general manager.

(b) The general manager is the chief administrative officer of the authority. He is responsible for

(1) administering the directives of the board;

(2) keeping the authority's records, including minutes of the board's meetings;

(3) coordinating with state, federal, and local agencies;

(4) developing plans and programs for the board's approval;

(5) hiring, supervising, and training the authority's employees;

(6) retaining professional, technical, scientific, legal, and fiscal services; and

(7) performing any other duties assigned to him by the board.

Sec. 2.14. DIRECTOR'S AND EMPLOYEE'S BONDS. (a) The general manager and each employee of the authority charged with the collection, custody, or payment of any money of the authority shall execute a fidelity bond. The board shall approve the form, amount, and surety of the bond.
(b) The authority shall pay the premiums on both the
employee's and director's bonds. The expense of the bond premiums
is an operating expense.

Sec. 2.15. PRINCIPAL OFFICE. The authority shall maintain
its principal office inside the district.

Sec. 2.16. RECORDS. (a) The authority shall keep complete
and accurate accounts of its business transactions in accordance
with approved methods of accounting.
(b) The authority shall keep complete and accurate minutes of
its meetings.
(c) The authority shall keep its accounts, contracts, docu-
ments, minutes, and other records at its principal office.
(d) The authority may not disclose any records that it has
relating to trade secrets or economics of operation industries.
(e) Except as provided in Subsection (d) of this section, the
authority shall permit public inspection of its records during
regular business hours.

Sec. 2.17. SEAL. The authority shall adopt a seal, the form
of which it may alter from time to time.

Sec. 2.18. SUIT. The authority may sue and be sued in its
corporate name.

Sec. 2.19. ADDITIONAL COUNTIES. (a) No entity other than
a whole county may be included in the district.
(b) Only a county which is adjacent to a county already in
the authority be included in the district.
(c) On receipt of a petition from the commissioners court
of an adjacent county requesting that the county be included in
the district, the authority shall hold an election in that county
in the same manner that it holds a tax election under Section 5.02
of this Act.
(d) If a majority of the qualified property taxing
electors voting at the election vote in favor of being included in
the authority, the authority shall issue an order declaring that
the county is included within the district.
(e) The added county shall bear its pro rata part of the
indebtedness owed or contracted, and the taxes authorized, by
the authority.
(f) When the authority has issued an order declaring that the
county is added to the territory of the district, the commissioners
court of the county shall appoint three directors for the board
to hold office until the next election to elect directors is
required under Section 2.06 of this Act. At that time, the commis-
sioners court shall hold an election for two directors and appoint
one director under Sections 2.04(b), 2.04(d), and 2.06 of this Act.
A director elected to place one holds office for one year and then
until a successor is elected and has qualified. A director elected
to place two holds office for two years and then until a successor
is elected and has qualified.
(g) If the first added county is added so that its first
appointed director will take office on January 2 of an odd-numbered
year, that director holds office for two years and then until
a successor is appointed and has qualified. If the first added
county is added so that its first appointed director will take
office on January 2 of an even-numbered year, that director holds
office for one year and then until a successor is appointed and
has qualified. After the first appointment, a director appointed
by the first added county holds office for two years and then until
his successor is appointed and has qualified.

(h) After the addition of the first county, the board shall
notify each county that elects to be included in the authority
whether it may appoint its first director for a one- or a two-
year term of office. The board shall perform this duty in such a
way that the expiration of two-year appointive terms of office
is divided as evenly as possible between even- and odd-numbered
years.

SUBCHAPTER 3. POWERS AND DUTIES

Sec. 3.01. GENERAL DUTIES. (a) The authority shall use its
facilities and powers to accomplish the purpose of Section 59,
Article XVI, Constitution of the State of Texas.

(b) The authority shall conduct studies and research and
develop a master plan for the control of water pollution in the
district.

(c) The authority shall administer and enforce the terms of
this Act.

Sec. 3.02. GENERAL POWERS. (a) Unless expressly limited
by this Act, the authority has all the powers, rights, and
privileges conferred on a district created under Section 59,
Article XVI, Constitution of the State of Texas.

(b) Subject only to the criteria and standards approved by
the quality board, the authority may control water pollution
within the district. The authority may adopt and enforce any
rule concerning water pollution not inconsistent with the criteria
and standards set by the quality board.

Sec. 3.03. MASTER PLAN. (a) The authority shall prepare a
master plan for the maximum abatement and prevention of water
pollution in the district.

(b) The master plan shall be filed with the quality board, for
its review and approval in its development and administration of a
general comprehensive plan for abatement and prevention of water
pollution in the state. Should the quality board, in the exercise
of its general responsibilities, disapprove of the plan in any
respect, it shall so notify the authority in writing within 60 days
of filing, or its approval shall be assumed. Any valid objections
to the plan by the quality board will be met to the satisfaction of
such board, which shall thereupon promptly evidence its approval in
writing.

(c) The master plan so approved shall then be filed with the
county clerk of every county in the district, for the convenience
of those persons wishing to examine it or obtain copies thereof.

(d) The master plan may be amended or supplemented from time
to time by the authority, provided that a copy of such amendment or
supplement to the master plan shall be filed and approved in
accordance with Subsection (b) of this section.

(e) The first master plan, as amended or supplemented, shall
be effective for a period of 10 years. Upon the expiration of each
10-year period, the authority shall revise its master plan and a
copy of said revised master plan shall be filed in accordance with
Subsection (b) of this section.
Prior to the first adoption of the master plan, or of any amendment or supplement thereto or revision thereof effecting any substantial change, the authority shall give notice to the public that it proposes to adopt such master plan, or any such amendment or supplement thereto or revision thereof effecting any substantial change, by causing a notice describing its general nature to be published once each week for three consecutive weeks in a newspaper of general circulation in each county in the authority. In addition to such publication, a copy of such notice shall be transmitted by the general manager of the authority, by registered or certified mail, to the county judge of each county within the district, to the mayor of each incorporated municipality within the district, and to the manager or presiding director of every water district within the district which has registered with the Texas Water Rights Commission under Chapter 62, Acts of the 54th Legislature, Regular Session, 1955, as amended (Article 8280-7, Vernon's Texas Civil Statutes), such notice to be mailed not less than 20 days before the regular meeting at which the master plan, or any amendment or supplement thereto or revision thereof, is to be considered for the first time. Failure in delivery of mailed notice shall be no grounds for invalidity of action taken.

Such master plan, or any amendment or supplement thereto or revision thereof, may be considered and approved at the regular meeting of the board next following the last date of publication, or, without further notice, at any regular meeting thereafter. However, any change, amendment, or supplement in or to a duly approved and filed master plan which is made effective by law or by original action of the quality board shall not be subject to the notice requirements of Subsection (f) of this section.

The affirmative vote of at least a majority of all the directors shall be required for the approval of said master plan, or any amendment or supplement thereto or revision thereof.

After the master plan has been filed with and approved by the quality board and filed with the county clerks, a true copy of the plan of any water pollution proposal, or of any request for permit or authority submitted to the quality board, to be operative within the district, not now or hereafter exempted by law from the requirement for procuring a permit, shall be submitted to the authority at its principal office by the party making the proposal or request. In case the proposed plan or request is one by law requiring action by the quality board, the authority shall have the right to present its views and recommendations to the quality board and receive notice of any hearings conducted by it in the matter. Should the proposed plan or request be one not requiring by law action by the quality board, then the authority shall hold a hearing at which the proponents of the proposed plan or request shall have an opportunity to present their evidence and recommendations.

The authority shall approve or disapprove such proposal, requiring only its action, notwithstanding any provision of the authority's master plan, and final approval or disapproval shall issue from the authority within 90 days after receipt of a copy of such proposal or request.
(k) If approved, such proposal or request shall be incorpo-
rated into the master plan, with the incorporating amendments filed
and approved in accordance with Subsection (b) of this section.
Sec. 3.04. STANDARDS, CRITERIA, PLANS, AND METHODS. (a) The
authority shall prescribe by rule
(1) standards and criteria for the waters in the district;
(2) plans and methods for the correction of problems caused
by water pollution in the district; and
(3) plans and methods for the use and reuse of waters in the
district.
(b) After the authority has prescribed standards, criteria,
plans, and methods under Subsection (a) of this section, it shall
forward a copy of each rule prescribing them to each state agency
having statewide jurisdiction over the matter encompassed by the
rule.
(c) A state agency receiving a copy of a rule under this
section shall consider the rule giving maximum weight to the rule
as proposed by the authority.
(d) If the state agency, in the exercise of its general
responsibilities, objects to the rule in any respect, it shall so
notify the authority in writing within 30 days after receiving the
rule copy. If the state agency has not so notified the authority
within the 30 days, the authority may assume that the state agency
approves the rule.
(e) The authority shall amend its rule in light of a state
agency's timely and valid objection. When the authority has amended
a rule in light of a state agency's objection, the agency shall
promptly evidence its approval of the amended rule in writing.
(f) A rule prescribed under this section is operative when
(1) on the 30th day after the day on which the authority
mailed a copy of the rule to each appropriate state agency; or
(2) on the day each appropriate state agency approves the
rule.
Sec. 3.05. INSPECTIONS AND INVESTIGATIONS. (a) Under the
same provisions and restrictions applicable to the quality board
or its successor, the authority may enter public or private
property for the purpose of inspecting and investigating conditions
relating to water quality in the district.
(b) The authority shall transmit the results of its inspec-
tions and investigations to the quality board.
Sec. 3.06. DISPOSAL OF WASTE FROM BOATS. The authority may
enforce within the district the rules of the Texas State Depart-
ment of Health, and may make and enforce its own rules, concerning
the disposal of waste from watercraft.
Sec. 3.07. ENFORCEMENT OF STATE WATER STANDARDS. Upon formal
resolution of the board, the authority may sue to impose the
penalties and obtain the injunctive relief prescribed for water
pollution in the Act creating the quality board. However, the
quality board is a necessary party to the authority's suit.
Sec. 3.08. SOLID WASTE DISPOSAL STANDARDS. (a) The authority
by rule shall set solid waste disposal standards for the district
and may amend the standards. Before the authority may set or amend
a standard, it must
Sec. 3.09. SEPTIC TANKS. (a) If it finds that because of 
the nature of the soil or drainage in the area it is necessary to 
prevent water pollution that may directly or indirectly injure the 
public health, the authority by rule may 
(1) provide limits on the number and kind of septic tanks in 
any area defined in the rule; and 
(2) forbid the use of septic tanks in the area; 
(3) forbid the installation of new septic tanks in the area. 
(b) The board shall consult with the Commissioner of Health 
and the quality board prior to the adoption of a rule under Subsec­ 
tion (a) of this section. 
(c) The board may provide in the order for a gradual and 
systematic reduction of the number or kind of septic tanks in the 
area and may by rule provide for a system of licensing and issuing 
permits for the installation of new septic tanks in the area 
affected, in which event no person may install septic tanks in the 
area without a license or permit from the board. 
(d) A person who knowingly violates a rule issued under 
Subsection (a) of this section is subject to the civil penalties 
provided in Section 3.21 of this Act. 
(e) The board may not issue a rule under Subsection (a) of 
this section 
(1) without first holding a public hearing in the area to be 
affected by the rule; and 
(2) of which the quality board does not approve. 
Sec. 3.10. ACQUISITION, CONSTRUCTION, AND OPERATION OF 
DISPOSAL SYSTEMS. (a) The authority 
(1) may acquire by purchase, condemnation, gift, or lease 
any disposal systems; 
(2) may construct disposal systems; and 
(3) may operate and sell any disposal systems that it 
constructs or acquires. 
(b) Before the authority may discharge effluent, it must 
obtain the necessary permits from the quality board. 
Sec. 3.11. EFFLUENT TREATMENT CONTRACTS. (a) The authority 
may contract to receive and treat or dispose of effluents dis­ 
charged by any person or local government in the district. 
(b) The authority shall prescribe by rule a schedule of fees 
that it will charge for receiving and treating or disposing of 
effluents. 
(c) The authority shall set fees on the bases of 
(1) the quality of the effluent; 
(2) the quantity of the effluent; and 
(3) the difficulty encountered in treating or disposing of 
ethe effluent.
Sec. 3.12. GROUNDWATER. The authority shall investigate all water quality matters concerning the groundwater in the district and shall report all findings as to water quality to the quality board together with its recommended solutions to any problems that its investigations uncover.

Sec. 3.13. SALE OF WATER AND BY-PRODUCTS. (a) The authority may store and sell the use of water that it collects under Section 3.11 of this Act, and may contract to furnish water of a specified quality.

(b) The authority may sell any by-product removed from the water as a result of the operation of its disposal systems.

Sec. 3.14. PERMIT FROM WATER RIGHTS COMMISSION. (a) The authority may apply for water appropriation permits from the Texas Water Rights Commission for the purpose of protecting the fish and aquatic life in the bays and estuaries within the district.

(b) The authority may apply for water storage or use permits from the Texas Water Rights Commission to store and sell the use of water under the provisions of Section 3.13(a) of this Act.

Sec. 3.15. EMINENT DOMAIN. The authority may acquire property through the exercise of the power of eminent domain under the provisions of Title 52, Revised Civil Statutes of Texas, 1925, as now or later amended.

Sec. 3.16. ACQUISITION OF PROPERTY GENERALLY. The authority may purchase, lease, acquire by gift, maintain, use, and operate property or an interest in property necessary or convenient to the exercise of its powers, rights, duties, and functions.

Sec. 3.17. CONSTRUCTION GENERALLY. (a) The authority may construct, extend, improve, maintain, reconstruct, use, and operate any facilities necessary or convenient to the exercise of its powers, rights, duties, and functions.

(b) Concerning any construction, maintenance, operation or repair contract, contract for the purchase of material, equipment, or supplies, or any contract for services other than professional services, the authority shall award the contract to the lowest and best bidder after publication of a notice to bidders once each week for three consecutive weeks before awarding the contract if the contract will require an estimated expenditure of more than $2,000 or if the contract is for a term of six months or more.

(c) The notice is sufficient if it states the time and place when and where the bids will be opened, the general nature of the work to be done, or the material, equipment, or supplies to be purchased, or the non-professional services to be rendered, and states where and the terms upon which copies of the plans, specifications, or other pertinent information may be obtained.

(d) Publication of the notice shall be in a newspaper having general circulation in the county or counties in which the contract is to be performed. In addition to publishing notice in a newspaper having general circulation, the notice may also be published in any other appropriate publication.

(e) Bids shall be opened at the place specified in the published notice and shall be announced by the general manager or other officer designated by the board. The place where the bids are opened and announced shall always be open to the public. According to the amount of the lowest and best bid, the authority may thereafter execute the contract through its board.
(f) Subsections (b) through (e) of this section do not prohibit the authority from purchasing surplus property from the United States by negotiated contract and without the necessity of advertising for bids.

Sec. 3.18. CONTRACTS GENERALLY. The authority may make contracts and execute instruments that are necessary or convenient to the exercise of its powers, rights, duties, and functions.

Sec. 3.19. COOPERATIVE AGREEMENTS. The authority may enter into cooperative agreements with other local governments, state agencies, or federal agencies

(1) to perform water quality management, inspection, and enforcement functions and give technical aid and education services to any entity that is a party to the agreement; and

(2) to transfer money or property to any entity that is a party to the cooperative agreement for the purpose of water quality management, inspection, enforcement, and technical aid and education.

Sec. 3.20. AUTHORITY RULES. (a) The authority shall adopt and enforce rules reasonably required to effectuate the provisions of this Act, including rules governing procedure and practice before the board.

(b) In adopting rules, the board shall comply, as appropriate, with the requirements of Chapter 274, Acts of the 57th Legislature, Regular Session, 1961, as amended (Article 6252-13, Vernon's Texas Civil Statutes).

(c) The board shall print its rules and furnish copies to any person on his written request.

Sec. 3.21. PENALTIES. (a) A person who violates a rule, permit, or order of the authority is subject to a civil penalty of not less than $50 nor more than $1,000 for each day of violation. The authority may sue to recover the penalty in a district court whose jurisdiction includes the county where the violation occurred.

(b) The authority may sue for injunctive relief in a district court whose jurisdiction includes the county where a violation of its rule, permit, or order occurred or is threatened.

(c) The authority may sue for injunctive relief and penalties in the same proceeding.

Sec. 3.22. COURT REVIEW. (a) A person who is adversely affected by a rule, act, or order of the authority may sue the authority in a district court to set aside the rule, act, or order before the 31st day after the day on which the rule, act, or order took effect.

(b) Venue for suits under Subsection (a) of this section is in the county where the authority has its principal office.

(c) The district court shall review the rule, act, or order in question under the substantial evidence rule as that rule is used and understood in the courts of this state.

SUBCHAPTER 4. GENERAL FISCAL PROVISIONS

Sec. 4.01. DISBURSEMENT OF FUNDS. The authority's money is disbursable only by check, draft, order, or other instrument, signed by the person or persons authorized to do so in the board's bylaws.

Sec. 4.02. FEES AND CHARGES. The authority shall establish reasonable and discriminatory fees and charges not higher than necessary to fulfill the obligations imposed on it by this Act.
Sec. 4.03. LOANS AND GRANTS. (a) The authority may borrow
money for its corporate purposes.
(b) The authority may borrow money and accept grants from
private sources, the United States of America, the state, and local
governments. The authority may enter into any agreement in connec-
tion with the loan or grant which is not in conflict with the
Constitution and laws of this state.
Sec. 4.04. LIMITATIONS ON INDEBTEDNESS. The authority may
not issue bonds, notes, or other evidences of indebtedness of the
authority except as specifically provided in this Act.
Sec. 4.05. EXCESS REVENUE. With any revenue in excess of
what is required to fulfill its obligations, the authority may
(1) establish a reasonable depreciation and emergency fund;
(2) retire, by purchase and cancellation or redemption,
bonds issued under this Act; or
(3) apply the money to any corporate purpose.
Sec. 4.06. FISCAL YEAR AND AUDIT BY STATE AUDITOR. (a) The
authority's fiscal year begins July 1 and ends June 30.
(b) The state auditor shall audit annually the authority's
books and accounts in a manner enabling him to report to the Legis-
lature the manner and purpose of the expenditure of the authority's
money during each fiscal year.
Sec. 4.07. STATE AUDITOR'S REPORT. (a) The state auditor
shall make a report of his audit before January 1 of each year.
(b) The state auditor shall file a copy of the report with
the governor, the attorney general, the lieutenant governor, the
speaker of the House of Representatives, the quality board, the
commissioners court of each county in the district, and each
senator and representative who represents part or all of any county
in the district.
Sec. 4.08. COST OF STATE AUDITOR'S AUDIT. (a) After com-
pleting the report required by Section 4.07 of this Act, the state
auditor shall prepare a detailed statement showing the actual cost
of the audit and certify the statement to the authority for payment.
(b) Upon receipt of the statement, the authority shall pay
the state treasurer the cost of the audit.
(c) The state treasurer shall credit the payment to the
general revenue fund.
Sec. 4.09. INDEPENDENT AUDIT. (a) The authority may con-
tract for independent audits.
(b) The authority shall file copies of any independent audit
made with the persons and agencies who receive the state auditor's
report under Section 4.07(b) of this Act.
Sec. 4.10. DEPOSITIVE BANKS. (a) The authority shall select
one or more depository banks by soliciting bids from banks located
within the district.
(b) The authority shall select for its depository or deposit-
aries the bank or banks submitting bids most favorable to the
authority.
(c) No bank in which a director is financially interested
may be selected as a depository.
SUBCHAPTER 5. BOND AND TAX PROVISIONS

Sec. 5.01. TAX. (a) The authority may fix an assessment rate and levy and collect throughout the district such ad valorem taxes as are voted at an election or elections called by the authority for that purpose and conducted in each county in the district.

(b) The maximum rate of tax which may be levied and collected for any year is 15 cents on each $100 of taxable property based on its assessed valuation.

Sec. 5.02. TAX ELECTION. (a) Before the authority may exercise its taxing power, it must hold an election.

(b) At the election the authority shall submit to the voters the tax rate that, if approved by a majority of the voters, will be levied and collected. The tax rate submitted to the voters may not exceed the maximum rate provided in Section 5.01(b) of this Act.

(c) The authority may call the election by order setting the date for the election. The election must be held during the period beginning 20 days before and ending 30 days after the day the board issues the order.

(d) The authority shall call a public hearing in each county in the district to discuss the proposed tax election. The hearing must be held not less than 10 days nor more than 25 days before the day the authority has set for the election in its order. The authority shall publish notice of the hearing and of the date set for the tax election in at least one newspaper of general circulation in each county in the district at least 10 days before it holds a hearing in that county.

(e) Only qualified property taxpaying electors may vote in the election. Each elector must vote in the county of his residence.

(f) The authority shall give notice of the election, stating the maximum tax rate to be levied. The authority shall post a copy of the notice in four public places in each county in the district, including a copy at the courthouse door of each county, and shall publish notice at least once in at least one newspaper of general circulation in each county. The authority shall have the notice posted and published during the 20-day period immediately preceding the day of the election.

(g) The notice must contain:

(1) the proposition to be voted on; and

(2) a short statement of how the tax money will be used.

(h) The authority shall select polling places in each county in the authority and shall appoint a presiding judge, one other judge, and two clerks for each polling place. The authority shall provide the necessary ballots for the election and shall have printed on them the proposition to be submitted.

(i) Immediately after the election, the presiding judge of each polling place shall make the returns in the same manner as returns are made in general elections for state and county officers. The judge shall deliver the returns to the authority and the board at a regular or special meeting shall canvass the vote, declare the result, and enter it in its minutes.

Sec. 5.03. UNIFORM TAX AND ASSESSMENT RATES. The assessment rate and tax rate must be uniform throughout the district and the chairman of the board shall certify the assessment and tax rates to the tax assessor and collector of each included county.
Sec. 5.04. NOTES PAYABLE FROM TAX. After an election authorizing a tax, the authority may borrow money repayable from taxes and may evidence the debt by a negotiable note given in the name of the authority.

Sec. 5.05. RENDITION, ASSESSMENT, LEVY, AND COLLECTION OF TAXES. (a) The rendition, valuation, and assessment of property for taxation and the collection of taxes for the benefit of the authority shall be accomplished in accordance with the law applicable to counties.

(b) Taxpayers shall render their property taxable by the authority to the tax assessor and collector of the county in which the property is taxable for state and county purposes. The assessor shall assess and tax the property at the rates certified by the authority under Section 5.03 of this Act.

(c) The tax assessor and collector in each county shall place on the county tax rolls the additional column or columns needed to show the assessment and tax rates and the amount of tax levied by the authority.

(d) The fee for assessing and collecting taxes is two percent of the taxes collected. The fee may be retained by the tax assessor and collector from the taxes collected and is treated as other fees of office.

(e) All of the laws for the enforcement of payment of state and county taxes are available to the authority, and the appropriate officials of each county shall enforce payment of taxes due the authority in that county under the law providing for the collection of state and county taxes.

(f) Taxes assessed and levied by the authority are payable and become delinquent at the same time, in the same manner, and are subject to the same discount for advance payment as taxes levied by the county in which the property is taxable.

(g) The fee for collecting delinquent taxes by suit is 15 percent of the taxes collected. The fee may be retained out of the judgment and is treated as other fees of office.

Sec. 5.06. SIMULTANEOUS ELECTION. The authority may submit the tax proposition under Section 5.02 of this Act and the bond proposition under Section 5.07 to the voters at the same election.

Sec. 5.07. BONDS. (a) The authority may issue bonds payable from tax and other revenue periodically.

(b) Before the authority may issue any bonds, it must hold an election. At the election, the authority shall submit to the qualified property taxing electors a proposition stating the maximum bonded indebtedness the authority will be authorized to assume if a majority of the voters are in favor of the proposition. The authority shall hold the election in the same manner that it holds a tax election under the provisions of Section 5.02 of this Act.

Sec. 5.08. AUTHORIZATION OF BONDS. The authority must authorize, by a resolution concurred in by at least a majority of all the directors, all the bonds it issues.

Sec. 5.09. BONDS CONFORM TO RESOLUTION. (a) In the resolution authorizing issuance of bonds, the authority shall specify

(1) the date of issuance;

(2) the date of maturity;
(3) the interest, not exceeding six percent, to be paid annually or semiannually;
(4) the denominations of the bonds;
(5) the form, either coupon or registered, of the bonds;
(6) the registration privileges as they pertain to
(A) principal only;
(B) both principal and interest;
(C) exchange of coupon bonds for registered bonds;
(D) exchange of registered bonds for coupon bonds; and
(E) exchange of bonds of one denomination for bonds of other denominations;
(7) the manner in which the bonds are executed; and
(8) the place at which the bonds are payable, inside or outside the state.
(b) In issuing bonds, the authority shall conform to the specifications of the resolution.
Sec. 5.10. ADDITIONAL AGREEMENT BETWEEN AUTHORITY AND PURCHASERS. (a) In the resolution required by Section 5.08 of this Act, the authority may specify additional provisions which are part of the contract between the authority and the bondholders.
(b) In the resolution, the authority may
(1) reserve the right to redeem the bonds at the time, in an amount, and at a price, not exceeding 106 percent of the principal amount of the bonds, plus accrued interest, specified in the resolution;
(2) provide for the setting aside, regulation, and disposition of a sinking fund for the bonds;
(3) secure the payment of the principal and interest on the bonds and secure the payment of the sinking fund or reserve fund payments the authority agrees to create in respect to the bonds, by pledging
(A) all or any part of the gross or net revenue received by the authority, subsequent to the resolution, from the property acquired or constructed with the proceeds of the bonds; or
(B) all or any part of the gross or net revenue received by the authority from any source;
(4) specify the purpose to which any bonds are to be applied;
(5) agree to fix and collect fees and charges sufficient to produce revenue adequate to pay the authority's debts;
(6) prescribe the use and disposition of all revenue;
(7) prescribe limitations upon the issuance of additional bonds;
(8) prescribe limitations upon the agreements which may be made with the purchasers and successive bondholders;
(9) agree with the bondholders with regard to the construction, extension, improvement, reconstruction, operation, maintenance, and repair of the authority's property;
(10) agree with the bondholders with regard to carrying insurance upon all or any part of the authority's property covering
(A) loss or damage; or
(B) loss of use and occupancy resulting from specified risks;
(11) fix
(A) the procedure by which the terms of any contract with
the bondholders may be amended or abrogated;
(B) the amount of bonds whose holders must consent to the
amendment or abrogation; and
(C) the manner in which the consent is given;
(12) provide for executing and delivering, to a bank or
trust company authorized by law to accept trusts, an indenture and
agreement for the benefit of the bondholders containing
(A) any or all of the agreements authorized by this section,
made with or for the benefit of the bondholders; and
(B) any other provisions customary in indentures or agree-
ments of the type authorized by this section;
(13) provide, instead of a trust indenture, a procedure for
appointment of a trustee by the holders of at least 25 percent of
the aggregate principal amount of authorized bonds outstanding, in
the event there are defaults by the authority; and
(14) stipulate any other provision not inconsistent with this
Act.
Sec. 5.11. EXAMINATION BY ATTORNEY GENERAL. Before the
authority may sell its bonds, it must submit a certified copy
of the proceedings which authorized the issuance of its bonds,
including a certified copy of the form of the bonds, to the attor-
ney general. The attorney general may require the authority to
submit additional information.
Sec. 5.12. ATTORNEY GENERAL'S APPROVAL. (a) If the attor-
ney general finds that the bonds are issued in accordance with law,
he shall execute a certificate stating that he approves them.
(b) The attorney general shall file the certificate in the
office of the comptroller of public accounts.
Sec. 5.13. REGISTRATION BY COMPTROLLER. (a) The comp-
troller shall register the bonds by recording the certificate
required by Section 5.12 of this Act in a record kept for that
purpose.
(b) The authority may not issue its bonds until the bonds
are registered by the comptroller.
Sec. 5.14. VALID AND BINDING OBLIGATIONS. The bonds of the
authority are valid and binding obligations on the tax and other
revenue of the authority and are incontestable for any cause if
they are
(1) approved by the attorney general as required in
Section 5.12 of this Act;
(2) registered by the comptroller in the manner prescribed
in Section 5.13 of this Act; and
(3) issued in accordance with the proceedings submitted to
and approved by the attorney general under Sections 5.11 and 5.12
of this Act.
Sec. 5.15. STATE WILL NOT IMPAIR OBLIGATIONS. The state
agrees with the purchasers and successive holders of the bonds
issued by the authority that, until the bonds, the interest, and
interest on the unpaid installments of interest, costs and expenses
in connection with any action or proceedings by or on behalf of the
bondholders, and all other obligations of the authority in connec-
tion with its bonds are fully met and discharged, the state will not
(1) limit or alter the power vested in the authority to
establish and collect fees and charges which will produce revenue
sufficient to pay the authority's debts; or
(2) impair the rights or remedies of the bondholders or
their assigns.

Sec. 5.16. REDEMPTION OF BONDS. (a) The authority may
purchase any bonds issued by it at a price not exceeding the redep-
tion price applicable at the time of the purchase, or if the bonds
are not redeemable, the authority may purchase them at a price not
exceeding the principal amount of the bonds plus accrued interest.
(b) The authority may purchase the bonds with any money
available for that purpose.

Sec. 5.17. CANCELLATION OF REDEEMED BONDS. The authority
shall cancel the bonds purchased under Section 5.16 of this Act,
and the authority shall not issue any bonds in lieu of the cancelled
bonds.

Sec. 5.18. ISSUANCE OF BONDS. The authority may issue its
bonds by
(1) selling them at a public auction for cash to whomever
the board, with the advice and approval of the attorney general,
determines is the highest and best bidder;
(2) issuing the bonds in exchange for a like principal amount
of other matured or unmatured obligations of the authority; or
(3) selling the bonds to the United States of America, or to
any agency or corporation created or designated by the United States
of America, for cash, in an amount equal to the principal amount of
the bonds.

Sec. 5.19. INTEREST ON BONDS. The interest cost of the
money received for the bonds issued under Sections 5.18(1) and (3)
of this Act, computed to maturity in accordance with standard bond
tables in general use by banks and insurance companies, may not
exceed six percent a year.

Sec. 5.20. DEPOSIT OF PROCEEDS. (a) The authority shall
deposit the proceeds of the sale of its bonds in one or more of its
depositories and shall pay out the proceeds according to the
terms and conditions agreed upon between the authority and the
purchasers of the bonds.
(b) The agreement must be consistent with the provisions of
this Act.

Sec. 5.21. USE OF PROCEEDS FROM SALE OF BONDS. The
authority shall first use the proceeds of the sale of the bonds to
(1) pay the interest on and the principal of the bonds;
(2) set aside sufficient funds for working capital, includ-
ing a reasonable sum for contingencies; and
(3) set aside funds for reserves to secure payment of prin-
cipal and interest on the bonds.

Sec. 5.22. EXCESS FUNDS FROM SALE OF BONDS. The authority
may use any money in excess of that used under Section 5.21
of this Act to perform any of the powers, duties, or functions
conferred on it by this Act.

Sec. 5.23. TRUSTEE'S POWERS. (a) In a resolution autho-
ized by Section 5.10 of this Act, or in an indenture or agreement
authorized by Section 5.10(b)(12) of this Act, the board may pro-
vide that in the event a default described in Subsection (b) of
this section occurs, the trustee under the indenture or the trustee appointed under the resolution, in his own name and for the proportionate benefit of the bondholders, may
(1) enforce the rights of the bondholders by mandamus or other suit in law or equity;
(2) bring suit on the bonds and the appurtenant coupons;
(3) require the authority to account to the bondholders in the same manner as if it were the trustee of an express trust for the bondholders, through a suit in equity;
(4) enjoin any acts unlawful or in violation of the rights of the bondholders, through a suit in equity; and
(5) after giving the authority the notice required by the resolution, declare the principal of the bonds in default due and payable.

(b) For the purposes of this section, "default" is a breach of duty, continuing for the period of time specified in the resolution, relating to
(1) the payment of interest on any or all the bonds when the interest becomes due and payable;
(2) the payment of principal of any or all of the bonds when the principal becomes due and payable for any reason; or
(3) the performance of any agreement made with the purchasers or successive bondholders.
(c) This section does not require the trustee to have possession of the bond he is suing on under Subsection (a) of this section.
(d) The trustee may use one, all, or any combination of the rights and powers granted him by Subsection (a) of this section.
(e) In addition to the powers specifically given him by this Act, the trustee has all powers necessary or appropriate for or incidental to the general representation of the bondholders in the enforcement of their rights.
(f) Nothing in this Act limits or restricts the rights or powers set out in this section in the event of default by the authority.

Sec. 5.24. RETRACTION OF DECLARATION. The trustee may annul the declaration made under Section 5.23(a)(5) of this Act if all defaults are made good and he has the written consent of the holders of 25 percent of the aggregate principal amount of the bonds outstanding.

Sec. 5.25. MAJORITY OF BONDHOLDERS MAY DIRECT. The holders of a majority of the aggregate principal amount of the bonds outstanding, by written instrument delivered to the trustee, may direct and control the action taken by the trustee under Section 5.23(a) of this Act.

Sec. 5.26. RECEIVER. (a) The authority may provide in the resolution, indenture, or agreement referred to in Section 5.10 of this Act that in a suit, action, or proceeding under Section 5.23 of this Act, the trustee is entitled, as a matter of right, to the appointment of a receiver.
(b) The receiver appointed under Subsection (a) of this section may
(1) enter and take possession of all or any part of the authority's property;
Sec. 5.30. BOND A NEGOTIABLE INSTRUMENT. A bond issued by the authority under this Act is a negotiable instrument within the meaning of the Uniform Commercial Code.

Sec. 5.31. BONDS LEGAL FOR INVESTMENT AND SECURITY. The bonds of the authority are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas. The bonds are eligible to secure the deposit of any and all public funds of the State of Texas, and any and all public funds of cities, towns, villages, counties, school districts or other political corporations or subdivisions of the State of Texas; and the bonds are lawful and sufficient security for those deposits to the extent of their value, when accompanied by all unmatured coupons appurtenant to them.

Sec. 5.32. SOLE AUTHORITY. This Act is the sole authority for the issuance of the authority's bonds and the deposit of the proceeds of the bonds.

Sec. 2. This Act takes effect September 1, 1967.

Sec. 3. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

Sec. 4. The Legislature finds that the requirements of Section 59(d), Article XVI, Constitution of the State of Texas, concerning the introduction of this Act have been met.

Sec. 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each house be suspended, and this Rule is hereby suspended.