A BILL
TO BE ENTITLED

AN ACT creating "Lower Neches Valley Authority," a conservation and reclamation district under and with the powers provided in Section 59, of Article 16, of the Constitution, to conserve, control and utilize storm and flood waters of the Neches River and its tributaries, except said district shall have no power of taxation nor right to create any debt payable out of taxation; defining the boundaries thereof, providing for control through Board of Directors, their appointment, qualifications and tenure, their organization and powers; authorizing the storing, controlling, conservation and distribution of storm and flood waters of Neches River and its tributaries within and/or without such district, for irrigation, domestic, industrial and municipal uses, and also for hydroelectric power, with authority to make contracts with water users and to establish or collect maintenance and operation charges for water service, also authorizing all contracts, leases and agreements necessary or convenient with any person, corporation or government, including the United States Government and the State of Texas, or their agencies, and authorizing conveyance of the district's properties, improvements and facilities to the United States, or any agency thereof, and a lease thereof with the United States or any agency thereof, with the rentals payable out of the revenues of such district; subordinating such district to the control of the State Board of Water Engineers, or other state agency; providing for acquiring, constructing, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works and facilities necessary or proper within or without said district, including the right of eminent domain, and authorizing such district to borrow money from the Federal Emergency Administration of Public Works, or other United States agency, and from other persons, and secure payment thereof by first and/or second mortgage and encumbrance on all of the district's properties, improvements and facilities and the revenue and income to be derived therefrom; providing for the issuance of interest bearing obligations therefor; prescribing thereto terms, conditions of issuance, and prohibiting their payment out of any taxation or involuntary assessment; preserving the water rights of existing water users; providing if any provisions of this Act shall be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

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

SECTION 1: That there shall be and is hereby created a conservation and reclamation district by the name of "Lower Neches Valley Authority", which district is created as a governmental agency, a municipality, body politic and corporate, vested with all the authority as much under the Constitution and Laws of the State; and which shall have and be recognized to exercise all of the powers of such governmental agency and body politic and corporate as are expressly authorized in the provisions of the Constitution, Section 59 of Article 16, for districts created to conserve, control and utilize to beneficial service the storm and flood waters of the rivers and streams of the State, and such powers as may be contemplated and implied by the purposes of this provision of the Constitution, and as may be conferred by General Law, as well as by the provisions of this Act, except said district shall have no power of taxation, nor any right to create any debt payable out of taxation; and said district shall have and be recognized to exercise all the rights and powers of an independent
governmental agency, municipality, body politic and corporate, to construct, maintain and operate, in the valleys of the Neches River and its tributaries, within any or without the boundaries of such district, and all works deemed essential to the operation of the district and for its administration in the control, storing, preservation and distribution to all useful purposes of the storm and flood waters of the Neches River and its tributary streams; and such district shall have and be recognized to exercise such authority and power of control and regulation over such storm and flood waters of the Neches River and its tributaries as may be exercised by the State of Texas, subject to the provisions of the Constitution and the Acts of the Legislature.

SECTION 2: The territory which shall be embraced within the boundaries of said "Lower Neches Valley Authority" shall be that part of the State of Texas defined as follows: All of Jefferson, Hardin and Tyler Counties, a strip of land ten (10) miles in width off the Eastern end of Liberty County, and a strip of land fifteen (15) miles in width off the East side of Chambers County.

SECTION 3: The management and control of all of the affairs of such district shall be vested in a Board of Directors, consisting of five members, all of whom shall be freehold property tax payers and legal voters of such district. Such Board of Directors shall be appointed by the State Board of Water Engineers as soon as practicable after the passage of this Act and each two (2) years thereafter. The Directors shall hold office for two (2) years after their appointment and qualification, and until their successors shall be appointed and qualified, unless sooner removed by a majority vote of the State Board of Water Engineers. The Directors appointed shall within fifteen (15) days after their appointment, qualify by taking the official oath and filing a good and sufficient bond with the State Board of Water Engineers; the official bond of each Director to be in the sum of Five Thousand ($5,000.00) Dollars, shall be payable to the district, shall be conditioned upon the faithful performance of their duties as such Directors, and shall be subject to approval by the State Board of Water Engineers. A Director may be employed as general manager and at such compensation as may be fixed by the four other directors, and when so employed he shall continue to perform the duties of a Director.

SECTION 4: The Directors of the district shall organize by electing one of their members president, one vice-president and one secretary. Three Directors shall constitute a quorum at any meeting and a concurrence of three shall be sufficient in all matters pertaining to the business of the district, except the letting of construction contracts and the drawing of warrants paying therefor, which shall require the concurrence and signature of four Directors.
Warrants to pay current expenses, salaries and accounts may be drawn and signed by an officer or employee designated by standing order entered on the minutes of the Directors when such accounts have been contracted and ordered paid by the Directors.

SECTION 5: The Directors of the district shall require all officers and employees who shall be charged with the collection or paying or handling of any funds of the district under their orders, to furnish good and sufficient bonds payable to the district, conditioned upon the faithful performance of their duties and accounting for all funds and property of the district coming into their hands, which bonds shall be in sufficient sums to safeguard the district.

SECTION 6: The president shall preside at all meetings of the Board and shall be the chief executive officer of the district. The Vice-president shall act as president in case of the absence or disability of the president. The secretary shall act as secretary of the Board of Directors and shall be charged with the duty of seeing that all records and books of the district are properly kept. In the case of the absence or inability of the secretary to act, a secretary pro tem shall be selected by the Directors. The Directors shall hold regular meetings at the office of the district on the first Monday in February, May, August and November of each year at 10 o'clock A.M., and may hold meetings at such other times as the business of the district may require. Any person owning taxable property in the district may attend any meeting of the Directors and may present such matters as they desire to such Directors in an orderly manner.

SECTION 7: The Directors shall receive as fees of office the sum of not to exceed $10 N per day for each day of service necessary to discharge of their duties. They shall file with the secretary a verified statement showing the actual number of days of service each month on the last day of the month, or as soon thereafter as possible and before a warrant shall be issued therefor.

SECTION 8: The Directors shall keep a true and full account of all of their meetings and proceedings and preserve their minutes, contracts, records, notices, accounts, receipts and records of all kinds in a fireproof vault or safe. The same shall be the property of the district and subject to public inspection. A regular office shall be established and maintained for conduct of the district business within the district.

SECTION 9: A complete book of accounts shall be kept. During the first week of each year a competent auditor shall be employed who shall examine the account books and records of the district, of the depository and of the tax
assessor and collector and make a report thereon. Said report shall be in triplicate, one copy being filed in the office of the district, one with the depository of the district, and one copy in the office of the auditor, all of which shall be open to public inspection.

SECTION 10: The Directors may employ a general manager for the district and may give him full authority in the management and operation of the district affairs, (subject only to the orders of the Board of Directors). The term of office and compensation to be paid such manager and all employees shall be fixed by the Board of Directors and all employees may be removed by the Board.

SECTION 11: All bonds required to be given by Directors, officers and employees of the district may be signed by individual sureties or by surety companies authorized to do business in the State.

SECTION 12: No Director of any such district, engineer or employees thereof shall be, directly or indirectly, interested either for themselves or as agents for anyone else in any contract for the purchase or construction of any work by said district, and if any such person shall, directly or indirectly, become interested in any such contract, he shall be guilty of a misdemeanor, and on conviction thereof shall be punished by a fine in any sum not to exceed one thousand ($1,000.00) Dollars, or by confinement in the county jail not less than six months nor more than one year, or by both such fine and imprisonment.

SECTION 13: The said district shall have and be recognized to exercise, in addition to all the hereinbefore mentioned powers, for the conservation and beneficial utilization of storm and flood waters, the power of control and employment of such storm and flood waters of the Neches River and its tributaries in the manner and for the particular purposes hereinafter set forth:-

(a) To provide through practical and legal means for the control and the coordination of the regulation of the waters of the Neches River and its tributaries.

(b) To provide by adequate organization and administration for the preservation of the equitable rights of the people of the different sections of the watershed area in the beneficial use of storm and flood waters of the Neches River and its tributary streams.

(c) For storing, controlling and conserving storm and flood waters of the Neches River and its tributaries within and/or without such district, and the prevention of the escape of any of such waters without the maximum of public service; for the prevention of devastation of lands from recurrent overflows, and the protection of life and property in such district from uncontrolled flood waters.
(d) For the conservation of the waters of the Nechee River and its tributaries essential for the domestic uses of the people of the district, including all necessary water supplies for cities and towns.

(e) For the irrigation of all lands in said district and/or lands without said district but within said watershed area, where irrigation is required for agricultural purposes, or may be deemed helpful to more profitable agricultural production; and for the equitable distribution of storm and flood waters to the regional potential requirements for all uses, domestic, manufacturing and irrigation. All plans and all works provided by said district, and as well, all works which may be provided under authority of said district, shall have primary regard to the necessary and potential needs for water, by or within the area in such district constituting the watershed of the Nechee River and its tributaries.

(f) For the better encouragement and development of drainage systems and provisions for drainage of lands in the valleys of the Nechee River and its tributary streams needing drainage for profitable agricultural production; and drainage for other lands in the watershed area of the district requiring drainage for the most advantageous use.

(g) For the purpose of encouraging the conservation of all soils against destructive erosion and thereby preventing the increased flood menace incident thereto.

(h) To control and make available for employment flood and storm waters in the development of commercial and industrial enterprises in all sections of the watershed area of the district.

(i) For the control, storing and employment of flood and storm waters in the development and distribution of hydropower, where such use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior.

(j) And for each and every purpose for which flood and storm waters when controlled and conserved may be utilized in the performance of a useful service as contemplated and authorized by the provisions of the Constitution and the public policy therein declared.

(k) To purchase and/or construct all works necessary or convenient for the exercise of the powers and to accomplish the purposes specified in this Act, and to purchase or otherwise acquire all lands and/or other property necessary or convenient for carrying out any such purposes.

(l) The right of eminent domain is expressly conferred upon such district to enable it to acquire the fee simple, title, easement or right of way over and
through any and all lands, water or lands under water, private or public, within and without such district, necessary or convenient to carry out any of the purposes and powers conferred upon such district by this Act. All such condemnation proceedings shall be under the direction of the Directors and in the name of the district, and the assessment of damages and all procedure with reference to condemnation, appeal and payment shall be in conformity with the Statutes of this State as provided in the title of the Revised Statutes relating to "Eminent Domain".

(m) Such district may enter into contracts with water improvement districts, water control and improvement districts, irrigation districts, private irrigation corporations, cities, towns, industrial plants and any other persons, real or artificial, who may have a right to obtain water from the source of supply of the district, to furnish water from such source of supply to such water users under such terms and conditions as may be agreed upon between the district and such water users, which contracts shall be in writing and copies of which shall be kept on file at the office of the district and recorded in the minutes of the Board of Directors of such district.

(n) Such district shall have authority to make, establish and collect maintenance and operation charges for the service it renders which may be determined and fixed upon the basis of the quantity of water furnished or appropriate measure of the service rendered, and if based on a use of water a fixed charge may be made as a minimum charge on all lands, water connections or other service entitled to receive and use same, and an additional charge may be made for the use of water in excess of that covered by the minimum charge. The district may install proper measuring devices or require that same be installed. Where a district includes a city or town or contracts with a city or town to supply it water, the charge for the use and delivery of such water and the time and manner of payment shall be determined by the Board of Directors or be fixed by contract made by the Directors.

(o) Such district may sell any surplus water that it may have to lands in the same vicinity for the purpose of irrigation, domestic or commercial uses, if in the opinion of the Board of Directors same is advisable and on such terms as they provide, provided, however, any such sale of water shall not be for a period longer than three years at any one time. Any district may contract for the sale of water power privileges whenever it may be possible for power to be generated by the use of water flowing from its reservoir or within its canal system, provided, however, any such contract for the sale of water power privileges
shall be subject to the duty of the district to protect the lands embraced therein in an adequate supply of water for the purpose for which such district was organized or for supplying water for municipal purposes in those districts supplying water for such purpose.

(p) Such district through its Board of Directors, shall have the right to employ managers, engineers, attorneys, and all necessary employees to properly construct, operate and maintain said works and carry out the provisions of this Act and to pay reasonable compensation for such services.

(q) Such District, in addition to the powers hereinabove set out, shall have general power and authority to make and to enter into all contracts, leases and agreements necessary or convenient to carry out any of the powers granted in this Act, which contracts, leases and agreements may be entered into with any person, real or artificial; any corporation, municipal, public or private, and/or any government or governmental agency, including the United States Government and the State of Texas, and may convey or cause to be conveyed any of its properties, rights, lands, tenements, easements, improvements, reservoirs, dams, canals, plants, laterals, works and facilities to the United States Government or any agency thereof, and may enter into a lease with the United States Government, or any agency thereof, relative thereto, and obligate itself to pay rental therefor out of the income and revenues thereof with or without the privilege of purchase; provided, however, that nothing herein contained shall authorize the assumption by any such district of any obligation requiring payment out of taxes. Any and all such contracts, leases and agreements herein authorized shall be approved by resolution of the Board of Directors of such district, and shall be executed by the president and attested by the secretary thereof.

(r) Such district shall have the right to sue and to be sued.

(s) Such district shall have no power to levy any tax or involuntary assessment against any real or personal property.

(t) Before such district shall establish a diversion point, construct the canals, pumping plants and other works herein provided for, it shall present to the Board of Water Engineers of the State of Texas, or such other agency performing the functions now performed by the Board of Water Engineers, plans and specifications of the same and obtain the approval of such Board.

SECTION 14: The powers and duties herein devolved upon the said district are recognized to be taken subject to all Legislative declarations of public policy in the maximum utilization of the storm and flood waters of the State for
the purposes for which the district is created, as expressed and indicated in
this Act, and subject to the continuing rights of supervision by the State,
which shall be exercised through the State Board of Water Engineers, and in ap-
propriate instances, by the State Reclamation Engineer, each of which agencies
shall be charged with the authority and duty to approve, or to refuse to approve,
the adequacy of any plan or plans for flood control or conservation improvement
purposes devised by the district for the achievement of the plans and purposes
intended in the creation of the district, and which plans contemplate improve-
ments supervised by the respective state authorities under the Provisions of
the General Law.

SECTION 15: Said District shall have and may exercise such functions,
powers, authority, rights and duties as may permit the accomplishment of the
purposes for which it is created, including investigating and planning, acquir-
ing, constructing, maintaining and operating of all necessary properties, lands,
rights, tenements, easements, improvements, reservoirs, dams, canals, laterals,
plants, works and facilities which it may deem necessary or proper for the ac-
complishment of said purposes, including the acquisition within and/or without
said district of lands, rights of way, water rights, and all other properties,
tenements, easements and all other rights incident, helpful to or in aid of
carrying out the purposes of said district as herein defined, subject only to
the restrictions imposed by the laws of the State of Texas or of the United
States; and in order to accomplish any and all of such purposes, said district
is hereby granted and shall hereafter have power to borrow money from the Fed-
eral Emergency Administration of Public Works, or other department or agency of
the United States Government, and in order to secure the payment thereof, to
mortgage and encumber any part or all of its properties, rights, lands, tenements,
easements, improvements, reservoirs, dams, canals, laterals, plants, works and
facilities, together with all of the revenues and income to be derived from the
operation thereof, and everything which may be acquired pertaining thereto, and
may provide in such encumbrances for a grant to any purchases at foreclosure sale
thereunder of a franchise to operate such properties and facilities so encumbered
for a term of not over fifty years after such purchase, subject to all laws regu-
lating same then in force.

SECTION 16: No money borrowed as above provided and no obligation executed
therefor shall ever be deemed a debt of such district, or be paid out of any
funds raised or to be raised by taxation, but the same shall instead be solely
a charge upon the properties and facilities so encumbered by such district to
secure the payment thereof and upon such revenues and income to be derived from
the operation of such properties and facilities which maybe pledged for the pay-
ment of such obligation.

SECTION 17: For all money so borrowed such district shall have the power
to issue written evidences thereof bearing interest at a rate not exceeding six
(6%) per cent. per annum, and maturing annually or otherwise over a period not
exceeding fifty (50) years after date thereof, but all evidences of such in-
debtedness and all encumbrances securing payment thereof upon any of said prop-
erties and facilities and/or the revenues and income therefrom shall contain
this clause therein: "The holder hereof shall never have the right to demand
payment of this obligation out of any funds raised or to be raised by taxa-
tion, or involuntary assessment."

SECTION 18: Such district shall have the power, acting through its Board
of Directors, to borrow money for any purpose necessary or convenient to carry
out the powers granted by this Act and to issue negotiable notes, warrants, bonds,
or other evidences of indebtedness for same; provided that such evidences of in-
debtedness shall be secured only by a lien on the physical properties belonging
to such district, and/or by a pledge of the revenues derived by said district
from its contracts with water users or users of electricity, and provided that
no tax or special assessment shall ever be levied against the taxable property
in said district to pay such evidences of indebtedness or the debt evidenced by
the same. Such evidences of indebtedness as shall mature within one year from
the date thereof may bear interest not to exceed 8% per annum. All others
shall bear interest not to exceed 6% per annum.

The Board of Directors of such district may issue coupon bonds in the name
of such district payable serially commencing not exceeding five (5) years from
their date and maturing annually thereafter in suitable amounts over a period
not to exceed fifty (50) years from the date thereof, bearing interest not to
exceed 6% per annum, interest payable annually or semi-annually as provided in
the bond order, said bonds to be signed by the president and attested by the
secretary of the Board of Directors of such district, sealed with the official
seal, interest coupons to bear the facsimile signatures of the president and the
secretary of the Board of Directors, said bonds to be of the denomination, date,
maturities and payable at the place specified in the bond order and said bonds
shall be payable from and secured by a lien upon all the physical properties of
said district and a lien upon the rents and revenues of said district, which
liens may be further evidenced by a deed of trust or mortgage, which maybe con-
tained in the bond order. In such bond order the Board of Directors shall
appropriate and set aside a sufficient amount of the rents and revenues of such
district to pay the interest and create a sinking fund sufficient to pay said
bonds and the interest coupons thereon as they severally mature, which interest
and sinking fund shall be placed in the official depository and applied solely
for the purpose for which the same was created; provided, however, that said
interest and sinking fund, until so applied, maybe invested by the Board of Di-
rectors in the manner now provided by law for the sinking funds under the juris-
diction of the Commissioners' Court.

The legality of said bonds shall be evidenced by a transcript, which shall
contain a certified copy of the proceedings authorizing their issue, including
the bond order authorizing the issuance of said bonds; certificates of indebted-
ness; financial statement and non-litigation certificate, which transcript and
bonds shall be submitted to the Attorney General of Texas for approval, and when
so approved, shall be registered with the Comptroller of the State of Texas.
When so approved and registered, said bonds shall be negotiable upon delivery
and be binding only upon and payable only from the physical properties and rents
and revenues of such district. At the option of the holder any of said bonds
may be registered as to principal or interest or both. All evidences of indebted-
ness of such district shall provide therein that said indebtedness shall never
become an obligation payable out of taxation nor from involuntary assessments.

SECTION 19: If necessary or convenient in exercising the powers or accomp-
lishing the purposes of this Act, such district shall have power to borrow money
from other persons or sources than the Federal Emergency Administration of Pub-
lic Works, or other department or agency of the United States Government, and in
order to secure the payment thereof may execute a second or junior mortgage and
encumbrance upon any part or all of its properties, rights, lands, tenements,
easements, improvements, reservoirs, dams, canals, laterals, plants, works and
facilities, together with the revenues and income to be derived from the opera-
tion thereof in like manner and subject to the same restrictions and conditions
as are herein provided with reference to borrowing money from the Federal Emer-
gency Administration of Public Works, or other department of agency of the United
States Government, save and except such second or junior mortgage and encum-
brance and the notes, warrants, bonds or other evidences of indebtedness issued in con-
nection with the same, shall expressly provide that same shall be in all things
secondary, subordinate, inferior and subject to any and all first mortgages and
encumbrances and notes, warrants, bonds or other evidences of indebtedness issued
to the Federal Emergency Administration of Public Works, or other department or
agency of the United States Government, and any such second or junior mortgage and encumbrance and the notes, warrants, bonds or other evidences of indebtedness issued in connection with same shall likewise contain this clause therein: "The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation or involuntary assessment;" and no money so borrowed on second mortgage or encumbrance and no obligation executed therefor shall ever be deemed a debt of such district.

SECTION 20: Such district is hereby declared to be self-liquidating in character and is expressly authorized to borrow money from or sell said bonds or other evidences of indebtedness to the Reconstruction Finance Corporation, Federal Public Works Administration, or other agencies of the United States or the State of Texas, or any other purchasers; provided said bonds shall not be sold for less than par value, together with the accrued interest thereon to date of delivery.

SECTION 21: Nothing in this Act shall be construed as affecting any water rights of any water user or any lands therein supplied directly or indirectly thereby or their existing priorities in the rights to water from the source of supply and neither the formation of the district hereunder nor a contract for the purchase of water with said district shall ever be held to be an abandonment or waiver of said rights or an abandonment of the original point of diversion from the source of supply, but all such rights existing at the time of the formation of such district shall be preserved to such water users.

SECTION 22: If any of the provisions of this Act shall be held to be invalid, the validity of the other provisions hereof shall not be affected thereby.

SECTION 23: The importance of this Legislation to the section of the State affected thereby creates an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days be and the same is hereby suspended, and that this Act shall take effect and be in force from and after the passage thereof, and it is so enacted.
Committee Room,  
Austin, Texas, September 29th, 1933.

Hon. Edgar E. Witt, President of the Senate.

Sir:— We, your Committee on Internal Improvements, to whom was referred S. B. No. 38, A Bill to be entitled

"An Act creating "Lower Neches Valley Authority", a conservation and reclamation district under and with the powers provided in Section 59, of Article 16, of the Constitution, to conserve, control and utilize the storm and flood waters of the Neches River and its tributaries, except said district shall have no power of taxation nor right to create any debt payable out of taxation; defining the boundaries thereof, providing for control through Board of Directors, their appointment, qualifications and tenure, their organization and powers; authorizing the storing, controlling, conservation and distribution of storm and flood waters of Neches River and its tributaries, within and/or without such district, for irrigation, domestic, industrial and municipal uses, and also for hydroelectric power, with authority to make contracts with water users and to establish and collect maintenance and operation charges for water service, also authorizing all contracts, leases and agreements necessary or convenient with any person, corporation or government, including the United States Government and State of Texas, or their agencies, and authorizing conveyance of the district's properties, improvements and facilities to the United States, or any agency thereof, and a lease thereof with the United States, or any agency thereof, with the rentals payable out of the revenues of such district; subordinating such district to the control of the State Board of Water Engineers, or other state agency; providing for acquiring, constructing, maintaining and operating all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works, and facilities necessary or proper within or without said district to borrow money from the Federal Emergency Administration of Public Works, or other United States Agency, and from other persons, and secure payment thereof by first and/or second mortgage and encumbrance on all or the district's properties, improvements and facilities and the revenues and income to be derived therefrom; providing for the issuance of interest bearing obligations therefor; prescribing their terms, conditions or issuance, and prohibiting their payment out of any taxation or involuntary assessment; preserving the water rights of existing water users; providing if any provisions of this Act shall be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

Have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do pass, and be not printed.

Chairman.
AMENDMENT NO. 2.

by striking out all above
the enacting clause and inserting the following:

SEC. 38.

ALL ACTS creating "Lower Hackes Valley Authority", a
conservation and reclamation district under and with the powers
provided in Section 30 of Article 10 of the Constitution, to
conserv[e], control and utilize the waters of the Hackes River and
its tributaries, including its storm and flood waters, except
said district shall have no power of taxation nor right to create
any debt payable out of taxation; defining the boundaries thereof,
providing for control through Board of Directors, their appoint-
ment, qualifications and tenure, their organization and powers;
authorizing the storing, controlling, conservation and distribu-
tion of storm and flood waters of Hackes River and its tributaries,
within and/or without such district, for irrigation, domestic,
industrial and municipal uses, and also for hydroelectric power,
with authority to make contracts with water users and to establish
and collect maintenance and operation charges for water service,
also authorizing all contracts, leases and agreements necessary
or convenient with any person, corporation or government, includ-
ing the United States Government and State of Texas, or their agencies;
and authorizing conveyance of the district's properties, improve-
ments and facilities to the United States, or any agency thereof;
and a lease thereof with the United States, or any agency thereof,
with the rents and or income of the revenues of such district;
subordinating such district to the control of the State Board of
Water Engineers, or other state agency; providing for acquiring,
constructing, maintaining and operating all necessary properties,
lands, rights, tenements, easements, improvements, reservoirs,
dams, canals, laterals, plants, works and facilities necessary
or proper within or without said district, including the right of
 eminent domain, and authorizing such district to borrow money from
the Federal Emergency Administration of Public Works, or other
United States agency, and from other persons, and secure payment
thereof by first and/or second mortgage and encumbrance on all of
the district's properties, improvements and facilities, and/or
the revenues and income to be derived therefrom; providing for the
issuance of interest bearing obligations therefor; prescribing
their terms, conditions of issuance and prohibiting their payment
out of any taxation or involuntary assessments; authorizing the
grant to the purchaser of such properties under foreclosure sale
of a franchise and permit to operate such improvements and facilities;
authorizing the refunding of any obligations issued hereunder;
authorizing the holder of any such obligations to enforce by
legal proceedings performance of duties required by this Act to
be performed by such Board of Directors of said district, and in
the event of any default on any such obligations to have an ad-
ministrator or receiver appointed to administer and operate
such properties in order to obtain payment of such obligations;
providing the water rights of existing water users; prescribing
all necessary details; providing if any provisions of this Act
shall be invalid, the validity of the other provisions thereof
shall not be affected; and declaring an emergency.
Amend Senate Bill No. 24 by striking out all below
the creating clause and inserting the followings:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE

Section 1. That there shall be and is hereby created a conserva-
tion and reclamation district by the name of "Lower Pesches
Valley Authority", which district is created as a governmental
agency, body politic and corporate, vested with all the authority
as such under the Constitution and laws of the State; and which
shall have and be recognized to exercise all of the powers of
such governmental agency and body politic and corporate as are
expressly authorized in the provisions of the Constitution.
Section 38 of Article 10, for districts created to conserve, store,
control, preserve, utilise and distribute the storm and flood
waters and the waters of the rivers and streams of the State; and
such powers as may be contemplated and implied by the purposes
of this provision of the Constitution, and as may be conferred
by general laws, as well as by the provisions of this Act, except
nothing herein contained shall authorize said district to levy
any taxes or special assessments, or to create any debt payable
out of taxation; and said district shall have and be recognized
to exercise all the rights and powers of an independent governmen-
tal agency, body politic and corporate, to construct, maintain
and operate, in the valleys of the Pesches River and its tribu-
taries, within or without the boundaries of such district, any
and all works deemed essential to the operation of the district;
and for its administration in the control, storing, preservation
and distribution to all useful purposes of the waters of the
Pesches River and its tributary streams, including the storm and
flood waters thereof; and such district shall have and be recognized
to exercise such authority and power of control and regulation
over such waters of the Pesches River and its tributaries as may
be exercised by the State of Texas, subject to the provisions
of the Constitution and the acts of the Legislature.
Section 3. The territory which shall be embraced within the boundaries of said "Lower Neches Valley Authority" shall be that part of the State of Texas defined as follows: All of Jefferson, Hardin and Tyler Counties, a strip of land ten (10) miles in width off the Eastern end of Liberty County (the West line of said strip being parallel to and ten (10) miles West of the extreme Eastern boundary line of Liberty County), and a strip of land fifteen (15) miles in width off the East side of Chambers County, (the West line of such strip being parallel to and fifteen (15) miles West of the Eastern boundary line of Chambers County).

Section 4. The management and control of all of the affairs of such district shall be vested in a Board of Directors, consisting of seven members, all of whom shall be freehold property taxpayers and legal voters of such district. Such Board of Directors shall be appointed by the State Board of Water Engineers as soon as practicable after the passage of this Act, three members thereof to be appointed for a term of two (2) years, two members thereof to be appointed for a term of four (4) years and two members thereof to be appointed for a term of six (6) years, and upon the expiration of the respective terms of said directors the successors of each and all of them shall be appointed thereafter for a term of six (6) years. The directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified, unless sooner removed by a majority vote of the State Board of Water Engineers. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the State Board of Water Engineers for the unexpired term. The directors appointed shall, within fifteen (15) days after their appointment, qualify by taking the official oath and filing a good and sufficient bond with the State Board of Water Engineers; the official bond of each director to be in the sum of Five Thousand ($5,000.00)
Dollars shall be payable to the district, shall be conditioned upon the faithful performance of their duties as such directors, and shall be subject to approval by the State Board of Water Engineers. A director may be employed as general manager and at such compensation as may be fixed by the majority of other directors, and when so employed he shall continue to perform the duties of a director, but shall receive no compensation as such director.

**SECTION IV**

The directors of the district shall organize by electing one of their members president, one vice-president and one secretary. Four directors shall constitute a quorum at any meeting and a concurrence of a majority of those present shall be sufficient in all matters pertaining to the business of the district, except the letting of construction contracts and the authorization of issuance of warrants paying therefor, which shall require the concurrence of five directors. Warrants for the payment of money may be drawn and signed by two officers or employees designated by standing order entered on the minutes of the directors when such accounts have been contracted and ordered paid by the Board of Directors.

**SECTION V**

The directors of the district shall require all officers and employees who shall be charged with the collection or paying or handling of any funds of the district under their orders, to furnish good and sufficient bonds, with a duly authorized surety company as surety thereon, payable to the district, conditioned upon the faithful performance of their duties and accounting for all funds and property of the district coming into their hands, which bonds shall be in sufficient sum to safeguard the district.

**SECTION VI**

The president shall preside at all meetings of the Board and shall be the chief executive officer of the district.
The vice president shall act as president in case of the absence or disability of the president. The secretary shall act as secretary of the Board of Directors and shall be charged with the duty of seeing that all records and books of the district are properly kept. In the case of the absence or inability of the secretary to act, a secretary pro tem shall be selected by the directors. The directors shall hold regular meetings at the office of the district on the first Monday in February, May, August and November of each year at 10 o'clock A. M., and may hold other meetings at such other times as the business of the district may require.

**SECTION VII**

**Section 7** The directors shall receive as fees of office the sum of not to exceed Ten ($10.00) Dollars per day for each day of service necessary to discharge of their duties, provided such service is authorized by vote of the Board of Directors. They shall file with the secretary a verified statement showing the actual number of days of service each month on the last day of the month, or as soon thereafter as possible and before a warrant shall be issued therefor.

**SECTION VIII**

**Section 8** The directors shall keep a true and full account of all their meetings and proceedings and preserve their minutes, contracts, records, notices, accounts, receipts and records of all kinds in a fireproof vault or safe. The same shall be the property of the district and subject to public inspection. A regular office shall be established and maintained for conduct of the district business within the district.

**SECTION IX**

**Section 9** A complete book of accounts shall be kept. The account books and records of the district and of the depository of the district shall be audited by a certified public accountant annually as soon as practicable after the expiration of each year, such audit to cover the preceding calendar year, and
report thereon shall be submitted to the first regular meeting of the Board of Directors thereafter. Said report shall be in quadruplicate, one copy being filed in the office of the district, one with the depository of the district, one in the office of the auditor and one with the State Board of Water Engineers, all of which shall be open to public inspection.

SECTION X

The directors may employ a general manager for the district and may give him full authority in the management and operation of the district affairs (subject only to the orders of the Board of Directors). The term of office and compensation to be paid such manager and all employees shall be fixed by the Board of Directors and all employees may be removed by the Board.

SECTION XI

All bonds required to be given by directors, officers and employees of the district shall be executed by a surety company authorized to do business in the state, as surety thereon; and the district shall be authorized to pay the premiums on such bonds.

SECTION XII

No director of any such district, engineer or employees thereof shall be, directly or indirectly, interested either for themselves or as agents for any one else in any contract for the purchase or construction of any work by said district, and if any such person shall, directly or indirectly, become interested in any such contract, he shall be guilty of a misdemeanor, and on conviction thereof shall be punished by a fine in any sum not to exceed one thousand ($1,000.00) dollars, or by confinement in the county jail not less than six months nor more than one year, or by both fine and imprisonment.
Section 13. The said district shall have and be recognized to exercise, in addition to all the hereinbefore mentioned powers, for the conservation and beneficial utilization of said waters, the power of control and employment of such waters of the Cheches River and its tributaries, including the store and flood waters thereof, in the manner and for the particular purposes hereinafter set forth:

(a) To provide through practical and legal means for the control and the coordination of the regulation of the waters of the Cheches River and its tributary streams.

(b) To provide by adequate organization and administration for the preservation of the equitable rights of the people of the different sections of the watershed area in the beneficial use of the waters of the Cheches River and its tributary streams.

(c) For storing, controlling and conserving the waters of the Cheches River and its tributaries within and/or without such district, and the prevention of the escape of any of such waters without the maximum of public service; for the prevention of devastation of lands from recurrent overflows, and the protection of life and property in such district from uncontrolled flood waters.

(d) For the conservation of the waters of the Cheches River and its tributaries essential for the domestic uses of the people of the district, including all necessary water supplies for cities and towns.

(e) For the irrigation of all lands in said district and/or lands without said district but within said watershed area, where irrigation is required for agricultural purposes, or may be deemed helpful to more profitable agricultural production; and for the equitable distribution of said waters to the regional potential requirements for all uses, domestic, manufacturing and irrigation. All plans and all works provided by said
district, and as well all works which may be provided under authority of said district; shall have primary regard to the necessary and potential needs for water, by or within the area in such district constituting the water shed of the Neches River and its tributary streams.

(f) For the better encouragement and development of drainage systems and provisions for drainage of lands in the valleys of the Neches River and its tributary streams needing drainage for profitable agricultural production; and drainage for other lands in the watershed area of the district requiring drainage for the most advantageous use.

(g) For the purpose of encouraging the conservation of all soils against destructive erosion and thereby preventing the increased flood menace incident thereto.

(h) To control and make available for employment said waters in the development of commercial and industrial enterprises in all sections of the watershed area of the district.

(i) For the control, storing and employment of said waters in the development and distribution of hydroelectric power, where such use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior.

(j) And for each and every purpose for which flood and storm waters when controlled and conserved may be utilized in the performance of a useful service as contemplated and authorized by the provisions of the Constitution and the public policy therein declared.

(k) To purchase and/or construct all works necessary or convenient for the exercise of the powers and to accomplish the purposes specified in this Act, and to purchase or otherwise acquire all lands and/or other property necessary or convenient for carrying out any such purposes.

(l) The right of eminent domain is expressly conferred upon such district to enable it to acquire the fee simple
title to, and/or easement or right-of-way over and through, any and all lands, water or lands under water, private or public, within and without such district, necessary or convenient to carry out any of the purposes and powers conferred upon such district by this Act. All such condemnation proceedings shall be under the direction of the directors and in the name of the district, and the assessment of damages and all procedure with reference to condemnation, appeal and payment shall be in conformity with the statutes of this State as provided in the title of the Revised Statutes relating to "Eminent Domain".

(a) The Board of Directors of said district shall prescribe fees and charges to be collected for the use of water, water connections or other service, which fees and charges shall be reasonable and equitable and fully sufficient to produce revenues adequate to pay, and said Board of Directors shall cause to be paid therefrom:

(1) All expenses necessary to the operation and maintenance of the improvements and facilities of said district. Such operating and maintenance expenses shall include the cost of the acquisition of properties and materials necessary to maintain said improvements and facilities in good condition and to operate them efficiently; necessary wages and salaries of the district, and such other expenses as may be reasonably necessary to the efficient operation of said improvements and facilities.

(2) The annual or semi-annual interest upon any obligations issued hereunder payable out of the revenues of said improvements and facilities.

(3) The amount required to be paid annually into the sinking fund for the payment of any obligations issued hereunder payable out of the revenues of said improvements and facilities.

No other charge shall be made upon the revenues derived from said improvements and facilities so long as any obligations issued hereunder shall remain outstanding and

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unpaid as to principal or interest; provided, however, that out of revenues which may be received in excess of those required for the purposes listed in the above sub-paragraphs (1), (2) and (3), the Board of Directors may pay the cost of improvements and replacements not covered by said sub-paragraph (1), and may establish a reasonable depreciation and emergency fund.

It is the intent of this Act that the fees and charges of such district shall not be in excess of what may be reasonably necessary to fulfill the obligations imposed upon said district by this Act.

(n) Such district through its Board of Directors, shall have the right to employ managers, engineers, attorneys, and all necessary employees to properly construct, operate and maintain said works and carry out the provisions of this Act and to pay reasonable compensation fixed by the Board of Directors for such services.

(o) Such district, in addition to the powers hereinabove set out, shall have general power and authority to make and to enter into all contracts, leases and agreements necessary or convenient to carry out any of the powers granted in this Act, which contracts, leases and agreements may be entered into with any person, real or artificial, any corporation, municipal, public or private, and/or any government or governmental agency, including the United States Government and the State of Texas, and may convey or cause to be conveyed any of its properties, rights, lands, tenements, easements, improvements, reservoirs, dams, canals, plants, laterals, works and facilities to the United States Government or any agency thereof, and may enter into a lease with the United States Government, or any agency thereof, relative thereto, and obligate itself to pay rental therefor out of the income and revenues thereof, with or without the privilege of purchase; provided, however, that nothing herein contained shall authorize the assumption by any such district of any obligation requiring payment out of taxes. Any and all such contracts, leases and agreements herein authorized
shall be approved by resolution of the Board of Directors of such district, and shall be executed by the president and attested by the secretary thereof.

(p) Such district shall have the right to sue and be sued.

(q) Before such district shall establish a diversion point, construct the canals, pumping plants and other works herein provided for, it shall present to the Board of Water Engineers of the State of Texas, or such other agency performing the functions now performed by the Board of Engineers, plans and specifications of the same and obtain the approval of such Board.

SECTION XIV

SECTION 14. The powers and duties herein devolved upon the said district shall be subject to the continuing rights of supervision by the state which shall be exercised through the State Board of Water Engineers, and in appropriate instances, by the State Reclamation Engineer, each of which agencies shall be charged with the authority and duty to approve, or to refuse to approve, the adequacy of any plan or plans for flood control or conservation improvement purposes devised by the district for the achievement of the plans and purposes intended in the creation of the district, and which plans contemplate improvements supervised by the respective state authorities under the provisions of the General law.

SECTION XV

SECTION 15. Said district shall have and may exercise such functions, powers, authority, rights and duties as may permit the accomplishment of the purposes for which it is created, including investigating and planning, acquiring, constructing, maintaining and operating all necessary properties, lands, rights, tenements, estates, improvements, reservoirs, dams, canals, laterals, plants, works and facilities which it may deem necessary or proper for the accomplishment of said purposes, including the acquisition within and/or without said district.
of lands, rights-of-way, water rights, and all other properties, tenements, easements and all other rights incident, helpful to or in aid of carrying out the purposes of said district as herein defined; and this act in all of its terms and provisions shall be liberally construed to effectuate each and all of the purposes thereof.

SECTION III

Section 16. Said district may borrow money from the Federal Emergency Administration of Public Works of the United States, or from any other department or agency of the United States, or from any other source, and in evidence thereof may issue the notes, warrants, certificates of indebtedness or other forms of obligations of such district, payable solely out of the revenues to be derived from said improvements and facilities and the operations and services thereof.

SECTION IV

Section 17. Each issue of obligations authorized hereunder shall constitute a separate series and shall be appropriately designated. Such obligations shall not constitute an indebtedness or pledge of the credit of such district, shall never be paid in whole or in part out of any funds raised or to be raised by taxation, and shall contain a recital to that effect. All obligations issued hereunder shall be in registered or coupon form and if in coupon form may be registerable as to principal only, or as to both principal and interest, shall bear interest at a rate not to exceed six per cent per annum, payable annually or semi-annually, and shall be in such denominations and shall mature serially or at one time not more than forty years from their date in such manner as may be provided by the Board of Directors. Principal of and interest on such obligations shall be made payable at any place or places within or without the State of Texas and in the discretion of the Board of Directors such obligations may be made redeemable at the option of said Board prior to maturity at such premium or premiums as the Board shall determine. Such

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obligations shall be signed by the president and secretary of the Board of Directors, and the interest coupons attached thereto may be executed with the facsimile signatures of such officers. Such obligations shall be sold in such manner and at such time as the Board of Directors shall determine to be expedient and necessary to the interests of the district, provided, that in no event shall such obligations be sold for a price which will result in an interest yield thereafter of more than six per cent computed to maturity according to standard bond tables in general use by banks and insurance companies. In the event any of the officers whose signatures are on such obligations or coupons shall cease to be such officers before the delivery of such obligations to the purchaser, such signature or signatures, nevertheless, shall be valid and sufficient for all purposes. All obligations issued hereunder shall constitute negotiable instruments within the meaning of the Negotiable Instruments Law.

SECTION XVII

Any obligations issued hereunder may be issued payable from and secured by the pledge of all the revenues derived from the operation of the improvements and facilities of the district, exclusive of any revenues derived from taxation or assessments, or may be payable from and secured by the pledge of only such revenues as may be derived from the operation of the improvements and facilities acquired with the proceeds of the sale of such obligations, or may be payable from and secured by the pledge of a specified part of the revenues derived from the operation of the improvements and facilities of the district, all as may be provided in the proceedings authorizing the issuance of such obligations. If more than one series of obligations shall be issued under the provisions of this act payable from and secured by identical revenues, priority of lien against such revenues shall depend on the time of delivery of such obligations, each series enjoying a lien against such revenues prior and superior to that enjoyed by any other series of obligations.
subsequently delivered, provided, however, that as to any issue or series of obligations which may be authorized as a unit but delivered from time to time in blocks, the Board of Directors may in the proceedings authorizing the issuance of such obligations provide that all of the obligations of such series or issue shall be co-equal as to lien regardless of the time of delivery.

SECTION 19. Any resolution or order authorizing the issuance of obligations under the provisions hereof shall provide for the creation of a sinking fund into which shall be paid from the revenues pledged to the payment of such obligations from month to month as said revenues are collected, sums fully sufficient to pay principal of and interest on such obligations. The money in such sinking fund shall be applied solely to the payment of interest on the obligations for the payment of which such fund is created and for the retirement of said obligations at or prior to maturity in the manner herein provided. The Board of Directors may at the time obligations are authorized hereunder provide that all money in such sinking fund in excess of the amount required for the payment of interest on and principal of such outstanding obligations for such period as it may determine shall be expended once each year pursuant to its order in the purchase of obligations for the account of which such sinking fund has been accumulated, if any such obligations can be purchased at a price which shall seem reasonable to the Board, and may provide that in the event such obligations contain an option permitting retirement prior to maturity then such excess sum shall be paid out as aforesaid for the purchase of such obligations, but that if the Board shall be unable to so purchase sufficient obligations of said issue to absorb all such surplus it shall call for redemption a sufficient amount of such obligations to absorb so far as practicable the entire surplus remaining in said sinking fund.
fund. It may be provided that any excess in the sinking fund which cannot be applied to the purchase or redemption of obligations shall remain in said sinking fund to be used for payment of principal or interest when due, or for the subsequent call of obligations for purchase or redemption in the manner above provided.

Section 30 Any resolution or order authorizing the issuance of obligations hereunder may contain such covenants with the holders of the obligations as to the management and operation of said improvements and facilities, collection of fees and charges for the use thereof, disposition of such fees and charges, issuance of future obligations and creation of future liens, mortgages and encumbrances against said improvements and facilities, and the revenues thereof and other pertinent matters, as may be deemed necessary to insure the marketability of said obligations, provided such covenants are not inconsistent with the provisions of this act.

Section 31 Any resolution or order authorizing the issuance of obligations hereunder shall provide that the revenues from which such obligations are to be paid and which are pledged to the payment of such obligations shall from month to month as the same shall accrue and be received, be set apart and placed in the sinking fund and disturbed in the manner hereinabove provided. In fixing and determining the amount of revenues which shall be so set aside, the Board of Directors shall provide that the amount to be set aside and paid into said fund in any year or years shall be not less than a fixed sum, which sum shall be at least sufficient to provide for the payment of the interest on and principal of all obligations maturing and becoming payable in each such year, together with a surplus or margin of ten percent in excess thereof.

Section 32 Any holder of obligations issued hereunder or of
coupons originally attached thereto, may either at law or in equity, by suit, action, mandamus, or other proceeding, enforce and compel performance of all duties required by this Act to be performed by the Board of Directors, including the making and collecting of reasonable and sufficient fees or charges for the use of the improvements and facilities of the district, the segregation of the income and revenues of such improvements and facilities, and the application of such income and revenues pursuant to the provisions of this Act. If there be any default in the payment of the principal or interest on any of such obligations, any holder thereof shall be entitled to have an administrator or receiver appointed by any court having jurisdiction to administer and operate the improvements and facilities, the revenues of which are pledged to the payment of such obligations, in behalf of the district and the holders of such obligations, with power to fix and collect fees and charges sufficient to provide for the payment of operation and maintenance expenses as hereinabove defined, and to pay any obligations or interest coupons outstanding payable from the revenues of such improvements and facilities, and to apply the income and revenues thereof in conformity with the provisions of this Act and the proceedings authorizing the issuance of said obligations.

SECTION XXIII

As additional security for the payment of any obligations issued hereunder, the Board of Directors may in its discretion have executed in favor of the holders of such obligations an indenture mortgaging and encumbering the improvements, facilities and properties acquired with the proceeds of the sale of such obligations, and/or all of the improvements, facilities and properties of the district, and may provide in such encumbrance for a grant to any purchaser or purchasers at foreclosure sale hereunder of a franchise to operate such improvements, facilities and properties for a term of not over fifty years from the date of such purchase, subject to all laws regulating same then in force. Any such indenture may contain such terms and provi-
sions as the Board of Directors shall deem proper and shall be enforceable in the manner provided by the laws of Texas for the enforcement of other mortgages and encumbrances. Under any sale ordered pursuant to the provisions of such mortgage or encumbrance, the purchaser or purchasers at such sale, and his or their successors or assigns, shall be and hereby are vested with a permit and franchise to maintain and operate the improvements, facilities and properties purchased at such sale with like powers and privileges as may theretofore have been enjoyed by the district in the operation of said improvements, facilities and properties. The purchaser or purchasers of such improvements, facilities and properties at any such sale, and his or their successors and assigns, may operate said improvements, facilities and properties as provided in the last above sentence or may at their option remove all or part of said improvements, facilities and properties for diversion to other purposes. Any statutes of the State of Texas pertaining to the granting of franchises shall not be applicable to the authorization or execution of any mortgage or encumbrance entered into pursuant to the provisions of this Act, nor to the granting of any franchise hereunder.

SECTION 34.
The proceeds of the sale of any obligations issued hereunder may be deposited in such bank or banks as may be agreed upon between the purchaser at such sale and the Board of Directors, and may be deposited and paid out pursuant to such terms and conditions as may be so agreed upon, it being expressly provided that the statutes of Texas pertaining to the deposit of the district funds in the depository of such district shall not be applicable to the deposit of the proceeds of such sale. Any part of the proceeds of the sale of obligations issued hereunder which may remain unexpended after the project for which the obligations were authorized has been completed may be paid into the sinking fund for the payment of said obligations and be used only for the payment of principal of such obligations, or for the purpose of acquiring such outstanding obligations by purchase.
in the manner hereinsabove provided.

Section 25 The Board of Directors is authorized to enter into an agreement or agreements with the purchaser or purchasers of any obligations issued hereunder under the terms of which such Board shall agree to keep all of the improvements and facilities, the revenues of which are pledged to the payment of such obligations, insured with insurers of good standing against loss or damage by fire, water or flood, and also from any other hazards customarily insured against by private companies operating similar properties, and to carry with insurers of good standing such insurance covering the use and occupancy of such property as is customarily carried by such private companies. The cost of such insurance shall be budgeted as maintenance and operation expense and such insurance shall be carried for the benefit of the holders of such obligations.

Section 26 Any obligations issued pursuant to the provisions of this Act shall be exempt from taxation by the State of Texas or by any municipal corporation, county, or other political subdivision of taxing district of the State.

Section 27 Such district issuing obligations under the provisions hereof may thereafter authorize and issue its refunding obligations on such terms as its Board of Directors may deem advisable for the purpose of providing for the retirement of any such outstanding obligations, either due or to become due, which refunding obligations may be either exchanged for like par amounts of such outstanding obligations or may be sold and the proceeds of the sale so applied. Any refunding obligations authorized and issued pursuant hereto shall be subject to the provisions of this Act pertaining to the issuance of other obligations and shall be secured in all respects to the same extent and be payable from the same revenues as were the obligations refunded thereby.
Section 25. This Act, without reference to other statutes of the State of Texas, shall constitute full authority for the authorization and issuance of obligations hereunder and for the accomplishment of all things herein authorized to be done, and no proceedings relating to the authorization or issuance of such obligation or the doing of such things shall be necessary except such as are herein required, and neither the Bond and Warrant Law of 1951 or any other provisions of the laws of the State of Texas pertinent to the authorization or issuance of obligations, the operation and maintenance of such improvements and facilities, the granting of franchises or permits, the right to elections or referendum petitions, or in anywise impeding or restricting the carrying out of the acts authorized to be done hereunder, shall be construed as applying to any proceedings had hereunder or acts done pursuant hereto.

Section 29. Nothing in this Act shall be construed as affecting any existing rights or existing priorities in the rights to water from the source of supply and neither the formation of the district hereunder nor a contract for the purchase of water with such district shall ever be held to be an abandonment or waiver of said rights or priorities, or an abandonment of the original point of diversion from the source of supply, but all such rights existing at the time of the formation of such district shall be preserved.

Section 30. If any paragraph, clause or provisions of this Act shall be held unconstitutional, the validity of the other provisions of this Act shall not be affected thereby, but shall remain in full force and effect.

Section 31. The importance of this legislation to the section of the State affected thereby creates an emergency and an imperative
public necessity that the Constitutional rule requiring bills to be read on three several days be and the same is hereby suspended, and that this Act shall take effect and be in force from and after the passage thereof, and it is so enacted.
creating "Lower Neches Valley Authority", a conservation and
reclamation district under and with the powers provided in Section
59 of Article 16 of the Constitution, to conserve, control and
utilize the waters of the Neches River and its tributaries, in-
cluding its storm and flood waters, except said district shall
have no power of taxation nor right to create any debt payable
out of taxation; defining the boundaries thereof, providing for
control through Board of Directors, their appointment, qualifica-
tions and tenure, their organization and powers; authorizing the
storing, controlling, conservation and distribution of storm and
flood waters of Neches River and its tributaries, within and/or
without such district, for irrigation; domestic, industrial and
municipal uses; and also for hydroelectric power, with authority
to make contracts with water users and to establish and collect
maintenance and operation charges for water service; also au-
thorizing all contracts, leases and agreements necessary or
convenient with any person, corporation or government, including
the United States Government and State of Texas, or their agencies,
and authorizing conveyance of the district's properties, improve-
ments and facilities to the United States, or any agency thereof,
and a lease thereof with the United States, or any agency thereof,
with the rentals payable out of the revenues of such district;
subordinating such district to the control of the State Board of
Water Engineers, or other State agency; providing for acquiring,
constructing, maintaining and operating of all necessary proper-
ties, lands, rights, tenements, easements, improvements, reser-
voirs, dams, canals, laterals, plants, works and facilities nec-
essary or proper within or without said district, including the

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right of eminent domain, and authorizing such district to borrow money from the Federal Emergency Administration of Public Works, or other United States agency, and from other persons, and secure payment thereof by first and/or second mortgage and encumbrance on all of the district’s properties, improvements and facilities, and/or the revenues and income to be derived therefrom; providing for the issuance of interest bearing obligations therefore; prescribing their terms, conditions of issuance and prohibiting their payment out of any taxation or involuntary assessment; authorizing the grant to the purchaser of such properties under foreclosure sale of a franchise and permit to operate such improvements and facilities; authorizing the refunding of any obligations issued hereunder; authorizing the holder of any such obligations to enforce by legal proceedings performance of duties required by this Act to be performed by such Board of Directors of said district, and in the event of any default on any such obligations to have an administrator or receiver appointed to administer and operate such properties in order to obtain payment of such obligations; preserving the water rights of existing water users; prescribing all necessary details; providing if any provisions of this Act shall be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

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

Section 1. That there shall be and is hereby created a conservation and reclamation district by the name of "Lower Neches Valley Authority", which district is created as a governmental agency, body politic and corporate, vested with all the authority as such under the Constitution and Laws of the State; and which shall have and be recognized to exercise all of the powers of such governmental agency and body politic and corporate as are expressly authorized in the provisions of the Constitution, Section 52.
of Article 16, for districts created to conserve, store, control, preserve, utilize and distribute the storm and flood waters and the waters of the rivers and streams of the State, and such powers as may be contemplated and implied by the purposes of this provision of the Constitution, and as may be conferred by General Law, as well as by the provisions of this Act, except nothing herein contained shall authorize said district to levy any taxes or special assessments, or to create any debt payable out of taxation; and said district shall have and be recognized to exercise all the rights and powers of an independent governmental agency, body politic and corporate, to construct, maintain and operate, in the valleys of the Neches River and its tributaries, within or without the boundaries of such district, any and all works deemed essential to the operation of the district and for its administration in the control, storing, preservation and distribution to all useful purposes of the waters of the Neches River and its tributary streams, including the storm and flood waters thereof; and such district shall have and be recognized to exercise such authority and power of control and regulation over such waters of the Neches River and its tributaries as may be exercised by the State of Texas, subject to the provisions of the Constitution and the Acts of the Legislature.

Section 2. The territory which shall be embraced within the boundaries of said "Lower Neches Valley Authority" shall be that part of the State of Texas defined as follows: All of Jefferson, Hardin and Tyler Counties, a strip of land ten (10) miles in width off the Eastern end of Liberty County (the West line of said strip being parallel to and ten (10) miles West of the extreme Eastern boundary line of Liberty County, and a strip of land Fifteen (15) miles in width off the East side of Chambers County. (the West line of such strip being parallel to and fifteen (15) miles West of the Eastern boundary line of Chambers County).
Section 3. The management and control of all the affairs of such district shall be vested in a Board of Directors, consisting of seven members, all of whom shall be freehold property tax payers and legal voters of such district. Such Board of Directors shall be appointed by the State Board of Water Engineers as soon as practicable after the passage of this Act, three members thereof to be appointed for a term of two (2) years, two members thereof to be appointed for a term of four (4) years and two members thereof to be appointed for a term of six (6) years, and upon the expiration of the respective terms of said directors the successors of each and all of them shall be appointed there-after for a term of six (6) years. The directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified, unless sooner removed by a majority vote of the State Board of Water Engineers. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the State Board of Water Engineers for the unexpired term. The directors appointed shall, within fifteen (15) days after their appointment, qualify by taking the official oath and filing a good and sufficient bond with the State Board of Water Engineers; the official bond of each director to be in the sum of Five Thousand ($5,000.00) Dollars shall be payable to the district, shall be conditioned upon the faithful performance of their duties as such directors, and shall be subject to approval by the State Board of Water Engineers. A director may be employed as general manager and at such compensation as may be fixed by the majority of other directors, and when so employed he shall continue to perform the duties of a director, but shall receive no compensation as such director.
Section 4. The directors of the district shall organize by electing one of their members president, one vice-president and one secretary. Four directors shall constitute a quorum at any meeting and a concurrence of a majority of those present shall be sufficient in all matters pertaining to the business of the district, except the letting of construction contracts and the authorization of issuance of warrants paying therefor, which shall require the concurrence of five directors. Warrants for the payment of money may be drawn and signed by two officers or employees designated by standing order entered on the minutes of the directors when such accounts have been contracted and ordered paid by the Board of Directors.

Section 5. The directors of the district shall require all officers and employees who shall be charged with the collection or paying or handling of any funds of the district under their orders, to furnish good and sufficient bonds, with a duly authorized surety company as surety thereon, payable to the district, conditioned upon the faithful performance of their duties and accounting for all funds and property of the district coming into their hands, which bonds shall be in sufficient sums to safeguard the district.

Section 6. The president shall preside at all meetings of the Board and shall be the chief executive officer of the district. The vice-president shall act as president in case of the absence or disability of the president. The secretary shall act as secretary of the Board of Directors and shall be charged with the duty of seeing that all records and books of the district are properly kept. In case of the absence or inability of the secretary to act, a secretary pro tem shall be selected by the directors. The directors shall hold regular meetings at the office of the district on the first Monday in February, May, August and November of each year at 10 o'clock A. M., and may hold other meetings at such other times as the business of the district may require.
Section 7. The directors shall receive as fees of office the sum of not to exceed Ten ($10.00) Dollars per day for each day of service necessary to discharge of their duties, provided such service is authorized by vote of the Board of Directors. They shall file with the secretary a verified statement showing the actual number of days of service each month on the last day of the month, or as soon thereafter as possible and before a warrant shall be issued therefor.

Section 8. The directors shall keep a true and full account of all their meetings and proceedings and preserve their minutes, contracts, records, notices, accounts, receipts and records of all kinds in a fireproof vault or safe. The same shall be the property of the district and subject to public inspection. A regular office shall be established and maintained for conduct of the district business within the district.

Section 9. A complete book of accounts shall be kept. The account books and records of the district and of the depository of the district shall be audited by a Certified Public Accountant annually as soon as practicable after the expiration of each year, such audit to cover the preceding calendar year, and report thereon shall be submitted to the first regular meeting of the Board of Directors thereafter. Said report shall be in quadruplicate, one copy being filed in the office of the district, one with the depository of the district, one in the office of the auditor and one with the State Board of Water Engineers, all of which shall be open to public inspection.
Section 10. The directors may employ a general manager for the district and may give him full authority in the management and operation of the district affairs (subject only to the orders of the Board of Directors). The term of office and compensation to be paid such manager and all employees shall be fixed by the Board of Directors and all employees may be removed by the Board.

Section 11. All bonds required to be given by directors, officers and employees of the district shall be executed by a surety company authorized to do business in the State, as surety thereon; and the district shall be authorized to pay the premiums on such bonds.

Section 12. No director of any such district, engineer or employees thereof shall be, directly or indirectly, interested either for themselves or as agents for any one else in any contract for the purchase or construction of any work by said district, and if any such person shall, directly or indirectly, become interested in any such contract, he shall be guilty of a misdemeanor, and on conviction thereof shall be punished by a fine in any sum not to exceed One Thousand ($1,000.00) Dollars, or by confinement in the county jail not less than six months nor more than one year, or by both fine and imprisonment.

Section 13. The said district shall have and be recognized to exercise, in addition to all the hereinbefore mentioned powers, for the conservation and beneficial utilization of said waters, the power of control and employment of such waters of the Neches River and its tributaries, including the storm and flood waters thereof, in the manner and for the particular purposes hereinafter set forth:
(a) To provide through practical and legal means for the control and the coordination of the regulation of the waters of the Neches River and its tributary streams.

(b) To provide by adequate organization and administration for the preservation of the equitable rights of the people of the different sections of the watershed area in the beneficial use of the waters of the Neches River and its tributary streams.

(c) For storing, controlling and conserving the waters of the Neches River and its tributaries within and/or without such district, and the prevention of the escape of any of such waters without the maximum of public service; for the prevention of devastation of lands from recurrent overflows, and the protection of life and property in such district from uncontrolled flood waters.

(d) For the conservation of the waters of the Neches River and its tributaries essential for the domestic uses of the people of the district, including all necessary water supplies for cities and towns.

(e) For the irrigation of all lands in said district and/or lands without said district but within said watershed area, where irrigation is required for agricultural purposes, or may be deemed helpful to more profitable agricultural production; and for the equitable distribution of said waters to the regional potential requirements for all uses, domestic, manufacturing, and irrigation. All plans and all works provided by said district, and as well, all works which may be provided under authority of said district, shall have primary regard to the necessary and potential needs for water, by or within the area in such district constituting the water shed of the Neches River and its tributary streams.
(f) For the better encouragement and development of drainage systems and provisions for drainage of lands in the valleys of the Neches River and its tributary streams needing drainage for profitable agricultural production; and drainage for other lands in the watershed area of the district requiring drainage for the most advantageous use.

(g) For the purpose of encouraging the conservation of all soils against destructive erosion and thereby preventing the increased flood menace incident thereto.

(h) To control and make available for employment said waters in the development of commercial and industrial enterprises in all sections of the watershed area of the district.

(i) For the control, storing and employment of said waters in the development and distribution of hydroelectric power, where such use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior.

(j) And for each and every purpose for which flood and storm waters when controlled and conserved may be utilized in the performance of a useful service as contemplated and authorized by the provisions of the Constitution and the public policy therein declared.

(k) To purchase and/or construct all works necessary or convenient for the exercise of the powers and to accomplish the purposes specified in this Act, and to purchase or otherwise acquire all lands and/or other property necessary or convenient for carrying out any such purposes.

(l) The right of eminent domain is expressly conferred upon such district to enable it to acquire the fee simple title to, and/or easement or right-of-way over and through, any and all lands, water or lands under water, private or public, within and without such district, necessary or convenient to carry out any of the purposes and powers conferred upon such district.
by this Act. All such condemnation proceedings shall be under the
direction of the directors and in the name of the
district, and the assessment of damages and all procedure with
reference to condemnation, appeal and payment shall be in
conformity with the statutes of this State as provided in the
title of the Revised Statutes relating to "Eminent Domain".

(m) The Board of Directors of said district shall prescribe
fees and charges to be collected for the use of water, water
connections or other service, which fees and charges shall be
reasonable and equitable and fully sufficient to produce revenues
adequate to pay, and said Board of Directors shall cause to be
paid therefrom:

(1) All expenses necessary to the operation and maintenance
of the improvements and facilities of said district. Such
operating and maintenance expenses shall include the cost of the
acquisition of properties and materials necessary to maintain said
improvements and facilities in good condition and to operate them
efficiently, necessary wages and salaries of the district, and such
other expenses as may be reasonably necessary to the efficient
operation of said improvements and facilities.

(2) The annual or semi-annual interest upon any obligations
issued hereunder payable out of the revenues of said improvements
and facilities.

(3) The amount required to be paid annually into the sinking
fund for the payment of any obligations issued hereunder payable
out of the revenues of said improvements and facilities.

No other charge shall be made upon the revenues derived from
said improvements and facilities so long as any obligations
issued hereunder shall remain outstanding and unpaid as to prin-
cipal or interest; provided, however, that out of revenues which
may be received in excess of those required for the purposes
listed in the above sub-paragraphs (1), (2) and (3), the Board
of Directors may pay the cost of improvements and re-placements not covered by said sub-paragraph (l), and may establish a reasonable depreciation and emergency fund.

It is the intent of this Act that the fees and charges of such district shall not be in excess of what may be reasonably necessary to fulfill the obligations imposed upon said district by this Act.

(n) Such district through its Board of Directors, shall have the right to employ managers, engineers, attorneys, and all necessary employees to properly construct, operate and maintain said works and carry out the provisions of this Act and to pay reasonable compensation fixed by the Board of Directors for such services.

(o) Such district, in addition to the powers hereinabove set out, shall have general power and authority to make and to enter into all contracts, leases and agreements necessary or convenient to carry out any of the powers granted in this Act, which contracts, leases and agreements may be entered into with any person, real or artificial, any corporation, municipal, public or private, and/or any government or governmental agency, including the United States Government and the State of Texas, and may convey or cause to be conveyed any of its properties, rights, lands, tenements, easements, improvements, reservoirs, dams, canals, plants, laterals, works and facilities to the United States Government or any agency thereof, and may enter into a lease with the United States Government, or any agency thereof, relative thereto, and obligate itself to pay rental therefor out of the income and revenues thereof, with or without the privilege of purchase; provided, however, that nothing herein contained shall authorize the assumption by such district of any obligation requiring payment out of taxes. Any and all such contracts, leases and agreements herein authorized shall be approved by
resolution of the Board of Directors of such district, and shall be executed by the president and attested by the secretary thereof.

(p) Such district shall have the right to sue and be sued.

(q) Before such district shall establish a diversion point, construct the canals, pumping plants and other works herein provided for, it shall present to the Board of Water Engineers of the State of Texas, or such other agency performing the functions now performed by the Board of Engineers, plans and specifications of the same and obtain the approval of such Board.

Section 14. The powers and duties herein devolved upon the said district shall be subject to the continuing rights of supervision by the State which shall be exercised through the State Board of Water Engineers, and in appropriate instances, by the State Reclamation Engineer, each of which agencies shall be charged with the authority and duty to approve, or to refuse to approve, the adequacy of any plan or plans for flood control or conservation improvement purposes devised by the district for the achievement of the plans and purposes intended in the creation of the district, and which plans contemplate improvements supervised by the respective state authorities under the Provisions of the General Law.
Section 15. Said district shall have and may exercise such functions, powers, authority, rights and duties as may permit the accomplishment of the purposes for which it is created, including investigating and planning, acquiring, constructing, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works and facilities which it may deem necessary or proper for the accomplishment of said purposes, including the acquisition within and/or without said district of lands, rights-of-way, water rights, and all other properties, tenements, easements and all other rights incident, helpful to or in aid of carrying out the purposes of said district as herein defined; and this Act in all of its terms and provisions shall be liberally construed to effectuate each and all of the purposes thereof.

Section 16. Said district may borrow money from the Federal Emergency Administration of Public Works of the United States, or from any other department or agency of the United States, or from any other source, and in evidence thereof may issue the notes, warrants, certificates of indebtedness or other forms of obligations of such district, payable solely out of the revenues to be derived from said improvements and facilities and the operations and services thereof.

Section 17. Each issue of obligations authorized hereunder shall constitute a separate series and shall be appropriately designated. Such obligations shall not constitute an indebtedness or pledge of the credit of such district, shall never be paid in whole or in part out of any funds raised or to be raised by taxation, and shall contain a recital to that effect. All obligations issued hereunder shall be in registered or coupon form and if in coupon form may be registerable as to principal only, or as to both principal and interest, shall bear interest at a
rate not to exceed six per cent per annum, payable annually or semi-annually, and shall be in such denominations and shall mature serially or at one time not more than fifty years from their date in such manner as may be provided by the Board of Directors. Principal of and interest on such obligations shall be made payable at any place or places within or without the State of Texas and in the discretion of the Board of Directors such obligations may be made redeemable at the option of said Board prior to maturity at such premium or premiums as the Board shall determine. Such obligations shall be signed by the president and secretary of the Board of Directors, and the interest coupons attached thereto may be executed with the facsimile signatures of such officers. Such obligations shall be sold in such manner and at such time as the Board of Directors shall determine to be expedient and necessary to the interests of the district, provided, that in no event shall such obligations be sold for a price which will result in an interest yield therefrom of more than six per cent computed to maturity according to standard bond tables in general use by banks and insurance companies. In the event any of the officers whose signatures are on such obligations or coupons shall cease to be such officers before the delivery of such obligations to the purchaser, such signature or signatures, nevertheless, shall be valid and sufficient for all purposes. All obligations issued hereunder shall constitute negotiable instruments within the meaning of the Negotiable Instruments Law.

Section 18. Any obligations issued hereunder may be issued payable from and secured by the pledge of all the revenues derived from the operation of the improvements and facilities of the district, exclusive of any revenues derived from taxation or assessments, or may be payable from and secured by the pledge of only such revenues as may be derived from the operation of the improvements and facilities acquired with the proceeds of the

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sale of such obligations, or may be payable from and secured by the pledge of a specified part of the revenues derived from the operation of the improvements and facilities of the district, all as may be provided in the proceedings authorizing the issuance of such obligations. If more than one series of obligations shall be issued under the provisions of this Act payable from and secured by identical revenues, priority of lien against such revenues shall depend on the time of delivery of such obligations, each series enjoying a lien against such revenues prior and superior to that enjoyed by any other series of obligations subsequently delivered, provided, however, that as to any issue or series of obligations which may be authorized as a unit but delivered from time to time in blocks, the Board of Directors may in the proceedings authorizing the issuance of such obligations provide that all of the obligations of such series or issue shall be co-equal as to lien regardless of the time of delivery.

Section 19. Any resolution or order authorizing the issuance of obligations under the provisions hereof shall provide for the creation of a sinking fund into which shall be paid from the revenues pledged to the payment of such obligations from month to month as said revenues are collected, sums fully sufficient to pay principal of and interest on such obligations. The money in such sinking fund shall be applied solely to the payment of interest on the obligations for the payment of which such fund is created and for the retirement of said obligations at or prior to maturity in the manner herein provided. The Board of Directors may at the time obligations are authorized hereunder provide that all money in such sinking fund in excess of the amount required for the payment of interest on and principal of such outstanding obligations for such period as it may determine shall be expended once each year pursuant to its order in the purchase of
obligations for the account of which such sinking fund has been accumulated, if any such obligations can be purchased at a price which shall seem reasonable to the Board, and may provide that in the event such obligations contain an option permitting retirement prior to maturity then such excess sums shall be paid out as aforesaid for the purchase of such obligations, but that if the Board shall be unable to so purchase sufficient obligations of said issue to absorb all such surplus it shall call for redemption a sufficient amount of such obligations to absorb so far as practicable the entire surplus remaining in said sinking fund. It may be provided that any excess in the sinking fund which cannot be applied to the purchase or redemption of obligations shall remain in said sinking fund to be used for payment of principal or interest when due, or for the subsequent call of obligations for purchase or redemption in the manner above provided.

Section 20. Any resolution or order authorizing the issuance of obligations hereunder may contain such covenants with the holders of the obligations as to the management and operation of said improvements and facilities, collection of fees and charges for the use thereof, disposition of such fees and charges, issuance of future obligations and creation of future liens, mortgages and encumbrances against said improvements and facilities, and the revenues thereof and other pertinent matters, as may be deemed necessary to insure the marketability of said obligations, provided such covenants are not inconsistent with the provisions of this Act.

Section 21. Any resolution or order authorizing the issuance of obligations hereunder shall provide that the revenues from which such obligations are to be paid and which are pledged to the payment of such obligations shall from month to month as the same shall accrue and be received, be set apart and placed in the sinking fund and disbursed in the manner hereinabove provided.
In fixing and determining the amount of revenues which shall be so set aside, the Board of Directors shall provide that the amount to be set aside and paid into said fund in any year or years shall be not less than a fixed sum, which sum shall be at least sufficient to provide for the payment of the interest on and principal of all obligations maturing and becoming payable in each such year, together with a surplus or margin of ten per cent in excess thereof.

Section 22. Any holder of obligations issued hereunder or of coupons originally attached thereto, may either at law or in equity, by suit, action, mandamus, or other proceeding, enforce and compel performance of all duties required by this Act to be performed by the Board of Directors, including the making and collecting of reasonable and sufficient fees or charges for the use of the improvements and facilities of the district, the segregation of the income and revenues of such improvements and facilities, and the application of such income and revenues pursuant to the provisions of this Act. If there be any default in the payment of the principal of or interest on any of such obligations, any holder thereof shall be entitled to have an administrator or receiver appointed by any court having jurisdiction to administer and operate the improvements and facilities, the revenues of which are pledged to the payment of such obligations, in behalf of the district and the holders of such obligations, with power to fix and collect fees and charges sufficient to provide for the payment of operation and maintenance expenses as hereinabove defined, and to pay any obligations or interest coupons outstanding payable from the revenues of such improvements and facilities, and to apply the income and revenues thereof in conformity with the provisions of this Act and the proceedings authorizing the issuance of said obligations.
Section 23. As additional security for the payment of any obligations issued hereunder, the Board of Directors may in its discretion have executed in favor of the holders of such obligations an indenture mortgaging and encumbering the improvements, facilities and properties acquired with the proceeds of the sale of such obligations, and/or all of the improvements, facilities and properties of the district, and may provide in such encumbrance for a grant to any purchaser or purchasers at foreclosure sale thereunder of a franchise to operate such improvements, facilities and properties for a term of not over fifty years from the date of such purchase, subject to all laws regulating same then in force. Any such indenture may contain such terms and provisions as the Board of Directors shall deem proper and shall be enforceable in the manner provided by the laws of Texas for the enforcement of other mortgages and encumbrances. Under any sale ordered pursuant to the provisions of such mortgage or encumbrance, the purchaser or purchasers at such sale, and his or their successors or assigns, shall be and hereby are vested with a permit and franchise to maintain and operate the improvements, facilities and properties purchased at such sale with like powers and privileges as may theretofore have been enjoyed by the district in the operation of said improvements, facilities and properties. The purchaser or purchasers of such improvements, facilities and properties at any such sale, and his or their successors and assigns, may operate said improvements, facilities and properties as provided in the last above sentence or may at their option remove all or part of said improvements, facilities and properties for diversion to other purposes. Any statutes of the State of Texas pertaining to the granting of franchises shall not be applicable to the authorization or execution of any mortgage or encumbrance entered into pursuant to the provisions of this Act, nor to the granting of any franchise hereunder.
Section 24. The proceeds of the sale of any obligations issued hereunder may be deposited in such bank or banks as may be agreed upon between the purchaser at such sale and the Board of Directors, and may be deposited and paid out pursuant to such terms and conditions as may be so agreed upon, it being expressly provided that the statutes of Texas pertaining to the deposit of the district funds in the depository of such district shall not be applicable to the deposit of the proceeds of such sale. Any part of the proceeds of the sale of obligations issued hereunder which may remain unexpended after the project for which the obligations were authorized has been completed may be paid into the sinking fund for the payment of said obligations and be used only for the payment of principal of such obligations, or for the purposes of acquiring such outstanding obligations by purchase in the manner hereinabove provided.

Section 25. The Board of Directors is authorized to enter into an agreement or agreements with the purchaser or purchasers of any obligations issued hereunder under the terms of which such Board shall agree to keep all of the improvements and facilities, the revenues of which are pledged to the payment of such obligations, insured with insurers of good standing against loss or damage by fire, water or flood, and also from any other hazards customarily insured against by private companies operating similar properties, and to carry with insurers of good standing such insurance covering the use and occupancy of such property as is customarily carried by such private companies. The cost of such insurance shall be budgeted as maintenance and operation expense and such insurance shall be carried for the benefit of the holders of such obligations.

Section 26. Any obligations issued pursuant to the provisions of this Act shall be exempt from taxation by the State of Texas or by any municipal corporation, county, or other political subdivision of taxing district of the state.
Section 27. Such district issuing obligations under the provisions hereof may thereafter authorize and issue its refunding obligations on such terms as its Board of Directors may deem advisable for the purpose of providing for the retirement of any such outstanding obligations, either due or to become due, which refunding obligations may be either exchanged for like par amounts of such outstanding obligations or may be sold and the proceeds of the sale so applied. Any refunding obligations authorized and issued pursuant hereto shall be subject to the provisions of this Act pertaining to the issuance of other obligations and shall be secured in all respects to the same extent and be payable from the same revenues as were the obligations refunded thereby.

Section 28. This Act, without reference to other statutes of the State of Texas, shall constitute full authority for the authorization and issuance of obligations hereunder and for the accomplishment of all things herein authorized to be done, and no proceedings relating to the authorization or issuance of such obligation or the doing of such things shall be necessary except such as are herein required, and neither the Bond and Warrant Law of 1931 or any other provisions of the laws of the State of Texas pertinent to the authorization or issuance of obligations, the operation and maintenance of such improvements and facilities, the granting of franchises or permits, the right to elections or referendum petitions, or in anywise impeding or restricting the carrying out of the acts authorized to be done hereunder, shall be construed as applying to any proceedings and hereunder or acts done pursuant hereto.

Section 29. Nothing in this Act shall be construed as affecting any existing rights or existing priorities in the rights to water from the source of supply and neither the formation of the district hereunder nor a contract for the purchase of water with such district shall ever be held to be an abandonment of
waiver of said rights or priorities, or an abandonment of the
original point of diversion from the source of supply, but all
such rights existing at the time of the formation of such district
shall be preserved.

Section 30. If any paragraph, clause or provisions of this
Act shall be held unconstitutional, the validity of the other
provisions of this Act shall not be affected thereby, but shall
remain in full force and effect.

Section 31. The importance of this Legislation to the
section of the State affected thereby creates an emergency and
an imperative public necessity that the Constitutional Rule
requiring bills to be read on three several days be and the same
is hereby suspended, and that this Act shall take effect and be
in force from and after the passage thereof, and it is so
enacted.
October 3, 1933

Hon. Edgar E. Witt,  
President of the Senate.

Sir:-

WE, YOUR COMMITTEE ON ENGROSSED BILLS  
have had Senate Bill No. 38, carefully examined and  
compared and find same correctly Engrossed.

[Signature]
CHAIRMAN
COMMITTEE ROOM

Date...Oct. 4th...1933

Hon. Coke Stevenson,
Speaker of the House of Representatives,

Sir:

We, your Committee on Conservation & Reclamation,
to whom was referred......S......B. No.......38......, have had
same under consideration and beg to report back with
recommendation that it do pass, and be.............printed

A. L. Baker
Chairman.

[In the Senate.—September 29, 1933, read first time and re-
ferred to Committee on Internal Improvements; October 3, 1933,
Senate rule requiring committee reports to lie over one day sus-
pended by unanimous vote; October 3, 1933, constitutional rule
suspended by four-fifths vote: yeas 29, nays 0; October 3, 1933,
read second time, committee report adopted, amended and or-
dered engrossed; October 3, 1933, constitutional rule suspended
by four-fifths vote: yeas 29, nays 0; October 3, 1933, read third
time and passed by the following two-thirds vote: yeas 28,
nays 1; October 4, 1933, reported engrossed; October 4, 1933,
sent to House.]

BOB BARKER,
Secretary of the Senate.

October 3, 1933, engrossed.

ESSIE McGINNIS,
Engrossing Clerk.

[In the House.—October 4, 1933, received from the Senate, 
read first time and referred to Committee on Conservation and
Reclamation; October 4, 1933, reported favorably; October 5,
1933, sent to printer.]

A BILL
TO BE ENTITLED

An Act creating “Lower Neches Valley Authority”, a conserva-
tion and reclamation district under and with the powers pro-
vided in Section 59 of Article 16 of the Constitution, to con-
serve, control and utilize the waters of the Neches River and
its tributaries, including its storm and flood waters, except
said district shall have no power of taxation nor right to
create any debt payable out of taxation; defining the bounda-
ries thereof, providing for control through Board of Direct-
ors, their appointment, qualifications and tenure, their or-
ganization and powers; authorizing the storing, controlling,
conservation and distribution of storm and flood waters of
Neches River and its tributaries, within and/or without such
district, for irrigation, domestic, industrial and municipal
uses, and also for hydroelectric power, with authority to
make contracts with water users and to establish and collect
maintenance and operation charges for water service, also
authorizing all contracts, leases and agreements necessary or
convenient with any person, corporation or government, including the United States Government and State of Texas, or their agencies, and authorizing conveyance of the district’s properties, improvements and facilities to the United States, or any agency thereof, and a lease thereof with the United States, or any agency thereof, with the rentals payable out of the revenues of such district; subordinating such district to the control of the State Board of Water Engineers, or other State agency; providing for acquiring, constructing, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants works and facilities necessary or proper within or without said district, including the right of eminent domain, and authorizing such district to borrow money from the Federal Emergency Administration of Public Works, or other United States agency, and from other persons, and secure payment thereof by first and/or second mortgage and encumbrance on all of the district’s properties, improvements and facilities, and/or the revenues and income to be derived therefrom; providing for the issuance of interest bearing obligations therefor; prescribing their terms, conditions of issuance and prohibiting their payment out of any taxation or involuntary assessment; authorizing the grant to the purchaser of such properties under foreclosure sale of a franchise and permit to operate such improvements and facilities; authorizing the refunding of any obligations issued hereunder; authorizing the holder of any such obligations to enforce by legal proceedings performance of duties required by this Act to be performed by such Board of Directors of said district, and in the event of any default on any such obligations to have an administrator or receiver appointed to administer and operate such properties in order to obtain payment of such obligations; preserving the water rights of existing water users; prescribing all necessary details; providing if any provisions of this Act shall be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

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

SECTION 1. That there shall be and is hereby created a conservation and reclamation district by the name of "Lower
Neches Valley Authority”, which district is created as a govern-
mental agency, body politic and corporate, vested with all
the authority as such under the Constitution and Laws of the
State; and which shall have and be recognized to exercise all of
the powers of such governmental agency and body politic and
corporate as are expressly authorized in the provisions of the
Constitution, Section 59 of Article 16, for districts created to
conserve, store, control, preserve, utilize and distribute the
storm and flood waters and the waters of the rivers and streams
of the State, and such powers as may be contemplated and im-
plied by the purposes of this provision of the Constitution, and
as may be conferred by General Law, as well as by the provi-
sions of this Act, except nothing herein contained shall author-
ize said District to levy any taxes or special assessments, or to
create any debt payable out of taxation; and said district shall
have and be recognized to exercise all the rights and powers of
an independent governmental agency, body politic and cor-
porate, to construct, maintain and operate, in the valleys of the
Neches River and its tributaries, within or without the bounda-
ries of such district, any and all works deemed essential to the
operation of the district and for its administration in the con-
trol, storing, preservation and distribution to all useful pur-
poses of the waters of the Neches River and its tributary
streams, including the storm and flood waters thereof; and such
district shall have and be recognized to exercise such authority
and power of control and regulation over such waters of the
Neches River and its tributaries as may be exercised by the
State of Texas, subject to the provisions of the Constitution

Sec. 2. The territory which shall be embraced within the
boundaries of said “Lower Neches Valley Authority” shall be
that part of the State of Texas defined as follows; All of Jeff-
erson, Hardin and Tyler Counties, a strip of land ten (10) miles
in width off the Eastern end of Liberty County (the West line
of said strip being parallel to and ten (10) miles West of the ex-
treme Eastern boundary line of Liberty County, and a strip of
land Fifteen (15) miles in width off the East side of Chambers
County. (the West line of such strip being parallel to and fif-
teen (15) miles West of the Eastern boundary line of Chambers
County).
SEC. 3. The management and control of all the affairs of such district shall be vested in a Board of Directors, consisting of seven members, all of whom shall be freehold property tax payers and legal voters of such district. Such Board of Directors shall be appointed by the State Board of Water Engineers as soon as practicable after the passage of this Act, three members thereof to be appointed for a term of two (2) years, two members thereof to be appointed for a term of four (4) years and two members thereof to be appointed for a term of six (6) years, and upon the expiration of the respective terms of said directors the the successors of each and all of them shall be appointed thereafter for a term of six (6) years. The directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified, unless sooner removed by a majority vote of the State Board of Water Engineers. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the State Board of Water Engineers for the unexpired term. The directors appointed shall, within fifteen (15) days after their appointment, qualify by taking the official oath and filing a good and sufficient bond with the State Board of Water Engineers; the official bond of each director to be in the sum of Five Thousand ($5,000.00) Dollars shall be payable to the district, shall be conditioned upon the faithful performance of their duties as such directors, and shall be subject to approval by the State Board of Water Engineers. A director may be employed as general manager and at such compensation as may be fixed by the majority of other directors, and when so employed he shall continue to perform the duties of a director, but shall receive no compensation as such director.

SEC. 4. The directors of the district shall organize by electing one of their members president, one vice-president and one secretary. Four directors shall constitute a quorum at any meeting and a concurrence of a majority of those present shall be sufficient in all matters pertaining to the business of the district, except the letting of construction contracts and the authorization of issuance of warrants paying therefor, which shall require the concurrence of five directors. Warrants for the payment of money may be drawn and signed by two officers or employees designated by standing order entered on the min-
utes of the directors when such accounts have been contracted and ordered paid by the Board of Directors.

SEC. 5. The directors of the district shall require all officers and employees who shall be charged with the collection or paying or handling of any funds of the district under their orders, to furnish good and sufficient bonds, with a duly authorized surety company as surety thereon, payable to the district, conditioned upon the faithful performance of their duties and accounting for all funds and property of the district coming into their hands, which bonds shall be in sufficient sums to safeguard the district.

SEC. 6. The president shall preside at all meetings of the Board and shall be the chief executive officer of the district. The vice-president shall act as president in case of the absence or disability of the president. The secretary shall act as secretary of the Board of Directors and shall be charged with the duty of seeing that all records and books of the district are properly kept. In case of the absence or inability of the secretary to act, a secretary pro tem shall be selected by the directors. The directors shall hold regular meetings at the office of the district on the first Monday in February, May, August and November of each year at 10 o'clock A. M., and may hold other meetings at such other times as the business of the district may require.

SEC. 7. The directors shall receive as fees of office the sum of not to exceed Ten ($10.00) Dollars per day for each day of service necessary to discharge of their duties, provided such service is authorized by vote of the Board of Directors. They shall file with the secretary a verified statement showing the actual number of days of service each month on the last day of the month; or as soon thereafter as possible and before a warrant shall be issued therefor.

SEC. 8. The directors shall keep a true and full account of all their meetings and proceedings and preserve their minutes, contracts, records, notices, accounts, receipts and records of all kinds in a fireproof vault or safe. The same shall be the property of the district and subject to public inspection. A regular office shall be established and maintained for conduct of the district business within the district.

SEC. 9. A complete book of accounts shall be kept. The ac-
count books and records of the district and of the depository of
the district shall be audited by a Certified Public Accountant
annually as soon as practicable after the expiration of each
year, such audit to cover the preceding calendar year, and
report thereon shall be submitted to the first regular meeting
of the Board of Directors thereafter. Said report shall be in
quadruplicate, one copy being filed in the office of the district,
one with the depository of the district, one in the office of the
auditor and one with the State Board of Water Engineers, all
of which shall be open to public inspection.

SEC. 10. The directors may employ a general manager for
the district and may give him full authority in the manage-
ment and operation of the district affairs (subject only to the
orders of the Board of Directors). The term office and com-
pensation to be paid such manager and all employees shall be
fixed by the Board of Directors and all employees may be
removed by the Board.

SEC. 11. All bonds required to be given by directors, officers
and employees of the district shall be executed by a surety com-
pany authorized to do business in the State, as surety thereon;
and the district shall be authorized to pay the premiums on such
bonds.

SEC. 12. No director of any such district, engineer or em-
ployees thereof shall be, directly or indirectly, interested either
for themselves or as agents for any one else in any contract for
the purchase or construction of any work by said district, and
if any such person shall, directly or indirectly, become inter-
ested in any such contract, he shall be guilty of a misdemeanor,
and on conviction thereof shall be punished by a fine in any
sum not to exceed One Thousand ($1,000.00) Dollars, or by
confinement in the county jail not less than six months nor
more than one year, or by both fine and imprisonment.

SEC. 13. The said district shall have and be recognized to
exercise, in addition to all the hereinbefore mentioned powers,
for the conservation and beneficial utilization of said waters,
the power of control and employment of such waters of the
Neches River and its tributaries, including the storm and flood
waters thereof, in the manner and for the particular purposes
hereinafter set forth:—

(a) To provide through practical and legal means for the
control and the coordination of the regulation of the waters of the Neches River and its tributary streams.

(b) To provide by adequate organization and administration for the preservation of the equitable rights of the people of the different sections of the watershed area in the beneficial use of the waters of the Neches River and its tributary streams.

(c) For storing, controlling and conserving the waters of the Neches River and its tributaries within and/or without such district, and the prevention of the escape of any of such waters without the maximum of public service; for the prevention of devastation of lands from recurrent overflows, and the protection of life and property in such district from uncontrolled flood waters.

(d) For the conservation of the waters of the Neches River and its tributaries essential for the domestic uses of the people of the district, including all necessary water supplies for cities and towns.

(e) For the irrigation of all lands in said district and/or lands without said district but within said watershed area, where irrigation is required for agricultural purposes, or may be deemed helpful to more profitable agricultural production; and for the equitable distribution of said waters to the regional potential requirements for all uses, domestic, manufacturing and irrigation. All plans and all works provided by said district, and as well, all works which may be provided under authority of said district, shall have primary regard to the necessary and potential needs for water, by or within the area in such district constituting the water shed of the Neches River and its tributary streams.

(f) For the better encouragement and development of drainage systems and provisions for drainage of lands in the valleys of the Neches River and its tributary streams needing drainage for profitable agricultural production; and drainage for other lands in the watershed area of the district requiring drainage for the most advantageous use.

(g) For the purpose of encouraging the conservation of all soils against destructive erosion and thereby preventing the increased flood menace incident thereto.

(h) To control and make available for employment said waters in the development of commercial and industrial enter-
prises in all section of the watershed area of the district.

(i) For the control, storing and employment of said waters in the development and distribution of hydroelectric power, where such use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior.

(j) And for each and every purpose for which flood and storm waters when controlled and conserved may be utilized in the performance of a useful service as contemplated and authorized by the provisions of the Constitution and the public policy therein declared.

(k) To purchase and/or construct all works necessary or convenient for the exercise of the powers and to accomplish the purposes specified in this Act, and to purchase or otherwise acquire all lands and/or other property necessary or convenient for carrying out any such purposes.

(1) The right of eminent domain is expressly conferred upon such district to enable it to acquire the fee simple title to, and/or easement or right-of-way over and through, any and all lands, water or lands under water, private or public, within and without such district, necessary or convenient to carry out any of the purposes and powers conferred upon such district by this Act. All such condemnation proceedings shall be under the direction of the direction of the directors and in the name of the district, and the assessment of damages and all procedure with reference to condemnation, appeal and payment shall be in conformity with the statutes of this State as provided in the title of the Revised Statutes relating to "Eminent Domain".

(m) The Board of Directors of said district shall prescribe fees and charges to be collected for the use of water, water connections or other service, which fees and charges shall be reasonable and equitable and fully sufficient to produce revenues adequate to pay, and said Board of Directors shall cause to be paid therefrom:

(1) All expenses necessary to the operation and maintenance of the improvements and facilities of said district. Such operating and maintenance expenses shall include the cost of the acquisition of properties and materials necessary to maintain said improvements and facilities in good condition and to operate them efficiently, necessary wages and salaries of the district,
and such other expenses as may be reasonably necessary to the
efficient operation of said improvements and facilities.

(2) The annual or semi-annual interest upon any obligations
issued hereunder payable out of the revenues of said improve-
ments and facilities.

(3) The amount required to be paid annually into the sinking
fund for the payment of any obligations issued hereunder
payable out of the revenues of said improvements and facilities.

No other charge shall be made upon the revenues derived from
said improvements and facilities so long as any obligations is-
ued hereunder shall remain outstanding and unpaid as to prin-
cipal or interest; provided, however, that out of revenues which
may be received in excess of those required for the purposes
listed in the above sub-paragraphs (1), (2) and (3), the Board
of Directors may pay the cost of improvements and re-place-
ments not covered by said sub-paragraph (1), and may establish
a reasonable depreciation and emergency fund.

It is the intent of this Act that the fees and charges of such
district shall not be in excess of what may be reasonably neces-
sary to fulfill the obligations imposed upon said district by this
Act.

(n) Such district through its Board of Directors, shall have
the right to employ managers, engineers, attorneys, and all
necessary employees to properly construct, operate and main-
tain said works and carry out the provisions of this Act and to
pay reasonable compensation fixed by the Board of Directors
for such services.

(o) Such district, in addition to the powers hereinabove set
out, shall have general power and authority to make and to
enter into all contracts, leases and agreements necessary or con-
venient to carry out any of the powers granted in this Act, which
contracts, leases and agreements may be entered into with any
person, real or artificial, any corporation, municipal, public or
private, and/or any government or governmental agency, includ-
ing the United States Government and the State of Texas, and
may convey or cause to be conveyed any of its properties, rights,
lands, tenements, easements, improvements, reservoirs, dams,
canals, plants, laterals, works and facilities to the United States
Government or any agency thereof, and may enter into a lease
with the United States Government, or any agency thereof,
relative thereto, and obligate itself to pay rental therefor out of
the income and revenues thereof, with or without the privilege
of purchase; provided, however, that nothing herein contained
shall authorize the assumption by such district of any obligation
requiring payment out of taxes. Any and all such contracts,
leases and agreements herein authorized shall be approved by
resolution of the Board of Directors of such district, and shall be
executed by the president and attested by the secretary thereof.
(p) Such district shall have the right to sue and be sued.
(q) Before such district shall establish a diversion point, con-
struct the canals, pumping plants and other works herein pro-
vided for, it shall present to the Board of Water Engineers of
the State of Texas, or such other agency performing the func-
tions now performed by the Board of Engineers, plans and speci-
fications of the same and obtain the approval of such Board.

SEC. 14. The powers and duties herein devolved upon the said
district shall be subject to the continuing rights of supervision
by the State which shall be exercised through the State Board
of Water Engineers, and in appropriate instances, by the State
Reclamation Engineer, each of which agencies shall be charged
with the authority and duty to approve, or to refuse to approve,
the adequacy of any plan or plans for flood control or conserv-
vation improvement purposes devised by the district for the
achievement of the plans and purposes intended in decreation of
the district, and which plans contemplate improvements sup-
vised by the respective state authorities under the Provisions
of the General Law.

SEC. 15. Said district shall have and may exercise such func-
tions, powers, authority, rights and duties as may permit the ac-
complishment of the purposes for which it is created, including
investigating and planning, acquiring, constructing, maintain-
ing and operating of all necessary properties, lands, rights, ten-
ements, easements, improvements, reservoirs, dams, canals, lat-
erals, plants, works and facilities which it may deem necessary
or proper for the accomplishment of said purposes, including
the acquisition within and/or without said district of lands,
rights-of-way, water rights, and all other properties, tenements,
easements and all other rights incident, helpful to or in aid of
carrying out the purposes of said district as herein defined; and
this Act in all of its terms and provisions shall be liberally con-
strued to effectuate each and all of the purposes thereof.

SEC. 16. Said district may borrow money from the Federal
Emergency Administration of Public Works of the United States,
or from any other department or agency of the United States,
or from any other source, and in evidence thereof may issue the
notes, warrants, certificates of indebtedness or other forms of
obligations of such district, payable solely out of the revenues
to be derived from said improvements and facilities and the
operations and services thereof.

SEC. 17. Each issue of obligations authorized hereunder
shall constitute a separate series and shall be appropriately des-
ingated. Such obligations shall not constitute an indebtedness
or pledge of the credit of such district, shall never be paid in
whole or in part out of any funds raised or to be raised by tax-
atation, and shall contain a recital to that effect. All obligations
issued hereunder shall be in registered or coupon form and if in
coupon form may be registerable as to principal only, or as to
both principal and interest, shall bear interest at a rate not to
exceed six per cent per annum, payable annually or semi-an-
nually, and shall be in such denominations and shall mature
serially or at one time not more than fifty years from their date
in such manner as may be provided by the Board of Directors.
Principal of and interest on such obligations shall be made pay-
able at any place or places within or without the State of Texas
and in the discretion of the Board of Directors such obligations
may be made redeemable at the option of said Board prior to
maturity at such premium or premiums as the Board shall de-
termine. Such obligations shall be signed by the president and
secretary of the Board of Directors, and the interest coupons
attached thereto may be executed with the facsimile signatures
of such officers. Such obligations shall be sold in such manner
and at such time as the Board of Directors shall determine to
be expedient and necessary to the interest of the district, pro-
vided, that in no event shall such obligations be sold for a price
which will result in an interest yield therefrom of more than six
per cent computed to maturity according to standard bond tables
in general use by banks and insurance companies. In the event
any of the officers whose signatures are on such obligations or
coupons shall cease to be such officers before the delivery of such
obligations to the purchaser, such signature or signatures, never-
theless, shall be valid and sufficient for all purposes. All obli-
gations issued hereunder shall constitute negotiable instruments
within the meaning of the Negotiable Instruments Law.

SEC. 18. Any obligations issued hereunder may be issued
payable from and secured by the pledge of all the revenues de-
erived from the operation of the improvements and facilities of
the district, exclusive of any revenues derived from taxation or
assessments, or may be payable from and secured by the pledge
of only such revenues as may be derived from the operation of
the improvements and facilities acquired with the proceeds of
the sale of such obligations, or may be payable from and secured
by the pledge of a specified part of the revenues derived from
the operation of the improvements and facilities of the district,
all as may be provided in the proceedings authorizing the issu-
ance of such obligations. If more than one series of obligations
shall be issued under the provisions of this Act payable from
and secured by identical revenues, priority of lien against such
revenues shall depend on the time of delivery of such obliga-
tions, each series enjoying a lien against such revenues prior
and superior to that enjoyed by any other series of obligations
subsequently delivered, provided, however, that as to any issue
or series of obligations which may be authorized as a unit but
delivered from time to time in blocks, the Board of Directors
may in the proceedings authorizing the issuance of such obliga-
tions provide that all of the obligations of such series or issue
shall be co-equal as to lien regardless of the time of delivery.

SEC. 19. Any resolution or order authorizing the issuance of
obligations under the provisions hereof shall provide for the
creation of a sinking fund into which shall be paid from the rev-
ues pledged to the payment of such obligations from month
to month as said revenues are collected, sums fully sufficient to
pay principal of and interest on such obligations. The money
in such sinking fund shall be applied solely to the payment of
interest on the obligations for the payment of which such fund
is created and for the retirement of said obligations at or prior
to maturity in the manner herein provided. The Board of Di-
rectors may at any time obligations are authorized hereunder
provide that all money in such sinking fund in excess of the
amount required for the payment of interest on and principal
of such outstanding obligations for such period as it may de-
termine shall be expended once each year pursuant to its order
in the purchase of obligations for the account of which such
sinking fund has been accumulated, if any such obligations can
be purchased at a price which shall seem reasonable to the
Board, and may provide that in the event such obligations con-
tain an option permitting retirement prior to maturity then
such excess sums shall be paid out as aforesaid for the purchase
of such obligations, but that if the Board shall be unable to so
purchase sufficient obligations of said issue to absorb all such
surplus it shall call for redemption a sufficient amount of such
obligations to absorb so far as practicable the entire surplus
remaining in said sinking fund. It may be provided that any
excess in the sinking fund which cannot be applied to the pur-
chase or redemption of obligations shall remain in said sinking
fund to be used for payment of principal or interest when
due, or for the subsequent call of obligations for purchase or re-
demption in the manner above provided.

SEC. 20. Any resolution or order authorizing the issuance of
obligations hereunder may contain such covenants with the
holders of the obligations as to the management and operation
of said improvements and facilities, collection of fees and
charges for the use thereof, disposition of such fees and charges,
issuance of future obligations and creation of future liens, mort-
gages and encumbrances against said improvements and facili-
ties, and the revenues thereof and other pertinent matters, as
may be deemed necessary to insure the marketability of said
obligations, provided such covenants are not inconsistent with
the provisions of this Act.

SEC. 21. Any resolution or order authorizing the issuance of
obligations hereunder shall provide that the revenues from
which such obligations are to be paid and which are pledged to
the payment of such obligations shall from month to month as
the same shall accrue and be received, be set apart and placed in
the sinking fund and disbursed in the manner hereinabove pro-
vided. In fixing and determining the amount of revenues which
shall be so set aside, the Board of Directors shall provide that
the amount to be set aside and paid into said fund in any year
or years shall be not less than a fixed sum, which sum shall be
at least sufficient to provide for the payment of the interest on
and principal of all obligations maturing and becoming payable
in each such year, together with a surplus or margin of ten per cent in excess thereof.

SEC. 22. Any holder of obligations issued hereunder or of coupons originally attached thereto, may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required by this Act to be performed by the Board of Directors, including the making and collecting of reasonable and sufficient fees or charges for the use of the improvements and facilities of the district, the segregation of the income and revenues of such improvements and facilities, and the application of such income and revenues pursuant to the provisions of this Act. If there be any default in the payment of the principal of or interest on any of such obligations, any holder thereof shall be entitled to have an administrator or receiver appointed by any court having jurisdiction to administer and operate the improvements and facilities, the revenues of which are pledged to the payment of such obligations, in behalf of the district and the holders of such obligations, with power to fix and collect fees and charges sufficient to provide for the payment of operation and maintenance expenses as hereinabove defined, and to pay any obligations or interest coupons outstanding payable from the revenues of such improvements and facilities, and to apply the income and revenues thereof in conformity with the provisions of this Act and the proceedings authorizing the issuance of said obligations.

SEC. 23. As additional security for the payment of any obligations issued hereunder, the Board of Directors may in its discretion have executed in favor of the holders of such obligations an indenture mortgaging and encumbering the improvements, facilities and properties acquired with the proceeds of the sale of such obligations, and/or all of the improvements, facilities and properties of the district, and may provide in such encumbrance for a grant to any purchaser or purchasers at foreclosure sale thereunder of a franchise to operate such improvements, facilities and properties for a term of not over fifty years from the date of such purchase, subject to all laws regulating same then in force. Any such indenture may contain such terms and provisions as the Board of Directors shall deem proper and shall be enforceable in the manner provided by the laws of Texas for the enforcement of other mortgages and encumbrances. Under
any sale ordered pursuant to the provisions of such mortgage
or encumbrance, the purchaser or purchasers at such sale, and
his or their successors or assigns, shall be and hereby are vested
with a permit and franchise to maintain and operate the im-
provements, facilities and properties purchased at such sale
with like powers and privileges as may theretofore have been
enjoyed by the district in the operation of said improvements,
facilities and properties. The purchaser or purchasers of such
improvements, facilities and properties at any such sale, and
his or their successors and assigns, may operate said improve-
ments, facilities and properties as provided in the last above
sentence or may at their option remove all or part of said im-
provements, facilities and properties for diversion to other pur-
poses. Any statutes of the State of Texas pertaining to the
granting of franchises shall not be applicable to the authoriza-

tion or execution of any mortgage or encumbrance entered into
pursuant to the provisions of this Act, nor to the granting of
any franchise hereunder.

SEC. 24. The proceeds of the sale of any obligations issued
hereunder may be deposited in such bank or banks as may be
agreed upon between the purchaser at such sale and the Board
of Directors, and may be deposited and paid out pursuant to
such terms and conditions as may be so agreed upon, it being
expressly provided that the statutes of Texas pertaining to the
deposit of the district funds in the depository of such district
shall not be applicable to the deposit of the proceeds of such
sale. Any part of the proceeds of the sale of obligations issued
hereunder which may remain unexpended after the project for
which the obligations were authorized has been completed may
be paid into the sinking fund for the payment of said obliga-
tions and be used only for the payment of principal of such
obligations, or for the purposes of acquiring such outstanding
obligations by purchase in the manner hereinabove provided.

SEC. 25. The Board of Directors is authorized to enter into
an agreement or agreements with the purchaser or purchasers
of any obligations issued hereunder under the terms of which
such Board shall agree to keep all of the improvements and
facilities, the revenues of which are pledged to the payment of
such obligations, insured with insurers of good standing against
loss or damage by fire, water or flood, and also from any other
hazards customarily insured against by private companies
operating similar properties, and to carry with insurers of good
standing such insurance covering the use and occupancy of such
property as is customarily carried by such private companies.
The cost of such insurance shall be budgeted as maintenance
and operation expense and such insurance shall be carried for
the benefit of the holders of such obligations.

Sec. 26. Any obligations issued pursuant to the provisions
of this Act shall be exempt from taxation by the State of Texas
or by any municipal corporation, county, or other political sub-
division of taxing district of the state.

Sec. 27. Such district issuing obligations under the provi-
sions hereof may thereafter authorize and issue its refunding
obligations on such terms as its Board of Directors may deem
advisable for the purpose of providing for the retirement of any
such outstanding obligations, either due or to become due, which
refunding obligations may be either exchanged for like par
amounts of such outstanding obligations or may be sold and the
proceeds of the sale so applied. Any refunding obligations au-
thorized and issued pursuant hereto shall be subject to the pro-
visions of this Act pertaining to the issuance of other obligations
and shall be secured in all respects to the same extent and be
payable from the same revenues as were the obligations re-
funded thereby.

Sec. 28. This Act, without reference to other statutes of the
State of Texas, shall constitute full authority for the authoriza-
tion and issuance of obligations hereunder and for the accom-
plishment of all things herein authorized to be done, and no
proceedings relating to the authorization or issuance of such
obligation or the doing of such things shall be necessary except
such as are herein required, and neither the Bond and Warrant
Law of 1931 or any other provisions of the laws of the State of
Texas pertinent to the authorization or issuance of obligations,
the operation and maintenance of such improvements and facili-
ties, the granting of franchises or permits, the right to elections
or referendum petitions, or in anywise impeding or restricting
the carrying out of the acts authorized to be done hereunder,
shall be construed as applying to any proceedings and hereunder
or acts done pursuant hereto.

Sec. 29. Nothing in this Act shall be construed as affecting
any existing rights or existing priorities in the rights to water
from the source of supplying and neither the formation of the
district hereunder nor a contract for the purchase of water with
such district shall ever be held to be an abandonment of waiver
of said rights or priorities, or an abandonment of the original
point of diversion from the source of supply, but all such rights
existing at the time of the formation of such district shall be
preserved.

SEC. 30. If any paragraph, clause or provisions of this Act
shall be held unconstitutional, the validity of the other provi-
sions of this Act shall not be affected thereby, but shall remain
in full force and effect.

SEC. 31. The importance of this Legislation to the section
of the State affected thereby creates an emergency and an im-
perative public necessity that the Constitutional Rule requiring
bills to be read on three several days be and the same is hereby
suspended, and that this Act shall take effect and be in force
from and after the passage thereof, and it is so enacted.

COMMITTEE REPORT.

COMMITTEE ROOM,
Austin, Texas, October 4, 1938.

Hon. Coke Stevenson, Speaker of the House of Representatives.

SIR: We, your Committee on Conservation and Reclamation,
to whom was referred S. B. No. 38,

Have had same under consideration and beg to report back
with recommendation that it do pass, and be printed.

BAKER, Chairman.
October 11, 1933

Hon. Edgar E. Witt,
President of the Senate.

Sir:—

WE, YOUR COMMITTEE ON ENROLLED BILLS,

have had Senate Bill No. 38, carefully examined and

compared and find same correctly Enrolled.

[Signature]
CHAIRMAN
A BILL

TO BE ENTITLED

AN ACT creating "Lower Neches Valley Authority", a conservation and reclamation district under and with the powers provided in Section 59, of Article 16, of the Constitution, to conserve, control and utilize the storm and flood waters of the Neches River and its tributaries, except said district shall have no power of taxation nor right to create any debt payable out of taxation; defining the boundaries thereof, providing for control through Board of Directors, their appointment, qualifications and tenure, their organization and powers; authorizing the storing, controlling, conservation and distribution of storm and flood waters of Neches River and its tributaries, within and/or without such district, for irrigation, domestic, industrial and municipal uses, and also for hydroelectric power, with authority to make contracts with water users and to establish and collect maintenance and operation charges for water service; also authorizing all contracts, leases and agreements necessary or convenient with any person, corporation or government, including the United States Government and State of Texas, or their agencies, and authorizing conveyance of the district's properties, improvements and facilities to the United States, or any agency thereof, and a lease thereof with the United States, or any agency thereof, with the rentals payable out of the revenues of such district; subordinating such district to the control of the State Board of Water Engineers, or other state agency; providing for acquiring, constructing, maintaining and operating of all necessary properties, lands, rights, tenements, easements, improvements, reservoirs, dams, canals, laterals, plants, works, and facilities necessary or proper within or without said district, including the right of eminent domain, and authorizing such district to borrow money from the Federal Emergency Administration of Public Works, or other United States agency, and from other persons, and secure payment thereof by first and/or second mortgage and encumbrance on all of the district's properties, improvements and facilities and the revenues and income to be derived therefrom; providing for the issuance of interest bearing obligations therefor; prescribing their terms, conditions of issuance, and prohibiting their payment out of any taxation or involuntary assessment; preserving the water rights of existing water users; providing if any provisions of this Act shall be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

S. B. No. 38

By: REUBENT Cauthens

Intended Improvements

SIGNED.

Dated 20.2.1933

Read first time and referred to Committee on Internal Improvements

OCT 3 - 1933 Reported favorably and be not printed

Senate Rule requiring Committee reports to be over one day suspended by unanimous vote.

OCT 3 - 1933 Constitutional Rule suspended by four-fifths vote

Committee report adopted.

OCT 3 - 1933 Amended, and ordered engrossed.

OCT 3 - 1933 Read third time and passed by the following two-thirds vote

YEES. 28, Noes. 6

Secretary of the Senate

Engrossed 10-3-33

Petitie Depoma

Engrossing Clere.
IN THE HOUSE

OCT 4 1933 Received from the Senate, read first time and referred to Committee on Conservation and Reclamation.

OCT 4 1933 Reported favorably.

OCT 11 1933 Read third time and passed by the following vote: Yes 105, Nays 0.

IN THE SENATE

OCT 11 1933 Received from the House.

OCT 5 1933 Sent to Printer.

OCT 7 1933 Returned from Printer, Sent to Speaker.

READ SECOND TIME

AND PASSED TO THIRD READING

OCT 11 1933

A BILL TO BE ENTITLED

AN ACT creating "Lower Neches Valley Authority", a conservation and reclamation district under and with the powers provided in Section 59 of Article 16 of the Constitution, to conserve, control and utilize the waters of the Neches River and its tributaries, including its storm and flood waters, except said district shall have no power of taxation nor right to create any debt payable out of taxation; defining the boundaries thereof, providing for control through Board of Directors, their appointment, qualifications and tenure, their organization and powers; etc., and declaring an emergency.

S. R. No. 38

By: Readitt et al.,

9-29-33 Read first time and referred to Committee on Internal Improvements.

10-3-33 Senate Rule requiring Committee to lia over one-day suspended by unanimous vote.

10-3-33 Constitutional Rule suspended by four-fifths vote: Yes 29, Nays 0.

10-3-33 Read second time, Committee report adopted, Amended and ordered engrossed.

10-3-33 Constitutional Rule suspended by four-fifths vote: Yes 29, Nays 0.

10-3-33 Read third time and passed by the following two-thirds vote: Yes 29, Nays 1.

Bob Barker
Secretary of the Senate

10-3-33 Engrossed.

Enrolling Clerk