

**COLORADO RIVER MUNICIPAL WATER DISTRICT  
ENABLING ACT (ENGROSSED)**

**Vernon's Civil Statutes - Article 8280 - 137**

1949 (H.B. 757) ch 340  
1961 (S.B. 31) 1st CS, Ch 4  
1981 (H.B. 1801) ch 621

AN ACT

creating a conservation district under Article XVI, Section 59, of the Constitution comprising the territory contained within the cities of Big Spring and Odessa, for the purpose of providing a source of water supply for municipal, domestic and industrial use and processing and transporting the same; providing for the annexation of additional territory thereto; providing for a Board of Directors for the government of said District; authorizing the District to do all things necessary to make available for municipal and industrial uses, the water from the Colorado river and its tributaries, water from underground sources, and water it may obtain by purchase, lease and operation contracts with cities, persons, firms, corporations and public agencies; authorizing the issuance of bonds and providing for the payment and security thereof; making applicable to the District Title 52 relating to eminent domain and certain General Laws relating to water control and improvement districts; prescribing the other powers of the District; enacting other provisions relating to this subject; and declaring an emergency.

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

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

Section 2. (a) The boundaries of the District shall consist of all of the territory contained within the boundaries of the cities of Big Spring, in Howard County, Odessa, in Ector County, and Snyder, in Scurry County, on January 1, 1981; provided, that no defect in the definition of the boundaries of any of those cities shall affect the validity of the District or any of its powers or duties. It is found that all territory within the boundaries of the District is and will be benefited

by the present and contemplated improvements, works, and facilities of the District.

(b) Territory annexed after January 1, 1981, to any city described in Subsection (a) of this section or to any city annexed to the District under Section 5 of this Act, may be annexed to the District in the manner provided in Subsections (c) - (f) of this section.

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

(d) The notice shall be published three times in a newspaper with general circulation in the city not less than 30 days before the date set for the hearing.

(e) If, pursuant to the hearing, the Board of Directors finds that the territory proposed to be annexed will be benefited by the present or contemplated improvements, works, or facilities of the District, the Board of Directors shall adopt a resolution annexing the territory to the District.

(f) After the territory is added to the District, the Board of Directors may call an election for the entire District as enlarged for the purpose of determining whether the entire District as enlarged will assume any tax-supported bonds of the District then outstanding and previously voted but not yet sold and whether an ad valorem tax will be levied on all taxable property within the District as enlarged for the payment of the bonds. The election shall be called and held and notice given in the same manner as elections for the issuance of tax-supported bonds under this Act.

Section 3. (a) All powers of the District shall be exercised by a Board of Directors. Except as provided herein with reference to cities of less than five thousand (5,000) population, four (4) of such directors shall be appointed by a majority vote of the governing body of each of the cities described in Section 2 of this Act and any city annexed to the District under Section 5 of this Act. The present Board of Directors is confirmed, and in May of each year the governing body of each of the cities in Section 2 of this Act shall appoint two (2) directors for the two-year term beginning on June 1 of that year. Each director shall serve for his term of office as herein provided, and thereafter until his successor shall

be appointed and qualified. No person shall be appointed a director unless he resides in and owns taxable property in the city from which he is appointed. No member of a governing body of a city, and no employee of a city shall be appointed as director. Such directors shall subscribe to the Constitutional Oath of office, and each shall give bond for the faithful performance of his duties in the amount of Five Thousand Dollars (\$5,000), the cost of which shall be paid by the District. A majority shall constitute a quorum.

(b) Each director shall receive a fee of Fifty Dollars (\$50) for attending each meeting of the Board, provided that not more than One Hundred Dollars (\$100) shall be paid to any director for meetings held in any one calendar month. Each director shall also be entitled to receive Fifty Dollars (\$50) per day devoted to the business of the District and to reimbursement for actual expenses incurred in attending to District business provided that such service and expense are expressly approved by the Board.

Section 4. The Board of Directors shall elect from its number a president and a vice-president of the District, and such other officers as in the judgment of the Board are necessary. The President shall be the chief executive officer of the District and the presiding officer of the Board, and shall have the same right to vote as any other director. The Vice-President shall perform all duties and exercise all powers conferred by this Act upon the President when the President is absent or fails or declines to act. The Board shall also appoint a Secretary and a Treasurer who may or may not be members of the Board, and it may combine those offices. The Treasurer shall give bond in such amount as may be required by the Board of Directors, but in no event less than One Hundred Thousand Dollars (\$100,000). The condition of such bond shall be that he will faithfully account for all money which shall come into his custody as Treasurer of the District. The Board shall appoint all necessary engineers, attorneys and other employees. The Board shall adopt a seal for the District.

Section 5. Other territory may be annexed to the District in the following manner:

(a) A petition praying for such annexation signed by fifty (50) or a majority of the qualified voters of the territory who own taxable property therein and who have duly rendered the same to the city or county for taxation shall be filed with the Board of Directors of the District. The petition shall describe the territory by metes and bounds or otherwise unless such territory is the same as

that contained in a city or town, in which event it shall be sufficient to state that the territory to be annexed is that which is contained within such city or town.

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

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

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

(e) All persons interested may appear at such hearing and offer evidence for or against the intended annexation. Such hearing may proceed in such order and under such rules as may be prescribed by the State Board, and the hearing may be recessed from time to time. If, at the conclusion of the hearing, the State Board finds that all of the land in such territory will be benefited by the present or contemplated improvements, works or facilities of the District, the State Board shall adopt a resolution calling election in the territory to be

annexed stating therein the date of the election, the place or places of holding the same, and appointing a presiding judge for each voting place who shall appoint the necessary assistant judges and clerks to assist in holding the election.

(f) Notice of such election, stating the date thereof, the proposition to be voted upon and the conditions under which the territory may be annexed, or making reference to the resolution of the Board of Directors for that purpose, and the place or places of holding the same, shall be published one (1) time in a newspaper designated by the State Board at least ten (10) days before the day set for the election.

(g) Only qualified electors who reside in, and who own taxable property in such territory and who have duly rendered the same to the City or County in which it is situated for taxation shall be qualified to vote in said election. Returns of said election shall be made to the State Board.

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

(i) The State Board in calling the election on the proposition for annexation of territory, may include as a part of the same proposition, a proposition for the assumption of its part of the tax supported bonds of the District then outstanding and those theretofore voted but not yet sold, and for the levy of an ad valorem tax on taxable property in said territory along with the tax in the rest of the District for the payment thereof.

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

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

Section 6. When any city, the territory of which is hereafter annexed to the District, contains more than five thousand (5,000) inhabitants according to the most recent Federal Census, the governing body of the city shall appoint two (2) directors for the term ending the following May 31 and two (2) directors for the term ending one (1) year after the following May 31, and in May of each year shall appoint two (2) directors for a two (2) year term the same as provided in this Act for cities now included in the District. If such city contains five thousand (5,000) or fewer inhabitants according to the most recent Federal Census the governing body of the city shall appoint one (1) director whose term shall expire one (1) year after the following May 31, and shall appoint a director for the term ending one (1) year after the following May 31, and in May of each year shall appoint one (1) director for a two (2) year term. When such city exceeds five thousand (5,000) population according to the Federal Census, it shall be entitled to four (4) directors to be appointed as herein provided with reference to the territory of other cities.

Section 7. The District is hereby empowered to impound the storm and flood waters and the unappropriated flow of the Colorado River and its tributaries, by the construction of a dam or dams across said river and its tributaries or otherwise, by complying with Chapter 1, Title 128, Revised Civil Statutes, as amended, and to develop or otherwise acquire underground sources of water. The District is also empowered to construct or otherwise acquire all works, plants, and other facilities necessary or useful for the purpose of processing such water and transporting it to cities and others for municipal, and domestic industrial purposes. No dam or other works for the impounding of water from said River shall be constructed until the plan therefor is approved by the Board of Water Engineers of the State of Texas.

Section 7A. (a) The District has the additional powers provided in this section.

(b) The District may construct, finance, or otherwise provide any kind or type of water pollution control facilities, waste disposal facilities, or air pollution control facilities at any place or places within the area of the watershed (river basin) of the Colorado River that lies west of the east boundary line of Coleman County, and at any place or places in Reeves, Loving, Culberson, Ector, Ward, and Winkler counties. Within that area, the District also is authorized to exercise

all powers granted to a district or a river authority operating under Article XVI, Section 59, of the Texas Constitution by the Clean Air Financing Act, the Regional Waste Disposal Act, and any other general law relating to those specific powers and facilities. In the event that the district creates a nonprofit corporation to act on its behalf under the Development Corporation Act of 1979, the corporation may exercise any of its powers with respect to projects within the area described in this subsection.

(c) As used in this section, "person" means any individual, partnership, corporation, or other private entity, and any public agency, including an authority, district, city, town, or other political subdivision, joint board, or other public agency created and operating under the laws of this state. The District and all persons may contract, on terms and conditions on which the parties may agree, with respect to any power, function, or duty of the District, including those additionally granted in this section, and the District and all persons may execute appropriate documents and instruments in connection with these contracts. The District may issue bonds with respect to any of its powers, in the manner provided in Section 10 of this Act, including those additional powers granted in this section, and also for the purpose of providing funds to enable the District to pay for the costs of engineering design and studies, surveying, title research, appraisals, options on real or personal property, and other related activities in connection with planning and implementing various proposed projects or improvements, and also for the purpose of providing funds to operate and maintain any facilities. The District may invest any of its funds, including bond proceeds, in any manner or securities as determined by its Board of Directors.

(d) Notwithstanding any other provisions of this Act, and in addition to all other powers granted by this Act or by any other provision of law, the District may:

(1) enter into loan agreements, leases, or installment sales agreements; and

(2) acquire, purchase, construct, own, operate, maintain, repair, improve, or extend, and loan, lease, sell, or otherwise dispose of, on terms and conditions, including loan payments, rentals, sale price, or installment sale payments, as the parties may agree at any place or location within the area described in Subsection (b) of this section, or at any other place or location outside the area with respect to facilities that are designed primarily to serve inhabitants within that area, any or all works, improvements, facilities, plants,

buildings, structures, equipment, and appliances, and real and personal property or any interest in real or personal property, and any or all money or bond proceeds, that are incident, helpful, or necessary:

(A) to provide for the control, storage, preservation, transmission, treatment, distribution, and use of storm water, flood water, and the water of rivers and streams for municipal, domestic, electric energy or power, industrial, irrigation, oil flooding, mining, recreation, agricultural, commercial, and all other beneficial uses and purposes;

(B) to collect, transport, process, treat, dispose of, and control waste, including all municipal, domestic, industrial, agricultural, recreational, and other waste, whether in fluid, solid, or composite state and to control, abate, or reduce all types of pollution, including air pollution and water pollution;

(C) to reclaim and provide drainage and drainage systems for land;

(D) to establish or otherwise provide for public parks and recreation facilities;

(E) to facilitate the carrying out of any power, duty, or function of the district.

It is found and determined by the legislature that all of the purposes stated in this subsection are for the conservation and development of the natural resources of the state within the meaning of Article XVI, Section 59, of the Texas Constitution.

(e) The District is considered a district and constitutes a river authority under the Regional Waste Disposal Act and the Clean Air Financing Act, and the Regional Waste Disposal Act and the Clean Air Financing Act are applicable to the District, except to the extent of any conflict with this Act, in which case this Act shall prevail over the provisions of the Regional Waste Disposal Act and the Clean Air Financing Act.

(f) Any person may contract with the District in any manner authorized by this Act, the Regional Waste Disposal Act, or the Clean Air Financing Act with respect to water, waste, pollution control, or any other facilities or any services provided by the District. Any public agency additionally may enter into and execute any contract with the District and may determine, agree, and pledge that all or any part of its payments under the contract shall be payable from the source described in Section 30.030(c) of the Regional Waste Disposal Act, subject only to the authorization of the contract, pledge, and payments by a two-thirds vote of the governing body of the public agency. Public agencies also may

use and pledge any other available revenues or resources for the payment of amounts due under these contracts, as an additional source or sources of payment, or as the sole source or sources of payment, and may covenant with respect to those revenues to assure the availability of the revenues when required. If bonds issued by the District recite that they are secured by a pledge of revenues from any contract, a copy of the contract and the proceedings relating to the contract shall be submitted to the Attorney General along with the bonds that must be submitted under Section 10 of this Act. If the Attorney General finds that the bonds are authorized and the contract has been made and entered into in accordance with law, he shall approve the bonds and the contract. After this approval, the bonds and the contract shall be incontestable in any court or other forum for any reason, and shall be valid and binding in accordance with their terms and provisions for all purposes.

(g) Each public agency:

(1) may fix, charge, and collect fees, rates, charges, rentals, and other amounts for any services or facilities provided by any utility operated by it or provided under or in connection with any contract with the District, from its inhabitants or from any users or beneficiaries of the utility, services, or facilities, including specifically water charges, sewage charges, waste disposal system fees and charges, including garbage collection or handling fees, and other fees or charges;

(2) may use and pledge those amounts to make payments to the district that are required under the contract;

(3) may covenant to do so in amounts sufficient to make all or any part of those payments to the District when due; and

(4) if the parties agree in the contract, shall have the payments constitute an expense of operation of any facilities or utility operated by the public agency provided that an agreement may not be made that would violate the United States Constitution or the Texas Constitution.

(h) This section is wholly sufficient authority for the exercise of the powers, the issuance of bonds, the execution of contracts, and the performance of the other acts and procedures authorized in this section, by the District and all persons, including specifically public agencies, without reference to any other law or any restrictions or limitations contained in any other law, except as specifically provided in this section. In any case, to the extent of any conflict or inconsistency between this section and any other law, including a home-rule city

charter, this section shall prevail and control; provided the District and all persons, including public agencies, shall have the right to use any other law, not in conflict with this section, to the extent convenient or necessary to carry out any power or authority, express or implied, granted by this section.

(i) This section does not compel any person, including any public agency, to secure water, sewer service, or any other service from the District, except under contracts voluntarily executed.

Section 8. For the purpose of carrying out any power or authority conferred by this Act the District shall have the right to acquire land and easements within and without the District (including land above the probable high water line around the reservoirs) by condemnation in the manner provided by Title 52, Revised Civil Statutes, as amended, relating to eminent domain. The amount of and character of interest in land and easements thus to be acquired shall be determined by the Board of Directors.

Section 9. Any construction contract or contracts for the purchase of material, equipment or supplies requiring an expenditure of more than Twenty-five Thousand Dollars (\$25,000) shall be made after publication of a notice to bidders once each week for two (2) weeks before awarding the contract. Such notice shall be sufficient if it states the time and place when and where the bids will be opened, the general nature of the work to be done, or the material, equipment or supplies to be purchased, and states where and the terms upon which copies of the plans and specifications may be obtained. The publication shall be in a newspaper published in the District and designated by the Board of Directors.

Section 10. (a) For the purpose of providing a source of water supply for cities and other users for municipal, domestic and industrial purposes, as authorized by this Act, and for the purpose of carrying out any other power or authority conferred by this Act, the District is empowered to issue its negotiable bonds to be payable from such revenues of the District as are pledged by resolution of the Board of Directors.

(b) Such bonds shall be authorized by resolution of the Board of Directors and shall be issued in the name of the District, signed by the President or Vice-president, attested by the Secretary and have the seal of the District impressed thereon. They shall mature serially or otherwise in not to exceed forty (40) years and may be sold at a price and under terms determined by the Board of Directors to be the most advantageous reasonably obtainable, provided that

the interest cost to the District, calculated by use of standard bond interest tables currently in use by insurance companies and investment houses does not exceed six per cent (6%) per annum, and within the discretion of the Board, may be made callable prior to maturity at such times and prices as may be prescribed in the resolution authorizing the bonds, and may be made registerable as to principal or as to both principal and interest.

(c) Bonds may be issued in more than one (1) series and from time to time as required for carrying out the purposes of this Act.

(d) The bonds may be secured by a pledge of all or part of the net revenues of the District, or by the net revenues of any one (1) or more contracts theretofore or thereafter made or other revenues specified by resolution of the Board of Directors. Any such pledge may reserve the right, under conditions therein specified, to issue additional bonds which will be on a parity with or subordinate to the bonds then being issued. The term "net revenues" as used in this section shall mean the gross revenues of the District after deduction of the amount necessary to pay the cost of maintaining and operating the District and its properties.

(e) For the purposes stated in Section 10 (a) hereof, the District is also empowered to issue bonds payable from ad valorem taxes to be levied on all taxable property therein, or to issue bonds secured both by and payable from such taxes and the revenues of the District. Where bonds are issued payable wholly or partially from ad valorem taxes, it shall be the duty of the Board of Directors to levy a tax sufficient to pay the bonds and the interest thereon as such bonds and interest become due, but the rate of the tax for any year may be fixed after giving consideration to the money received from the pledged revenues which may be available for payment of principal and interest to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

(f) Where bonds payable wholly from revenues are issued, it shall be the duty of the Board of Directors to fix, and from time to time to revise, the rates of compensation for water sold and services rendered by the District which will be sufficient to pay the expense of operating and maintaining the facilities of the District and to pay the bonds as they mature and the interest as it accrues and to maintain the reserve and other funds as provided in the resolution authorizing the bonds. Where bonds payable partially from revenues are issued, it shall be the duty of the Board to fix, and from time to time to revise, the rate of compensation

for water sold and services rendered by the District which will be sufficient to assure compliance with the resolution authorizing the bonds.

(g) From the proceeds from the sale of the bonds, the District may set aside an amount for the payment of interest expected to accrue during construction and a reserve interest and sinking fund, and such provision may be made in the resolution authorizing the bonds. Proceeds from the sale of the bonds may also be used for the payment of all expenses necessarily incurred in accomplishing the purposes for which this District is created.

(h) In the event of a default or a threatened default in the payment of principal of or interest on bonds payable wholly or partially from revenues, any court of competent jurisdiction may, upon petition of the holders of twenty-five per cent (25%) of the outstanding bonds of the issue thus in default or threatened with default, appoint a receiver with authority to collect and receive all income of the District except taxes, employ and discharge agents and employees of the District, take charge of funds on hand (except funds received from taxes unless commingled) and manage the proprietary affairs of the District without consent or hinderance by the directors. Such receiver may also be authorized to sell or make contracts for the sale of water or renew such contracts with the approval of the court appointing him. The court may vest the receiver with such other powers and duties as the court may find necessary for the protection of the holders of the bonds.

Section 11. The District is authorized to issue refunding bonds for the purpose of refunding any outstanding bonds authorized by this Act and interest thereon. Such refunding bonds may be issued to refund more than one (1) series of outstanding bonds and combine the pledges for the outstanding bonds for the security of then refunding bonds, and may be secured by other or additional revenues. The provisions of this law with reference to the issuance of other bonds and their approval by the Attorney General and the remedies of the holders shall be applicable to refunding bonds. Refunding bonds shall be registered by the Comptroller upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the resolution authorizing their issuance may provide that they shall be sold and the proceeds thereof deposited in the bank where the original bonds are payable, in which case the refunding bonds may be issued in an amount sufficient to pay the interest on the original bonds to their option date or maturity date, and the Comptroller shall register them without concurrent surrender and cancellation of the original bonds.

Section 12. Any bonds (including refunding bonds) authorized by this law, not payable wholly from ad valorem taxes, may be additionally secured by a deed or trust lien upon physical properties of the District and all franchises, easements, water rights and appropriation permits, leases, and contracts and all rights appurtenant to such properties, vesting in the trustee power to sell the properties for payment of indebtedness, power to operate the properties and all other powers and authority for the further security of the bonds. Such deed of trust may contain any provisions prescribed by the Board of Directors for the security of the bonds and the preservation of the trust estate, and may make provision for amendment or modification thereof and the issuance of bonds to replace lost or mutilated bonds. Any purchaser under a sale under such deed of trust shall be the owner of the dam or dams and the other properties and facilities so purchased and shall have the right to maintain and operate the same.

Section 13. (a) No bonds payable wholly or partially from ad valorem taxes (except refunding bonds) shall be issued unless authorized by an election at which only the qualified voters who reside in the District and who own taxable property therein and who have duly rendered the same for taxation and unless a majority of the votes cast in each city contained in the District is in favor of the issuance of the bonds. Bonds not payable wholly or partially from ad valorem taxes may be issued without an election.

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

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

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

Section 14. After any bonds are authorized by the District, such bonds and the record relating to their issuance shall be submitted to the Attorney General for his examination as to the validity thereof. Where such bonds recite that they are secured by a pledge of the proceeds of a contract theretofore made between the District and any city or other governmental agency or district, a copy of such contract and the proceedings of the city or other governmental agency or district authorizing such contract shall also be submitted to the Attorney General. If such bonds have been authorized and if such contracts have been made in accordance with the Constitution and laws of the State of Texas he shall approve the bonds and such contracts and the bonds then shall be registered by the Comptroller of Public Accounts. Thereafter, the bonds, and the contracts, if any, shall be valid and binding and shall be incontestable for any cause.

Section 15. The District is authorized to enter into contracts with cities and others for supplying water to them. The District is also authorized to contract with any city for the rental or leasing of, or for the operation of the water production, water supply, and water supply facilities of such city upon such consideration as the District and the city may agree. Any such contract may be upon such terms and for such time as the parties may agree, and it may provide that it shall continue in effect until bonds specified therein and refunding bonds issued in lieu of such bonds are paid.

Section 16. (a) The Board of Directors shall designate one (1) or more banks within the District to serve as depository for the funds of the District. All funds of the District shall be deposited in such depository bank or banks except that funds pledged to pay bonds may be deposited with the trustee bank named in the trust agreement, and except that funds shall be remitted to the bank of payment for the payment of principal of and interest on bonds. To the extent that funds in the depository banks and the trustee bank are not insured by the F. D. I. C. they shall be secured in the manner provided by law for the security of county funds.

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

shall be prescribed by the Board. Such notice shall be published one (1) time in a newspaper published in the District and specified by the Board.

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

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

Section 17. The District is authorized to acquire water appropriation permits directly from the Board of Water Engineers of the State of Texas, or from owners of permits. The District is also authorized to purchase water or a water supply from any person, firm, corporation or public agency.

Section 18. This District is hereby constituted and declared to be a water control and improvement district within the meaning of Chapter 349, Acts of the Forty-ninth Legislature, authorizing water supply contracts between cities and water control and improvement districts, and, in addition to the powers conferred by this Act, this District shall have all of the powers conferred by said Chapter 349. It is provided, however, that only those provisions of the laws relating to water control and improvement districts which are expressly made applicable to this District by this Act shall be applicable to this District.

Section 19. All bonds of the District shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas, and any and all public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas; and such bonds shall be lawful and sufficient security for said deposits to the extent of their value, when accompanied by all unmatured coupons appurtenant thereto.

Section 20. The accomplishment of the purposes stated in this Act being for the benefit of the people of this State and for the improvement of their properties and industries, the District in carrying out the purposes of this Act will be performing an essential public function under the Constitution and shall not be required to pay any tax or assessment on the project or any part thereof, and the bonds issued hereunder and their transfer and the income therefrom, including the profits made on the sale thereof, shall at all times be free from taxation within this State.

Section 21. (a) The tax rolls of the cities situated within the District, and within territory hereafter annexed, are hereby adopted and shall constitute the tax rolls of the District until assessments and tax rolls shall be made by the District.

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

Section 22. (a) The Board of Directors of the District shall have the power to adopt and promulgate all reasonable regulations to secure, maintain and preserve the sanitary condition of all water in and to flow into any reservoir owned by the District, to prevent waste of water or the unauthorized use thereof, to regulate residence, hunting, fishing, boating, and camping, and all recreational and business privileges, along or around any such reservoir and the Colorado River and its tributaries, or, any body of land, or easement owned or controlled by the District; and shall have the right to make contracts with responsible persons for the construction and operation of toll bridges over the District's water, or for ferry service on or over the District's water (to cover periods of time not to exceed twenty (20) years in the case of a bridge and not to exceed ten (10) years in the case of a ferry), fixing the compensation to be charged for service by any such facility, to the end that the same be reasonable, and requiring adequate bond or bonds from any such contracting person, association or corporation, payable to the District, to be of such amount and conditioned as the judgment of

the directors of the District may deem to be required; and, such contracts may provide for forfeiture of the particular franchise in case of a failure of the licensee to render adequate public service.

(b) Such District may prescribe reasonable penalties for the breach of any regulation of the District, which penalties shall not exceed fines of more than Two Hundred Dollars (\$200), or imprisonment for not more than thirty (30) days, or may provide both such fine and such imprisonment. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction, provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five (5) days next after the District may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two (2) consecutive weeks in Scurry and Borden counties. The substantive statement so to be published shall be as condensed as is possible to afford an intelligent direction of the mind to the act forbidden by the rule or regulation; one (1) notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations, will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the regulations sought to be enforced is on file in the principal office of the District, where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty; and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinances of a city of the State.

(c) It further is expressly provided that the District shall have the power to employ and constitute its own peace officers, and any such officer or any county peace officer shall have the power to make arrests when necessary to prevent or abate the commission of any offense against the regulations of the District, and against the laws of the State of Texas, when any such offense, or threatened offense, occurs upon any land, water, or easement owned or controlled by the District; or, to make such arrest at any place, in case of an

offense involving injury or detriment to any property owned or controlled by such District.

Section 23. The District is authorized to establish or otherwise provide for public parks and recreation facilities, and to acquire land adjacent to any of its reservoirs for such purposes, provided, however, that no money received from taxation or from bonds payable wholly or partially from taxation shall be used for such purpose.

Section 24. It is provided, however, that the District shall not exercise any of the power or authority conferred by this Act unless the establishment of this District is confirmed by a majority vote in each of the cities contained within this District. After the passage of this Act the Board of Water Engineers of the State of Texas shall order separate elections to be held in each of the cities contained in the District at which elections there shall be submitted the question of whether or not the establishment of this District shall be confirmed. Notice of said election shall be published in a newspaper published in each of the cities once each week for two (2) weeks, the first notice shall be at least fourteen (14) days prior to the date set for the election. The Board of Water Engineers shall appoint a presiding judge for each of the voting places and each of the presiding judges shall appoint at least two (2) judges and two (2) clerks to assist him in holding the election. Only qualified voters who reside in the District and who own taxable property therein and who have duly rendered the same for taxation shall be qualified to vote at said election. If a majority of the votes cast at the election held separately in each city is in favor of confirmation, the Board of Water Engineers shall so declare and thereafter the District shall have all of the powers and authority conferred by this Act. It is provided, however, that the proposition to be submitted at such election may specify that the District shall be confirmed to include each city in which the majority vote favors confirmation, in which case, the District shall contain only those cities in which the majority vote favored confirmation the same as though the other cities had not been included in this Act.

Section 25. If any provision of this Act or the application thereof to any person or circumstance shall be held to be invalid or unconstitutional, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Section 26. It is hereby found that notice of intention to apply for the passage of this Act has been published in the locality where the matter and

things to be affected hereby are situated which notice stated the substance of this law, and was published at least thirty (30) days prior to the introduction into the Legislature of this bill and in the manner provided by law, and the time, form and manner of giving said notice is hereby approved and ratified. The evidence of the foregoing was exhibited in the Legislature before the passage of this Act.

Section 27. The fact that additional sources of water are immediately and urgently needed in the District hereby established, creates an emergency and an imperative public necessity requiring that the Constitutional Rule that bills be read on three several days in each House be suspended, and such Rule is hereby suspended, and that this Act take effect from and after its passage, and it is so enacted.

Section 28. The Colorado River Municipal Water District shall have the power and authority under this Act to do the following:

(a) To provide for the study, correction, prevention and control of both artificial and natural pollution of the Colorado River and its tributaries, upstream from the north boundary line of Coke County, Texas, and to adopt and promulgate all reasonable regulations with regard to such pollution, both artificial and natural, so as to secure, maintain and preserve the purity, usefulness and sanitary condition of the water in, and to flow into, the Colorado River and its tributaries.

(b) To eliminate oil field brine pollution of the Colorado River and its tributaries, upstream from the north boundary line of Coke County, Texas, by capping and plugging abandoned oil wells, covering salt water pits with earth, constructing channel dams to collect polluted low flows of the Colorado River and its tributaries, development of salt water disposal wells, and by other practical means of eliminating oil field brine pollution of the Colorado River and its tributaries.

(c) To develop, drill for or otherwise acquire sources of underground and surface salt water, and to sell salt well water, salt water collected by channel dams, fresh water from the District's reservoirs and wells, and commingled salt water and fresh water, for mining, oil field flooding and repressuring, industrial, manufacturing or other purposes.