

**APPLICATION FOR FINANCIAL ASSISTANCE
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board
Water Supply and Infrastructure-Regional Water Planning and Development
P O Box 13231
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp

Thank you.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

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Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part A: General Information

1. The legal authority under which the applicant was created and operates.
 - a) TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
 - b) TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
 - c) TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
 - d) HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
 - e) SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
 - f) NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
 - g) NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
 - h) ALL DISTRICTS (Texas Water Code Chapter 49)
 - i) OTHER (attach) Water Code, Chapter 58 EXHIBIT "A-1"

2. Applicant Name and Contact Information:

Name:	Bobby R. (Rusty) McDaniel
County:	Hidalgo
Physical Address:	1904 North Expressway 281 Edinburg, Texas 78540
Mailing Address:	Same
Phone:	(956) 383-3886
Fax:	(956) 383-5593
Website:	N/A

3. Brief description of the project EXHIBIT "A-3".

4. Applicant's Officers and Members:

Name	Office Held
R.L. (Bobby) Bell, Jr.	President
Mark J. Fryer	Secretary
Tomas Garcia	Vice-President
William Boyd Davis	Director
Cosme Martinez, Jr.	Director

5. Applicant's **primary contact person** for day-to-day project implementation.

Name:	Bobby R. (Rusty) McDaniel
Title:	General Manager
Address:	1904 North Expressway 281, Edinburg, Texas 78540
Phone:	(956) 383-3886
Fax:	(956) 383-5593
Email:	

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6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

Firm Name:	SDI Engineering, LLC
Contact:	Isael Posadas, P.E.
Address:	5602 E. Iowa Rd., Edinburg, Texas 78542
Phone:	(956) 287-1818
Fax:	(956) 287-3697
Email:	iposadas@sdi-engineering.com

b) Bond Counsel N/A

Firm Name:	McCall, Parkhurst & Horton, L.L.P.
Contact:	Tom Spurgeon
Address:	700 N. ST. Mary's, Suite 1525
Phone:	San Antonio, Texas 78205
Fax:	(210) 225-2984
Email:	tspurgeon@mphlegal.com

c) Financial Advisor N/A

Firm Name:	First Southwest
Contact:	Cris Vela
Address:	100 East Nolana Loop
Phone:	Pharr, Texas 78577
Fax:	(956) 686-0991
Email:	Cris.vela@firstsw.com

d) Certified Public Accountant (or other appropriate rep) N/A

Firm Name:	Long Chilton, LLP
Contact:	Randy Sweenten or Jay Donovan
Address:	4100 North 23 rd St.
Phone:	McAllen, Texas 78504
Fax:	956-686-6830
Email:	jdonovan@longchilton.com and rsweenten@longchilton.com

e) Legal Counsel (if other than Bond Counsel) N/A

Firm Name:	Atlas, Hall & Rodriguez, LLP
Contact:	Kirby Cavin
Address:	818 Pecan, McAllen, Texas 78504
Phone:	(956) 682-5501
Fax:	(956) 686-6109
Email:	akcavin@atlashall.com

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

f) Any other consultant representing the Applicant before the Board N/A

Firm Name:	
Contact:	
Address:	
Phone:	
Fax:	
Email:	

7. List the counties within the Applicant's service area. Hidalgo
8. Identify the Applicant's total service area population: 775,858 (2010 Census)
9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ 7,100,000.00
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201). NONE**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Total Funding from All Sources		\$		

Comments: _____

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
 Attached document
- No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. Section 49.153 Texas Water Code, and Chapter 1201,
14. What type of pledge will be used to repay the proposed debt?
 Systems Revenue
 Taxes
 Combination of systems revenues and taxes
 Other (Contract Revenue, etc.)
15. Provide the full legal name of the security for the proposed debt issue(s). HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES, SERIES 2015
16. Describe the pledge being offered and any existing rate covenants. A FIRST LIEN ON AND PLEDGE OF THE NET REVENUES OF THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM
17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution [EXHIBIT "B-17"](#)
18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit [EXHIBIT "B-18"](#)
19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary [EXHIBIT "B-19"](#)
20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 Articles of Incorporation
 Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary
 By-laws and any amendments
 Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)
 Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).
 No **DOCUMENTS FOR DISTRICT – [EXHIBIT "B-20"](#)**
21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- No **Attached resolution/ordinance(s) (N/A District has no Debt)**
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
 Attached CCN and service area map
 No If no, indicate the status of the CCN. _____
 N/A (TCEQ Certificates of Adjudication authorizing diversion) **EXHIBIT "B-22"**
23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
 Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
 Attached
 No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
 Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
 If yes, attach a copy of the affidavit.
 Attached affidavit
 If no, provide an explanation as to why not. _____
 No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
 Yes Enter date of Applicant's WCP adoption: 2014 **EXHIBIT "B-25"**
 No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
 Attached Draft WCP and Drought Contingency Plan
 Attached Utility Profile TWDB-1965
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
 N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

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26. Does the applicant provide retail water services?
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
 Yes
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
- No
27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
- No
28. Does the Applicant provide wastewater services?
 Yes
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy. **NOT APPLICABLE**

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)

Comments: District is a Retail provider

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy **NOT APPLICABLE**

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

31. Provide a summary of the wholesale contracts with customers **NOT APPLICABLE**

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage Acre-Feet	Percent of Total Water Revenue	Bankruptcy (Y/N)
Santa Cruz Irrigation District	48,013		N
Fike Farms	5,715		N
Sharyland Water Supply	4,804		N
City of Edinburg	4,415		N
HC Mud	2,441		N
NAWSC	1,778		N
Green Gold Farms	1,500		N
Wyatt Farms	1,000		N
Tommy Hanka	150		N
Noel Borders	100		N

- Changed gallons to acre feet due to the volume. District accounting in acre-feet,

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
NOT APPLICABLE			

33. Current Average Residential Usage and Rate Information

NOT APPLICABLE

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water					
Wastewater					

34. Provide the number of customers for each of the past five years. **NOT APPLICABLE**

Year	Number of Customers

All applicants complete questions 35-51 of the financial section, as applicable.

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

None

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). _____
- No

37. Does the applicant have taxing authority?

- Yes

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Assessed Acreage	Rate Per Acre (\$)	General Fund	Interest & Sinking Fund	Assessment Levy \$	Percentage Current Collections	Percentage Total Collections
2010	21,219.53	20.00	100%	0	423,407	73.73%	93.23%
2011	22,893.84	20.00	100%	0	456,894	66.22%	78.17%
2012	22,396.52	20.00	100%	0	447,930	70.11%	81.57%
2013	21,651.28	20.00	100%	0	433,026	75.60%	120.78%
2014	21,651.28	20.00	100%	0	431,013	73.39%	93.54%

Comments: Table has been adjusted to reflect flat assessments levied by acreage not per \$100 in value.

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.** The total acreage assessed at the flat \$20/acre fee is entirely Composed of agricultural land as depicted in Question 38 above.

- a) **20 attached**
- b) **20 attached**
- c) **20 attached**
- d) **20 attached**
- e) **20 attached**

40. Attach the direct and overlapping tax rate table:
 Attached tax rate table EXHIBIT "C-40"

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Acres	Percent of Total	Bankruptcy (Y/N)
City of McAllen	983	4.54%	N
Willard Fike	785	3.62%	N
Edinburg School Dist.	689	3.18%	N
City of Edinburg	600	2.77%	N
Pal Brothers, Inc.	384	1.77%	N
Azteca Milling	362	1.67%	N
Parkhill Properties	323	1.49%	N
McAllen School Dist.	300	1.38%	N
Fike Farms	278	1.28%	N
Jens Mortensen	200	.92%	N

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Comments: Table changed to reflect collection of taxes based on acreage, not value.

42. Provide the maximum tax rate permitted by law per \$100 of property value. **NOT APPLICABLE**

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

45. Proforma (**Select one of the four listed below**) Please be sure the proforma reflects the schedule requested, including multi-phased funding options. **EXHIBIT C-45**

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding: **N/A**

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding: **N/A**

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service. **N/A**
 Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
 Attached Operating Statement. [EXHIBIT "C-46"](#)
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
 Attached Annual Audit [EXHIBIT "C-47"](#)
 Attached Management Letter
 If applicable, attached interim financial information
48. Does the applicant have any outstanding debt? (Check all that apply)
 Yes, General obligation debt
 Yes, Revenue debt
 Yes, Authorized but unissued debt
 No
49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
- a. General Obligation Debt:
 Yes
 Attached schedule. The schedule should also identify the debt holder.
 No
- b. Revenue:
 Yes
 Attached schedule. The schedule should also identify the debt holder.
 No
- c. Authorized by Unissued Debt:
 Yes
 Attached schedule. The schedule should also identify the debt holder.
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
McAllen ISD	3,900
Edinburg Consolidated ISD	3,600
Edinburg Regional Medical Center	3,000
University of Texas Pan American	2,850
McAllen Medical Center	2,500
Mission CISD	2,412
Doctors Hospital at Renaissance	2,400
Hidalgo County	2,211
City of McAllen	1,800
U.S. Customs & Border Patrol	1,609

Comments (example, any anticipated changes to the tax base, employers etc.) None

51. Provide any current bond ratings with date received. **The District is currently not rated by any nationally recognized rating agency.**

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.						
Revenue						

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

No. **Attached**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

See attached Prt Sum **EXHIBIT INCLUDED WITHIN "D-54"**

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities): **EXHIBIT "D-54"**

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
- Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:

a) Water (TWDB-0555 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)

Attached

b) Wastewater (TWDB-0556 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)

Attached

- c. DWSRF applicants must complete a Projected Draw Schedule (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component): **N/A**

a. *New supply* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*

- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
- Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.

b. *New Conservation savings* 941.35 (*acre-feet/year*) \$ 613,532 (\$652/ac ft) (*\$*) *capital cost*

- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project (including water loss) and other conservation activities,
- Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.

c. *New Reuse supply* _____ (*acre-feet/year*) _____ (*\$*) *capital cost*

- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
- Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

d. Maintenance of Current Supply _____ (acre-feet/year) _____ (\$) capital cost
N/A

- o Volume of recipients' current supplies that will be maintained by implementing the proposed project
- o Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:
Hidalgo County, Texas

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at: [EXHIBIT "D-57"](#)
<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within ____" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

Attached Census tracts for Hidalgo County

58. Project Schedule:

- a) Requested loan closing date.
November 2015
- b) Estimated date to submit environmental planning documents.
December 2015
- c) Estimated date to submit engineering planning documents.
March 2016
- d) Estimated date for completion of design.
April 2016
- e) Estimated Construction start date for first contract.
July 2016
- f) Estimated Construction end date for last contract.
May 2017

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

59. Attach a copy of current and future populations and projected water use or wastewater flows. Include entities to be served. [EXHIBIT "D-59"](#)

Attached

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/> . If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template

Attached [EXHIBIT "D-60"](#)

61. Attach the appropriate Project Information Form: [EXHIBIT "D-61"](#)

Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>

Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities. **NOT APPLICABLE**

Attached

No. Provide explanation:

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction. **NOT APPLICABLE**

Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

Yes If yes, please attach the completed, appropriate form.

1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)

Attached

2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)

Attached

No

N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- a) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits. **NOT APPLICABLE**

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.

- b) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project. **NONE**

Permit	Issuing Entity	Permit Acquired (Y/N)

64. Has the applicant obtained all necessary land and easements for the project?

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached EXHIBIT "D-64"

- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?
- Yes
 Attach a copy of the finding.
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?
- Yes
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?
- Yes
 If yes, attach additional information
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- | | | |
|-------------------------------------|---------------------|----------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$7,100,000.00 |
| <input type="checkbox"/> | Board Participation | \$ |

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

Attached NOT APPLICABLE

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

- a. Proposed Bond Ordinance
 Attached EXHIBIT "E-71A"
- b. Private Placement Memorandum
 Attached EXHIBIT "E-71B"

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part F: Economically Distressed Programs (EDAP) Applicants Only: NOT APPLICABLE

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 Yes. If yes, attach a copy of the resolution/ordinance.
 Attached
 No. If no, explain _____
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)
 Attached documentation of inadequacy of water and/or wastewater services.
 Attached documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
 Attached documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?
 Yes If yes, attach a copy of the determination.
 Attached
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services
 Attached
76. Is this project providing new service?
 Yes If yes, attach plats of the affected subdivisions.
 Attached
 No
77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part G: CWSRF/DWSRF Applicants Only NOT APPLICABLE

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:
DUNS _____

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.
 Yes
 No

80. Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?

Yes
 No

2. Did applicant receive over \$25 million in Federal Awards last year?

Yes
 No

3. Public does not have access to executive compensation information via SEC or IRS reports?

Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying

Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

Attached
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part H: Documentation of "Green" Projects and Project Components **NOT APPLICABLE**
CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (more than an incidental benefit). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?
 Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project
 Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.
Green Project Reserve: CWSRF Green Project Worksheets
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)
Attached Yes
 No
 N/A

- Green Project Reserve: DWSRF Green Project Worksheets**
TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)
Attached Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

Part A

- No. 6
- No. 12

General Information

Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
Existing security document for refinancing

Part B

- No. 17
- No. 18
- No. 19
- No. 20

Legal

Resolution (TWDB-0201A)
Application Affidavit (TWDB-0201)
Certificate of Secretary (TWDB-201B)
Water Supply Corporations

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- No. 21
- No. 22
- No. 23
- No. 24
- No. 25
- No. 26

Resolution/ordinance authorizing the issuance of parity debt
Certificate of Convenience & Necessity
Enforcement Actions
Affidavit of No Objection
Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
Water use surveys

- No. 27

Water Loss Audit
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

Part C

- No. 39
- No. 40
- No. 45
- No. 46
- No. 47
- No. 49
- No. 52

Financial

Assessed Values by Classifications
Direct and Overlapping Tax Table
Proforma for each year of debt outstanding
Five year comparative system operating statement.
Annual audit and management letter
Outstanding debt schedule
Service provider contracts

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D

Project Information

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
- No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202)
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit
- No. 63 If applicant has property rights and permits
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
- No. 63c Additional Permits
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
- No. 67 Social or environmental issues

Part E

State Water Implementation Fund for Texas

- No. 69 Multi-year/phased commitment schedule
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

Part F

Economically Distressed Areas Program

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
- No. 74 EDAP applicants
 - Inadequacy documentation
 - Financial resources documentation
 - Existence of residences prior to 06/01/2005
- No. 75 Public health nuisance
- No. 76 Plats
- No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

Part G

CWSRF/DWSRF Applicants Only

- No. 82 Lobbying Activities (WRD-213)
- No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
- No. 84 Assurances – Construction Programs (EPA-424D)
Disadvantaged Business Requirements Guidance (TWDB-0210)
- No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
- No. 87 Affirmative Steps Solicitation Report (TWDB-216)
- No. 88 Loan/ Grant Participation Summary (TWDB-0373)
- No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
- No. 90 Designated Management Agency (WRD-210)

Part H

Green Projects

- No. 93 Guidance (TWDB-0161)
CWSRF Green Project Worksheets (TWDB-0162)
DWSRF Green Project Worksheets (TWDB-0163)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

Part D

Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RWF and WIF,
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

EXHIBITS

- A-1 Water Code, Chapter 58 – Irrigation Districts
- A-3 Project Summary
- A-6 Draft or Executed Contract Documents for :
 - 1. SDI Engineering, LLC (Draft)
 - 2. McCall, Parkhurst & Horton, LLP (Draft)
 - 3. First Southwest (Draft)
- B-17 Resolution Requesting Financial Assistance
- B-18 Application Affidavit
- B-19 Certificate of Secretary
- B-20 District Documentation
 - Conversion from Water Control & Improvement District to Irrigation District (1981)
 - Resolution Declaring Water Control and Improvement District (1925)
- B-22 TCEQ Certificates of Adjudication
- B-25 Water Conservation Plan
- C-40 Tax Table
- C-45 Proforma Statement
- C-46 Five-year Comparative System Operating Statement
- C-47 Copy of 2014 Annual Audit of Financial Statements and Management Letter
- D-53 Project Description and Need (Included within D-54)
- D-54 Preliminary Engineering Feasibility Data and Preliminary Engineering Feasibility Report
- D-56 Project Map
- D-57 Census Information
- D-59 Current and Future Populations and Projected Water Use
- D-60 Project Budget
- D-61 WRD-253d - Water Project Information Form
- D-64 ED-101 – Site Certificate
- E-71a Proposed Bond Ordinance
- E-71b Private Placement Memorandum

WATER CODE

TITLE 4. GENERAL LAW DISTRICTS

CHAPTER 58. IRRIGATION DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 58.001. DEFINITIONS. In this chapter:

- (1) "District" means an irrigation district.
- (2) "Board" means the board of directors of a district.
- (3) "Director" means a member of the board of directors of a district.
- (4) "Commissioners court" means the commissioners court of the county in which a district or part of a district is located.
- (5) "Commission" means the Texas Natural Resource Conservation Commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 984, ch. 367, Sec. 40, eff. June 10, 1981; Acts 1991, 72nd Leg., 1st C.S., ch. 3, Sec. 1.080, eff. Aug. 12, 1991.

SUBCHAPTER B. CREATION OF DISTRICT; CONVERSION OF DISTRICT

Sec. 58.011. CREATION OF DISTRICT. An irrigation district may be created under and subject to the authority, conditions, and restrictions of either Article III, Section 52, of the Texas Constitution, or Article XVI, Section 59, of the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.012. COMPOSITION OF DISTRICT. (a) A district may include all or part of one or more counties, including any town, village, or municipal corporation, and may include any other political subdivision of the state or any defined district, providing the land contained therein is agricultural in character.

(b) The areas composing a district do not have to be contiguous

but may consist of separate bodies of land separated by land not included in the district; however, each segregated area, before it may be included in the district, must cast a majority vote in favor of the creation of the district.

(c) No district may include territory located in more than one county except by a majority vote of the electors residing within the territory in each county sought to be included in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.013. PETITION. (a) A petition requesting creation of a district shall be signed by a majority of the persons who hold title to land in the proposed district which represents a total value of more than 50 percent of the value of all the land in the proposed district as indicated by the county tax rolls. If there are more than 50 persons holding title to land in the proposed district, the petition is sufficient if signed by 50 of them.

(b) The petition may be signed and filed in two or more copies.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.014. CONTENTS OF PETITION. The petition shall include:

- (1) the name of the district;
- (2) the area and boundaries of the district;
- (3) the provision of the Texas Constitution under which the district is to be organized;
- (4) the purpose or purposes of the district;
- (5) a statement of the general nature of the work to be done and the necessity and feasibility of the project, with reasonable detail and definiteness to assist the court or commission passing on the petition in understanding the purpose, utility, feasibility, and need; and
- (6) a statement of the estimated cost of the project based on the information available to the person filing the petition at the time of filing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.015. PLACE OF FILING; RECORDING. (a) The petition shall be filed in the office of the county clerk of the county in which the district is located. If land in more than one county is included in the district, copies of the petition certified by the clerk shall be filed in the office of the county clerk of each county in which a portion of the district is located.

(b) The petition shall be recorded in a book kept for that purpose in the office of the county clerk.

(c) If more than one petition is filed and the petitions are identical except for the signature, one copy of the petition shall be recorded and all signatures on the other petitions shall be included.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.016. BOARD OR COMMISSION TO CONSIDER CREATION OF DISTRICT. If the land to be included in a district is within one county, the creation of the district shall be considered and ordered by the commissioners court, but if the land to be included in a district is in two or more counties, the creation of the district shall be considered and ordered by the commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.017. SINGLE-COUNTY DISTRICT; HEARING. (a) If a petition is filed for the creation of a district within one county, the county judge shall issue an order setting the date of hearing on the petition by the commissioners court and shall endorse the order on the petition or on a paper attached to the petition.

(b) After the order is issued, the county clerk shall issue notice of the hearing.

(c) The petition may be considered at a regular or special session of the court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.018. SINGLE-COUNTY DISTRICT; NOTICE OF HEARING. (a) The notice of hearing on the petition shall include a statement of the nature and purpose of the district and the date, time, and place of hearing.

(b) The notice shall be prepared with one original and three copies. The county clerk shall retain one copy of the notice in his files and deliver the original and two copies to the county sheriff.

(c) The sheriff shall post one copy of the notice at the courthouse door 15 days before the day of the hearing and shall publish one copy in a newspaper of general circulation in the county once a week for two consecutive weeks. The first newspaper publication shall be made at least 20 days before the day of the hearing.

(d) Before the hearing, the sheriff shall make due return of service of the notice with copy and affidavit of publication attached to the original.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.019. SINGLE-COUNTY DISTRICT; NAME. (a) A district located in one county may be named the _____ County Irrigation District Number _____ (insert the name of the county and proper consecutive number).

(b) A district may be known and designated by any term descriptive of the location of the district and descriptive of the principal powers to be exercised by the district; however, the word "district" shall be included in the designation and a consecutive number shall be assigned to it if other districts of the same name have been created in the county.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.020. SINGLE-COUNTY DISTRICT; TESTIMONY AT HEARING.

(a) At the hearing on the petition, any person whose land is included in or would be affected by the creation of the district may

appear and contest the creation of the district and may offer testimony to show that the district:

(1) is or is not necessary;

(2) would or would not be a public utility or benefit to land in the district; and

(3) would or would not be feasible or practicable.

(b) The hearing may be adjourned from day to day.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.021. SINGLE-COUNTY DISTRICT; GRANTING OR REFUSING PETITION. (a) The commissioners court or the commission shall grant the petition requesting the creation of a district if it appears at the hearing that:

(1) organization of the district as requested is feasible and practicable;

(2) the land to be included and the residents of the proposed district will be benefited by the creation of the district;

(3) there is a public necessity or need for the district; and

(4) the creation of the district would further the public welfare.

(b) If the commissioners court or the commission fails to make the findings required by Subsection (a) of this section, it shall refuse to grant the petition.

(c) If the commissioners court or the commission finds that any of the land sought to be included in the proposed district will not be benefited by inclusion in the district, it may exclude that land not to be benefited and shall redefine the boundaries of the proposed district to include only the land that will receive benefits from the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.022. SINGLE-COUNTY DISTRICT; APPEAL FROM ORDER OF COMMISSIONERS COURT. (a) If the commissioners court grants or refuses to grant the petition, any person who signed the petition or

any person who appears and protests the petition and offers testimony against the creation of the district may appeal from the order of the court by giving notice of appeal in open court at the time of the entry of the order, which shall be entered on the court's docket, and by filing with the clerk of the commissioners court within five days a good and sufficient appeal bond in the amount of \$2,500.

(b) The appeal bond shall be approved by the clerk of the commissioners court payable to the county judge conditioned for the prosecution of the appeal with effect and the payment of all costs incurred with the appeal in the event the final decree of the court is against the appellant.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.023. SINGLE-COUNTY DISTRICT: RECORD ON APPEAL; NOTICE OF APPEAL. (a) On completion of an appeal as provided in Section 58.022 of this code, the clerk of the commissioners court shall, within 10 days, prepare a certified transcript of all orders entered by the commissioners court and transmit them with all original documents, processes, and returns on processes to the clerk of the district court to which the appeal is taken.

(b) All persons shall be charged with notice of the appeal without notice or service of notice. No person who fails to appear by petition, in person, or by attorney in the commissioners court may be permitted to intervene in the district court trial.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.024. SINGLE-COUNTY DISTRICT: HEARING IN DISTRICT COURT; PROCEDURE. (a) The district court, either in term time or in vacation time, shall schedule the appeal for hearing with all reasonable dispatch.

(b) In the proceeding in the district court, formal pleadings shall not be required but, with the court's permission, may be filed.

(c) The trial and decision shall be by the court without the intervention of a jury, and the hearing shall be conducted as though the jurisdiction of the district court were original jurisdiction.

(d) The following matters may be contested in the district court:

(1) all matters that were or might have been presented in the commissioners court;

(2) the validity of the Act under which the district is proposed to be created; and

(3) the regularity of all previous proceedings.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(47), eff. Aug. 31, 1981.

Sec. 58.025. SINGLE-COUNTY DISTRICT: JUDGMENT OF DISTRICT COURT; APPEAL. (a) In the appeal, the district court shall apply to the determination its full powers to the end that substantial justice may be done.

(b) An appeal from the judgment of the district court may be taken as in other civil causes, but appeals filed under Section 58.022 of this code shall be given precedence on the docket of any higher court over all causes that are not of similar public concern.

(c) The final judgment of the district court, or other court to which an appeal may be prosecuted, shall be certified and transmitted to the clerk of the commissioners court with all original documents and processes which were transmitted from the commissioners court to the district court on appeal.

(d) The commissioners court shall enter its order on the petition to conform to the decree entered by the court of final jurisdiction and shall enter other and further orders as may be required by law to execute the intent of the certified decree.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.026. SINGLE-COUNTY DISTRICT: APPOINTMENT OF DIRECTORS; BOND. (a) If the commissioners court grants a petition for creation of a district, it shall appoint five directors who shall serve until their successors are elected or appointed in accordance with law.

(b) Each director shall, within 15 days after appointment, file

his official bond in the office of the county clerk, and the county clerk shall present the bond to the county judge for approval. The county judge shall pass on the bond and approve it, if it is proper and sufficient, or disapprove it and shall endorse his action on the bond and return it to the county clerk.

(c) If approved, the bond of a director shall be recorded in a record kept for that purpose in the office of the county clerk, but if a bond is not approved, a new bond may be furnished within 10 days after disapproval.

(d) If any director appointed under this section fails to qualify, the commissioners court shall appoint another person to replace him.

(e) Each director appointed under this section shall take the oath of office as provided by Section 58.077 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.027. MULTICOUNTY DISTRICT: CONSIDERATION BY COMMISSION. (a) The commission shall have exclusive jurisdiction and power to consider and determine all petitions for creation of a district that will include land or property located in two or more counties.

(b) The orders of the commission concerning the organization of a district shall be final, unless an appeal is taken from the orders as provided in this subchapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 36, eff. Sept. 1, 1997.

Sec. 58.028. MULTICOUNTY DISTRICT: NOTICE AND HEARING ON DISTRICT CREATION. When a petition is filed, the commission shall give notice of an application in the manner provided in Section 49.011 and may conduct a hearing on the application if the commission determines that a hearing is necessary under that section.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 37, eff.

Sept. 1, 1997.

Sec. 58.030. MULTICOUNTY DISTRICT: CONSIDERATION BY COMMISSION; PROCEDURE. (a) The commission shall consider and determine on the issues a petition filed under Section 58.028.

(b) The commission shall be governed by the provisions of Section 58.021.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 1070, Sec. 38, eff. Sept. 1, 1997.

Sec. 58.031. MULTICOUNTY DISTRICT: APPEAL FROM COMMISSION DECISION. (a) When the commission grants or refuses a petition, any person who comes within the requirements specified in Sections 58.020-58.025 of this code may prosecute an appeal from the judgment of the commission under Sections 58.022-58.025 of this code.

(b) The appeal may be taken to any district court in any county in which part of the proposed district is located or to a district court in Travis County.

(c) The time within which an appeal bond may be approved and filed is 15 days after the entry of the final order by the commission.

(d) On the perfection of the appeal, the appellant shall pay the actual cost of the transcript of the record, which will be assessed as part of the costs incurred on the appeal.

(e) Whenever practicable, the original documents and processes with the returns attached shall be sent to the district court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.032. MULTICOUNTY DISTRICT: APPOINTMENT OF DIRECTORS BY COMMISSION; BOND. (a) If the commission grants the petition for creation of the district, it shall appoint five directors, who shall serve until their successors are elected or appointed.

(b) A certified copy of the order of the commission granting a petition and naming the directors shall be filed in the office of the county clerk of each county in which a portion of the district is

located.

(c) Each director named in the order shall, within 15 days after appointment, file his official bond in the office of the county clerk of the county of his residence. The county clerk shall present the bond to the county judge for approval.

(d) The county judge shall act on each bond in the manner provided in Section 58.026 of this code.

(e) If any director appointed under this section fails to qualify, the commissioners court of the county in which he lives shall appoint some qualified person to replace him.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.035. INCLUSION OF CITY, TOWN, OR MUNICIPAL CORPORATION IN DISTRICT. (a) No city, town, or municipal corporation may be included within any district created under this chapter unless the proposition for the creation of the district has been adopted by a majority of the electors in the city, town, or municipal corporation.

(b) Any municipal corporation included within a district shall be a separate voting district, and the ballots cast within the municipal corporation shall be counted and canvassed separately from the remainder of the district.

(c) No district that includes a city, town, or municipal corporation may include land outside of the municipal corporation unless the election to confirm and ratify the creation of the district favors the creation of the district independent of the vote within the municipal corporation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.036. CONFIRMATION ELECTION IN DISTRICT INCLUDING LAND IN MORE THAN ONE COUNTY. No district, the major portion of which is located in one county, may be organized to include land in another county unless the election held in the other county to confirm and ratify the creation of the district is adopted by those voting in the other county.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.037. EXCLUSION OF PARTS OF DISTRICT; DISSOLUTION.

(a) If any portion of a district governed by Sections 58.035 and 58.036 of this code votes against the creation of the district and the remainder of the district votes for the creation, the district is confirmed and ratified in those portions of the district voting for the creation, and the district is composed only of those portions.

(b) The excluded portions of the district shall be excluded from all debts and obligations incurred after the election; however, all land and property included in the original district shall be subject to the payment of taxes for the payment of all debts and obligations, including organizational expenses, incurred while it was a part of the district.

(c) If a district is created and portions of the proposed district are excluded by the vote in those portions, 10 percent of the voters in the district may file with the Board a petition asking for a new election on the issue. A new election shall be ordered and held for the remaining portion of the district or the district organization may be dissolved by order of the board and a new district formed.

(d) A petition requesting a new election shall be filed within 30 days after the day on which the result of the election is canvassed and declared by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.038. CONVERSION OF CERTAIN DISTRICTS INTO DISTRICTS OPERATING UNDER THIS CHAPTER. (a) Any water improvement district or water control and improvement district which furnishes water for irrigation and does not furnish treated water or sewer services may be converted into a district operating under this chapter.

(b) The governing body of a district which desires to convert into a district operating under this chapter shall adopt and enter in the minutes of the governing body a resolution declaring that, in its judgment, conversion into an irrigation district operating under this

chapter and under Article XVI, Section 59, of the Texas Constitution, would serve the best interest of the district and would be a benefit to the land and property included in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.039. CONVERSION OF DISTRICT; NOTICE. (a) Notice of the adoption of a resolution under Section 58.038 of this code shall be given by publishing the resolution in a newspaper with general circulation in the county or counties in which the district is located.

(b) The notice shall be published once a week for two consecutive weeks with the first publication not less than 14 full days before the time set for a hearing.

(c) The notice shall:

- (1) state the time and place of the hearing;
- (2) set out the resolution in full; and
- (3) notify all interested persons to appear and offer testimony for or against the proposal contained in the resolution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.040. CONVERSION OF DISTRICT; FINDINGS. (a) If, on a hearing, the governing body of the district finds that conversion of the district into one operating under this chapter would serve the best interest of the district and would be a benefit to the land and property included in the district, it shall enter an order making this finding and the district shall become a district operating under this chapter.

(b) If the governing body finds that the conversion of the district would not serve the best interest of the district and would not be a benefit to the land and property included in the district, it shall enter an order against conversion of the district into one operating under this chapter.

(c) The findings of the governing body of a district entered under this section are final and not subject to appeal or review.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.041. EFFECT OF CONVERSION. A district that converts into a district operating under this chapter shall:

- (1) be constituted an irrigation district operating under and governed by this chapter;
- (2) be a conservation and reclamation district under the provisions of Article XVI, Section 59, of the Texas Constitution; and
- (3) have and may exercise all the powers, authority, functions, and privileges provided in this chapter in the same manner and to the same extent as if the district had been created under this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.042. RESERVATION OF CERTAIN POWERS FOR CONVERTED DISTRICTS. (a) Any water improvement district or water control and improvement district, after conversion under Section 58.038 of this code, may continue to exercise all necessary specific powers under any specific conditions provided by the chapter of this code under which the district was operating before conversion, except that no district, after conversion, may engage in the treatment or delivery of treated water for domestic consumption or the construction, maintenance, or operation of sewage facilities.

(b) At the time of making the order of conversion, the governing body shall specify in the order the specific provisions of the chapter of the code under which the district had been operating which are to be preserved and made applicable to the operations of the district after conversion into a district operating under this chapter.

(c) A reservation of a former power under Subsection (a) of this section may be made only if this chapter does not make specific provision concerning a matter necessary to the effectual operation of the converted district.

(d) In all cases in which this chapter does make specific provision, this chapter shall, after conversion, control the

operations and procedure of the converted district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER C. ADMINISTRATIVE PROVISIONS

Sec. 58.071. BOARD OF DIRECTORS. The governing body of a district is the board of directors, which shall consist of five directors.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.072. QUALIFICATIONS. To be qualified for election as a director, a person must be a resident of the state, be the owner of record of fee simple title to land in the district, be at least 18 years of age, and owe no delinquent taxes or assessments to the district. Section 49.052 does not apply to a district governed by this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1995, 74th Leg., ch. 715, Sec. 32, eff. Sept. 1, 1995.

Sec. 58.0731. ELECTION OF DIRECTORS FROM PRECINCTS. A district that elected one director from each of five precincts before it converted to a district operating under this chapter shall continue to elect its directors in the same manner from precincts.

Added by Acts 1979, 66th Leg., p. 70, ch. 44, Sec. 1, eff. April 11, 1979.

Sec. 58.084. DISTRICT TAX ASSESSOR AND COLLECTOR. The board may appoint one person to the office of tax assessor and collector, or it may order an election to fill that office.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.089. BONDS OF OFFICERS OF A DISTRICT ACTING AS FISCAL AGENT OR COLLECTING MONEY FOR THE UNITED STATES. (a) If a district is appointed fiscal agent for the United States or if a district is authorized to make collections of money for the United States in connection with a federal reclamation project, each director and officer of the district including the tax assessor and collector shall execute an additional bond in the amount required by the Secretary of the Interior, conditioned on the faithful discharge of his respective office and on the faithful discharge by the district of its duties as fiscal or other agent of the United States under its appointment or authorization.

(b) The additional bonds shall be approved, recorded, and filed as provided in this chapter for other official bonds.

(c) Suit may be brought on the bonds by the United States or any person injured by the failure of the officers or directors of the district to fully, promptly, and completely perform their respective duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 58.121. PURPOSES OF DISTRICT. (a) Irrigation districts operating under this chapter are limited purpose districts established primarily to deliver untreated water for irrigation and to provide for the drainage of lands and such other functions as are incidental to the accomplishment of such limited purposes. An irrigation district shall not engage in the treatment or delivery of treated water for domestic consumption or the construction, maintenance, or operation of sewage facilities or provide any other similar municipal services. An irrigation district may cooperate with the United States under the federal reclamation laws for the purpose of:

- (1) construction of irrigation and drainage facilities necessary to maintain the irrigability of the land;
- (2) purchase, extension, operation, or maintenance of constructed facilities; or

(3) assumption, as principal or guarantor of indebtedness to the United States on account of district lands.

(b) An irrigation district operating under this chapter may contract with municipalities, political subdivisions, water supply corporations, or water users for the delivery of untreated water.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.122. POWERS OF DISTRICT. The district has the functions, powers, authority, rights, and duties which will permit the accomplishment of the purposes for which it was created, including the investigation and, in case a plan for improvements is adopted, the construction, maintenance, and operation of necessary improvements, plants, works, and facilities, and the acquisition of water rights and all other properties, land, tenements, materials, borrow and waste ground, easements, rights-of-way, and everything considered necessary, incident, or helpful to accomplish by any practicable mechanical means any one or more of the objects authorized for the district, subject only to the restrictions imposed by the Constitutions of Texas or the United States. A district also may acquire property deemed necessary for the extension or enlargement of the plant, works, improvements, or service of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.125. CONSTRUCTION OF IMPROVEMENTS. A district may construct all works and improvements necessary:

- (1) for the irrigation of land in the district;
- (2) for the drainage of land in the district, including drainage ditches or other facilities for drainage; and
- (3) for the construction of levees to protect the land in the district from overflow.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.126. PURCHASE OF MACHINERY AND SUPPLIES. The board may purchase machinery, materials, and supplies needed in the construction, operation, maintenance, and repair of district improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.127. ADOPTING RULES. A district may adopt and make known reasonable rules to:

- (1) prevent waste or the unauthorized use of water; and
- (2) regulate residence, hunting, fishing, boating, and camping, and all recreational and business privileges on any body or stream of water, or any body of land, or any easement owned or controlled by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.128. EFFECT OF RULES. After the required publication, rules adopted by the district under Section 58.127 of this code shall be recognized by the courts as if they were penal ordinances of a city.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.129. PUBLICATION OF RULES. (a) The board shall publish once a week for two consecutive weeks a substantive statement of the rules and the penalty for their violation in one or more newspapers with general circulation in the area in which the property of the district is located.

(b) The substantive statement shall be as condensed as is possible to intelligently explain the purpose to be accomplished or the act forbidden by the rule.

(c) The notice must advise that breach of the rules will subject the violator to a penalty and that the full text of the rules is on file with the principal office of the district where it may be read by any interested person.

(d) Any number of rules may be included in one notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.130. EFFECTIVE DATE OF RULES. The penalty for violation of a rule is not effective and enforceable until five days after the publication of the notice. Five days after the publication, the published rules shall be in effect and ignorance of it is not a defense for a prosecution for the enforcement of the penalty.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.133. CONSTRUCTING BRIDGES AND CULVERTS ACROSS AND OVER COUNTY AND PUBLIC ROADS. The district shall build necessary bridges and culverts across and over district canals, laterals, and ditches which cross county or public roads. Funds of the district shall be used to construct the bridges and culverts.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.134. CONSTRUCTING CULVERTS AND BRIDGES ACROSS AND UNDER RAILROAD TRACKS, ROADWAYS, AND INTERURBAN OR STREET RAILWAYS. (a) The district, at its own expense, may build necessary bridges and culverts across or under any railroad tracks or roadways of any railroad or any interurban or street railway to enable the district to construct and maintain any canal, lateral, ditch, or other improvement of the district.

(b) Before the district builds a bridge or culvert, the board shall deliver written notice to the local agent, superintendent, roadmaster, or owner. The railroad company or its owner shall have 60 days in which to build the bridge at its own expense and according to its own plans.

(c) The canal, culvert, ditch, or structure shall be constructed of sufficient size and proper plan to serve the purpose for which it is intended.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.136. POWER TO CONTRACT. The district may enter into a contract for the use by another of its water, facilities, or service, either inside or outside the district, except that a contract may not be made which impairs the ability of the district to serve lawful demands for service within the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.150. TRANSACTIONS IN DISTRICT NAMES UNDER JOINT OWNERSHIP AND CONSTRUCTION CONTRACT. All bids, bonds, contracts, and other transactions made under a joint ownership and construction contract may be made in the names of the districts which are parties to the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.153. CONTRACT WITH THE UNITED STATES. (a) The board may enter into a contract or other obligation with the United States for the investigation, construction, extension, operation, and maintenance of any federal reclamation project of benefit to the district and authorized under the National Reclamation Act of 1902, as amended.

(b) The board may contract to secure a district water supply from the federal reclamation project and to pay to the United States the agreed cost of it in the form of construction charges, operation and maintenance charges, and water rental charges, as shown by the contract and in accordance with the terms and conditions of the national reclamation law.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.154. CONSTRUCTION CHARGES UNDER A CONTRACT WITH THE

UNITED STATES. The construction charges under a contract with the United States may include the cost of drainage and flood-control works necessary to control floods or to maintain the irrigability of district land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.155. ELECTION TO APPROVE A CONTRACT WITH THE UNITED STATES. (a) The electors of the district shall vote to approve every contract involving the payment of construction charges to the United States. The provisions of this chapter relating to the election to approve the validation of district bonds shall be followed, including the prosecution of an action in court to determine the validity of the contract.

(b) The notice of election shall state the maximum amount, exclusive of operation and maintenance charges, water rental charges, interest, and penalties, payable by the district to the United States under the contract.

(c) The ballot shall be printed to provide for voting for or against the proposition: "The contract with the United States and levy of taxes to make payments under the contract". This is the only proposition that may appear on the ballot.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.156. CONVEYING PROPERTY TO THE UNITED STATES. A district may convey any property to the United States necessary for the construction, operation, or maintenance of federal reclamation works used or to be used for the benefit of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.157. CONSENT OF UNITED STATES TO ALTER DISTRICT'S BOUNDARIES. Until all money has been paid by the district which is due to the United States under a contract relating to a federal reclamation project, the United States must consent to any change in

the boundaries of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.158. TAXES LEVIED BY DISTRICT UNDER CONTRACT WITH THE UNITED STATES. (a) A district that enters into a contract with the United States shall levy annually sufficient taxes to provide payment of all installments required by the contract.

(b) The board may pay construction charges when provided by contract on the basis of the average gross annual acre income of the land of the district or designated divisions or subdivisions of the district. The Secretary of the Interior shall determine the annual gross acre income.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.159. ASSESSMENTS FOR CONTRACTS WITH THE UNITED STATES. The board shall levy annually sufficient assessments to collect the money required to pay all of the district's obligations in full when due regardless of any delinquency in payment of assessments by any tract of land. If collections in any year are insufficient to pay the obligations of the district, the levy shall be increased sufficiently the following year to cover the deficit.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.160. DURATION OF ANNUAL LEVIES FOR CONTRACTS WITH THE UNITED STATES. The board shall continue annual levies for payment of construction charges each year against each tract of land in the district even though construction charges apportioned against other tracts of land in the district may be paid sooner or later.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.161. SUPERIORITY OF LIEN TO SECURE CONTRACT WITH THE

UNITED STATES. The lien against district land created by a contract with the United States shall be superior to the lien created by any district bonds approved subsequent to the date of the contract with the United States.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.162. DISTRICT'S AUTHORITY TO SOLICIT COOPERATION, DONATIONS, AND CONTRIBUTIONS FROM OTHER AGENCIES. A district organized under the provisions of this chapter may solicit cooperation, donations and contributions from:

- (1) the United States, the state or nation;
- (2) any county, municipality, water improvement district, water control and improvement district, drainage district, or any other political subdivision of the state; or
- (3) any person, copartnership, corporation, or association.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.163. EXPENSE OF PROCURING COOPERATION AND CONTRIBUTIONS FROM OTHER AGENCIES. A district may incur reasonable expense to procure cooperation under Section 58.162 of this code in adding to the area of the district or with contributions to the cost of improvements made by the district. The contributions may be either a percentage of cost or a definite annual sum.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.164. AUTHORITY OF CONTRIBUTOR. (a) Any water improvement district, water control and improvement district, levee improvement district, irrigation district, county, city, town, or other political subdivision of the state may contract to contribute to the cost of the construction of drainage and irrigation water distribution system improvements. The improvements to be constructed may be outside the contributing district, municipality, or other political subdivision of the state, and may be located outside the

state or the United States.

(b) The works may be constructed by any agency.

(c) The contribution shall be proportionate to the benefit which the contributor will derive from the proposed improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.165. ISSUANCE OF BONDS BY CONTRIBUTOR. (a) The contract may provide for the issuance of bonds by the contributor and for direct payment from the proceeds of the bonds to contractors on the estimates of the engineer for the contributor.

(b) Before issuing bonds, a contributing political subdivision shall submit the contract for contribution to its electors for approval and for authority to issue the bonds, fix a lien to secure the bonds, and levy, assess, and collect taxes to retire the bonds. The procedure by a contributing political subdivision of the state shall conform to the applicable law under which the political subdivision was organized and authorized to create bonded indebtedness.

(c) The disposition of the proceeds of the bond shall conform to the approved contract of contribution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.166. ANNUAL TAX BY CONTRIBUTOR. (a) The contract for contribution may provide that instead of issuing bonds the contributor may levy, assess, and collect an annual tax in a specific sum. The levy or assessment is a lien on the property subject to the contributor's taxing power.

(b) The contributor shall collect the tax at its own expense and pay it annually to the district to which the contribution is to be made. The district shall hold the annual payment as a trust fund and annually apply it to the bonds issued by it to provide funds for the construction of the improvements to which the contribution is made.

(c) The contributor shall submit the contract of contribution to its electors for approval and for authority to levy and assess a

sufficient tax to meet the annual payments fixed in the contract. The election for the approval of the contract and the authorized taxes for the fulfillment of the contract shall conform to appropriate law under which the contributing political subdivision was organized and authorized to create bonded indebtedness.

(d) Payment of the annual sums of contribution shall conform to the contract of contribution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.167. CONTRIBUTIONS FROM UNAPPROPRIATED OR AVAILABLE FUNDS OF CONTRIBUTOR. (a) If the proposed contributor has an unappropriated fund or a fund which is not required for actual use even though otherwise appropriated, the fund may be withdrawn from the project which does not need it and may be applied to pay contributions to the cost of the improvements considered to be a benefit to the contributor but to be constructed by another agency or jointly by the contributor and another agency.

(b) The board of the contributing political subdivision may contract for contributions and contribute from an unappropriated or available fund without submitting the contract and contributions to a vote of the electors of the contributor. However, the contributions shall not be made if they impair the ability of the contributor to meet any outstanding obligation or to adequately and economically discharge the contributor's duty to its electorate or constituency.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.168. LIABILITY ON CONTRACTS OF ACQUIRED IRRIGATION SYSTEM. If a district acquires an established irrigation system which has contracted to supply water to others and the holders of the contracts or the lands entitled to service of water are not within the district, the contracts and duties shall be performed by the district in the same manner and to the same extent that any other purchaser of the system would be bound.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.170. COVENANTS AND AGREEMENTS INCLUDED IN LEASE. (a) The lease shall expressly state that the sums payable under the terms of the lease and the lease itself shall not constitute an indebtedness or pledge of the general credit of the district within the meaning of any constitutional or statutory limitation of indebtedness. The lease shall contain a statement that payments due under it are not payable from any funds raised or to be raised by taxation.

(b) The lease may contain covenants and agreements which are not inconsistent with the provisions of this code which authorize the lease for:

- (1) the management and operation of the leased properties;
- (2) the imposition and collection of charges for water;
- (3) the disposition of the proceeds of charges;
- (4) the insurance, protection, and maintenance of the leased properties;
- (5) the creation of other obligations payable from the revenues derived from the operation of the leased properties;
- (6) the keeping of books and records by the district; and
- (7) other pertinent provisions which the board considers desirable to assure the payment of amounts due under the lease.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.171. REVENUE FOR PAYMENT OF LEASE RENTAL. (a) All money due the lessor under the lease shall be payable solely from the revenue derived by the district from the sale of water supplied through the leased system.

(b) The board shall set and collect charges for the water supplied through the leased properties to produce sufficient revenue at all times to allow for delinquencies and to pay promptly all rental payments becoming due under the terms of the lease. The board may agree to deposit this money in a separate fund as a first charge on the gross revenue received each year from sales of water, and which shall not be used for any other purpose.

(c) The board may agree in the lease to pay all expenses of operating and maintaining the leased properties from the fund provided by the board each year for the maintenance and operation expenses of the district so that the gross revenue from sale of water will be available exclusively for payment of rentals until the amount required for rentals each year is paid into the separate rental fund.

(d) If the board includes this agreement in the lease, the board shall provide for the payment of sums into the maintenance fund from sources other than the remaining portions of the gross revenue from the sale of water not required to pay rentals which are sufficient each year to pay all expenses of operating the district and maintaining and operating its properties and facilities, including the leased properties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.172. RECEIVER FOR LEASED IRRIGATION SYSTEM. (a) If the district defaults in the payments due under a lease, the lessor may petition a court of competent jurisdiction to appoint a receiver for the leased properties.

(b) The receiver shall operate the properties and collect and distribute the revenue according to the terms of the lease and the direction of the court.

(c) The receiver has the same rights and powers as the board in its operation of the leased properties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.173. JOINT LEASE BY TWO OR MORE DISTRICTS. The boards of two or more districts may adopt resolutions to enter into a joint lease under the provisions of Section 58.169 of this code. The joint lease shall specify clearly the respective rights and liabilities of the districts and shall be subject to all the provisions of Sections 58.169 and 58.172 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.174. AUTHORITY TO ACQUIRE IRRIGATION SYSTEM SUBJECT TO MORTGAGE. A district may acquire by gift, grant, or purchase any part of an irrigation system serving the district which is subject to a mortgage or encumbrance. The mortgage or encumbrances shall not be assumed by the district and shall not be an indebtedness of the district but shall constitute solely a charge on the encumbered property and the revenue from it.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.175. REVENUE FOR PAYMENT OF MORTGAGE. (a) The board may determine conclusively by resolution whether the mortgage or encumbrance represents all or part of the cost of the acquired property and constitutes a purchase money lien on the property.

(b) The board may contract to use and pledge its revenue derived solely from the sale of water and services supplied through the acquired properties for the payment of a purchase money lien.

(c) The board also may use revenue from taxation or from the issuance and sale of bonds to pay all or part of the amount due under the encumbrance if a majority of the electors of the district voting at an election on this proposition approve its use.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.176. ELECTION TO APPROVE REVENUE FOR PAYMENT OF MORTGAGE. (a) If tax and bond revenue is pledged to pay amount due under the encumbrance, the district must hold an election and receive the approval of the electors.

(b) An election to approve the use of tax and bond revenue shall be held in the same manner and with the same voters' qualifications as provided for elections on the issuance of the bonds of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.177. JOINT ACQUISITION OF MORTGAGED SYSTEM BY TWO OR MORE DISTRICTS. (a) Two or more districts jointly may acquire by gift, grant, or purchase any part of an irrigation system serving the districts subject to a mortgage or encumbrances in the same manner that a single district may acquire the system.

(b) In the proceedings authorizing the acquisition, the boards of the respective districts shall define clearly the respective rights, interest, and liability of the districts in the acquired property and in the mortgage or encumbrance.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.178. AUTHORITY TO LEASE FACILITIES TO WATER CUSTOMERS.

(a) A district may lease to any person, firm, or corporation which is a bona fide water customer of the district any of its facilities and may also lease any of the district's land which is appropriate to the utilization of the leased facilities, including, but not limited to land acquired by eminent domain.

(b) The board and the lessee shall agree on the form of the lease and its terms, conditions, provisions, and stipulations: however, the duration of the lease shall not be longer than the duration of the water contract between the district and the lessee under the primary term of the water contract and any renewal or extension of it.

(c) After a lease to a water customer is authorized by the board, the lease shall be executed by the president or vice-president of the board and attested by the secretary. The lease is valid and effective without any other requirement or prerequisite by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.180. AMENDMENTS TO WATER RIGHTS. The board may apply to the commission to amend its water rights as provided by Section 11.122 of this code and the rules of the commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981.

Sec. 58.181. SUIT TO PROTECT WATER RIGHTS. The board may institute and maintain any suit or suits to protect the water supply or other rights of the district, to prevent any unlawful interference with the water supply or other rights of the district, or to prevent a diversion of its water supply by others.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.182. TRANSFER OF WATER RIGHT. If there is land in a district which has a water right from a source of supply acquired by the district but the land is difficult or impracticable to irrigate from that source of supply, the district may allow transfer of the water right to other land which is adjacent to the district. The adjacent land may be admitted to the district with the same right of water service as the land from which the water was transferred.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.183. SELLING WATERPOWER PRIVILEGES. (a) The district may enter into a contract to sell waterpower privileges if power can be generated from water flowing from the district's reservoirs within its canal system.

(b) The sale of waterpower privileges may not interfere with the district's obligation to furnish an adequate supply of water for the purpose for which the district was organized and for municipal purposes in districts that furnish water for municipal purposes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.184. SELLING SURPLUS WATER. The district may sell any surplus district water for use in irrigation or for domestic or

commercial uses to any person who owns or uses land in the vicinity of the district or to other districts which include land in the same vicinity.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.185. PUMPING WATER TO ANOTHER DISTRICT. If the board considers it advisable, it may contract to pump for or supply another district any water in which the other district has a right. The board shall provide the terms of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.186. OBTAINING TOPOGRAPHIC MAPS AND DATA. The Texas Water Development Board shall furnish to a district topographic maps and data concerning projects undertaken by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981; Acts 1987, 70th Leg., ch. 977, Sec. 34, eff. June 19, 1987.

Sec. 58.190. SALE OF PROPERTY NOT ACQUIRED TO CARRY OUT THE PLANS OF THE DISTRICT. The board may sell property bid in by it at any sale under foreclosure of its tax lien or of its lien for charges or assessments, or any property acquired by it other than for the purpose of carrying out the plans of the district, without formally determining that the property is not required to carry out the plans of the district, without giving notice of the intent of the district to sell the property, and without applying the proceeds of the sale as provided in Sections 58.188 and 58.189 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER E. ELECTION PROVISIONS

Sec. 58.221. LANDOWNER. In this subchapter, a reference to "landowner" refers to a single landowner who is the owner of record of fee simple title to a parcel of land located within the boundaries of a district, regardless of whether the title to the parcel of land is held by:

- (1) an individual landowner;
- (2) two or more individual landowners; or
- (3) a corporation, partnership, or other business entity.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.222. ELIGIBILITY TO VOTE. Notwithstanding the Election Code and any other law, a landowner or the landowner's registered representative under this subchapter is entitled to one vote in an election conducted by a district only if the landowner:

- (1) owns at least one acre of irrigable land located within the district's boundaries that is subject to an assessment for maintenance and operating expenses under Sections 58.305(a) and (b);
- (2) is entitled to receive and use irrigation water delivered by the district through the district's irrigation facilities; and
- (3) satisfies all other requirements for voting prescribed by this subchapter.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.223. ELIGIBILITY REQUIREMENTS. An individual landowner, or the landowner's registered representative, is eligible to vote only if the individual:

- (1) is 18 years of age or older;
- (2) is a United States citizen;
- (3) has not been determined mentally incompetent by a final judgment of a court;
- (4) has not been finally convicted of a felony or, if so convicted, has:
 - (A) fully discharged the individual's sentence, including any term of incarceration, parole, or supervision, or completed a period of probation ordered by any court; or
 - (B) been pardoned or otherwise released from the

resulting disability to vote; and

(5) is included on the list of qualified voters prepared under Section 58.224(d).

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.224. REGISTRATION REQUIRED. (a) A landowner who elects to designate a representative to vote on behalf of the landowner must register the representative to vote on a form prescribed by the district.

(b) The form must be received by the district on or before the 20th day before the date of the election.

(c) The registration is valid for a period prescribed by the district.

(d) The district shall prepare a list of qualified voters as shown by the district's records as of the 60th day before the date of a district election. On or before the 40th day before the date of an election, the district shall:

(1) file the list with the county clerk of each county within which the district's boundaries are located;

(2) post the list in the district's office; and

(3) post the list at each county courthouse in each county within which the district's boundaries are located.

(e) Only an individual landowner or a registered representative of a landowner whose name appears on the list of qualified voters is eligible to vote in a district election.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.225. VOTING BY REPRESENTATIVE. (a) A landowner may authorize an individual to vote in a district election as the landowner's representative as provided by this subchapter.

(b) If ownership of the land is vested in more than one individual or in a corporation, partnership, or other business entity, the vote must be made by a registered representative.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

Sec. 58.226. LIABILITY FOR DISTRICT TAXES AND DEBTS. (a) A

person who on January 1 of each year is not eligible under this subchapter to vote in an election held by a district is not liable for any tax imposed by the district under Subchapters L or M during the year in which the person is not eligible to vote.

(b) A person continues to be liable for the payment of:

(1) taxes imposed before the date on which a person becomes ineligible to vote under this subchapter;

(2) the pro rata share of any district indebtedness existing on the date on which a person becomes ineligible to vote under this subchapter; and

(3) taxes imposed during any year in which the person is eligible to vote under this subchapter.

Added by Acts 2001, 77th Leg., ch. 107, Sec. 1, eff. Sept. 1, 2001.

SUBCHAPTER G. WATER CHARGES AND ASSESSMENTS

Sec. 58.301. STATEMENT ESTIMATING WATER REQUIREMENTS AND PAYMENT OF CHARGE. (a) If required by the board, each person who desires to receive irrigation water at any time during the year shall furnish the secretary of the board a written statement of the acreage the person intends to irrigate and the different crops the person intends to plant with the acreage of each crop.

(b) At the time the acreage estimate is furnished to the secretary, each person applying for water shall pay the portion of the water charge or assessment set by the board.

(c) If a person does not furnish the statement of estimated acreage or does not pay the part of the water charge or assessment set by the board before the date for fixing the assessment, the district is not obligated to furnish water to that person during that year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 27, eff. September 1, 2013.

Sec. 58.302. CONTRACTS WITH PERSON USING IRRIGATION WATER.

(a) The board may require each person who desires to use irrigation water during the year to enter into a contract with the district which states the acreage to be irrigated, the crops to be planted, the amount to be paid for the water, and the terms of payment.

(b) If a person irrigates more acreage than the person's contract specifies, the person shall pay for the additional service.

(c) The directors also may require a person using irrigation water to execute a negotiable note or notes for all or part of the amount owed under the contract.

(d) The contract is not a waiver of the lien given to the district under Section 58.309 against the crops of a person using irrigation water for the service furnished to the person.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 28, eff. September 1, 2013.

Sec. 58.303. AUTHORITY TO DETERMINE RULES AND REGULATIONS. The board may adopt, alter, and rescind rules, and standing and temporary orders which do not conflict with the provisions of this subchapter and which govern:

- (1) methods, terms, and conditions of water service;
- (2) applications for water;
- (3) assessments, charges, fees, rentals, or deposits for maintenance and operation;
- (4) payment and the enforcement of payment of the assessments, charges, fees, rentals, or deposits;
- (5) furnishing irrigation water to persons who did not apply for it before the date of assessment if required; and
- (6) furnishing water to persons who wish to take water for irrigation in excess of their original applications or for use on land not covered by their original applications if required.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 29, eff.

September 1, 2013.

Sec. 58.304. BOARD'S ESTIMATE OF MAINTENANCE AND OPERATING EXPENSES. The board, on or as soon as practicable after a date fixed by standing order of the board, shall estimate the expenses of maintaining and operating the district's water delivery system for the next 12 months. The board may change the 12-month period for which it estimates the expenses of maintaining and operating the water delivery system by estimating such expenses for a shorter period so as to adjust to a new fixed date and thereafter estimating the expenses for 12-month periods following the adjusted fixed date.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 30, eff. September 1, 2013.

Sec. 58.305. DISTRIBUTION OF ASSESSMENT. (a) The board by order shall allocate a portion of the estimated maintenance and operating expenses that shall be paid by assessment against all land in the district to which the district can furnish irrigation water through its water delivery system or through an extension of its water delivery system. This assessment shall be levied against all irrigable land in the district on a per acre basis, whether or not the land is actually irrigated.

(b) The board shall determine from year to year the proportionate amount of the expenses which will be borne by all water users receiving water delivery from the district.

(c) The remainder of the estimated expenses shall be paid by charges, fees, rentals, or deposits required of persons in the district who use or who make application to use water and other charges approved by the board. The board shall prorate the remainder among the applicants for irrigation water and may consider:

(1) the acreage each applicant will plant, the crop the applicant will grow, and the amount of water per acre used for irrigation purposes; and

(2) other factors deemed appropriate by the board with respect to water used for other nonirrigation uses.

(d) A landowner of irrigable land in the district or a user of water delivered by the district for any purpose other than irrigation who disputes all or a part of a board order that determines the amount of an assessment, charge, fee, rental, or deposit may file a petition under Section 11.041. That petition filed with the commission is the sole remedy available to a landowner or user of water described by this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 31, eff. September 1, 2013.

Sec. 58.306. NOTICE OF ASSESSMENTS. (a) Public notice of all assessments imposed under Section 58.305(a) shall be given by posting printed notice of the assessment in at least one public place in the district.

(b) Not later than the fifth day before the date on which the assessment is due, notice shall be mailed to each landowner at the address which the landowner shall furnish to the board.

(c) Notice of special assessments shall be given within 10 days after the assessment is levied.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 32, eff. September 1, 2013.

Sec. 58.307. PAYMENT OF ASSESSMENTS. (a) All assessments imposed under Section 58.305(a) shall be paid in installments at the times fixed by the board.

(b) If a crop for which water was furnished by the district is harvested before the due date of any installment payment, the entire unpaid assessment becomes due at once and shall be paid within 10 days after the crop is harvested and before the crop is removed from

the county or counties in which it was grown.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 33, eff. September 1, 2013.

Sec. 58.308. COLLECTION OF ASSESSMENTS BY TAX ASSESSOR AND COLLECTOR. (a) Under the direction of the board, the assessor and collector, or other person designated by the board, shall collect all assessments imposed under Section 58.305(a) for maintenance and operating expenses.

(b) The assessor and collector shall execute a bond in an amount determined by the board, conditioned on the faithful performance of the duties of the assessor and collector and accounting for all money collected.

(c) The assessor and collector shall keep an account of all money collected and shall deposit the money as collected in the district depository. The assessor and collector shall file with the secretary of the board a statement of all money collected once each month.

(d) The assessor and collector shall use a duplicate receipt book, give a receipt for each collection made, and retain in the book a copy of each receipt, which shall be kept as a record of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 34, eff. September 1, 2013.

Sec. 58.309. LIEN AGAINST CROPS. (a) The district shall have a first lien, superior to all other liens, against all crops grown on a tract of land in the district to secure the payment of an assessment imposed against the tract under Section 58.305(a), interest, and collection or attorney's fees.

(b) If the crops against which the district has a lien under

this section are cultivated on a basis other than annual replanting, the owner of the crops shall record with the county clerk of the county where the land on which the crops are cultivated is located a legally sufficient description of the land, including a metes and bounds description or a plat reference.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 35, eff. September 1, 2013.

Sec. 58.310. LIST OF DELINQUENT ASSESSMENTS. Assessments imposed under Section 58.305(a) not paid when due shall become delinquent on the first day of the month following the date payment is due, and the board shall keep posted in a public place in the district a correct list of all persons who are delinquent in paying assessments. If a person who owes an assessment has executed a note and contract as provided in Section 58.302, the person may not be placed on the delinquent list until after the maturity of the note and contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 36, eff. September 1, 2013.

Sec. 58.311. WATER SERVICE DISCONTINUED. (a) If a landowner fails or refuses to pay a water assessment or a person fails to pay a charge, fee, rental, or deposit imposed under this chapter or Chapter 49 when due, the landowner's or person's water supply shall be cut off, and no water may be furnished to the land until all back assessments or other amounts owed to the district are fully paid. The discontinuance of water service is binding on all persons who own or acquire an interest in land for which assessments or other amounts owed to the district are due.

(b) A landowner or person whose water service has been

discontinued under Subsection (a) may request that the board reconsider the discontinuance related to a charge, fee, rental, deposit, or penalty, and may not request that the board reconsider a discontinuance related to an assessment. If the board declines to reconsider the discontinuance, the landowner or person may file a petition under Section 11.041. That petition filed with the commission is the sole remedy available to a landowner or person described by this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 37, eff. September 1, 2013.

Sec. 58.312. SUITS FOR DELINQUENT ASSESSMENTS. Suits for delinquent water assessments or other amounts owed to the district under this subchapter may be brought either in the county in which the district is located or in the county in which the defendant resides. All landowners are personally liable for assessments imposed under Section 58.305(a).

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 38, eff. September 1, 2013.

Sec. 58.313. INTEREST AND COLLECTION FEES. (a) All assessments imposed under Section 58.305(a) shall bear interest from the date payment is due at the rate of 15 percent a year. Assessments not paid by the first day of the month following the date payment is due are delinquent, and a penalty of up to 15 percent of the amount of the past-due assessment shall be added to the amount due.

(b) If suit is filed to foreclose a lien on crops or if a delinquent assessment is collected by an attorney before or after suit, an additional amount of 15 percent on the unpaid assessment, penalty, and interest shall be added as collection or attorney's fees.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1997, 75th Leg., ch. 789, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 90 (S.B. 611), Sec. 39, eff. September 1, 2013.

Sec. 58.314. RIGHTS OF THE UNITED STATES. (a) If the board enters into a contract with the United States, the remedies in this subchapter available to the district also shall apply to enforce payment of charges due to the United States. The federal reclamation laws shall also apply.

(b) The directors shall distribute and apportion all water acquired by the district under a contract with the United States in accordance with acts of Congress, rules and regulations of the Secretary of the Interior, and provisions of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.315. SURPLUS ASSESSMENTS. If assessments made under this subchapter are more than sufficient to pay the necessary expenses of the district, the balance shall be carried over to the next year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.316. INSUFFICIENT ASSESSMENTS. If the assessments made under this subchapter are not sufficient to pay the necessary expenses of the district, the unpaid balance shall be assessed pro rata, in accordance with the assessments made for the current year. The additional assessments shall be paid under the same conditions and penalties within 30 days after the date of assessment.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.318. CHARGES FOR MAINTENANCE EXPENSES. (a) If maintenance charges are based on the quantity of water used, a fixed minimum charge may be made on all land, water connections, or other service entitled to receive and use water. An additional charge may be made for the use of more water than that covered by the minimum charge.

(b) The board may install proper measuring devices or require that they be installed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.319. CHARGE TO CITIES AND TOWNS. If a district supplies untreated water, the charge for the use of the water and the time and manner of payment shall be determined by the board or fixed by the contract made with the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.320. LOANS FOR MAINTENANCE AND OPERATING EXPENSES. The board may borrow money to pay maintenance and operating expenses at an interest rate of not more than 10 percent a year and may pledge as security any of its notes or contracts with water users or accounts against them.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.321. WATER SERVICE: REFUSED. The board may refuse water service to any person who refuses to pay the charges and assessments for water service or who fails or refuses to pay any taxes levied against his property after six months from the date the taxes become delinquent.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER H. GENERAL FISCAL PROVISIONS

Sec. 58.351. CONSTRUCTION FUND. (a) The proceeds from the sale of bonds shall be deposited in the construction fund.

(b) Money deposited in the construction fund shall be used to pay expenses, debts, and obligations necessarily incurred in the creation, establishment, and maintenance of the district and to pay the purchase price of property and construction contracts, including purchases for which the bonds were issued.

(c) If the bonds were issued in accordance with a contract with the United States, debts and obligations may be paid from the construction fund under the terms of or incident to the contract.

(d) After the payment of obligations for which the bonds were issued, any remaining money in the construction fund may be transferred to the maintenance fund.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.352. MAINTENANCE FUND. (a) The district shall have a maintenance fund which shall include money collected by assessment or other method for the maintenance, repair, and operation of the properties and plant of the district or for temporary annual rental due to the United States.

(b) The maintenance fund shall be used to pay all expenses of maintenance, repair, and operation of the district except the expenses of assessing and collecting taxes for the interest and sinking fund shall be paid from the interest and sinking fund.

(c) The district may pay from the maintenance fund other expenses for which the payment is not provided in this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.353. AMORTIZATION AND EMERGENCY FUND. (a) The board shall have a competent engineer make an inspection and valuation of the physical property of the district which is subject to decay, obsolescence, injury, or damage by sudden, accidental, or unusual causes, and based on the inspection and valuation, the engineer shall determine as nearly as he can a sufficient amount to be set aside

annually to pay for replacement of each item of physical property at the end of its economic life or for the restoration or replacement of any item of physical property if it is lost, injured, or damaged.

(b) The board shall set aside a portion of the maintenance fund as it is collected equal to the amount determined under Subsection (a) of this section and shall place this money in the amortization and emergency fund. No part of this fund may be spent except to replace amortized property or to replace or restore lost, injured, or damaged property.

(c) Any amount in the amortization and emergency fund which is not spent for the purposes for which the fund was created may be invested in bonds or interest-bearing securities of the United States.

(d) The board is not required to create an amortization and emergency fund, but if the board does create the fund, it shall be kept up and maintained.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER I. BORROWING MONEY

Sec. 58.391. AUTHORITY TO BORROW MONEY. The board may declare that funds are not available to meet lawfully authorized obligations of the district, thereby creating an existing emergency, and may borrow money at a rate of not more than 10 percent a year on notes of the district to pay obligations.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.392. SECURITY FOR LOAN. To secure the loan, the board may pledge up to 85 percent of any levied tax of the district which has not been collected by the district or may pledge as collateral any district bonds which have been authorized but not sold.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.393. MATURITY DATE OF LOAN. (a) If taxes are pledged

to pay for the loan, the loan shall mature not later than the following April 1.

(b) If preliminary or construction bonds are pledged to pay the loan, the loan shall mature not later than six months from the date it is made.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.394. LOAN SECURED BY BONDS. The amount of the loan may not be more than 25 percent of the district's unsold bonds and the par value of the bonds may not be more than 10 percent of the amount of the loan.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.395. EXPENDITURE OF LOAN PROCEEDS. No money obtained from a loan under Section 58.391 of this code may be spent for any purpose other than the purposes for which the pledged tax was levied or the pledged bonds were authorized.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.396. LOANS ACCOMPLISHED BY SALE OF DISTRICT BONDS. If the loan is secured by the sale of district bonds, the district may enter into an obligation to be conditioned conformably with the usages of investment banking to repurchase the bonds within the five-year period immediately following the date of the loan.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.397. PLEDGE OF COMMERCIAL INCOME. (a) The term "commercial income" means income other than revenue derived from taxation.

(b) If required to do so, a district may pledge its existing and expected commercial income to secure a loan to the extent the

pledge will not obviously substantively impair the ability of the district to pay obligations which are held by others.

(c) If a district expects commercial income in the future but does not have the demonstrated income in an amount adequate to discharge the loan when it matures, the district may pledge the expected commercial income as provided in Subsection (b) of this section and in addition, or as an alternative, may pledge with a power of sale its unsold bonds in a par amount which shall not be more than the amount of the loan plus 10 percent. The district is not required to impound the bonds. The rate of interest on the loan may not be more than six percent.

(d) After commercial income is pledged, it may not be used for any purpose except to pay the debt which it secures, and it shall be applied to the reduction of the secured debt as rapidly as practicable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.398. EVIDENCE OF DEBT. To evidence loans which are not secured by the sale of bonds, the district may execute and deliver to the lender certificates of indebtedness, notes, or obligations and may pledge its full faith and credit for their payment to the same extent that it may be pledged by district bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.399. RETIRING BONDS. If bonds are impounded or pledged to secure a loan made to a district, as the loan is repaid a proportionate amount of the bonds may be withdrawn, cancelled, and retired.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER J. ISSUANCE OF BONDS

Sec. 58.431. AUTHORITY TO ISSUE BONDS OF DISTRICTS OPERATING

UNDER ARTICLE III, SECTION 52, OF THE TEXAS CONSTITUTION. A district which is operating under Article III, Section 52, of the Texas Constitution, may issue bonds and lend its credit in an amount of not more than one-fourth of the assessed valuation of the real property in the district. However, the total indebtedness of any city or town may never be more than the limits imposed by the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.432. AUTHORITY TO ISSUE BONDS OF DISTRICTS OPERATING UNDER ARTICLE XVI, SECTION 59, OF THE TEXAS CONSTITUTION. A district operating under Article XVI, Section 59, of the Texas Constitution, may incur debt evidenced by the issuance of bonds which is necessary to provide improvements and maintenance of improvements to achieve the purposes for which the district was created.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.433. AMOUNT OF DEBT LIMITED BY CONSTITUTION. No district may issue bonds or create indebtedness in an amount which is more than that authorized by the Texas Constitution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.434. ISSUANCE OF PRELIMINARY BONDS. A district may issue preliminary bonds to create a fund to pay:

- (1) costs of organization;
- (2) costs of making surveys and investigations;
- (3) attorney's fees;
- (4) costs of engineering work;
- (5) costs of the issuance of bonds; and
- (6) other costs and expenses incident to organization of

the district and its operation in investigating and determining plans for its plant and improvements and in issuing and selling bonds to provide for permanent improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.435. ELECTION ON PRELIMINARY BONDS. (a) The proposition for the issuance of preliminary bonds shall be submitted to the electors of the district.

(b) The election may be held at the same time as the election to confirm the creation of the district or at a later time.

(c) The board shall make an estimate of the expenses to be paid with the proceeds of the preliminary bonds and shall include this estimate in the notice of election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.436. CONDITIONS OF PRELIMINARY BONDS. (a) After preliminary bonds have been authorized at an election, the board may order the issuance of the bonds in an amount which is not more than the amount stated in the notice of election.

(b) The bonds may be paid serially or on amortization at any time not more than 10 years from their date.

(c) Although the bonds will be known and designated in the records as preliminary bonds, it is not necessary to make this designation on the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.437. TAX TO PAY PRELIMINARY BONDS. At the time preliminary bonds are issued, a tax shall be levied to pay principal and interest as the bonds mature and to pay the cost of assessing and collecting the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.438. ISSUANCE OF BONDS. (a) After a district is created and has adopted plans for construction of a plant and

improvements, it may issue bonds to pay for constructing the plant and improvements and to pay costs and charges incident to the construction including the cost of necessary property and the retirement of preliminary bonds.

(b) The maximum amount of bonds which may be issued may not be more than the amount of the engineer's estimate plus the additional amounts added by the board in the election order.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.439. PURPOSES FOR ISSUANCE OF BONDS. The district may issue bonds to include:

- (1) the cost of organization of the district;
- (2) incidental expenses;
- (3) the cost of investigation and making plans;
- (4) the engineer's work and other incidental expenses;
- (5) the cost of retirement of preliminary bonds;
- (6) the cost of issuing and selling bonds;
- (7) the estimated discount on the bonds;
- (8) the cost of operation of a district for the period of construction of the plant and improvements stated in the engineer's report;
- (9) an amount to pay interest on the bonds during the period stated in the engineer's report, which shall not be more than three years from the time the bonds are sold; and
- (10) any additional cost or expense made necessary by any change or modification made in the proposed work by the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.440. ENGINEER'S REPORT. (a) Before an election is held to authorize the issuance of bonds, an engineer's report, which includes the plans and improvements to be constructed together with maps, plats, profiles, and data showing and explaining the engineer's report, shall be filed in the office of the district and shall be available for public inspection.

(b) The engineer's report shall contain a detailed estimate of

the cost of improvements, including the cost of any property to be purchased, and an estimate of the time required to complete the improvements to the degree to which they may provide service.

(c) The board shall consider the engineer's report and may make changes in the report and note them in the minutes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.441. ELECTION ORDER. (a) After the engineer's report is filed and approved, the board may order an election in the district to authorize the issuance of bonds.

(b) In the order, the board shall estimate the total amount of money needed to cover the items listed in Section 58.439 of this code.

(c) The election order shall state:

- (1) the proposed maximum interest rate on the bonds;
- (2) the maximum maturity date of the bonds;
- (3) the time and places for holding the election; and
- (4) the names of the election officers.

(d) The election order shall be entered in the minutes of the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.443. BALLOTS. (a) The proposition to be voted on shall be the issuance of the total amount of bonds covered by the engineer's estimate plus additional estimates made by the board.

(b) The ballots shall be printed to provide for voting for or against: "The issuance of bonds and the levy of taxes to pay for the bonds."

(c) If a contract is proposed with the United States under the federal reclamation laws, the ballots shall be printed to provide for voting for or against: "The contract with the United States and the levy of a tax to pay the contract."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.444. VOTE AT ELECTION. (a) Bonds of a district operating under the provisions of Article III, Section 52, of the Texas Constitution, may be issued only with the approval of two-thirds of the electors of the district participating in the election.

(b) In a district organized under the provisions of Article XVI, Section 59, of the Texas Constitution, bonds may be issued or indebtedness created only with the approval of a majority of the electors of the district participating in the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.445. ORDER TO ISSUE BONDS OR EXECUTE CONTRACT. After the vote is canvassed and the results are declared to be favorable to the proposition, the board shall make and enter an order directing the issuance of the bonds or the execution of a contract with the United States. The bonds or contract shall be in a sufficient amount to pay for the improvements together with all necessary incidental expenses, but the amount may not be more than the amount specified in the election order and notice of election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.446. RECORD OF BOND PROCEEDINGS SUBMITTED TO ATTORNEY GENERAL. (a) After a district issues bonds other than preliminary bonds, but before they are sold, the record showing all the proceedings in the creation of the district and the issuance of the bonds shall be filed in the office of the attorney general.

(b) The attorney general shall examine the record and give his opinion on it.

(c) The record may be presented to the attorney general before the bonds are printed, and the bonds may be executed after the record is completed.

(d) After the record is approved, the bonds shall be issued or duly executed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.447. APPROVAL AND REGISTRATION OF BONDS. (a) After the bonds are issued and executed, they shall be submitted to the attorney general for approval.

(b) If the attorney general finds that the bonds are issued according to law and are valid, binding obligations of the district, he shall officially certify the bonds and execute a certificate, which shall be filed with the comptroller and recorded in the book kept for that purpose.

(c) The bonds may not be registered with the comptroller until 20 days after the day of the election authorizing the issuance of the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.448. VALIDITY OF BONDS. After the bonds are approved by the attorney general and registered by the comptroller, they shall be held to be valid, binding obligations of the district in any suit testing their validity. Any person interested in the bonds may file a suit before the bonds are registered to test the validity, but may not bring suit to test validity after the bonds are registered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.449. CONDITIONS OF BONDS. (a) The bonds may be issued to mature at the end of a term of years or to mature serially at any date which is not later than the maximum maturity date stated in the election order.

(b) The bonds may be issued at any rate of interest which is not more than the rate of interest set in the election order.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.450. FORM OF BONDS. (a) The bonds shall be issued in

the name of the district and shall be signed by the president and attested by the secretary, with the seal of the district attached.

(b) The bonds shall be issued in denominations of \$100 or multiples of \$100 and shall be payable annually or semiannually.

(c) The board shall determine and include in the bonds the time, place, manner, and condition of payment of principal and interest on the bonds, but none of the bonds may be made payable more than 40 years from their date.

(d) The lien for payments due to the United States under a contract that was not accompanied by a deposit of bonds with the United States shall be a preferred lien to that of any issue of bonds of any series or any issue of bonds subsequent to the date of the contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.453. VALIDATION SUIT. (a) A district may file a suit to determine the validity of the creation of the district and the bonds.

(b) If requested by the Secretary of the Interior, the district shall file a suit to validate a contract made with the United States.

(c) If a validation suit is filed, the bonds do not have to be approved by the attorney general.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.454. EFFECT OF PRIOR REGISTRATION. If bonds are approved by the attorney general and registered by the comptroller before a validation suit is filed, the filing of the suit cancels the prior registration.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.455. PROCEDURE IN VALIDATION SUIT. (a) A validation suit shall be brought by the district in the district court of any county in which all or part of the district is located or in a

district court in Travis County.

(b) The suit shall be in the nature of a proceeding in rem.

(c) Any person who is interested in the suit may intervene and file an answer.

(d) The issue shall be tried and determined by the court and judgment shall be entered on the findings.

(e) Repealed by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(53), eff. Aug. 31, 1981.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 2646, ch. 707, Sec. 4(53), eff. Aug. 31, 1981.

Sec. 58.456. NOTICE OF VALIDATION SUIT. (a) To obtain jurisdiction of all parties to the validation suit, a general notice shall be published.

(b) The notice shall be published once a week for at least two consecutive weeks before the term of the court at which the notice is to be returned. The notice shall be published in a newspaper with general circulation in the county or counties in which the district is located, but if no newspaper is published inside the district, the notice shall be published in a newspaper in the nearest county in which a paper is published.

(c) Notice also shall be served on the attorney general in the manner provided in civil suits.

(d) The attorney general may waive notice if he is furnished a full transcript of the proceedings held in connection with the creation of the district and the issuance of the bonds or held in connection with the authorization of a contract with the United States. A copy of the contract with the United States also must be furnished.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.457. DUTIES OF ATTORNEY GENERAL IN VALIDATION SUIT.

(a) The attorney general shall examine all the proceedings and shall require any further evidence and make any further examination which he considers advisable.

(b) The attorney general then shall file an answer to the suit, submitting the issue of whether the proceedings are valid and the bonds are legal and binding obligations of the district, or whether the contract with the United States is legal and binding on the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.458. JUDGMENT IN VALIDATION SUIT. (a) After the trial of the validation suit, if the judgment of the court is adverse to the district on any issue, the district may make an exception and point out the error, and the error may be corrected by the judge in the manner directed by the court.

(b) The judgment shall be rendered showing that the corrections have been made and that the bonds or the contract with the United States are binding obligations of the district.

(c) After the judgment is entered, it is res judicata in all cases which may arise in connection with:

- (1) the collection of the bonds or their interests;
- (2) any taxes levied to pay charges or any money required to pay a contract with the United States; and
- (3) all matters relating to the organization and validity of the district or the validity of the bonds or contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.459. EFFECT OF VALIDATION SUIT. (a) After a final judgment is rendered in the validation suit, the bonds or the contract with the United States shall be incontestable.

(b) No suit may be brought in any court of this state to contest or enjoin the validity of the creation of the district, any bonds which are issued, any contract with the United States, or the authorization of a contract with the United States, except in the name of the State of Texas by the attorney general on his own motion or on the motion of any party affected on good cause shown.

(c) The attorney general may not file or prosecute such a suit unless it is based on allegations of fraud disclosed or found after

the final judgment in the validation suit was rendered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.460. CERTIFIED COPY OF DECREE. (a) After the judgment of the district court is entered, the clerk of the court shall make a certified copy of the decree which shall be filed with the comptroller. The comptroller shall record the decree in the book kept for that purpose.

(b) The certified copy of the decree or a certified copy of the comptroller's record of the decree shall be received in evidence in any suit which may affect the validity of the organization of the district or the validity of the bonds or the contract and shall be conclusive evidence of validity.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.461. REGISTRATION OF BONDS AND DECREE. On the presentation of the bonds together with a certified copy of the decree of the court, the comptroller shall register the bonds in a book kept for that purpose. The comptroller shall attach to each bond a certificate stating that the court's decree has been filed and recorded in his office and shall sign the certificate and attach his official seal.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.462. SALE OF BONDS. (a) After the bonds are issued by the district, the board shall sell the bonds on the best terms and for the best price possible.

(b) The board shall pay the proceeds from the sale of the bonds to the district depository.

(c) The district may exchange bonds for property acquired by purchase or to pay the contract price of work done for the use and benefit of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.463. TAX LEVY. (a) At the time the bonds are voted, the board shall levy a tax on all property inside the district subject to district taxation in a sufficient amount to redeem and discharge the bonds at maturity.

(b) The board annually shall levy or have assessed and collected taxes on all property inside the district in a sufficient amount to pay installments and interest as they become due.

(c) If a contract is made with the United States, the board annually shall levy taxes on property inside the district in a sufficient amount to pay installments and interest as they become due.

(d) The board may issue the bonds in serial form or payable in installments, and the tax levy shall be sufficient if it provides an amount sufficient to pay the interest on the bonds, the proportionate amount of the principal of the next maturing bond, and the expenses of assessing and collecting the taxes for that year.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.464. ADJUSTMENT OF TAX LEVY. (a) The board may from time to time increase or diminish the tax to adjust it for the taxable values of the property subject to taxation by the district and the amount required to be collected.

(b) The board shall raise an amount sufficient to pay the annual interest of and principal on all outstanding bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.466. INTEREST AND SINKING FUND. (a) The district shall have an interest and sinking fund which shall include all taxes collected under this chapter.

(b) Money in the interest and sinking fund may be used only:
(1) to pay principal and interest on the bonds;

(2) to defray the expenses of assessing and collecting the taxes; and

(3) to pay principal and interest due under a contract with the United States if bonds have not been deposited with the United States.

(c) Money in the fund shall be paid out of the fund on warrants by order of the board as provided in this chapter.

(d) The depository shall receive and cancel each interest coupon and bond as it is paid and shall deliver it to the board to be recorded, cancelled, and destroyed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.467. INVESTMENT OF SINKING FUND. (a) The board may invest any portion of the sinking fund of the district in bonds of the United States, the state, any county or city in the state, any irrigation or water improvement district, school district, or other tax bonds issued under the laws of the state.

(b) The funds may be invested if the bonds to be paid with them do not mature within three years from the time the investment is made and if it is necessary to preserve the best interest of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.468. REFUNDING BONDS. (a) The district may refund any bonds issued by it by issuing new bonds.

(b) Refunding bonds may be issued only if the old bonds are taken in exchange at their face value or less or new bonds can be sold at a premium and the old bonds retired without loss to the district.

(c) The comptroller may not register the refunding bonds until the old bonds for which the refunding bonds are being issued are presented to him for cancellation or until a valid contract providing for the purchase or exchange of the old bonds is executed and a copy filed in his office.

(d) The comptroller shall keep the refunding bonds until the old bonds are presented to him for exchange or payment, and if the

old bonds are presented for payment, the district shall pay them before the refunding bonds are registered.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.469. LIMITATION OF AUTHORITY TO INCUR DEBT AND ISSUE BONDS. (a) For the benefit of purchasers or holders of bonds to be issued or sold, the board of a district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, may limit the authority of the district to incur debt or issue bonds.

(b) The board shall limit the authority by adopting a resolution which states that during a period of not more than 15 years the district will not issue bonds in an amount of more than 25 percent of the assessed value of taxable real property in the district according to the last assessment for district purposes or in an amount of more than a fixed sum or for certain named purposes.

(c) The board shall publish notice of the adoption of the resolution once a week for two consecutive weeks in a newspaper with general circulation in the district. The notice shall state that the resolution will take effect unless a petition against the proposed limitation signed by 20 percent of the electors of the district is presented within 20 days after the first publication of the notice.

(d) If a petition is filed against the limitation, the resolution will not take effect until it is approved at an election held in the district.

(e) The ballots for the election shall be printed to provide for voting for or against: "The limitation during the term of years of the maximum debt of the district to _____." (The blank space shall be filled with the purpose of the election).

(f) If the limitation is approved at an election or if no petition is filed against the resolution, the district may not issue bonds under any statute or constitutional provision in excess of the limitation during the designated term of years except to complete and make repairs to improvements whose cost will be within the debt limitation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.470. ISSUING BONDS IN EXCESS OF LIMITATION. (a) A district may issue bonds in excess of a limitation made under Section 58.469 of this code only after the commission has approved the plans and specifications with the estimate of costs.

(b) If the plans, specifications, and estimate are approved, notice of the intention to issue the bonds shall be published once a week for three consecutive weeks in a newspaper with general circulation in the district. The notice shall include a statement of the purpose for issuing the bonds, the amount of the proposed bond issue, and the time the hearing is to be held, which may not be less than 30 days after the notice is first published.

(c) The board shall hold the hearing and any taxpayer, bondholder, or other interested person may appear and be heard.

(d) If the board approves the issuance of the additional bonds in the amount and for the purpose stated in the notice, the question of issuing the bonds shall be submitted to the electors of the district at an election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.471. MODIFICATIONS OR IMPROVEMENTS. (a) After bonds are issued or a contract is entered into with the United States, the board may give notice of an election to be held to authorize the issuance of additional bonds or a further contract with the United States.

(b) Additional bonds may be issued or a supplemental contract made if the board considers it necessary to:

- (1) make modifications in the district or its improvements;
- (2) construct further or additional improvements and issue additional bonds on the report of the engineer;
- (3) make a supplemental contract with the United States;

and

(4) make, on its own motion, additional improvements or purchase additional property to accomplish the purposes of the district and to serve the best interest of the district.

(c) The board shall enter its findings in the minutes.

(d) The election shall be held and the returns made in the manner provided in this chapter for the original election.

(e) If the result of the election favors the issuance of the bonds or the supplemental contract with the United States, the board may order the bonds issued or the contract made with the United States in the manner provided in this chapter.

(f) If a supplemental contract is made with the United States and bonds are not to be deposited with the United States, it is not necessary to issue bonds. If the district is required to raise money in addition to the amount of the contract, the bonds shall be issued only in the additional amount needed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.472. ISSUANCE OF ADDITIONAL BONDS OR CREATION OF ADDITIONAL INDEBTEDNESS UNDER CERTAIN CONDITIONS. (a) A district may issue additional bonds or create additional indebtedness:

(1) if works, improvements, and facilities constructed under a plan provided in Section 58.440 or 58.452 of this code are inadequate to accomplish the beneficial results which the district's location and conditions demand;

(2) if it is considered necessary to make repairs, replacements, or additions to the district's improvements which cost more than \$25,000; or

(3) if additional money is needed to complete the improvements as planned.

(b) The district shall provide the additional money for the particular purpose in accordance with the provisions of this chapter regulating the creation of bond obligations subject to every limitation with respect to the original proceedings and the substantial protection of the substantive rights of holders of any of the district's outstanding obligations.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.473. INTERIM BONDS. After bonds, other than preliminary bonds or notes, are voted by a district, the board may

declare an existing emergency with relation to money being unavailable to pay for engineering work, purchase of land, rights-of-way, construction sites, construction work, and legal and other necessary expenses and may issue interim bonds on the faith and credit of the district in the manner provided in Sections 58.474-58.479 of this code to pay these expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.474. LIMITATIONS ON INTERIM BONDS. (a) Interim bonds shall mature not later than 10 years from the date they are issued, and shall be redeemable at any time before they mature, as provided in this subchapter.

(b) The principal amount of the interim bonds may not be more than 25 percent of the principal amount of the district's bonds which have been voted but not sold.

(c) Before the issuance of the interim bonds, the board, by resolution, may limit the issue to any amount less than 25 percent, and after the amount is determined and fixed by the resolution, no additional interim bonds may be issued and sold until all outstanding interim bonds are paid.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.475. ISSUANCE OF BONDS AND LEVY OF TAX. (a) After bonds other than preliminary bonds are voted, the board may authorize the issuance of the bonds in whole or in part as they are needed by the district.

(b) The board shall levy and annually assess and collect sufficient taxes to pay principal and interest on the bonds.

(c) The bonds may be approved by the attorney general and registered by the comptroller before the filing of the report of the Texas Water Rights Commission under Section 58.451 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.476. DEPOSIT OF BONDS TO SECURE INTERIM BONDS. (a) As the interim bonds are issued and sold, the board, by order, shall deposit bonds of the district which have been validated by a court or approved by the attorney general and registered by the comptroller as provided in Section 58.447 of this code in the district depository.

(b) The bonds deposited shall be credited to the interest and sinking fund account created to pay the interim bonds.

(c) The principal amount of the bonds deposited shall total at least 110 percent of the principal sum of the series of interim bonds which the bonds are deposited to secure.

(d) The interest rate on the interim bonds may not be more than the interest rate on the bonds deposited to secure them.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.477. PROCEDURE FOR ISSUANCE AND SALE OF INTERIM BONDS.

(a) Interim bonds shall be issued in the name of the district, signed by the president, and attested by the secretary, with the district seal attached to each bond.

(b) The interim bonds may be issued in the denominations determined by the board and shall be approved by the attorney general and registered by the comptroller in the same manner as provided in Section 58.447 of this code.

(c) The interim bonds may be sold in the same manner and on the same terms provided by law for the sale of other bonds of the district.

(d) If interim bonds are sold at less than par value and accrued interest, the improvement bonds issued by the district must be sold at an increase over the price authorized by law in an amount sufficient to equal the discount allowed on the interim bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.478. PAYMENT OF INTERIM BONDS. (a) The board shall appropriate the tax levied to pay the bonds deposited to the credit of the interest and sinking fund to pay the interim bonds or as much of that tax as necessary to secure the loan evidenced by the interim

bonds.

(b) The proceeds of the tax shall be devoted exclusively to the payment of the principal and interest on the interim bonds.

(c) None of the provisions of this subchapter relating to interim bonds shall be construed as prohibiting the sale of bonds deposited to the credit of the interest and sinking fund to pay interim bonds or of any other bonds of the district, but if any of these bonds are sold, the district depository shall apply the proceeds to the payment of principal and accrued interest on the interim bonds and the remainder to the purposes for which the bonds were authorized.

(d) If none of the bonds are sold at the time an installment on the principal and interest of interim bonds matures, the depository shall cancel the deposited bonds and attached interest coupons in an amount equal to the principal and interest of the interim bonds paid off and discharged.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.479. REDEMPTION OF INTERIM BONDS. (a) At the option of the board, interim bonds may be redeemed at any time or times before maturity on payment by the district of the principal and accrued interest to the date fixed for redemption by the board.

(b) When interim bonds are called for redemption before maturity, the secretary shall give written notice of the redemption to the bank or banking house named as the place of payment in the bonds or to its successor or assign.

(c) In the notice, the secretary shall designate the bond or bonds called for redemption and payment and shall state the number or numbers of the bonds.

(d) The notice shall include the redemption date which shall not be more than 60 days after the date notice of call for payment is made.

(e) If any of the bonds which are called for redemption are not presented, they shall cease to bear interest from and after the date fixed for redemption.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.480. ALTERNATE METHODS FOR PAYING BONDS. (a) As used in this section and in Sections 58.481-58.484 of this code, "net revenue" means income or increment which may come from ownership and operation of the improvements which are encumbered less the proportion of the district's revenue income reasonably required to provide for administration, efficient operation, and adequate maintenance of the district's services and facilities which are encumbered. Net revenue does not include money derived from taxation.

(b) A district which expects net revenue from operations may secure its bonds in any one of the following:

(1) as provided in Section 58.463 of this code;

(2) by entering into a contract to pledge the net revenue of the district and to mortgage and encumber part or all of the property and facilities, franchise, revenue, and income from operations, and everything acquired or to be acquired by the district; or

(3) as provided in both Subdivisions (1) and (2) of this subsection.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.481. TAXES TO SECURE CERTAIN BONDS. (a) If bonds are secured as provided in Section 58.480(b)(3) of this code, at the time that net revenue together with money derived from taxes accumulates a surplus in the sinking fund equal to the amount required in the succeeding year to liquidate the interest and principal on the district's bonds maturing in that year, the district's annual tax levies may be lowered to produce not less than 25 percent of the bond maturities for the succeeding year.

(b) If three successive years demonstrate that this net revenue is adequate to protect the district's bonds as they mature, the district's tax may be discontinued until further experience demonstrates the necessity to continue the tax to avoid default in the payment of the district's bonds as they mature.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.482. ELECTION. (a) If the district proposes to issue bonds which will be secured under either Section 58.480(b)(2) or 58.480(b)(3) of this code, the proposition shall be presented at an election held under Section 58.443 of this code.

(b) The ballots for the election shall be printed to provide for voting for or against one of the following propositions:

(1) "The issuance of bonds and the pledge of net revenue for the payment of the bonds.";

(2) "The issuance of bonds, the pledge of net revenue, and the creation of a lien on physical property to secure payment of the bonds."; or

(3) "The issuance of bonds, the pledge of net revenue, and the levy of adequate taxes to pay the bonds."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.483. HEARING AND ELECTION ON CERTAIN BONDS. (a) A district which plans to issue bonds payable from and secured by a pledge of net revenue and a lien on the physical property, either or both, without the levy of taxes, is not required to hold a hearing to exclude land or adopt a plan of taxation.

(b) The proposition for issuance of bonds may be submitted at the election held to confirm the creation of the district or at an election called by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.484. HEARING BEFORE ISSUING CERTAIN BONDS. If a district issues its original bonds under Section 58.480(b)(2) of this code and later desires to issue bonds payable in whole or in part from taxes or to levy a tax for maintenance purposes, the district shall hold a hearing to exclude land, and at the time provided by law, shall hold another hearing to adopt a plan of taxation. These hearings shall be held before an election is called to approve the

issuance of tax-supported bonds or the levy of a maintenance tax.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER K. TAX PLAN

Sec. 58.501. TAX TO PAY PRELIMINARY BONDS. Taxes to pay principal and interest on preliminary bonds shall be levied and collected on the ad valorem basis.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.502. HEARING TO DETERMINE BASIS OF TAXATION. After the board adopts plans for construction of a plant and improvements to accomplish the purposes of the district and after an election is held to authorize the issuance of construction bonds and the levy of a tax to pay for the bonds, the board shall hold a public hearing to determine whether the taxes to pay the construction bonds and maintenance, operation, and administrative costs of the district shall be levied, assessed, and collected on:

- (1) the ad valorem basis;
- (2) the basis of assessment of specific benefits;
- (3) the basis of assessment of benefits on an equal sum per acre; or
- (4) the ad valorem basis for part of the total tax or defined area or property and on the benefit basis for the other part of the tax or defined area or property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.503. NOTICE OF HEARING. Notice of the time and place of the hearing and the proposition to be determined shall be published once a week for two consecutive weeks in one or more newspapers with general circulation in the district. The first publication shall be made not less than 10 days before the day of the hearing set in the notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.504. CONDUCT OF HEARING. (a) At the hearing, any person who is a taxpayer in the district may appear and offer testimony to show which plan of taxation will be most conducive to equitable distribution of taxes.

(b) The hearing may be adjourned from day to day until all persons wishing to testify have been heard.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.505. ORDER. (a) The board shall adopt the plan of taxation which will, in its judgment under the evidence, be most conducive to the equitable distribution of the district's tax.

(b) If the plan adopted by the board is made under the provisions of Section 58.512 of this code, the order shall specify the proportion of the tax which falls under each designated classification.

(c) The order of the board is final and cannot be reviewed or questioned in any court except on the ground of fraud or palpable and arbitrary abuse of discretion.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.506. CHANGING TAX PLAN. If after a tax plan is adopted the directors find that the best interest of the district and the necessity to maintain adequately and equitably the district's tax requires a change in the tax plan, the board may give notice, hold a hearing, and determine a new plan in the manner provided in Sections 58.502-58.505 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.507. EFFECT OF SECTIONS 58.501-58.506 OF THIS CODE.

Nothing in Sections 58.501-58.506 of this code shall be held to alter provisions of this chapter relating to districts which have contracts with the United States or to alter or impair the provisions of this code relating to taxes levied to provide local improvements to a defined area which do not affect the entire district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.508. UNLIMITED AUTHORITY TO COLLECT SERVICE CHARGES AND TAXES. The provisions of this subchapter do not alter or impair the right of a district:

- (1) to make, establish, and collect maintenance and operation charges for service rendered;
- (2) to levy and collect taxes to secure funds to maintain, repair, and operate all works and facilities; and
- (3) to give and maintain proper service for the purposes of its organization.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.509. LIEN CREATED; NO LIMITATION. Charges or assessments imposed by a district for maintenance and operation of works, facilities, and services of the district shall constitute a lien against the land to which the charges or assessments have been established. No law providing limitation against actions for debt shall apply.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.510. PURPOSE OF SECTIONS 58.511-58.529 OF CODE. The purpose of Sections 58.511-58.529 of this code is to give a district the flexibility of taxing power which will permit and cause the tax of the district to be equitably distributed and which will give the highest practicable degree of service under the peculiar physical and economic conditions of the district. To this end, these sections

shall be liberally and sympathetically construed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.511. AUTHORITY TO ADOPT ALTERNATIVE PLANS OF TAXATION. A district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, shall adopt a tax plan under the alternative provisions of Sections 58.512-58.529 of this code either at the time of its creation or before the appointment of commissioners of appraisal under this chapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.512. ALTERNATIVE PLANS OF TAXATION. (a) The district's taxes for all purposes, except to pay the cost of preliminary surveys, may be levied, assessed, and collected on an adopted basis to be chosen from the alternatives provided in this section.

(b) The district's tax plan may be based on any one of the following:

(1) ad valorem basis;

(2) benefit basis;

(3) ad valorem basis to obtain a part or percentage of the total tax or to apply to a specific part of the district and benefit basis applied to the other part or percentage of the tax or to the remaining part of the district; or

(4) either ad valorem or benefit basis on designated property or defined areas of the district to pay for improvements, facilities, or service peculiar to the defined part of the district and not generally and directly benefiting the district as a whole.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.513. ADOPTION OF PLAN OF TAXATION. (a) Except as provided in Section 58.512(b)(4) of this code, before the commission of appraisal is appointed and the construction bonds are sold, the

board shall adopt a proposed plan of taxation as provided in Sections 58.502-58.505 of this code.

(b) If the tax plan is not based wholly on the ad valorem basis or on the benefit basis, the order adopting the proposed plan shall specify the portion of the tax to be based on the ad valorem basis and the portion to be based on the benefit basis. The board also shall state the physical and economic reasons, the peculiar diverse local needs, or the comparative potential benefits of different areas of designated property in the district which make it necessary or equitable to levy all or part of the tax on a defined part of the district on the ad valorem or benefit basis.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.514. NOTICE OF ADOPTION OF PLAN AND HEARING. (a) After the tax plan is adopted, the board shall publish notice once a week for two consecutive weeks in one or more newspapers with general circulation in the county or counties in which the district is located.

(b) The notice shall state:

- (1) that the tax plan has been adopted;
- (2) that the plan is available for public inspection in the district's office;
- (3) that a hearing on the plan will be held by the board at a specified place and at a particular time, which shall not be less than 15 days nor more than 20 days after the first publication of notice; and

(4) that all interested persons may appear and support or oppose all or part of the proposed tax plan and offer testimony.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.515. ORDER ADOPTING TAX PLAN. (a) After all persons have been heard, the board may approve the proposed tax plan or may change or modify the plan.

(b) The board shall adopt a tax plan which it considers, under the evidence before it, most equitably distributes the tax burden and

conserves the public welfare.

(c) The board shall enter its order establishing the tax plan, and the plan shall become the basis for the assessment and collection of taxes until the district adopts a different plan.

(d) The order is not subject to judicial review except on the ground of fraud, palpable error, or arbitrary and confiscatory abuse of discretion.

(e) A new plan may be adopted if required to preserve equity of distribution in the manner provided for adopting the original plan; however, no change may be made in the tax plan which will impair the ability of the district promptly to meet all outstanding obligations of the district within the intent of Sections 58.464 and 58.467 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.516. OBTAINING FUNDS TO CONSTRUCT, ADMINISTER, MAINTAIN, AND OPERATE IMPROVEMENTS AND FACILITIES IN DEFINED PART OF DISTRICT. On adoption of the plan of taxation provided in Section 58.512(b)(4) of this code, the district, in the manner provided in Sections 58.517-58.523 of this code, may provide, pay for, maintain, and operate improvements, service, or facilities peculiar to a designated area or defined property which do not affect the whole district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.517. DEFINING AREA AND DESIGNATING PROPERTY TO BE BENEFITED BY IMPROVEMENTS; ADOPTING TAX PLAN. (a) The board shall define the particular area to be taxed by metes and bounds or designate the property to be served, affected, and taxed.

(b) The board shall adopt a plan for improvements in the defined area or to serve the designated property in the manner provided in Sections 58.440-58.441 of this code.

(c) The board shall adopt a plan of taxation to apply to the defined area or designated property which may or may not be in addition to other taxes imposed by the district on the same area or

property. The proportional tax or income contributions of the defined area or designated property and the proportional and equitable interest of the entire district shall be taken into consideration in imposing any tax to an area or piece of property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.518. NOTICE AND HEARING. The board shall give notice and hold a hearing in the same manner and for the same purpose as provided in Sections 58.514-58.515 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.519. BOARD'S ORDER. At the hearing, if the board decides to define and serve the proposed separate tax area or separate designated property, it shall enter an order in the record, and if the proposal involves the issuance of bonds, the board shall call an election in the whole district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.520. PROCEDURE FOR ELECTION. (a) The election shall conform to the provisions of this code relating to an election to authorize the issuance of construction bonds.

(b) The board shall submit the appropriate issues to the electors, and the issues may be submitted on the same ballot to be used in another election.

(c) The notice of election shall define the area to be designated and the plan of taxation to be applied.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.521. ELECTION NOT REQUIRED IN SEPARATE ELECTION PRECINCT. If proposed improvements are considered to be required to promote the public welfare or if the owners of the land in a defined

area file a petition acknowledged as required for deeds requesting the district to provide improvements and assess a tax only in the defined area, it is not necessary to constitute the area a separate election precinct and have a separate election in that area.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.522. BALLOTS. The ballots for an election under this subchapter shall be printed to provide for voting for or against substantially the proposition: "Designation of the area, issuance of bonds, and levy of a tax to retire the bonds."

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.523. DECLARING RESULT AND ISSUING ORDER. If a majority of the electors approve the proposal, the board shall declare the result and, by order, shall establish the area and define it by metes and bounds or designate the specific property and shall fix the tax basis for the area or property. A certified copy of the order shall be recorded in the minutes of the district and shall constitute notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.524. PLEDGE OF FAITH AND CREDIT. If at an election the electors approve the issuance of bonds and the levy of a tax which applies only to a defined area, the district may issue bonds which pledge only the faith and credit based on the property values in the defined area; however, the district may pledge the full faith and credit of the entire district under the condition of authorization in Section 58.528 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.525. ELECTION IN SEPARATE ELECTION PRECINCT. (a) If

the improvements to be provided in a defined area are considered peculiarly for the benefit of that area and not required to conserve the public or general welfare in the district as a whole, and if the proposed improvements in that area will require the imposition of a tax only on the property in the area, the defined area is constituted a separate election precinct in which a separate election shall be held to determine if the improvements will be provided and a separate tax levied.

(b) The election shall be held in the manner provided for issuance of bonds under this subchapter.

(c) If a majority of the electors in the defined area approve the propositions, the district shall provide money when necessary and shall provide the improvements and levy the tax.

(d) At an election in the defined area, each qualified elector of the district who owns property in the defined area may elect to vote in the area and not in the precinct of his residence.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.526. ISSUANCE OF BONDS AND LEVY OF TAX FOR DEFINED AREA OR DESIGNATED PROPERTY. (a) After the order is recorded, the district may issue its bonds to provide the specific plant, works, and facilities included in the plans adopted for the area or to serve the property and shall provide the plant, works, and facilities.

(b) In the appropriate case, the board shall levy, assess, and collect taxes on the property located in the defined area or on the designated property in conformity with the adopted tax plan.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.527. CONTRACT TO PROVIDE IMPROVEMENTS, FACILITIES, AND SERVICES TO DESIGNATED PROPERTY OR AREA. (a) Property or areas inside or outside the district may, by contract, be designated to obtain improvements, facilities, or service for the designated area or property.

(b) The designation shall be based on a written petition in conformity with the laws authorizing contracts by a petitioner or

person owning, controlling, or governing the property or area to be designated.

(c) The board may make the designation in a contract to provide, administer, maintain, and operate the desired improvements, facilities, or service for the designated area or property, and the designated area or property shall be subject to a tax lien in an amount to retire the obligations incurred by the district to provide the facilities, improvements, or service and to cover the expenses necessary to administer, maintain, and operate the improvements and facilities under the contract.

(d) The contract may not violate the law of this state or the United States and may not result in impairing a vested right or causing the district to fail to serve fully and permanently water demands in the district in the order of preference of uses.

(e) The contract may provide that one governing body may establish the contractual and statutory tax lien in behalf of the district and may levy, assess, and collect the tax for and on behalf of the district.

(f) The district may not issue bonds pledging the full faith and credit of the district under this section or under Section 58.517 of this code without submitting the proposition to the electors of the whole district under the provisions of this subchapter or under the provisions authorizing the issuance of construction bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.528. AUTHORITY OF DISTRICT. (a) If a majority of the electors in the whole district approve the proposal, the district may issue its bonds to provide the plant, improvements, and facilities peculiar to the defined area or designated property or peculiar to a contract for services and may pledge the full faith and credit of the district to pay for the bonds.

(b) The district shall have a lien on the property in the defined area or on the designated property and may levy, assess, and collect or have levied, assessed, and collected taxes in the area or on the property to protect the district from or to compensate any liability incurred on behalf of the defined area or designated

property.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.529. ADMINISTRATIVE AUTHORITY OF BOARD. The board shall administer all business incident to the creation and operation of a defined area or service to designated property unless otherwise provided by contract.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER L. TAXATION ON THE AD VALOREM BASIS

Sec. 58.561. ASSESSMENT OF DISTRICT PROPERTY. The assessor and collector shall assess all taxable property in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.562. LAW GOVERNING PROPERTY SUBJECT TO TAXATION. The property subject to taxation in the district shall be determined by and governed by the Property Tax Code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.585. FINANCE LEDGER. (a) The board shall provide a finance ledger in which the assessor and collector shall be charged with the total assessment of property shown on the tax rolls.

(b) Credit shall be entered in the finance ledger of all collections paid to the depository.

(c) The finance ledger and the books and accounts of the assessor and collector shall be audited by the board semiannually on January 1 and July 1 of each year and at any other times ordered by the board.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 73, eff. Sept. 1, 1989.

SUBCHAPTER M. TAXATION ON THE BENEFIT BASIS

Sec. 58.631. METHOD OF TAXATION FOR DISTRICT UNDER CONTRACT WITH THE UNITED STATES. A district which is operated under contract with the United States may adopt the plan to levy and collect taxes on the benefit basis instead of the ad valorem basis and determine taxes under the provisions of Sections 58.632-58.634 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.632. ASSESSMENT RECORD. When necessary, the board shall apportion and assess the benefits conferred on property subject to taxation in the district and shall make a record showing the amount and value of benefits to accrue on property in the district and the amount of taxes to be levied and collected on the property. No taxes assessed or adjudged against the property subject to taxation may be more than the benefit which accrues to the property from the organization, operation, and maintenance of the district and its improvements.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.633. NOTICE OF TAXES. After the board makes the record, it shall mail to each property owner whose name appears in the record notice of the amount of taxes levied on his property and the date and place at which the property owner may appear and contest the correctness and equitableness of the tax.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.634. DECISION AFTER HEARING. After the hearing, the board shall determine whether or not the tax is equitable and shall

sustain, reduce, or increase the tax to an amount which in the board's judgment is equitable. The decision of the board is final.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.635. METHOD OF TAXATION FOR DISTRICT NOT UNDER CONTRACT WITH THE UNITED STATES. If a district which is not operating under contract with the United States adopts the benefit basis plan for taxation, the levy, assessment, equalization of property values, and collection of taxes shall be made in the manner provided in Sections 58.636-58.648 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.636. COMMISSIONERS OF APPRAISEMENT. As soon as practicable after the approval of the engineer's report and the adoption of the plan for improvements to be constructed, the board shall appoint three disinterested commissioners of appraisement. The commissioners shall be freeholders but not owners of land within the district which they represent.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.637. COMPENSATION OF COMMISSIONERS. On approval by the board, each commissioner is entitled to receive \$25 a day for each day he actually serves, plus all necessary expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.638. NOTICE OF APPOINTMENT AND MEETING. Immediately after the commissioners of appraisement are appointed, the secretary of the board shall give written notice to each appointee of his appointment and of the time and place of the first meeting of the commissioners.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.639. FIRST MEETING OF COMMISSIONERS. (a) The commissioners shall meet at the time specified in the notice from the secretary or as soon after that time as possible.

(b) At the meeting the commissioners shall take and subscribe an oath to discharge faithfully and impartially their duties as commissioners and make a true report of the work which they perform. They shall then organize by electing one commissioner as chairman and one commissioner as vice-chairman.

(c) The secretary of the board or, in his absence, a person appointed by the board shall serve as secretary to the commissioners of appraisal and shall furnish to the commissioners any information and assistance which is necessary for the commissioners to perform their duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.640. ASSISTANCE FOR COMMISSIONERS. Within 30 days after the commissioners qualify and organize, they shall begin to perform their duties, and in the exercise of their duties they may obtain legal advice and information relative to their duties from the district's attorney and, if necessary, may require the presence of the district engineer or one of his assistants at any time and for as long as necessary to properly perform their duties.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.641. VIEWING LAND AND OTHER PROPERTY AND IMPROVEMENTS IN DISTRICT. The commissioners shall view the land in the district which will be affected by the district's reclamation plans and shall assess the amount of the benefits and damages that will accrue to the irrigable land in the district from the construction of the improvement.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.642. COMMISSIONERS REPORT. (a) The commissioners shall prepare a report and file it with the secretary of the board. The report shall be signed by at least a majority of the commissioners.

(b) The report shall include:

- (1) the name of the owner of each tract of land which is subject to assessment;
- (2) a description of the property;
- (3) the amount of the benefits or damages assessed on each tract of land;
- (4) the time and place at which a hearing will be held on the report to hear objections; and
- (5) the number of days each commissioner served and the actual expenses incurred during his service as commissioner.

(c) The day set in the report for the hearing may not be later than 20 days after the report is filed.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.643. NOTICE OF HEARING. (a) After the commissioners' report is filed, the secretary of the board shall publish notice of the hearing on the report at least once a week for two consecutive weeks in a newspaper published in each county in which part of the district is located. The secretary shall mail written notice of the hearing to each person whose property will be affected if his address is known.

(b) The notice shall state:

- (1) the time and place of the hearing;
- (2) that the commissioners' report has been filed;
- (3) that interested persons may examine the report and make objections to it; and
- (4) that the commissioners will meet at the time and place indicated to hear and act on objections to the report.

(c) On the day of the hearing, the secretary shall file in his office the original notice and his affidavit stating the manner of

publication, the names of persons to whom notice was mailed, and the names of persons to whom notice was not mailed because the secretary by reasonable diligence could not ascertain their addresses. Copies of the notice and affidavit shall also be filed with the commissioners of appraisal and the clerk of the commissioners court.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.644. HEARING. (a) At or before the hearing on the commissioners' report, an owner of land that is affected by the report or the reclamation plans may file exceptions to all or part of the report.

(b) At the hearing, the commissioners shall hear and make determinations on the objections submitted and may make necessary changes and modifications in the report for objections which are sustained.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.645. WITNESSES AT THE HEARING. At the hearing, interested parties may appear in person or by attorney and are entitled, on demand, to have the chairman of the commissioners of appraisal issue process for witnesses. The commissioners shall have the same power as a court of record to enforce the attendance of witnesses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.646. COSTS OF HEARING. The commissioners may adjudge and apportion the costs of the hearing in any manner they consider equitable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.647. COMMISSIONERS' DECREE. (a) After the commissioners have made a final decision, they shall issue a decree confirming their report insofar as it remains unchanged and shall approve and confirm changes in the report.

(b) The final decree and judgment of the commissioners shall be entered in the minutes of the board, and certified copies shall be filed with the county clerk of each county in which part of the district is located and shall be notice to all persons of the contents and purpose of the decree.

(c) The findings of the commissioners which relate to benefits and damages to irrigable land in the district are final and conclusive.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 74, eff. Sept. 1, 1989.

Sec. 58.648. EFFECT OF FINAL JUDGMENT AND DECREE. The final judgment and decree of the commissioners shall form the basis for all taxation in the district. Taxes shall be apportioned and levied on each tract of irrigable land in the district in proportion to the net benefits to the land stated in the final judgment and decree.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.649. FIXING TAX AS EQUAL SUM ON EACH ACRE. At the election at which the plan of taxation is determined or at any other time before the bonds are issued, the voters of any district operating under the provisions of Article XVI, Section 59, of the Texas Constitution, may vote on the proposition of whether or not benefits for tax purposes shall be fixed as an equal sum on each acre of land that is irrigated or to be irrigated by gravity flow from the canal system of the district. The benefit per acre shall be voted on as it is applied to land in the district that can be irrigated by gravity flow from the irrigation system, and also the benefit to land in the district that cannot be irrigated by gravity flow.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug.

29, 1977.

Sec. 58.650. ELECTION. (a) If the board desires to submit the question of whether or not to adopt the method of assessing benefits provided in Section 58.649 of this code, it shall order an election to be held in the district and shall submit the proposition in the manner provided for other district elections.

(b) The ballots for the election shall be printed to provide for voting for or against the proposition: "Uniform assessment of benefits of \$____ per acre on all irrigable land in the district."

(c) The board shall determine the amounts to fill the space in the proposition. The amount of charge per acre may be found by dividing the number of acres of land into the amount of debt to be incurred by the district in providing for irrigation.

(d) If a majority of the persons voting in the election vote in favor of the proposition, it shall be adopted.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.651. SETTING ANNUAL VALUE OF LAND UNNECESSARY. If the district adopts the uniform acreage valuation for taxation, the valuation shall be applied to all irrigable land in the district, and it is not necessary to annually fix the value of the land. It is also unnecessary for the board to appoint a commission to ascertain or fix the value of the improvement to particular land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.652. PREPARING TAX ROLLS. (a) The board shall examine the tax rolls to determine if all property subject to taxation appears on the tax rolls. The board shall add to the tax roll any property which was left off and shall examine, correct, and certify the tax roll.

(b) Any property owner may protest to the board that his property has not been properly classified. The board shall consider

the protest and enter its findings in the minutes in the manner provided by law.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.653. RENDITION OF PROPERTY. Land which is taxed on the uniform acreage valuation shall be rendered for taxation as subject to irrigation. When land is rendered, the value need not be stated, and it is unnecessary for the person rendering the property to include the value of the land in an affidavit or for the assessor and collector to set a value on the land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.654. LAW GOVERNING ADMINISTRATION OF BENEFIT TAX PLAN. In a district that levies taxes on a benefit basis, the rate of taxation and the assessment and collection of taxes shall be governed by the law relating to ad valorem taxes to the extent applicable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.655. IRRIGATING NONIRRIGABLE LAND. If land which is classified as nonirrigable is later irrigated by the district, before the owner of the land receives the water, he shall pay to the district an amount equal to the entire amount that would have been charged to the owner if the land had been originally classified as irrigable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

SUBCHAPTER N. ADDING AND EXCLUDING TERRITORY AND CONSOLIDATING DISTRICTS

Sec. 58.702. EXCLUSION OF NONAGRICULTURAL AND NONIRRIGABLE LAND FROM THE DISTRICT. After the district is organized, acquires facilities with which to function as an irrigation district, and votes, issues, and sells bonds for the purposes for which the district was organized, land within the district subject to taxation which is not agricultural land or cannot be irrigated in a practicable manner may be excluded from the district by complying with the provisions of Sections 58.703-58.713 of this code. The land may also be excluded pursuant to the provisions contained in either Chapter 119, Acts of the 47th Legislature, Regular Session, 1941, as amended, or Chapter 86, Acts of the 62nd Legislature, Regular Session, 1971, in the same manner as if the district was a water control and improvement district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.703. PREREQUISITE TO APPLICATION FOR EXCLUSION. The owner of land in the district which is not agricultural land or cannot be irrigated in a practicable manner may apply for its exclusion from the district if all taxes levied and assessed by the district on the land to be excluded have been fully paid, including all bond tax and flat water rate assessment.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.704. SUBSTITUTING LAND OF EQUAL ACREAGE AND VALUE. Land which can be irrigated in a practicable manner of at least equal acreage and equal value to the land being excluded must be added to the district simultaneously with the exclusion of the nonagricultural or nonirrigable land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.705. SECURING APPLICATION TO SUBSTITUTE LAND. The board may require an owner of land in the district who has applied for the exclusion of his nonagricultural or nonirrigable land from

the district to procure an application of the owner of land adjoining the boundaries or the canals of the district, and capable of being irrigated in a practicable manner from the facilities of the district, for inclusion in the district of his land in an amount and value at least equal to the land which is to be excluded under the application of the owner of nonagricultural or nonirrigable land. Each application shall set forth the facts concerning the land to be excluded from and the land to be added to the district, including evidence of their reasonable market value.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.706. APPLICATION OF OWNER OF NEW LAND TO BE SUBSTITUTED. The owner of the new land to be added shall submit an application setting forth that the owner of the new land assumes the payment of all taxes to be levied on his land by the district after the date the land is added to the district. The application also shall set forth an agreement by the owner of the new land that the land will be subject to future taxes for bond tax and flat rate and all other assessments levied and assessed by the district as though the land had been incorporated originally in the district. The application also shall contain an agreement by the owner of the new land that the land will be subject to the same liens and provisions as all other land in the district and subject to the statutes governing all other land in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.707. CONSENT OF OUTSTANDING BONDHOLDERS. (a) The board shall communicate the contents of the applications to exclude nonagricultural or nonirrigable land and to include an equal amount of irrigable land to the holders of outstanding bonds voted, issued, sold, and delivered by the district and payable from taxes levied on property in the district.

(b) If the consent in writing of 95 percent or more of the bondholders to the plan is filed with the board, the board may hold a hearing on the applications.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.708. NOTICE OF HEARING ON APPLICATIONS. The board shall give notice of the hearing on the applications by publishing the time, place, and nature of the hearing one time in a newspaper published in a county in which all or part of the district is located. The newspaper must have been published regularly for more than 12 months preceding the date of the publication of the notice and must have circulation in the district. The notice shall be published not less than 10 days nor more than 20 days before the date of the hearing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.709. HEARING PROCEDURE. The board shall hear all interested parties and all evidence in connection with the applications.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.710. BOARD'S RESOLUTION TO SUBSTITUTE LAND. If the board finds that all the conditions provided for the exclusion of land and inclusion of other land in the district exist, it may adopt and enter in its minutes a resolution to exclude land which is nonagricultural or nonirrigable in a practicable manner and include land which may be irrigated from the facilities of the district in a practicable manner.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.711. LIABILITY OF EXCLUDED AND INCLUDED LAND. The land excluded from the district is free from any lien or liability created on the excluded land by reason of its having been included in the district. Land added to the district is subject to all laws, liens,

and provisions governing the district and the land in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.712. DUTY TO ADVISE COMMISSION. The board shall furnish the commission a detailed description of the land excluded and a detailed description of the land included within 30 days after the exclusion and inclusion of land under the provisions of Sections 58.702-58.711 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1981, 67th Leg., p. 961, ch. 367, Sec. 1, eff. June 10, 1981.

Sec. 58.713. RIGHT TO SERVE NEW LAND INCLUDED IN DISTRICT. The district has the same right to furnish water service to the included land that it previously had to furnish service to the excluded land. The mere inclusion of a larger total acreage than that excluded does not give the district the right to irrigate a larger total acreage or to appropriate a larger quantity or volume of public water for irrigation than the district would have had the right to irrigate or to appropriate before the exclusion and inclusion of the land.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.726. CONSOLIDATION OF DISTRICTS. Two or more districts governed by the provisions of this chapter may consolidate into one district as provided by Sections 58.727-58.730 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.727. ELECTIONS TO APPROVE CONSOLIDATION. (a) After the directors of each district have agreed on the terms and conditions of consolidation, they shall order an election in each district to determine whether the districts should be consolidated.

(b) The directors of each district shall order the election to

be held on the same day in each district and shall give notice of the election for at least 20 days in the manner provided by law for other elections.

(c) The districts may be consolidated only if the electors in each district vote in favor of the consolidation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.728. GOVERNING CONSOLIDATED DISTRICTS. (a) After two or more districts are consolidated, they become one district, except for the payment of debts created before consolidation, and are governed as one district.

(b) During a period of 90 days after the date of the election to approve consolidation, the officers of each district shall continue to act jointly as officers of the original districts to wind up the affairs of their respective districts.

(c) The consolidation agreement may provide that the officers of the original districts shall continue to act jointly as officers of the consolidated district until the next general election or name persons to serve as officers of the consolidated district until the next general election if all officers of the original districts agree to resign.

(d) New officers of the consolidated district must qualify as officers of the district within the period of 90 days after the election and shall assume their offices at the expiration of the 90-day period.

(e) The current board shall approve the bond of each new officer.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.729. DEBTS OF ORIGINAL DISTRICTS. After two or more districts are consolidated, the debts of the original districts are protected and are not impaired. These debts may be paid by taxes or assessments levied on the land in the original districts as if they had not consolidated or contributions from the consolidated district on terms stated in the consolidation agreement.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.730. ASSESSMENT AND COLLECTION OF TAXES. After consolidation, the officers of the consolidated district shall assess and collect taxes on property in the original district to pay debts created by the original district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.731. EXCLUSION OF CERTAIN NONIRRIGATED LAND. The board may exclude from the district land that is not being irrigated as provided by Sections 51.759 through 51.766. This section applies only to land that is eligible for exclusion under Section 51.759.

Added by Acts 1995, 74th Leg., ch. 42, Sec. 3, eff. Aug. 28, 1995.

SUBCHAPTER O. DISSOLUTION OF DISTRICT

Sec. 58.781. DISSOLUTION OF DISTRICT PRIOR TO ISSUANCE OF BONDS. (a) If the electors of a district reject the proposal to issue construction bonds by a constitutional or statutory majority vote, the board must dissolve the district and liquidate the affairs of the district as provided in Sections 58.781-58.792 of this code.

(b) Subject to the provisions of Subchapter G of Chapter 50 of this code, if a district finds at any time before the authorization of construction bonds or the final lending of its credit in another form that the proposed undertaking for any reason is impracticable or apparently cannot be successfully and beneficially accomplished, the board may issue notice of a hearing on a proposal to dissolve the district.

(c) Subject to the provisions of Subchapter G of Chapter 50 of this code, if 20 percent of the qualified voters of a district petition the board for a hearing on a proposal to dissolve the district and deposit with the board an amount estimated to cover the actual cost of giving notice and holding the hearing, the board shall publish notice of the hearing within 10 days and shall hold the

hearing within 40 days after the filing of the petition, as provided in Sections 58.782-58.785 of this code. If the finding is against the petition, the deposit shall be applied to pay the cost of giving notice and holding the hearing.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.782. NOTICE OF HEARING. The board shall post notice of the hearing on the bulletin board at the courthouse door of each county in which the district is located and at three or more other public places within the boundaries of the district. The notice must be posted at least 10 days before the hearing on the proposed dissolution of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.783. HEARING. The board shall hear all interested persons and shall consider their evidence at the time and place stated in the notice.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.784. BOARD'S ORDER TO CONTINUE OR DISSOLVE DISTRICT. The board shall determine from the evidence whether the best interests of the persons, land, and property in the district will be promoted by prosecuting the district's plans or whether the best interests of the persons and property in the district will be served by dissolving the district, and the board shall enter the appropriate findings and order in the record.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.785. JUDICIAL REVIEW OF BOARD'S ORDER. The board's decree to continue or to dissolve the district shall be final and cannot be judicially reviewed except on the ground of fraud, palpable

error, or gross abuse of discretion.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.786. APPOINTMENT OF TRUSTEE. (a) If the board orders the dissolution of the district, it shall appoint a director or some other competent person as trustee to close the affairs of the district as soon as practicable.

(b) The board shall determine the term of service and the amount of compensation for the trustee.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.787. DISCHARGE OF DISTRICT'S OBLIGATIONS BY TRUSTEES.

(a) The trustee shall reduce all assets and resources of the district to possession and money and apply them to discharge the outstanding obligations of the district, having regard to specific funds.

(b) If required, the board shall levy, assess, and collect sufficient additional taxes to pay all necessary expenses and outstanding obligations of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.788. DISCHARGE OF TRUSTEE. The trustee shall be discharged when all obligations of the district are paid and the trustee's account is verified and settled.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.789. FINAL ORDER OF DISSOLUTION. After all obligations are paid and the trustee is discharged, the board shall enter its final order of dissolution and record the final order in the deed records of the county or counties in which the district is located.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.790. WATER RIGHTS OF DISSOLVED DISTRICT. Water rights held from the state shall revert to the state and may not be assigned by the district in anticipation of dissolution.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.791. TAXES IN EXCESS OF DISTRICT'S OBLIGATIONS. (a) If taxes have been collected by the dissolved district in excess of the amount required to liquidate the obligations of the district, the excess shall be paid ratably to the county treasurer or treasurers of the county or counties in which the district was located.

(b) The commissioners courts shall credit the money received from the dissolved district to the interest and sinking fund for any outstanding county bonds. If the county has no outstanding bonds, the money may be applied as the commissioners court lawfully directs.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.793. DISSOLUTION OF DISTRICT FOR FAILURE TO COMPLETE PLANT. Subject to the provisions of Subchapter G of Chapter 50 of this code, if a district has not within 10 years from the date of its creation commenced and completed the construction of a plant and improvements to carry out the purposes of its creation in accordance with the plans adopted by the district, the board may enter a resolution in its minutes to dissolve the district under the provisions of Sections 58.794-58.828 of this code. After compliance with these provisions, a vote of the electors of the district, and the payment of its valid, enforceable indebtedness, the district may be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.794. RESOLUTION TO DISSOLVE DISTRICT. The board shall find in its resolution to dissolve the district that the plans of the district are impracticable or that the purposes of the district should be abandoned and shall state the reasons for the finding.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.795. STATEMENTS OF INDEBTEDNESS AND EXPENSES. The board shall prepare or have prepared and shall approve a statement of all valid, enforceable indebtedness of the district and shall enter the statement in the minutes. The board shall prepare or have prepared an estimate of all expenses incurred or to be incurred in the dissolution of the district and in the collection of sufficient taxes to pay all valid, enforceable indebtedness of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.796. ELECTION TO APPROVE DISSOLUTION OF DISTRICT AND ISSUANCE OF DISSOLUTION BONDS. The board shall enter an order calling an election to determine whether or not the district shall be dissolved and bonds issued to pay the district's indebtedness and estimated expenses.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.797. MAXIMUM AMOUNT, INTEREST RATE, AND MATURITY OF BONDS. The maximum amount of bonds to be voted on and issued shall not be more than the total amount of the approved valid, enforceable indebtedness and the estimate of expenses, exclusive of the estimated cost of collection of taxes. The maximum amount of bonds, exclusive of interest and expenses of collection, to be issued for fees and expenses of dissolution of the district shall not be more than an amount equal to \$2 times the number of acres in the district. The bonds shall mature serially over a period of not more than seven years.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.798. NOTICE OF ELECTION. (a) The president and secretary of the board shall issue notice of the election, stating:

(1) the findings of the board with reference to the dissolution of the district;

(2) the amount of bonds to be issued;

(3) the interest rate on the bonds; and

(4) the time and place of the election.

(b) The notice also shall contain a statement of the estimates and the expenses incurred and to be incurred in the dissolution of the district and the collection of taxes for the payment of the bonds and shall state that the bonds will be payable by the levy of taxes on the taxable property in the district in proportion to the values of the property as provided in Section 58.804 of this code.

(c) The notice shall be published once a week for two consecutive weeks in a newspaper with general circulation in the county or counties in which any part of the district is located. The first publication shall be at least 14 days before the day of the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.799. PROCEDURE FOR HOLDING ELECTION. (a) The ballots for the election shall be printed to provide for voting for or against the proposition: "Dissolution of the district and issuance of dissolution bonds and the levy of taxes for the payment of the bonds."

(b) The election shall be conducted and returns made and canvassed according to the provisions in this chapter for construction bond elections.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.800. ISSUANCE AND SALE OF DISSOLUTION BONDS. (a) If a

majority of the electors at the election vote in favor of the dissolution of the district and the issuance of bonds and the levy of taxes for the payment of the bonds, the board shall issue and sell the bonds or any part of them. The bonds shall be known as "dissolution bonds."

(b) The board may deliver the dissolution bonds or any part of them in satisfaction of the valid, enforceable indebtedness of the district for which the bonds are issued, or in payment of expenses incurred or to be incurred in connection with the dissolution of the district, or in payment of services rendered or to be rendered to the district.

(c) The dissolution bonds shall be:

- (1) serially numbered, commencing with the first maturities;
- (2) issued in the name of the district;
- (3) signed by the president; and
- (4) attested by the secretary, with the seal of the

district attached.

(d) The board shall determine the maturities of the bonds not to exceed seven years from their date, the denominations of the bonds, and the interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.801. DESTROYING UNSOLD BONDS. If a majority of the electors at the election vote in favor of the dissolution of the district, the board shall destroy all unsold bonds of the district and enter an order cancelling all unissued and unsold bonds authorized by the electors. After the destruction and the entry of the order, the bonds shall have no further force or effect.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.802. BOARD'S AUTHORITY TO CONTRACT. The board may contract with trustees, engineers, attorneys, and others it considers necessary or desirable to properly liquidate and wind up the affairs of the district. The board also may assume obligations made by others for the benefit of the district, or from which the district

benefited, which in its judgment may be fair and equitable.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.803. TAX TO PAY DISSOLUTION BONDS. The order issuing the dissolution bonds shall provide that the principal of and interest on the bonds shall be payable from the proceeds of a tax to be levied on the taxable property located in the district. The tax shall be in an amount sufficient for the payment of the principal and interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.804. DETERMINING AMOUNT OF TAX. (a) The value of all of the taxable property of the district shall be taken at the assessed value, and an amount equal to the total of the principal and all interest to maturity on the bonds voted plus the estimated cost of collection of taxes shall be assessed against the taxable property of the district on the ad valorem basis.

(b) The tax against the taxable property of each owner shall be that portion of the total principal and interest of the dissolution bonds and costs of collection which the assessed value of the taxable property of the owner bears to the total assessed values in the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.805. PAYMENT OF TAX. The amount of the tax on the taxable property of each owner shall be payable in equal annual installments, during the period in which the bonds mature, on dates specified in the order issuing the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.806. ADVANCE PAYMENT OF TAXES IN CASH. The order issuing the bonds shall provide that a property owner may secure release of the entire amount of his taxable property as assessed on the rolls from the tax levied for the dissolution bonds by the payment in cash of the full amount of tax.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.807. COMPUTING AMOUNT OF ADVANCE CASH PAYMENT. (a) In order to compute the full amount of an advance cash payment, the interest rate on the bonds shall be applied on an annual basis to each unpaid installment of taxes for the number of years the installment of taxes must run before being due. The total of the items computed shall be deducted from the face amount of the unpaid installment of taxes.

(b) In order to compute the full amount of an advance cash payment, the interest rate on the bonds shall be applied on an annual basis to each unpaid past-due installment of taxes for the number of years the installment has been past due, and 10 percent of the face amount of each installment that is past due shall be added as a penalty. The total of the items computed shall be added to the unpaid installments.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.808. SURRENDER OF BONDS IN PAYMENT OF TAXES. The order issuing the bonds shall provide that any of the bonds with all unmatured interest and all appurtenant coupons may be surrendered at any time in payment of all unpaid installments of the taxes. The amount of taxes found to be due by the method provided in Section 58.809 of this code may be discharged by the surrender of the proper amount of dissolution bonds, together with all unpaid appurtenant interest coupons at the face value of the bonds and coupons.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.809. COMPUTING AMOUNT OF PAYMENT MADE BY SURRENDERING BONDS. (a) In order to compute payment by surrendering bonds, the interest rate on the bonds shall be applied on an annual basis to each unpaid installment of taxes for the number of years the installment must run before being due. The total of the items computed shall be deducted from the face amount of the unpaid installments of taxes.

(b) In order to compute payment by surrendering bonds, the interest rate on the bonds shall be applied to each unpaid installment of taxes for the number of years the installment has been past due and 10 percent of the face amount of each installment of taxes that is past due shall be added as penalty. The total of the items computed shall be added to the face amount of each unpaid installment of taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.810. USE BY TRUSTEE OF ADVANCE PAYMENTS OF TAX. The order issuing the bonds shall provide that the bonds shall be called and redeemed by the trustee in the inverse order of their maturity and in the inverse order of their serial numbers. They shall be paid out of any funds received in advance payment of taxes that are not required for meeting any past-due and unpaid principal and interest or the next maturing installment of principal and interest.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.811. APPROVAL AND REGISTRATION OF DISSOLUTION BONDS. After the dissolution bonds are issued by the board and before they are put in circulation, the bonds, at the option of the board, shall either be submitted to and approved by the attorney general and registered by the comptroller as provided in Sections 58.446-58.448 of this code or be validated by suit as provided in Sections 58.453-58.461 of this code. The provisions of these sections of this code which are not inconsistent with the provisions of this subchapter are applicable to the dissolution bonds provided for in this subchapter.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.812. PREPARING TAX ROLL. Before the issuance and delivery of the bonds, a tax roll shall be prepared in the manner provided by the Property Tax Code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.814. NOTICE OF MEETING AS BOARD OF EQUALIZATION. (a) After the tax roll has been filed for at least five days, the board shall publish a notice once a week for two consecutive weeks in a newspaper with general circulation in the county or counties in which any part of the district is located. The first publication shall be at least 14 days before the meeting of the board of equalization.

(b) The notice shall call attention to the filing of the tax roll and the name and place or places where the tax roll is filed and available for inspection, and shall notify all interested persons of the time and place of the meeting of the board for the purpose of acting as a board of equalization to examine, correct, equalize, appraise, and approve the valuations of the taxable property of the district and improvements on taxable property as set forth in the tax roll.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.815. MEETING AS BOARD OF EQUALIZATION. At the time and place stated in the notice, the board shall meet and examine the tax roll. The board shall equalize as nearly as possible the value of all property for taxation and fix the value of all property for taxation.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.816. AUTHORITY AND PROCEDURE AS BOARD OF EQUALIZATION.

(a) Any interested person may appear at the meeting and offer evidence for or against any matter being considered by the board of equalization. The board may send for persons and papers, and may administer oaths to persons who testify before the board, and may ascertain the full true value of all property subject to taxation.

(b) The board may lower or raise the valuation of all property listed on the tax roll and place property on the roll which did not appear on it. The board shall correct any errors of assessment and equalize the value of property appearing on the roll.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.817. APPROVING TAX ROLL. After the board of equalization finally fixes the valuation of all taxable property in the district and the tax roll of the district is finally prepared, the board shall meet and consider the tax roll, make all necessary corrections in the tax roll, and endorse its approval on the roll.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.818. APPROVED TAX ROLL NOT SUBJECT TO REVISION. The action of the board in finally approving the tax roll is final and is not subject to revision by the board or any other tribunal.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.820. COLLECTION OF DISSOLUTION TAXES. The county assessor and collector shall collect the taxes shown on the tax roll on the land located in the county for which he is assessor and collector.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1979, 66th Leg., p. 2321, ch. 841, Sec. 4(r), eff. Jan. 1, 1982.

Sec. 58.821. APPOINTMENT OF TRUSTEE. (a) Before the issuance and delivery of dissolution bonds, the board shall appoint a trustee of the funds to be collected from the taxes. The trustee shall be an individual or a bank or trust company in the county or one of the counties in which the district is located.

(b) The board may determine the powers, rights, duties, liabilities, and other matters relating to the trusteeship and the appointment of successor trustees which the board considers proper to effectuate the purpose of the trusteeship.

(c) The board may determine the bond to be given by the trustee and the amount to be paid to the trustee from the funds collected from the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.822. AUTHORITY OF THE TRUSTEE. The trustee shall receive from the assessor and collector all proceeds from the assessments less the assessor and collector's charges and shall be the paying agent of the district for the bonds. The bonds shall be payable at the place of business of the trustee. The trustee shall be authorized by the order providing for the issuance of the bonds to institute suits in the name of the district for the use and benefit of the holders of the bonds and to apply all sums of money recovered in the suits to the payment of the bonds.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.825. DEFAULT IN PAYMENT OF TAX INSTALLMENT. (a) Default in the payment of an installment of taxes levied for the payment of dissolution bonds for 60 days after the installment becomes due and payable as provided by the board shall, at the option of the board or the trustee, immediately mature the remaining installments and cause the entire amount of the taxes to immediately become due and payable.

(b) The trustee shall bring suit for the collection of the entire amount of the taxes and for the foreclosure of the lien securing the payment of the taxes.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.826. PENALTY AND ATTORNEY'S FEE. (a) A penalty of 10 percent of the unpaid amount of taxes shall accrue immediately on default of payment of taxes after the 60 days.

(b) An attorney's fee of 10 percent of the unpaid amount of the taxes is due and payable immediately on institution of suit for collection and foreclosure.

(c) The penalty and attorney's fee shall be recovered in the suit and shall constitute an addition to the taxes and shall be secured by the tax lien.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.827. DISCHARGE OF LIEN. (a) On the final payment of the taxes, either the assessor and collector or the trustee shall issue a certificate certifying that the taxes have been fully satisfied and the lien is released.

(b) The execution and acknowledgment of the certificate and the recording of the certificate in the deed records of the county in which the property is located shall be full and conclusive evidence of the discharge of the taxes and liens.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.828. DISTRICT CONSIDERED DISSOLVED. (a) On the issuance and sale or delivery of the dissolution bonds and the appointment and qualification of the trustee, the secretary shall deposit all available existing records of the district in the office of the county clerk of the county or one of the counties in which the district is located.

(b) The district immediately is considered dissolved for all purposes, except that the taxes levied against the taxable property may be enforced in the name of the district on behalf of the bondholders by the trustee or his successors. The surviving board

may meet from time to time until the dissolution bonds are paid and discharged and may delegate its powers and give instructions to the trustee or his successors as the board sees fit and circumstances warrant. After the payment of all dissolution bonds, interest, and costs of collection the board shall be dissolved.

(c) The board or the trustee if the board transfers the duty to the trustee shall give notice to the county clerk that all dissolution bonds, interest, and costs of collection have been paid. The clerk shall notify the director and librarian of the Texas State Library and arrange for the transfer of the records of the district to the custody of the Texas State Library and Archives Commission.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 75, eff. Sept. 1, 1989.

Sec. 58.829. DISSOLUTION OF DISTRICT IN COUNTIES OF LESS THAN 11,000 POPULATION. Subject to the provisions of Sections 50.251-50.256 of this code, a district located entirely in a county having a population of less than 11,000, according to the last preceding federal census, may be abolished by a majority vote of those entitled to vote and voting at an election held for the purpose of determining whether or not the district should be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.830. PETITION FOR DISSOLUTION OF DISTRICT. A petition for the dissolution of the district shall be filed with the board and shall state the name of the district and the purpose for which the election is requested. The petition may refer to the order establishing the district for boundaries, limits, and area of the district.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.831. SIGNATURES ON PETITION. A petition for dissolution of the district may be signed and filed in two or more

copies. The petition shall be signed by a majority in number of the property owners with land in the district and the property owners of a majority in value of the land in the district, as shown by the tax rolls of the district, or 50 landowners if the number of landowners in the district is more than 50.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.832. PROCEDURE FOR HOLDING ELECTION. (a) An election to determine whether or not the district shall be dissolved shall be held in accordance with the provisions of Subchapter E of this chapter.

(b) The ballots for the election shall be printed to provide for voting for or against the proposition: "The dissolution of district."

(c) The returns of the election shall be canvassed and the result declared by the board. The board shall enter an order in its minutes declaring the result of the election, which order shall be made and entered in accordance with Section 58.034 of this code. The order shall be filed in the office of the county clerk and recorded in the deed records of the county as provided in Section 58.034 of this code.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.833. ELECTION IN DISTRICT INCLUDING CITY, TOWN, OR MUNICIPAL CORPORATION. In an election to dissolve a district in which a city, town, or municipal corporation is located, the city, town, or municipal corporation shall be a separate voting precinct, and the ballots cast in the city, town, or municipal corporation shall be counted and canvassed to show the result of the election there. If the city, town, or municipal corporation votes against the dissolution of the district and the balance of the district votes for the dissolution of the district, the district shall be dissolved.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.834. SUBSEQUENT ELECTION. If the proposition to dissolve the district fails to carry at the election held for that purpose, no other election for the same purpose shall be held within one year after the date of the election.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.835. DISTRICT DISSOLVED. If a majority of those voting at the election vote in favor of dissolving the district, the district shall be dissolved and shall have no further authority after the election, except that any debts incurred shall be paid and the organization shall be maintained until all the debts are paid.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

Sec. 58.836. TAXES TO PAY INDEBTEDNESS AFTER DISSOLUTION. If a district has outstanding bonds or other indebtedness maturing beyond the current year in which the dissolution occurs, the commissioners court of the county in which the district is located shall levy and have collected, as county taxes are assessed and collected, sufficient taxes on all taxable property in the district to pay the principal of and interest on the bonds and other indebtedness when due.

Added by Acts 1977, 65th Leg., p. 1537, ch. 627, Sec. 1, eff. Aug. 29, 1977.

b. Provide an **original** full size USGS Topographic Map with all applicable required information. Indicate by a check mark that the information is provided. DAR 8-b

- Applicant's property boundary
- Treatment facility boundaries
- Labeled point of discharge and highlighted discharge route
- Onsite sewage sludge disposal site
- Effluent disposal site boundaries
- New and future construction
- 1 mile radius and 3 miles downstream information
- All ponds

c. If the existing permit contains an onsite sludge disposal authorization, is the location of the sewage sludge disposal site in the existing permit accurate? Not Applicable

Yes No

If no, or if a new onsite sludge disposal authorization is being requested for the first time in this permit application, please give an accurate description.

TPDES permits complete the following

d. Is the point of discharge and the discharge route in the existing permit correct?

Yes No

If no, or a new or amendment permit application, please give an accurate description.

e. City or Town in which the outfall(s) is or will be located

Monte Alto, Texas

f. County where outfall(s) are located: Hidalgo

PROJECT SUMMARY

The proposed project will transport water for irrigation to farms and for municipalities in Hidalgo County, Texas. The purpose of the project is to provide Hidalgo County Irrigation District No. 1 (HCID No. 1) with improvements to its distribution system to minimize water loss as well as improve the conveyance efficiency of the system.

The HCID No. 1 is proposing to line approximately 8,500 linear feet of an existing unlined canal plagued by seepage and leaks which has experienced breaks several times a year resulting in an extensive loss of water, and delays in the delivery of water to farmers and municipalities. The project is phased into two phases: Phase I from Depot Rd. (23rd) St. to 10th St. and Phase II, Section 1 from 29th St. to Depot Rd. (23rd St.). Originally, funding for Phase II of the project had been requested for the entire section of canal, but due to limitations on the District's ability to fund the project it has been scaled down to accommodate the present funding capabilities of the District. As additional funding options become available the District plans to seek funding and complete the second phase of the project.

FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the “Agreement”) is made and entered into by and between Hidalgo County Irrigation District No. One (the “Issuer”) and First Southwest Company, LLC (“FirstSouthwest”) effective as of the date executed by the Issuer as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent financial advisor; and

WHEREAS, the Issuer desires to obtain the professional services of FirstSouthwest to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the “Debt Instruments”) from time to time during the period in which this Agreement shall be effective; and

WHEREAS, FirstSouthwest is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Issuer during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Issuer and FirstSouthwest, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

SECTION I DESCRIPTION OF SERVICES

Upon the request of an authorized representative of the Issuer, FirstSouthwest agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to FirstSouthwest the compensation as provided in Section V hereof.

A. Financial Planning. At the direction of Issuer, FirstSouthwest shall:

1. Survey and Analysis. Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This survey will include an analysis of any existing debt structure as compared

with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration.

2. Future Financings. Consider and analyze future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

3. Recommendations for Debt Instruments. On the basis of the information developed by the survey described above, and other information and experience available, submit to the Issuer recommendations regarding the Debt Instruments under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Debt Instruments to be sold on terms which are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.

4. Market Information. Advise the Issuer of our interpretation of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a favorable time.

5. Elections. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, FirstSouthwest will assist in coordinating the assembly of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election, including assistance in the transmission of such data to a firm of municipal bond attorneys ("Bond Counsel") retained by the Issuer.

B. Debt Management and Financial Implementation. At the direction of Issuer, FirstSouthwest shall:

1. Method of Sale. Evaluate the particular financing being contemplated, giving

consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

a. If the Debt Instruments are to be sold by an advertised competitive sale, FirstSouthwest will:

- (1) Supervise the sale of the Debt Instruments;
- (2) Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;
- (3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and
- (4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.

b. If the Debt Instruments are to be sold by negotiated sale, FirstSouthwest will:

- (1) Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.
- (2) Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. FirstSouthwest will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or become an obligation of FirstSouthwest, except to the extent specifically provided otherwise in this Agreement or assumed in writing by FirstSouthwest.
- (3) Assist the staff of the Issuer in the safekeeping of any good faith checks, to the extent there are any such, and provide a cost comparison, for both expenses and interest which are suggested by the underwriters, to the then current market.

(4) Advise the Issuer as to the fairness of the price offered by the underwriters.

2. Offering Documents. Coordinate the preparation of the notice of sale and bidding instructions, official statement, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification. After such examination, approval and certification, FirstSouthwest shall provide the Issuer with a supply of all such documents sufficient to its needs and distribute by mail or, where appropriate, by electronic delivery, sets of the same to prospective purchasers of the Debt Instruments. Also, FirstSouthwest shall provide copies of the final Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.
3. Credit Ratings. Make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, coordinate the preparation of such information as may be appropriate for submission to the rating agency, or agencies. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, FirstSouthwest will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be finally approved or directed by the Issuer.
4. Trustee, Paying Agent, Registrar. Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Debt Instruments, and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.
5. Financial Publications. When appropriate, advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.
6. Consultants. After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Debt Instruments.
7. Auditors. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.
8. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when FirstSouthwest may be of assistance or service and the subject of financing is to be discussed.
9. Printing. To the extent authorized by the Issuer, coordinate all work incident to printing

of the offering documents and the Debt Instruments.

10. Bond Counsel. Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.

11. Changes in Laws. Provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which FirstSouthwest becomes aware in the ordinary course of its business, it being understood that FirstSouthwest does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.

12. Delivery of Debt Instruments. As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

13. Debt Service Schedule; Authorizing Resolution. After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrar and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

SECTION II OTHER AVAILABLE SERVICES

In addition to the services set forth and described in Section I herein above, FirstSouthwest agrees to make available to Issuer the following services, when so requested by the Issuer and subject to the agreement by Issuer and FirstSouthwest regarding the compensation, if any, to be paid for such services, it being understood and agreed that the services set forth in this Section II shall require further agreement as to the compensation to be received by FirstSouthwest for such services:

1. Investment of Funds. From time to time, as an incident to the other services provided hereunder as financial advisor, FirstSouthwest may purchase such investments as may be directed and authorized by Issuer to be purchased, it being understood that FirstSouthwest will be compensated in the normal and customary manner for each such transaction. In any instance wherein FirstSouthwest may become entitled

to receive fees or other compensation in any form from a third party with respect to these investment activities on behalf of Issuer, we will disclose to Issuer the nature and, to the extent such is known, the amount of any such compensation so that Issuer may consider the information in making its investment decision. It is understood and agreed that FirstSouthwest is a duly licensed broker/dealer and is affiliated with First Southwest Asset Management, LLC (“FirstSouthwest Asset Management”), a duly registered investment advisor. Issuer may, from time to time, utilize the broker/dealer services of FirstSouthwest and/or the investment advisory services of FirstSouthwest Asset Management with respect to matters which do not involve or affect the financial advisory services referenced in this Agreement. The terms and conditions of the engagement of FirstSouthwest and/or FirstSouthwest Asset Management to provide such services shall be determined by mutual agreement at the time such services are requested.

2. Exercising Calls and Refunding. Provide advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.

3. Capital Improvements Programs. Provide advice and assistance in the development of any capital improvements programs of the Issuer.

4. Long-Range Planning. Provide advice and assistance in the development of other long-range financing plans of the Issuer.

5. Post-Sale Services. Subsequent to the sale and delivery of Debt Instruments, review the transaction and transaction documentation with legal counsel for the Issuer, Bond Counsel, auditors and other experts and consultants retained by the Issuer and assist in developing appropriate responses to legal processes, audit procedures, inquiries, internal reviews and similar matters.

SECTION III TERM OF AGREEMENT

This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party pursuant to Section IV of this Agreement, shall remain in effect thereafter for a period of five (5) years from such date. Unless FirstSouthwest or Issuer shall notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the date hereof for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods.

**SECTION IV
TERMINATION**

This Agreement may be terminated with or without cause by the Issuer or FirstSouthwest upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due FirstSouthwest for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

**SECTION V
COMPENSATION AND EXPENSE REIMBURSEMENT**

The fees due to FirstSouthwest for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and FirstSouthwest, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which FirstSouthwest is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

**SECTION VI
MISCELLANEOUS**

1. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas.

2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and FirstSouthwest, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

3. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

FIRST SOUTHWEST COMPANY, LLC

By: _____

Hill A. Feinberg, Chairman and
Chief Executive Officer

By: _____

Cris Vela
Senior Vice President

By: _____

Andre Ayala
Vice President

**HIDALGO COUNTY IRRIGATION
DISTRICT NO. ONE**

By: _____

Title: _____

Date: _____

APPENDIX A

The fees due FirstSouthwest will not exceed those contained in our customary fee schedule as listed below.

\$20,000	for the first	\$ 1,000,000	of bonds issued
plus \$ 1.50 per \$1,000	for the next	\$ 4,000,000	of bonds issued
plus \$ 1.00 per \$1,000	for the next	\$ 5,000,000	of bonds issued
plus \$.75 per \$1,000	thereafter		

The above charges shall be multiplied by 1.25 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required. Fee charged for any of the Texas Water Development Board's financial assistance programs will be based on total grant and loan amount.

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specific direction of the Issuer.

The payment of charges for financial advisory services described in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between FirstSouthwest and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by FirstSouthwest as reimbursable expenses:

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- CPA fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The payment of reimbursable expenses that FirstSouthwest has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by FirstSouthwest.

LAW OFFICES
M^cCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

600 CONGRESS AVENUE
1800 ONE AMERICAN CENTER
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

June __, 2015

Members of the Board of Directors
Hidalgo County Irrigation District No. One
1904 North Expressway 281
Edinburg, Texas 78540

**RE: AGREEMENT TO PROVIDE BOND COUNSEL SERVICES TO THE
HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE**

Ladies and Gentlemen:

Thank you for the opportunity to submit this letter which will outline our agreement to provide services as Bond Counsel to the **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE** (the "***District***") in connection with obtaining issuing revenue notes (herein referred to as "***Notes***") to provide all or a portion of the funds required to finance costs relating to constructing and equipping certain improvements to the District's drainage and irrigation water distribution system. We understand that the District will be seeking financial assistance for the issuance of Notes to, the **TEXAS WATER DEVELOPMENT BOARD ("TWDB")**, which will be purchased by the TWDB pursuant to its State Water Implementation Fund for Texas (generally referred to as the "SWIFT" program).

SCOPE OF ENGAGEMENT

In connection the issuance of Notes, we will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services with reference to the authorization, sale, and delivery of Notes, including the following as they apply:

1. Prepare all instruments pursuant to which the Notes will be authorized, secured, sold, and delivered in consultation with the District's staff, the Board of Directors, the District's Financial Advisor, and other officials and consultants of the District.
2. Attend meetings of the Board of Directors and meetings with the District's staff to the extent required or requested.
3. Attend meetings and/or conference calls with the representatives of the District and meetings and/or conference calls with the TWDB relating to the Notes to the extent requested or required.

4. Submit the documents related to the issuance of Notes to the Attorney General of the State of Texas for approval and obtain the registration of the Notes by the Comptroller of Public Accounts of the State of Texas, as required by law.
5. Supervise the printing, execution, and delivery of Notes to the TWDB, or coordinate the preparation of initial Notes to be delivered to the Depository Trust Company ("DTC") in connection with DTC's book-entry-only system at the request of the TWDB.
6. When so delivered, render an opinion (the "**Bond Opinion**") regarding the validity of the Notes under Texas law and the tax status of the interest thereon under federal income tax laws.
7. Provide post-issuance advice, as may be requested by the District, concerning such subjects as arbitrage and rebate matters relating to the Notes, if applicable, and the application of Note proceeds.

Our Bond Opinion will be delivered by us on the date Notes are exchanged for their purchase price (the "**Closing**"). The District and TWDB will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the District with applicable laws relating to the Notes. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Notes and their security. We understand that you will direct members of your staff and other employees of the District to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the District will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the District in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as Bond Counsel are limited to those contracted for in this letter; the District's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the District will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the District and the attorney-client relationship created by this engagement letter will be concluded upon the issuance of the Notes. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038-G, if applicable, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Notes.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the District, one or more of our present or future clients will have transactions with the District. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Notes. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Notes so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Notes. Execution of this letter will signify the District's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES AND EXPENSES

The firm normally charges a legal fee in connection with obligations issued to a state or federal agency, such as the Texas Water Development Board, based on a fee schedule equal to \$10,000 for the first \$1,000,000 in principal amount of such obligations, plus \$5.00 per \$1,000 in principal amount for the next \$4,000,000 in principal amount of such obligations, plus \$2.00 per \$1,000 in principal amount of such obligations in excess of \$5,000,000, subject to a minimum fee of \$12,500. The fee schedule has been developed based upon (i) our understanding of the terms, structure, size and schedule of the financing represented by such obligations, (ii) the duties we normally undertake in connection with obligations sold to a federal or state agency, (iii) the time we anticipate devoting to the financing, and (iv) the responsibilities we assume in connection therewith. *Our legal fee is contingent upon the actual issuance and delivery of the Notes. No fee will be due the firm in connection with the issuance of the Notes if the District does not issue and deliver such Notes.*

We would also request to be reimbursed for reasonable out-of-pocket expenses (i.e., costs for travel, photocopies, telecopies, long distance telephone, overnight courier and delivery services, transcript binding, and publication of required notices, if any) related to the issuance of the Notes, which generally ranges from between \$1,500 and \$2,000. In addition, state law requires the District to pay a nonrefundable examination fee to the Attorney General in connection with the issuance of a series of Notes (see Section 1202.004, Texas Government Code, as amended) equal to 1/10th of

1% of the principal amount of the Notes, subject to a minimum fee of \$750 and a maximum fee of \$9,500. At the appropriate time we will request that the District provide a check payable to the Attorney General for such amount, but in the event that our firm pays such statutory filing fee on the District's behalf, we will request to be reimbursed for such payment. In any event, the District will be able to reimburse itself with proceeds of the Notes for such payment to the Attorney General.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

CONCLUSION

We greatly appreciate the opportunity to serve the District as Bond Counsel and to submit this agreement for services. If you have any questions regarding this agreement, please feel free to contact the undersigned.

[The remainder of this page intentionally left blank]

ACCEPTANCE

If the District finds the terms in this letter acceptable, please indicate your acceptance and agreement of this engagement letter by signing on the line provided below.

Cordially yours,

McCALL, PARKHURST & HORTON L.L.P.



By: Thomas K. Spurgeon
Partner

ACCEPTED AND AGREED TO:

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE

By: _____

Title: _____

Date: _____



**SHORT FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES**

For the

**WEST MAIN CANAL IMPROVEMENTS
Phase I (Depot Rd. to 10th St.) / Phase II, Section 1 (29th St. to Depot Rd.)**

HIDALGO COUNTY IRRIGATION DISTRICT NO. 1

EDINBURG, TEXAS

SHORT FORM OF AGREEMENT
BETWEEN
HIDALGO COUNTY IRRIGATION DISTRICT NO. 1 (HCID NO. 1)
AND SDI ENGINEERING, LLC
FOR PROFESSIONAL SERVICES

THIS IS AN AGREEMENT effective as of _____, 2015, ("Effective Date") between, **Hidalgo County Irrigation District No. 1** ("Owner") and **SDI Engineering, LLC**, ("Engineer").

Owner's Project, of which Engineer's services under this Agreement are a part, is generally identified as follows:

West Main Canal – Phase I (Depot to 10th Street) / Phase II, Section 1 (29th to Depot Rd.) ("Project")

Engineer's Services under this Agreement are generally identified as follows:

Install approximately 8,500 feet of lining of the West Main Canal from the 29th Street to 10th Street

Owner and Engineer further agree as follows:

1.01 *Basic Agreement and Period of Service*

- A. Engineer shall provide, or cause to be provided, the services set forth in this Agreement. If authorized by Owner, or if required because of changes in the Project, Engineer shall furnish services in addition to those set forth above. Owner shall pay Engineer for its services as set forth in Paragraphs 7.01 and 7.02.
- B. Engineer shall complete its services within a reasonable time, or within the following specific time period:
- C. If the Project includes construction-related professional services, then Engineer's time for completion of services is conditioned on the time for Owner and its contractors to complete construction not exceeding 10 months. If the actual time to complete construction exceeds the number of months indicated, then Engineer's period of service and its total compensation shall be appropriately adjusted.

2.01 *Payment Procedures*

- A. *Invoices:* Engineer shall prepare invoices in accordance with its standard invoicing practices and submit the invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt

3.01 *Termination*

A. The obligation to continue performance under this Agreement may be terminated:

1. For cause,

- a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the Agreement's terms through no fault of the terminating party. Failure to pay Engineer for its services is a substantial failure to perform and a basis for termination.
- b. By Engineer:
 - 1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or
 - 2) upon seven days written notice if the Engineer's services for the Project are delayed for more than 90 days for reasons beyond Engineer's control.

Engineer shall have no liability to Owner on account of a termination by Engineer under Paragraph 3.01.A.1.b.

- c. Notwithstanding the foregoing, this Agreement will not terminate as a result of a substantial failure under Paragraph 3.01.A.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt of notice; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience, by Owner effective upon Engineer's receipt of written notice from Owner.

B. The terminating party under Paragraph 3.01.A may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

C. In the event of any termination under Paragraph 3.01, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished in accordance with this Agreement and all reimbursable expenses incurred through the effective date of termination.

4.01 *Successors, Assigns, and Beneficiaries*

A. Owner and Engineer are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 4.01.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the

successors, executors, administrators, and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.

- B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.
- C. Unless expressly provided otherwise, nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any contractor, subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.

5.01 *General Considerations*

- A. The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with Engineer's services. Subject to the foregoing standard of care, Engineer and its consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.
- B. Engineer shall not at any time supervise, direct, control, or have authority over any contractor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any contractor, or the safety precautions and programs incident thereto, for security or safety at the Project site, nor for any failure of a contractor to comply with laws and regulations applicable to such contractor's furnishing and performing of its work.
- C. This Agreement is to be governed by the law of the state or jurisdiction in which the Project is located.
- D. Engineer neither guarantees the performance of any contractor nor assumes responsibility for any contractor's failure to furnish and perform its work in accordance with the contract between Owner and such contractor. Engineer is not responsible for variations between actual construction bids or costs and Engineer's opinions or estimates regarding construction costs.
- E. Engineer shall not be responsible for the acts or omissions of any contractor, subcontractor, or supplier, or of any of their agents or employees or of any other persons (except Engineer's own employees) at the Project site or otherwise furnishing or performing any construction work; or for any decision made regarding the construction contract requirements, or any application, interpretation, or clarification of the construction contract other than those made by Engineer.

- F. All documents prepared or furnished by Engineer are instruments of service, and Engineer retains an ownership and property interest (including the copyright and the right of reuse) in such documents, whether or not the Project is completed. Owner shall have a limited license to use the documents on the Project, extensions of the Project, and for related uses of the Owner, subject to receipt by Engineer of full payment for all services relating to preparation of the documents and subject to the following limitations: (1) Owner acknowledges that such documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project, on any other project, or for any other use or purpose, without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to its officers, directors, members, partners, agents, employees, and consultants; (3) Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification of the documents without written verification, completion, or adaptation by Engineer; and (4) such limited license to Owner shall not create any rights in third parties.
- G. To the fullest extent permitted by law, Owner and Engineer (1) waive against each other, and the other's employees, officers, directors, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Project, and (2) agree that Engineer's total liability to Owner under this Agreement shall be limited to \$50,000 or the total amount of compensation received by Engineer, whichever is less.
- H. The parties acknowledge that Engineer's scope of services does not include any services related to a Hazardous Environmental Condition (the presence of asbestos, PCBs, petroleum, hazardous substances or waste as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq., or radioactive materials). If Engineer or any other party encounters a Hazardous Environmental Condition, Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until Owner: (1) retains appropriate specialist consultants or contractors to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (2) warrants that the Site is in full compliance with applicable Laws and Regulations.
- I. Owner and Engineer agree to negotiate each dispute between them in good faith during the 30 days after notice of dispute. If negotiations are unsuccessful in resolving the dispute, then the dispute shall be mediated. If mediation is unsuccessful, then the parties may exercise their rights at law.

6.01 *Total Agreement*

- A. This Agreement (including any expressly incorporated attachments), constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

7.01 *Basis of Payment—Lump Sum*

A. Using the procedures set forth in Paragraph 2.01, Owner shall pay Engineer as follows:

1. A Lump Sum amount of \$ 835,679 (Basic & Special Services).

B. The portion of the compensation amount billed monthly for Engineer's services will be based upon Engineer's estimate of the percentage of the total services actually completed during the billing period.

7.02 *Additional Services:* For additional services of Engineer's employees engaged directly on the Project, Owner shall pay Engineer an amount equal to the cumulative hours charged to the Project by each class of Engineer's employee's times standard hourly rates for each applicable billing class; plus reimbursable expenses and Engineer's consultants' charges, if any. Engineer's standard hourly rates are attached as Attachment C.

Attachments: Attachment A – Scope of Services

Attachment B – Contract Rates and & Schedule

Attachment C – Hourly Rates for Engineering Services

Attachment D – Preliminary Construction Cost Estimate

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER:

By: _____

Title: _____

Date Signed: _____

ENGINEER:

By: _____

Title: President

Date Signed: _____

Engineer License or Firm's
Certificate Number: 89435

State of: Texas

Address for giving notices:

Hidalgo County Irrigation District No. 1

1904 N. Expressway 281

Edinburg, Texas 78542

Address for giving notices:

SDI Engineering, LLC

5602 E. Iowa Rd.

Edinburg, Texas 78542

ATTACHMENT A - Scope of Services

BASIC SCOPE OF SERVICES:

PLANNING AND PRELIMINARY DESIGN:

- Attend all necessary Coordination meetings with Hidalgo County Irrigation District No. 1 (HCID No. 1), Hidalgo County, Hidalgo County Drainage District
- Prepare Exhibits and Presentation materials for Hidalgo Irrigation District No. 1
- Coordinate City Permits for roadway crossings
- Coordinate Preliminary Design with the HCID No. 1 Staff including Alternate Options
- Prepare Preliminary Construction Cost Estimate
- Prepare Field Topographic Surveys

FINAL ENGINEERING DESIGN PHASE:

- Prepare Construction Plans
- Prepare Construction Contract Documents
- Prepare Final Construction Cost Estimate
- Prepare Final Bidding Documents
- Prepare Traffic Control Plans
- Prepare Stormwater Pollution Prevention Plan & TPDES Permit

SPECIAL SERVICES:

CONSTRUCTION MANAGEMENT / INSPECTION SERVICES

- Provide Procurement Services for construction
- Provide responses to Contractor's Request for Information
- Provide periodic construction site observations
- Review Contractor's Submittals
- Prepare As-Built Record Drawings
- Provide Construction Management Services
- Provide Construction Site inspections
- Prepare Construction Progress Reports

FUNDING APPLICATION

- Prepare TWDB Funding Application
- Coordinate with HCID No. 1 Staff on various application components
- Coordinate with Financial Advisor on various application components
- Coordinate with Bond Counsel on various application components
- Provide responses to TWDB
- Prepare all necessary exhibits required in the application for funding

ENVIRONMENTAL SERVICES

- Prepare Environmental Impact Assessment Report

ATTACHMENT B – Contract Rates and Schedule

Basic Engineering Services

Preliminary Engineering

1	Project Coordination	
2	Preliminary Engineering Feasibility Report	
3	Develop Preliminary Construction Costs	
4	Perform Field Surveys	\$ 153,136.00

Engineering Design

1	Prepare Contract Drawings	
2	Prepare Contract Specifications	
3	Prepare Detailed Cost Estimates	
4	Prepare Bidding Documents	
5	Prepare Traffic Control Plan	
6	Prepare SWPPP and Small Construction Permit	\$ 459,407.00

Total Basic Engineering Fees \$ 612,543.00

Special Services

Surveying

1	Provide Field Topographic Survey	
2	Inventory Existing Infrastructure	\$ 67,100.00

Construction Management & Inspection

1	Assist in Bidding Process	
2	Assist in Preparation of Formal Documents	
3	Perform Field Inspections	
4	Office Services (Change orders, review monthly estimates)	
5	Preparation of As-Built Drawings	\$ 86,036.00

Funding Application

1	Prepare Funding Application	\$ 20,000.00
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Environmental Study

1	Prepare Environmental Impact Assessment	\$ 50,000.00
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Total Special Services Fees \$ 223,100.00

Grand Total (Basic & Special) \$ 835,679.00

ATTACHMENT C – Hourly Rates for Engineering Services

<u>PERSONNEL</u>	<u>RATE PER HOUR (\$)</u>
<u>Engineering</u>	
<i>Principal (P.E.)</i>	\$ 110.00
<i>Project Engineer (P.E.)</i>	\$ 95.00
<i>Engineer in Training (E.I.T.)</i>	\$ 80.00
<i>Sr. Engineering Technician</i>	\$ 70.00
<i>CAD Technician</i>	\$ 45.00
<i>Administrative Clerk</i>	\$ 35.00
<i>Clerk</i>	\$ 30.00
<i>ROW / Easement Specialist</i>	\$ 55.00
<i>Project Inspector</i>	\$ 50.00
<u>Surveying</u>	
<i>Three-Man Party</i>	\$ 105.00
<i>Two-Man Party</i>	\$ 85.00
<i>GPS Party</i>	\$ 135.00
<i>RPLS</i>	\$ 100.00
<i>Technician</i>	\$ 50.00

Application Filing and Authorized Representative Resolution (WRD-201a)

A RESOLUTION by the Board President of the Hidalgo County Irrigation Dist. No. One requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE Board of Directors OF THE Hidalgo County Irrigation Dist. No. One .

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ 14,500,000.00 to provide for the costs of Projects included in Swift Loan Application

SECTION 2: That Rusty McDaniel and/or Estella Mata be and is hereby designated the authorized representative of the Hidalgo County Irrigation Dist. No. One for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the Hidalgo County Irrigation Dist. No. One before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: First Southwest - Cris Vela
100 East Nolana Loop
Pharr, Texas 78577

Engineer: SDI Engineering, LLC
5602 East Iowa Road
Edinburg, Texas 78540

Bond Counsel: McCall, Parkhurst & Horton, LLP - Tom Spurgeon
700 North St. Mary's, Suite 1525
San Antonio, Texas 78502

PASSED AND APPROVED, this the 28th day of May, 2015 .

ATTEST: [Signature]

By: [Signature]

(Seal)



Application Affidavit (WRD-201)

THE STATE OF TEXAS §
COUNTY OF Hidalgo §
APPLICANT Hidalgo County Irrigation Dist. No. One §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Robert L. Bell, Jr. as the Authorized Representative of the Hidalgo County Irrigation Dist. No. One, who being by me duly sworn, upon oath says that:

1. the decision by the Hidalgo County Irrigation Dist. No. One (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the Hidalgo County Irrigation Dist. No. One (authority, city, county, corporation, district) ;

2. the information submitted in the application is true and correct according to my best knowledge and belief;

3. the Hidalgo County Irrigation Dist. No. One (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none"):

NONE

4. the Hidalgo County Irrigation Dist. No. One (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and

5. the Hidalgo County Irrigation Dist. No. One (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

Robert L. Bell Jr
Official Representative

Title: President

Robert L. Bell Jr

SWORN TO AND SUBSCRIBED BEFORE ME, by this 1st day of June, 2015.



Estella Mata
Notary Public, State of Texas

Application Resolution - Certificate of Secretary (WRD-201b)

THE STATE OF TEXAS §
COUNTY OF Hidalgo §
APPLICANT Hidalgo County Irrigation Dist. No. One §

I, the undersigned, Secretary of the Hidalgo County Irrigation Dist. No. One, Edinburg, Texas,
DO HEREBY CERTIFY as follows:

1. That on the 28th day of May, 2015, a regular/special meeting of the
Hidalgo County Irrigation Dist. No. One was held at a meeting place within the City; the duly
constituted members of the Board of Directors of Hidalgo County Irrigation Dist. No. One being as follows:
R.L. Bell, Jr., Mark J. Fryer, Tomas Garcia, William Boyd Davis, Cosme Martinez, Jr.

and all of said persons were present at said meeting, except the following:

Among other business considered at said meeting, the attached resolution entitled:

"A RESOLUTION by the Board of Directors of the Hidalgo County Irrigation Dist. No. One
requesting financial participation from the Texas Water Development Board; authorizing the filing
of an application for financial participation; and making certain findings in connection therewith."

was introduced and submitted to the Hidalgo County Irrigation Dist. No. One for passage and adoption. After
presentation and due consideration of the resolution, and upon a motion made by _____
and seconded by _____, the resolution was duly passed and adopted by the
_____ by the following vote:

_____ voted "For" _____ voted "Against" _____ abstained

all as shown in the official Minutes of the May 28, 2015 for the meeting held on the aforesaid date.

2. That the attached resolution is a true and correct copy of the original on file in the official records
of the Hidalgo County Irrigation Dist. No. One; the duly qualified and acting members of the Hidalgo County Irrigation Dist. No. One
on the date of the aforesaid meeting are those persons shown above and, according to the records of my office,
advance notice of the time, place and purpose of said meeting was given to each member of the
Hidalgo County Irrigation Dist. No. One; and that said meeting, and deliberation of the aforesaid public business, was open to
the public and written notice of said meeting, including the subject of the above entitled resolution, was posted and
given in advance thereof in compliance with the provisions of Chapter 551 of the Texas Government Code.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of
said Hidalgo Co Irrigation Dist, this the 12th of June, 2015.
No. One



[Signature]
Secretary

(SEAL)

11/2/81

THE STATE OF TEXAS I

COUNTY OF HIDALGO. I

ORDER CONVERTING HIDALGO COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. ONE (1) TO AN IRRIGATION DISTRICT, CHANGING THE NAME OF THE DISTRICT TO HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE (1) AND RESERVING CERTAIN POWERS UNDER CHAPTER 51, TITLE 4 OF THE TEXAS WATER CODE

WHEREAS, the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), at its regular meeting held on February 5, 1981, adopted the following:

"RESOLUTION"

WHEREAS, Article 58.038 of the Texas Water Code became effective on August 29, 1977, and such provision authorizes a water improvement district or a water control and improvement district which furnishes water for irrigation and does not furnish treated water or sewer services to convert into an irrigation district operating under the provisions of Chapter 58, Title 4, of the Texas Water Code, and under Article XVI, Section 59, of the Texas Constitution, and

WHEREAS, the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), is principally engaged in furnishing water for irrigation and does not furnish treated water or sewer services and in the opinion of said Board conversion of the District into an irrigation district operating under Chapter 58, Title 4, of the Texas Water Code, and under Article XVI, Section 59, of the Texas Constitution, will serve the best interest of this District and would be a benefit to the land, the landowners and all property located within the boundaries of the District, now, therefore,

BE IT RESOLVED by the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), that such Board in its judgment does hereby find that conversion of the District into an irrigation district operating under Chapter 58, Title 4, of the Texas Water Code, and under Article XVI, Section 59, of the Texas Constitution will serve the best interest of the District, and will be a benefit to the land, the landowners and all property included within the boundaries of the District, and that the name of the District be changed from Hidalgo County Water Control & Improvement District No. One (1), to Hidalgo County Irrigation District No. One (1).

BE IT FURTHER RESOLVED, that notice of this Resolution be given as required by law, and that a hearing be held upon the proposals contained in this Resolution on

the 5th day of March, A. D. 1981, at 2:00 o'clock P. M., at the Board Room of Hidalgo County Water Control & Improvement District No. One (1), located at one and one-half (1½) miles West Highway 107, Edinburg, Texas, and that such notice be directed to all interested persons to appear and offer testimony for or against the proposals contained in this Resolution"

ADOPTED on this the 5th day of February, A. D. 1981." and

WHEREAS, notice of said Resolution and hearing was published as required by Article 58.039 of the Texas Water Code in the February 12 and February 19, 1981 issues of The Daily Review, a newspaper published in Edinburg, Texas, and a hearing was held by the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), at 2:00 o'clock P. M. on March 5, 1981, and no person appeared to offer evidence for or against the proposals contained in the Resolution, and

WHEREAS, the Board of Directors after discussion of the proposals contained in such Resolution, the effect the conversion of such District into an Irrigation District will have upon the lands located within the boundaries of the District, and upon the landowners owning such lands does hereby find and determine that conversion of the district into an Irrigation District will serve the best interest of the District, and will be to the benefit of the land and property located within the District and to the landowners owning such lands and property, that the name of the District should be changed to Hidalgo County Irrigation District No. One (1), as provided by Article 58.019 of the Texas Water Code, and that certain specific powers should be reserved under Chapter 51, Title 4, of the Texas Water Code, under which the District has heretofore been operating.

NOW, THEREFORE, BE IT UNANIMOUSLY ORDERED:

1. That conversion of Hidalgo County Water Control & Improvement District No. One (1) into an Irrigation District, operating

under the provisions of Chapter 58, Title 4 of the Texas Water Code, and under Article XVI, Section 59, of the Texas Constitution, will serve the best interest of the District and will be a benefit to the land, the landowners and all properties included within the boundaries of the District, and such District is hereby converted to an Irrigation District operating under Chapter 58, Title 4, of the Texas Water Code, and under Article XVI, Section 59, of the Texas Constitution.

2. That in accordance with Article 58.019 of the Texas Water Code, the name of the District is hereby changed from Hidalgo County Water Control & Improvement District No. One (1), to HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE (1).

3. That in accordance with the provisions of Article 58.042 of the Texas Water Code, the District does hereby reserve the following specific provisions contained in Chapter 51, Title 4, of the Texas Water Code under which Chapter the District has heretofore been operating:

(A) Article 51.012 of the Texas Water Code to the extent that the District reserves and retains its presently existing boundaries, and all lands currently located therein are hereby reserved and retained as provided in Article 51.012 of the Texas Water Code, however, in reserving its existing land and boundaries, it is not intended that said boundaries cannot be changed hereafter by applicable law and regulations.

(B) Article 51.149 of the Texas Water Code granting a district the right to contribute to the construction of any improvement by another similar district which benefits the contributing district.

(C) Article 51.184 of the Texas Water Code setting out the order of preference and superiority in the use of water.

(D) Article 51.073 of the Texas Water Code providing for the manner of election of Directors is reserved during the tenure of any previously elected Director. Article 58.073 of the Texas Water Code provides for an election following the creation of the District and provides further that five (5) directors shall be elected, the three receiving the highest vote

to sarva for threa ysars and the remaining two directors to serve for two years. However, there is no provision in Chapter 58, Title 4 of the Texae Water Code concerning districts which are converted from water control and improvement districts to irrigation districts and which have presently elected directors serving. The ebove Article 51.073 is therefore reserved for the duration of the term of office of any director who has been previously elected to the Board of Directors of Hidalgo County Water Control & Improvement District No. Dne (1).

(E) All other provisions of Chapter 51, Title 4, of the Texas Water Code which are not included and are not in conflict with any provision contained in Chapter 58, Title 4, of the Texas Water Code, relating to the District engaging in the treatment or delivery of treated waters for domestic consumption or the construction, maintenance, or operation of sewage facilities, and none of such provisions so relating are reserved and retained herein.


Unanimously adopted at e regular meeting of the Board of Directors of Hidalgo County Water Control & Improvement District No. Dns (1), held on the 5th day of March, A. D. 1981, at one and one-half (1½) miles West Highway 107, Edinburg, Texas, at which meeting all members of the Board of Directors were present.

HIDALGO CDUNTY WATER CONTRDL &
IMPRDVEMENT DISTRICT ND. ONE (1)

ATTEST:


George Carpenter - Secretary


BY:


Willard Fike - President

C E R T I F I C A T E

I, GEORGE CARPENTER, Secretary of the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), do hereby certify that the above and foregoing is a true and correct copy of an Order converting Hidalgo County Water Control & Improvement District No. One (1) to an irrigation District, changing the name of the District to Hidalgo County Irrigation District No. One (1), and Reserving certain Powers under Chapter 51, Title 4, of the Texas Water Code, that such Order was unanimously adopted by unanimous vote of the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), all members being present, at a regular meeting held on March 5, 1981, and that such Order has not been amended or rescinded.


To certify which, witness my hand and seal of office on this the 5th day of March, A. D. 1981.


George Carpenter - Secretary

THE STATE OF TEXAS |
COUNTY OF HIDALCO. |

BEFORE ME, the undersigned authority, a Notary Public in and for Hidalgo County, Texas, on this day personally appeared GEORGE CARPENTER, known to me to be the person and officer whose name is subscribed to the foregoing instrument and certificate, and acknowledged to me that the same was the act of the Board of Directors of Hidalgo County Water Control & Improvement District No. One (1), and that he executed the same as the Secretary of the Board of Directors.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this the 5th day of March, A. D. 1981.


Notary Public, Hidalgo County,
T E X A S

9804

ORDER CONVERTING HIDALGO COUNTY
WATER CONTROL & IMPROVEMENT
DISTRICT NO. ONE (1)

TO

THE PUBLIC

FILED FOR RECORD

1991 MAR 26 AM 10:04

SANTOS SALDANA
COUNTY CLERK
HIDALGO COUNTY, TEXAS

Chyllum

MCDONALD & STEWARD
P. O. BOX 330
STINEBAUGH, TEXAS 78588

28/94

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS OF HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NUMBER FOUR DECLARING SUCH DISTRICT TO BE A WATER CONTROL AND IMPROVEMENT DISTRICT AND CHANGING NAME THEREOF TO HIDALGO COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE.

RESOLUTION. -

Whereas, on the seventh day of December 1925, the Board of Directors of this District adopted a resolution declaring such District to be a Water Control and Improvement District and entered such Resolution upon the Minutes: and,

Whereas, notice of the adoption of such resolution including a

copy thereof was given by the Directors by publication thereof in the Valley Review, a newspaper published in Hidalgo County, Texas, where this District is situated for two consecutive weeks commencing on the eleventh day of December 1925, and continuing till the eighteenth day of December 1925; and,

Whereas, the full term of fifteen days has expired after the date of the last publication of such notice and no petition protesting against said action of the Board has been filed in the office of the Board of Directors or delivered to the Secretary thereof at any time within said fifteen days, and thereby said resolution has become effective;

Now, therefore, be it resolved by the Board of Directors of Hidalgo County Water Improvement District Number Four that this District shall hereafter be named and known as HIDALGO COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE, it being the intention of this resolution to show that the provisions of Chapter 25 of the Acts of the Thirty-ninth Legislature of the State at its regular session, has been adopted by the Board of Directors of this District and that in pursuance of the provisions of said Act this District is constituted a Water Control and Improvement District under the provisions of said Act, and shall be a conservation and reclamation district under the provisions of Section 59 of Article 16 of the State Constitution and shall hereafter be governed by the provisions of said Chapter 25 of the Acts of the Thirty-ninth Legislature adopted at its regular session.

STATE OF TEXAS }
COUNTY OF HIDALGO }

I, Fred N. Taylor, Secretary of the Board of Directors of Hidalgo County Water Improvement District Number Four, do hereby certify that the foregoing is a true and correct copy of the Resolution adopted by the Board of Directors of said District at their regular meeting held on the 16th day of January 1926, at the office of the District in Edinburg, Texas, as set forth on pages 370 of Volume I of the Minutes of the Proceedings of said Board of Directors.

Witness my hand and the seal of said District this 16th day of January, 1926.

Fred N. Taylor
Secretary of the Board of Directors of
Hidalgo County Water Improvement District Number Four.

In testimony whereof we, the Board of Directors of Hidalgo County Water Improvement District Number Four hereby affix our signatures.

Fred N. Taylor
A. Ledbetter
W. N. Withers
Emile Monney
Perry Leonard

Board of Directors of Hidalgo County, Water Improvement District Number Four.



STATE OF TEXAS }
COUNTY OF HIDALGO }

Before me, the undersigned authority, a Notary Public in and for Hidalgo County, Texas, on this day personally appeared Emile Monney, Fred N. Taylor, W. N. Withers, A. Ledbetter and Perry Leonard, members of the Board of Directors of Hidalgo County Water Improvement District Number Four, known to me to be the

DEED 209

96 209

209

persons whose names are subscribed to the foregoing instrument and acknowledged to me that they each executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Witness my hand and seal of office this 18th day of January 1926.

SEAL

Wade H. Bliss, Notary Public, Hidalgo County, Texas.

FILED for record this the 9th day of February A.D. 1926 at 2:10 o'clock P.M.

CAM E. HILL, Clerk County Court

Hidalgo County, Texas

By A.E. Chavez, Deputy

RECORDED this the 10th day of February A.D. 1926 at 9 o'clock A. M.

SEAL

COUNTY CLERK.

05/13/2015

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
RIO GRANDE WATER DIVISION - LOWER
MONTHLY REPORT STATEMENT
FOR THE PERIOD OF 03/29/2015 - 04/25/2015

10:00 AM

Adjudication Certificate: 0816-000

Authorized Water Right: 814.0000

Owner name: HC I.D. #1

Diverter name: HC I.D. #1

Use Type: MUN

HC I.D. #1
PO BOX 870
EDINBURG TX 78540-0870

North Adams
SWSC

Previous Month Summary	
UB: 814.0000	YTD: 0.0000
CB: 0.0000	YTD: 0.0000
SB: 0.0000	NC YTD: 0.0000
SOLD: 0.0000	

New Balances

Useable	Contract	AWR Ytd	NC Ytd	Sold Ytd	Contract Ytd
814.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Transactions

No transactions found for this period.

Falcon and Amistad Reservoir Information

... Falcon and Amistad Reservoirs (52.27%)	
Dead Storage	1,773,023.0000 AF
Reserved for Municipal / Domestic /Industrial	4,600.0000 AF
Reserved for Lower Rio Grande	225,000.0000 AF
Allocation for Lower Rio Grande	1,184,966.6259 AF
Reserved for Middle Rio Grande	55,664.0412 AF
Allocation for Middle Rio Grande	221,394.6709 AF
Reserved for Operational Uses	6,242.0342 AF
Unallocated Water	75,000.0000 AF
	155.6278 AF

Comments

ALLOCATION RATES: CLASS A = 0.037388424 * * * CLASS B = 0.021993191

***** PRACTICE WATER CONSERVATION *****

Most of the Rio Grande Basin remains under no drought to moderate drought conditions.
Pay assessments fees promptly. Delinquent accounts will not be authorized to divert water.
Pump Operation Reports are due within 5 days after the end of the of the certification period. Please submit reports promptly.
May 25th is a State Holiday - The Office will be closed.
The next monthly report period ends on May 30, 2015.

Jose G. Luna
Rio Grande Watermaster

05/13/2015

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
RIO GRANDE WATER DIVISION - LOWER
MONTHLY REPORT STATEMENT
FOR THE PERIOD OF 03/29/2015 - 04/25/2015

10:00 AM

Adjudication Certificate: 0816-001

Authorized Water Right: 5,390.0000

Owner name: HC I.D. #1

Diverter name: HC I.D. #1

Use Type: MUN

HC I.D. #1
PO BOX 870
EDINBURG TX 78540-0870

Previous Month Summary	
UB: 4,584.2300	YTD: 805.7700
CB: 0.0000	YTD: 0.0000
SB: 0.0000	NC YTD: 0.0000
SOLD: 0.0000	

New Balances

	Useable	Contract	AWR Ytd	NC Ytd	Sold Ytd	Contract Ytd
	4,078.7400	0.0000	1,311.2600	0.0000	0.0000	0.0000

Transactions

Code	Useable	Contract	AWR Wtr	NC Wtr	Sold Wtr	Contract Wtr
DIVERT	-505.4900	0.0000	505.4900	0.0000	0.0000	0.0000
Totals:	-505.4900	0.0000	505.4900	0.0000	0.0000	0.0000

Falcon and Amistad Reservoir Information

In Falcon and Amistad Reservoirs (52.27%)	
Dead Storage	1,773,023.0000 AF
Reserved for Municipal / Domestic /industrial	4,600.0000 AF
Reserved for Lower Rio Grande	225,000.0000 AF
Allocation for Lower Rio Grande	1,184,966.6259 AF
Reserved for Middle Rio Grande	55,664.0412 AF
Allocation for Middle Rio Grande	221,394.6709 AF
Reserved for Operational Uses	6,242.0342 AF
Unallocated Water	75,000.0000 AF
	155.6278 AF

Comments

ALLOCATION RATES: CLASS A = 0.037388424 * * * CLASS B = 0.021993191

***** PRACTICE WATER CONSERVATION *****

Most of the Rio Grande Basin remains under no drought to moderate drought conditions.
Pay assessments fees promptly. Delinquent accounts will not be authorized to divert water.
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The next monthly report period ends on May 30, 2015.

Jose G. Luna
Rio Grande Watermaster

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
 RIO GRANDE WATER DIVISION - LOWER
 MONTHLY REPORT STATEMENT
 FOR THE PERIOD OF 03/29/2015 - 04/25/2015

Adjudication Certificate: 0816-002

Authorized Water Right: 80,431.0000

Owner name: HC I.D. #1

Storage Limit: 113,407.7100

Diverter name: HC I.D. #1

Use Type: IRR

HC I.D. #1
 PO BOX 870
 EDINBURG TX 78540-0870

*Ag
 Acct*

Previous Month Summary	
UB: 74,574.3869	YTD: 1,072.2321
CB: 0.0000	YTD: 0.0000
SB: 74,574.3869	NC YTD: 0.0000
SOLD: 125.0000	

New Balances

Useable	Storage	Contract	AWR Ytd	NC Ytd	Sold Ytd	Cntrct Ytd
77,581.5752	77,581.5752	0.0000	1,072.2321	0.0000	125.0000	0.0000

Transactions

Code	Useable	Storage	Contract	AWR Wtr	NC Wtr	Sold Wtr	Cntrct Wtr
ADJUST	2,710.4129	2,710.4129	0.0000	-2,710.4129	0.0000	0.0000	0.0000
ALLOC	3,007.1883	3,007.1883	0.0000	0.0000	0.0000	0.0000	0.0000
DIVERT	-2,710.4129	-2,710.4129	0.0000	2,710.4129	0.0000	0.0000	0.0000
Totals:	3,007.1883	3,007.1883	0.0000	0.0000	0.0000	0.0000	0.0000

Falcon and Amistad Reservoir Information

In Falcon and Amistad Reservoirs (52.27%)	1,773,023.0000 AF
Dead Storage	4,600.0000 AF
Reserved for Municipal / Domestic /Industrial	225,000.0000 AF
Reserved for Lower Rio Grande	1,184,966.6259 AF
Allocation for Lower Rio Grande	55,664.0412 AF
Reserved for Middle Rio Grande	221,394.6709 AF
Allocation for Middle Rio Grande	6,242.0342 AF
Reserved for Operational Uses	75,000.0000 AF
Unallocated Water	155.6278 AF

Comments

ALLOCATION RATES: CLASS A = 0.037388424 * * * CLASS B = 0.021993191

***** PRACTICE WATER CONSERVATION *****

Most of the Rio Grande Basin remains under no drought to moderate drought conditions.
 Pay assessments fees promptly. Delinquent accounts will not be authorized to divert water.
 Pump Operation Reports are due within 5 days after the end of the of the certification period. Please submit reports promptly.
 May 25th is a State Holiday – The Office will be closed.
 The next monthly report period ends on May 30, 2015.

G. Luna
 Rio Grande Watermaster

05/13/2015

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
RIO GRANDE WATER DIVISION - LOWER
MONTHLY REPORT STATEMENT
FOR THE PERIOD OF 03/29/2015 - 04/25/2015

10:00 AM

Adjudication Certificate: 0816-003

Authorized Water Right: 2,423.0000

Owner name: HC I.D. #1

Diverter name: HC I.D. #1

Use Type: MUN

HC I.D. #1
PO BOX 870
EDINBURG TX 78540-0870

*Shayland
Water*

Previous Month Summary	
UB: 1,779.2100	YTD: 643.7900
CB: 0.0000	YTD: 0.0000
SB: 0.0000	NC YTD: 0.0000
SOLD: 0.0000	

New Balances

Useable	Contract	AWR Ytd	NC Ytd	Sold Ytd	Cntrct Ytd
1,468.6700	0.0000	954.3300	0.0000	0.0000	0.0000

Transactions

Code	Useable	Contract	AWR Wtr	NC Wtr	Sold Wtr	Cntrct Wtr
DIVERT	-310.5400	0.0000	310.5400	0.0000	0.0000	0.0000
Totals:	-310.5400	0.0000	310.5400	0.0000	0.0000	0.0000

Falcon and Amistad Reservoir Information

In Falcon and Amistad Reservoirs (52.27%)	1,773,023.0000 AF
Dead Storage	4,600.0000 AF
Reserved for Municipal / Domestic /Industrial	225,000.0000 AF
Reserved for Lower Rio Grande	1,184,966.6259 AF
Allocation for Lower Rio Grande	55,664.0412 AF
Reserved for Middle Rio Grande	221,394.6709 AF
Allocation for Middle Rio Grande	6,242.0342 AF
Reserved for Operational Uses	75,000.0000 AF
Unallocated Water	155.6278 AF

Comments

ALLOCATION RATES: CLASS A = 0.037388424 * * * CLASS B = 0.021993191

***** PRACTICE WATER CONSERVATION *****

Most of the Rio Grande Basin remains under no drought to moderate drought conditions.
Pay assessments fees promptly. Delinquent accounts will not be authorized to divert water.
Pump Operation Reports are due within 5 days after the end of the of the certification period. Please submit reports promptly.
May 25th is a State Holiday – The Office will be closed.
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Jose G. Luna
Rio Grande Watermaster

05/13/2015

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
RIO GRANDE WATER DIVISION - LOWER
MONTHLY REPORT STATEMENT
FOR THE PERIOD OF 03/29/2015 - 04/25/2015

10:00 AM

Adjudication Certificate: 0816-004

Authorized Water Right: 1,200.0000

Owner name: HC I.D. #1

Diverter name: HC I.D. #1

Use Type: MUN

HC I.D. #1
PO BOX 870
EDINBURG TX 78540-0870

HC
MUN

Previous Month Summary	
UB: 934.4500	YTD: 265.5500
CB: 0.0000	YTD: 0.0000
SB: 0.0000	NC YTD: 0.0000
SOLD: 0.0000	

New Balances

	Useable	Contract	AWR Ytd	NC Ytd	Sold Ytd	Cntrct Ytd
	920.9471	0.0000	279.0529	0.0000	0.0000	0.0000

Transactions

Code	Useable	Contract	AWR Wtr	NC Wtr	Sold Wtr	Cntrct Wtr
DIVERT	-13.5029	0.0000	13.5029	0.0000	0.0000	0.0000
Totals:	-13.5029	0.0000	13.5029	0.0000	0.0000	0.0000

Falcon and Amistad Reservoir Information

In Falcon and Amistad Reservoirs (52.27%)	
Dead Storage	1,773,023.0000 AF
Reserved for Municipal / Domestic /industrial	4,600.0000 AF
Reserved for Lower Rio Grande	225,000.0000 AF
Allocation for Lower Rio Grande	1,184,966.6259 AF
Reserved for Middle Rio Grande	55,664.0412 AF
Allocation for Middle Rio Grande	221,394.6709 AF
Reserved for Operational Uses	6,242.0342 AF
Unallocated Water	75,000.0000 AF
	155.6278 AF

Comments

ALLOCATION RATES: CLASS A = 0.037388424 * * * CLASS B = 0.021993191

***** PRACTICE WATER CONSERVATION *****

Most of the Rio Grande Basin remains under no drought to moderate drought conditions.
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Jose G. Luna
Rio Grande Watermaster

WATER CONSERVATION PLAN

This Water Conservation Plan is submitted in accordance with 30 Texas Administrative Code Section 288.4 (a)(2). (Attachments "A" & "B") and 288.30 (Attachment "C"), and Texas Water Code, Section 11.1271 (Attachment "D")

(A) System Inventory

(i) Structural Facilities

The District operates the diversion point on the Rio Grande River located at Penitas, Texas, on a section of the river which is considered to be in the Anzalduas pool. A river channel, approximately one quarter mile long, supplies river water at normal pool elevations to the river pumping plant.

The pumping plant was originally constructed in 1926. The plant currently operates three (3) Fairbanks-Morris single stage, split case centrifugal pumps rated at 100 cubic feet per second each of which were installed in the mid 1950's, two reconditioned (2013) Fairbanks-Morris single stage, split case centrifugal pumps rated at 100 cubic feet per second, and one (1) redesigned Conhagen single stage, split case centrifugal pump rated at 100 cubic feet per second. The three older Fairbanks-Morris pumps will be replaced by Conhagen redesigned within the next year.

Three of the pumps are driven with 500 horsepower Caterpillar G-398 natural gas engines (installed in the 1980's), two by 540 horsepower Caterpillar G3508 TA natural gas engines (installed in 2014), and one pump is driven with a 500 horsepower electric motor. Two of the three G-398s will be replaced by the end of 2014. The cheaper source will be utilized and this will also enhance our ability to provide water should one source of energy fail.

Water is normally lifted 30-35 feet from the river to the main canal. A quarter mile long monolithic concrete tube with twin 7' x 7' barrels, (reconditioned in 2013), delivers the water from the surge tank at the pumping plant to the main canal, where it goes over a 40' sharp crested, rectangular weir to be measured.

The main canal travels in an easterly direction approximately 6 miles to a control structure (radial gate) at Los Ehanos Road and continues approximately 5 miles where it enters the houndaries of the District at Bentsen Road in west McAllen. This segment is of earthen construction varying in width from 40' to 50' and is 6'to 8' in depth.

The use of the original reservoir/settling hasin a few miles east of Penitas was discontinued many years ago due to excessive silting, evaporation and seepage losses.

From the point where the main canal enters the houndary of the District at Bentsen Road (referred to as "Number One Checks") the main canal turns in a northerly direction into two 7' x 10' underground hoxes for 1 ¼ miles and then 7 ½ miles to the intersection of Rooth Road and Monte Cristo Road which is the point of delivery to Santa Cruz Irrigation District #15. Approximately 4 Miles of this segment is concrete lined with widths varying from 35' to 55' and depths varying from 5' to 8' with check gate control structures at one to two mile intervals.

The East Main South Canal extends in an easterly direction for approximately 8.5 miles from the main canal at the Numher Seven checks through the southeastern part of the District. The west 5.75 miles of this canal is earthen to the proximity of Closner Street in the City of Edinhurg with the next 2 miles heing concrete lined. One half mile of this section has been lined with a ruhher Firestone lining, greatly reducing water seepage. The District is now in the process of replacing this entire 2 miles of open canal with a 72" RCP pipeline with approximately one mile heing completed and is working with the City Of Edinhurg to start the next mile. This canal is connected to an approximately 1 mile long 72" pipeline (Cnrry Main) which extends to the Kenyon East Main. The Kenyon East Main and the Russell Canal are two RCP concrete pipelines with a total length of 4.75 miles. Upon completion of the last 2 miles connecting to the Curry Main, all of the east side mains will he underground saving the district approximately 7500 acre feet of water annually. A canal replacement with 60" RCP pipe starting at the Curry connection running northward to Richardson Street will also he completed

by the end of 2014. This 6,000 foot pipeline will save the district another 1,000 acre feet a year.

The North Main is a pipeline which extends from the Main Canal at Rooth Road (3/4 Mile South of and parallel to Monte Cristo Road) to and under U.S. Expressway 281 and continuing east to our reservoir on Jasman Road and varies from 54" at Rooth Road to 42" in diameter at the reservoir.

This pipeline, completed in 2001, has greatly improved efficiencies in the northern part of the District and provided at least an additional 30 cfs to the District Reservoir located on Monte Cristo Road between Jasman Road and "M" Road. The combined length from Rooth Road to the reservoir is approximately 6 miles.

The reservoir can also be supplied through a canal, (currently being replaced with a 60" pipeline), and a pipeline making up Laterals 18 and 18A (approximately 2.5 miles) and/or through the Kenyon East Main Pipeline, along Kenyon Road (approximately 2.75 miles) both taking water from the East Main South Canal.

This is the only reservoir in use in the District. It has 83.82 acres of surface and a capacity of approximately 500 acre feet.

Although the system is designed for gravity flow from the reservoir, three lift pumps of varying capacities totaling approximately 30 cfs, providing increased deliveries and efficiencies to the east end of the District in the past. However a redesign of the pumping facility was included in the design of the Kenyon East Main Project, and this, plus the pipeline projects, will result in a closed looped system providing a boost in water quantity and pressure and eliminating the need to pump water except in extreme demand situations. This will save the District not only energy charges, but in water spillage also. In 1997 an additional lift pump was installed on the west side of the reservoir to back up water to an area which previously could only be supplied through the system from the river.

At various locations on the main canal there are 12 lift pumps of varying capacities to serve isolated areas where gravity flow would otherwise not be possible or would be inefficient.

In 1998-99 the District completed a pipeline project replacing the east end of the North Main East Canal. This improved delivery volumes and greatly reduced end-of-canal losses by tying together deliveries from extensions of the East Main South System to the extensions of the North Branch East Main and Lateral 24 systems through a closed, looped system resulting in excess water being returned to the reservoir, rather than spilled.

In addition to these principal canals and pipelines the District maintains approximately 77 miles of concrete lined lateral canals and approximately 92 miles of lateral pipelines of varying sizes and capacities. Approximately 12 miles of private pipelines are also connected to the system within the District.

(ii) Management Practices

The District is a political subdivision of the State of Texas and operates under the provisions as set out in the Water Code, the Civil Statutes of the State of Texas and associated Administrative Rules of the Texas Natural Resource Conservation Commission as may be applicable to this irrigation district; and under the rules and regulations of the Rio Grande River Watermaster as they may apply. From time to time, the Board of Directors may authorize certain practices and/or actions to carry out the responsibilities of the District.

The pricing policy of the District includes an annual flat rate assessment of \$20.00 per acre assessed pursuant to Texas Water Code 58.305 (a) and (h). Currently, the District has no bonded indebtedness and no Benefit tax nor Ad Valorem tax. Water is not made available to any parcel until all taxes and/or assessments have been paid in full.

Historically, charges for pumping and delivery of water have been based on a price per acre of irrigation - currently \$15.00 per acre pursuant to Texas Water Code 58.305 (c). One acre of irrigation is considered to be .61 acre feet of water or a reasonably estimated head of water delivered for two hours for one acre of land. The per acre irrigation charge equals to \$24.59 per acre foot of water delivered. As an encouragement to conserve water, if any less than the standard amount is used, the unused portion is credited back or any over-water amount is charged to that

individual's allocation account. The monetary charges are usually not adjusted but may be if warranted.

The District price from is \$24.50 per acre foot and when metering is used, the individual's water allocation account is debited for the amount of water actually used plus loss.

Various types and sizes of meters are being used in the district, including McCrometer propeller meters, saddle meters, open flow meters, up flow meters, insertion magnetic flow meters, insertion Doppler meters as may be applicable (if practical) to measure water to individual parcels. An insertion Doppler meter was placed in the just completed Bentsen project to give the district a very accurate measurement of water loss in the main canal between pumping out of the river and the waters first entrance into the district. This will help in determining where new water conservation projects are needed. Certain laterals are also metered to monitor flows and determine efficiencies and losses related to those particular areas of the system. A Weir to monitor the flow into the North Main Was constructed in 1997 and all meters to municipal and out of district customers, have been replaced or updated within the last 5 years.

(iii) User Profile

The boundary of the District compasses approximately 53 ½ square miles of service area in an "L" shaped polygon from as far south as Palm View Golf Course in Southwest McAllen, north to Monte Cristo Road and east to Sunflower Road east of San Carlos.

There are currently approximately 750 active irrigation customers served by the District including some 200 individual yard customers.

The type of crops include a wide variety of vegetables, melons, watermelons, cotton, grain sorghum, corn, soybeans, citrus, alfalfa, sorghums and grass for hay, and pasture and sugar cane. These various crops are irrigated with a variety of methods or systems. Furrow and pan or basin irrigation are used extensively with various combinations of open earthen field ditches, lay-flat poly pipe, gated pipe or permanent field pipelines with multiple valves.

Drip systems utilizing plastic mulch, are being used for potentially high value crops such as melons and microjet systems are used in an increasing number of citrus groves.

A limited number of sprinkle systems are used with some increased interest in various types.

Subsurface tile or pipeline drainage systems have been installed under a significant portion of the District over the last 40 to 50 years by private property owners. In some cases this was in cooperation with the District to over-size trunk lines to serve more than one parcel of land. In many cases existing canal harrow ditches or ditches especially for drainage were dug, interconnected and maintained by the District to serve as out falls for the subsurface systems and are interconnected to the Hidalgo County Master Drainage System maintained and operated by HCDD#1.

The total acreage which could potentially be irrigated is approximately 20,000 to 22,000 acres - down from approximately 34,000 acres 30 years ago.

Only about 10,000 acres of crop land has been delivered water in the last year.

With rapid urbanization taking place some acreage will remain unplanted to high potential crops due to the high risk or inability to properly manage a pest control program in close proximity to subdivisions.

With the best combination of circumstances of available water, climate and potential prices for the crops harvested, it is unlikely that the District will have more than 7,000 - 12,000 acres of active crop land in the future and because of urbanization crop lands will continue to decrease.

(B) 1. Water Conservation Goals over the last Five Year Period

Since the fall of 1996 the District has increased its efforts toward a continuing, concerted program to identify and reduce losses. Historically, the District has considered the estimated system losses to average approximately 25%. The replacement of open canals with pipelines and canal lining projects over the last 5 years have lowered this figure to 20% which we currently use, and the goal is to

reduce losses as much as possible within the constraints of practical, sound economics within the next five to ten year period.

The District has identified those portions of our remaining open canals which are currently the sources of significant water seepage or losses. By prioritizing these for canal lining or replacement with pipelines, the districts goal is to be at a system wide loss of 15% within the next 5 – 10 year period. The district has completed 10 major improvement projects since 1999.

- 1.) Completion of the North Main West 54" Pipeline (1.75 miles from Rooth Road to Mon Mack)
- 2.) North Main East 42" Pipeline (1 mile from Expressway 281 to Reservoir)
- 3.) South Main Canal Lining (0.5 miles of Firestone Lining from Sprague Road to Curry Pipeline)
- 4.) Curry Main 72" Pipeline (0.75 miles from South Main Canal Lining to Dolittle Road)
- 5.) Kenyon East Main 60" Pipeline (2.75 miles from Curry Main to Monte Christo Road)
- 6.) Russell 48" Pipeline (2 miles from Kenyon East Main to Terry Road)
- 7.) Bentsen Road Project consisting of 2 7' X 10' hoxes replacing 6000' of the Main Canal from 1300' north of FM 495 to 1000' north of Nolana Avenue
- 8.) South Main Canal Replacement with a 72" pipeline up to the Curry Pipeline and a 60" pipeline from the Curry northward.
- 9.) Reconditioning of the 7' X 7' Penitas Plant transfer hoxes to the main canal
- 10.) Penitas Sheet piling project for the protection of the adjacent 100' of the intake channel at the Penitas Pumping Plant

(B) 2. Water Conservation Goals over the next five to ten years

In addition to these, several projects utilizing canal linings are under consideration including portions of the District Main Canal.

Longer term, three to ten years, the District has \$5,500,000 available through Bureau of Reclamation Grants should Phase Two of the Lower Rio Grande Valley Water conservation Improvement Act pass Congress, and has projects ready for the Texas rainy day funds should they become available and will be starting these conservation projects as matching funds become available. These projects will amount to about 10,000 acre feet of savings annually.

In summarizing the district has completed 10 major projects within the last 5 years, conserving an estimated 8500 acre feet of water. Our goals for the next 5 years, assuming funds become available, are 2500 to 3000 acre feet, and after 10 years 5000 to 6000 acre feet.

(C) Measurement and Accounting for Water Diverted

At the head of the main canal at Penitas the total diversions from the Rio Grande River are measured using a sharp-crested, suppressed, 40' rectangular weir monitored by a Trimmer Engineering Weir Tracker, Model 2000, which registers head over the weir, cubic feet per second and accumulated acre feet. A deputy of the Rio Grande River Watermaster's office monitors the accuracy of the measurement and the District accounts for and reports the data to the Watermaster on a monthly basis. In addition, a daily report is made by phone to the International Boundary and Water Commission as to the amount of water diverted and is followed by a weekly written report.

(D) Monitoring and Records

The District maintains a comprehensive, computerized water accounting system which records distribution of allocations, water tickets purchased and deliveries of water shown as both acre feet and acres of irrigation water to individual parcels within the District. Losses are evaluated using computer programs formatted to compare water diverted to water delivered and/or water transported through specific segments of the system to water delivered through those specific segments.

(E) Leak-Detection, Repair, and Water Loss Control

All District personnel are attentive to possible leaks or loss of water. Canal Riders observe the system in their assigned areas on a daily basis and maintenance personnel report problems when discovered. Management and supervisory personnel are particularly observant during their routine activities in the District. Office personnel receive and relay reports of leaks from members of the Board of Directors and the general public as well as individuals from other Public Utility Departments.

Repair crews are coordinated and dispatched by the District Maintenance Superintendent on a priority basis.

(F) Program to Assist Customers

The management staff of the District is available to assist customers concerning measures which offer opportunities for water conservation.

On-Farm metering of water is becoming more accepted and used as the facilities are modified to accommodate metering devices.

Customers may be referred to the USDA-Natural Resource Conservation Service for recommendations for on-farm water conservation, pollution prevention, irrigation practices or system modifications.

(G) Wholesale Water Supply Contracts

In accordance with the letter of June 7, 1999, addressed to Mr. JoJo White, President, Lower Rio Grande Valley Irrigation District Managers Association written by John Warden, AICP, Water Quantity Division, Texas Natural Resource Conservation Commission, the District does not currently fall under the provisions of a wholesale public water supplier. (Attachment "E")

As required under 30 Texas Administrative Code 288.4(a) (2)(G) every wholesale water supply contract entered into or renewed after official adoption of this plan (by either ordinance, resolution or tariff), and including any contract extension shall require, that each successive wholesale customer develop and implement a water conservation plan or water conservation measures using the applicable elements in this chapter 288, 30 Texas Administrative Code if the customer intends to resell the water, then the contract between the initial supplier

and customer must provide that the contract for the resale of the water must have water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures in accordance with applicable provisions of said chapter 288.

(H) Official Adoption by Resolution

This Water Conservation Plan was officially adopted by a resolution of the Board of Directors at a duly called and noticed regular meeting of the Board on September 18, 2014. (Attachment "F")

(I) Other Conservation Practices

An on going program of replacing open canals with pipelines as practical and economical and when funds are available will serve to further conserve water.

New canal lining systems are being tested (yet to be proven) in search of an economical system to rehabilitate aged, cracked concrete canal lining where replacement with pipelines may not be economical.

When appropriate, deliveries of water to small parcels are grouped to reduce losses of water remaining unused in a canal or pipeline.

(J) Coordination with Region "M" Water Planning Group

This plan is submitted to the Region "M" Water Planning Group to insure consistency with the appropriate approved regional water plans.


Receipt of this plan by the Region "M" Water Planning group is evidenced by "Certified -Return Receipt", U.S. Postal Service and by a letter from the Region "M" Water Planning Group acknowledging receipt.

Statement of Adoption

By resolution of the Board of Directors as noted in Subsection (H) above this Water Conservation Plan for Hidalgo County Irrigation District No. One is adopted on Thursday, September 18, 2014.



 Mark J. Fryer, Secretary



 Robert L. Bell, President


ATTACHMENT "F"

On this day, Thursday, September 18, 2014, during the regular meeting of the Board of Directors of Hidalgo County Irrigation District No. One, the following motion was noted in the minutes:

"The board reviewed and considered adopting a proposed Water Conservation Plan to comply with Texas Administrative Code Title 30, Chapter 288.30 (3), subchapter A. Mr. _____ moved to adopt the Water Conservation Plan as presented. Mr. _____ seconded the motion and the motion carried."



Certified by Mark F. Fryer, Secretary



Robert L. Bell, President

Hidalgo County Irrigation District No. One Overlapping Taxing Districts

Overlapping Entity	Overlap	2014 Tax Rate	⁽¹⁾	2014 TAV	⁽¹⁾
Hidalgo County Irrigation District No. One	100%	\$0.0000		N/A	
City of Edinburg	Portion	\$0.6350		\$ 3,601,666,196	
City of McAllen	Portion	\$0.4763		\$ 8,114,830,484	
City of Mission	Portion	\$0.5188		\$ 3,637,026,092	
City of Penitas	Portion	\$0.4595		\$ 195,381,185	
Edinburg CISD	Portion	\$1.2398		\$ 5,298,228,852	
McAllen ISD	Portion	\$1.1650		\$ 6,382,827,714	
Mission CISD	Portion	\$1.3300		\$ 1,766,436,142	
Hidalgo County	Portion	\$0.5900		\$ 29,145,215,236	
Hidalgo County Drainage District No. 1	Portion	\$0.0957		\$ 28,325,686,228	
South Texas College	Portion	\$0.1850		\$ 29,665,517,141	

(1) Source: Hidalgo County Appraisal District.

Hidalgo County Irrigation District No. One
Net Revenue Available for Debt Service Analysis

FOR DISCUSSION PURPOSES ONLY

	Fiscal Year Ending August 31,					
	2009	2010	2011	2012	2013	2014
Operating Revenues						
Water sales						
Irrigation - out of District	\$ 28,184	\$ 3,209	\$ 65,599	\$ -	\$ -	\$ -
Irrigation - District	360,513	158,248	363,090	-	-	-
Irrigation	-	-	-	519,841	523,658	347,618
Water sales - metered	57,704	40,263	73,669	-	-	20
Metered - out of District	83,935	82,470	53,769	-	-	-
Water - District #15	498,880	292,356	738,215	785,188	831,730	632,324
Water - Sharyland Water Supply	205,308	169,134	185,567	321,071	224,069	245,831
Water - North Alamo Water Supply	29,119	26,866	52,012	90,135	77,071	84,198
Water - City of Edinburg	154,264	216,816	200,990	279,926	306,230	243,123
Water - Hidalgo County MUD	-	-	-	-	-	112,267
Water - other sales	-	2,529	97,250	371,421	352,868	500,210
Sale of municipal water rights	38,400	76,300	-	-	-	-
Flat rate levy, net of allowance	411,857	390,122	449,608	425,750	390,945	405,855
Demand charges	16,871	33,743	33,743	33,746	33,743	33,743
Penalties	57,778	86,628	42,567	41,602	170,007	79,665
Tax certificates	290	260	130	220	220	400
Total Operating Revenues	\$ 1,943,103	\$ 1,578,944	\$ 2,356,209	\$ 2,868,900	\$ 2,910,541	\$ 2,685,254
Non-Operating Revenues						
Interest Earned	\$ 143,743	\$ 116,632	\$ 62,815	\$ 35,473	\$ 31,648	\$ 37,718
Oil and gas royalties	19,522	14,338	15,213	10,908	9,792	16,117
Gain on sale of ROW, land and capital assets	195,410	179,943	4,145	98,391	63,421	85,382
Gain on sale of materials and supplies	470	65	-	-	-	-
Sale of municipal water rights	-	-	-	200,000	240,000	2,200,000
Administrative fees - exclusion	3,000	3,000	300	2,450	1,950	3,900
Miscellaneous	50,173	89,362	(10,237)	15,257	34,645	8,653
Lease	16,033	13,027	52,283	12,708	11,254	9,340
Subdivision processing fees	4,800	2,900	3,000	2,700	4,050	7,050
Easement Crossing	7,110	-	-	-	-	6,000
Pipeline revenue, installations and reimbursements	-	-	-	-	-	97,265
Total Non-Operating Revenues	\$ 440,261	\$ 419,267	\$ 127,519	\$ 377,887	\$ 396,760	\$ 2,471,425
GROSS REVENUES (Operating + Non-Operating)	\$ 2,383,364	\$ 1,998,211	\$ 2,483,728	\$ 3,246,787	\$ 3,307,301	\$ 5,156,679
Operating Expenses						
Administrative expenses	\$ 521,998	\$ 537,234	\$ 521,207	\$ 594,127	\$ 634,058	\$ 604,353
Penitas plant operating expenses	522,473	552,109	848,020	826,921	935,697	875,945
Water delivery expenses	302,524	283,082	338,088	336,281	361,006	375,972
M&O maintenance	997,116	973,489	1,021,071	1,029,682	978,190	1,085,128
Penitas main canal	149,775	198,230	361,249	432,420	537,887	397,869
Drainage	33,406	6,708	4,707	-	-	-
Depreciation Adjustment	(730,845)	(747,684)	(901,039)	(957,175)	(987,902)	(1,054,836)
Total Operating Expenses	\$ 1,796,447	\$ 1,803,168	\$ 2,193,303	\$ 2,262,256	\$ 2,458,936	\$ 2,284,431
Net Revenue Available for Debt Service	\$ 586,917	\$ 195,043	\$ 290,425	\$ 984,531	\$ 848,365	\$ 2,872,248
Adjustments to Net Revenue Available for D/S						
Water - other sales	\$ -	\$ (2,529)	\$ (97,250)	\$ (371,421)	\$ (352,868)	\$ (500,210)
Gain on sale of ROW, land and capital assets	(195,410)	(179,943)	(4,145)	(98,391)	(63,421)	(85,382)
Sale of Municipal Water Rights	(38,400)	(76,300)	-	(200,000)	(240,000)	(2,200,000)
Pipeline revenue, installations and reimbursements	-	-	-	-	-	(97,265)
Total Adjustments to Net Revenue Available for D/S	\$ (233,810)	\$ (258,772)	\$ (101,395)	\$ (669,812)	\$ (656,289)	\$ (2,882,857)
ADJUSTED NET REVENUE AVAILABLE FOR DEBT SERVICE	\$ 353,107	\$ (63,729)	\$ 189,030	\$ 314,719	\$ 192,076	\$ (10,609)
Liquid Current Assets at End of Fiscal Year						
Cash and Cash Equivalents	\$ 478,029	\$ 433,424	\$ 635,344	\$ 412,588	\$ 297,419	\$ 133,995
Short-term Investments	5,447,161	5,544,401	5,340,349	4,613,776	5,777,638	6,280,555
TOTAL Liquid Current Assets at End of Fiscal Year	\$ 5,925,190	\$ 5,977,825	\$ 5,975,693	\$ 5,026,364	\$ 6,075,057	\$ 6,414,550

Hidalgo County Irrigation District No. One
CONSOLIDATED Net Revenue Available for Debt Service Analysis

FOR DISCUSSION PURPOSES ONLY

	Fiscal Year Ending August 31,					
	2009	2010	2011	2012	2013	2014
Total Operating Revenues	\$ 1,943,103	\$ 1,578,944	\$ 2,356,209	\$ 2,868,900	\$ 2,910,541	\$ 2,685,254
Total Non-Operating Revenues	\$ 440,261	\$ 419,267	\$ 127,519	\$ 377,887	\$ 396,760	\$ 2,471,425
GROSS REVENUES (Operating + Non-Operating)	\$ 2,383,364	\$ 1,998,211	\$ 2,483,728	\$ 3,246,787	\$ 3,307,301	\$ 5,156,679
Total Operating Expenses (excluding depreciation)	\$ (1,796,447)	\$ (1,803,168)	\$ (2,193,303)	\$ (2,262,256)	\$ (2,458,936)	\$ (2,284,431)
Net Revenue Available for Debt Service	\$ 586,917	\$ 195,043	\$ 290,425	\$ 984,531	\$ 848,365	\$ 2,872,248
<i>Adjustments to Net Revenue Available for D/S</i>						
<i>Water - other sales</i>	\$ -	\$ (2,529)	\$ (97,250)	\$ (371,421)	\$ (352,868)	\$ (500,210)
<i>Gain on sale of ROW, land and capital assets</i>	(195,410)	(179,943)	(4,145)	(98,391)	(63,421)	(85,382)
<i>Sale of Municipal Water Rights</i>	(38,400)	(76,300)	-	(200,000)	(240,000)	(2,200,000)
<i>Pipeline revenue, installations and reimbursements</i>	-	-	-	-	-	(97,265)
<i>Total Adjustments to Net Revenue Available for D/S</i>	<u>\$ (233,810)</u>	<u>\$ (258,772)</u>	<u>\$ (101,395)</u>	<u>\$ (669,812)</u>	<u>\$ (656,289)</u>	<u>\$ (2,882,857)</u>
ADJUSTED NET REVENUE AVAILABLE FOR DEBT SERVICE	\$ 353,107	\$ (63,729)	\$ 189,030	\$ 314,719	\$ 192,076	\$ (10,609)
<i>Liquid Current Assets at End of Fiscal Year</i>						
<i>Cash and Cash Equivalents</i>	\$ 478,029	\$ 433,424	\$ 635,344	\$ 412,588	\$ 297,419	\$ 133,995
<i>Short-term Investments</i>	5,447,161	5,544,401	5,340,349	4,613,776	5,777,638	6,280,555
<i>TOTAL Liquid Current Assets at End of Fiscal Year</i>	<u>\$ 5,925,190</u>	<u>\$ 5,977,825</u>	<u>\$ 5,975,693</u>	<u>\$ 5,026,364</u>	<u>\$ 6,075,057</u>	<u>\$ 6,414,550</u>

Hidalgo County Irrigation District No. One
 SWIFT Loan Pro Forma Analysis

FOR DISCUSSION PURPOSES ONLY SUBJECT TO CHANGE

Fiscal Year Ended 31-Aug	Existing Audited Gross Revenues ⁽¹⁾	Existing Audited Operating Expenses ⁽¹⁾	Existing Audited Net Revenues Available for Debt Service ⁽¹⁾	Existing Adjustments to Net Revenues for one-time Revenues ⁽¹⁾	Adjusted Net Revenues Available for Debt Service ⁽¹⁾	Estimated New Operational Funds ⁽²⁾				Net Revenues Available for SWIFT Loan	\$7,100,000 Revenue Bonds, Series 2015 ⁽³⁾ True Interest Cost = 3.00%			Surplus Cash Flow	Cumulative Surplus Cash Flow ⁽⁴⁾	
						SWAG Agreement	McAllen Agreement	Edinburg Agreement	TOTAL		Principal	Interest	Total D/S		Cash Flow	Ratio
2015	\$ 5,156,679	\$ (2,284,431)	\$ 2,872,248	\$ (2,882,857)	\$ -	\$ 57,000	\$ -	\$ 332,861	\$ 389,861	\$ 389,861	\$ -	\$ -	\$ -	\$ 389,861		n/a
2016	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	-	151,526	151,526	323,335	323,335	3.13x
2017	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	185,000	192,755	377,755	97,107	420,441	1.26x
2018	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	185,000	191,367	376,367	98,494	518,935	1.26x
2019	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	190,000	189,443	379,443	95,418	614,353	1.25x
2020	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	190,000	187,068	377,068	97,793	712,146	1.26x
2021	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	195,000	184,351	379,351	95,510	807,656	1.25x
2022	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	195,000	181,114	376,114	98,747	906,403	1.26x
2023	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	200,000	177,624	377,624	97,238	1,003,641	1.26x
2024	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	205,000	173,824	378,824	96,038	1,099,678	1.25x
2025	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	205,000	169,724	374,724	100,138	1,199,816	1.27x
2026	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	210,000	165,439	375,439	99,422	1,299,238	1.26x
2027	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	215,000	160,546	375,546	99,315	1,398,553	1.26x
2028	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	220,000	155,128	375,128	99,733	1,498,286	1.27x
2029	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	230,000	149,254	379,254	95,607	1,593,893	1.25x
2030	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	235,000	142,860	377,860	97,001	1,690,894	1.26x
2031	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	240,000	136,069	376,069	98,793	1,789,686	1.26x
2032	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	250,000	128,941	378,941	95,921	1,885,607	1.25x
2033	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	255,000	121,441	376,441	98,421	1,984,027	1.26x
2034	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	265,000	113,740	378,740	96,122	2,080,149	1.25x
2035	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	270,000	105,657	375,657	99,204	2,179,353	1.26x
2036	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	280,000	97,368	377,368	97,493	2,276,846	1.26x
2037	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	290,000	88,576	378,576	96,285	2,373,131	1.25x
2038	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	295,000	79,412	374,412	100,449	2,473,580	1.27x
2039	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	305,000	70,061	375,061	99,801	2,573,380	1.27x
2040	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	315,000	60,392	375,392	99,469	2,672,849	1.26x
2041	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	325,000	50,438	375,438	99,423	2,772,272	1.26x
2042	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	340,000	39,388	379,388	95,473	2,867,745	1.25x
2043	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	350,000	27,794	377,794	97,067	2,964,812	1.26x
2044	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	332,861	474,861	474,861	360,000	15,824	375,824	99,037	3,063,849	1.26x
2045	5,156,679	(2,284,431)	2,872,248	(2,882,857)	-	57,000	85,000	-	142,000	142,000	100,000	3,440	103,440	38,560	3,102,409	1.37x
											\$ 7,100,000	\$ 3,710,560	\$ 10,810,560			

(1) As of Fiscal Year Ending 8/31/2014. See Consolidated Net Revenue Available for Debt Service Analysis.
 (2) Initial cash flow as projected by SDI Engineering, LLC. Assumed to remain frozen for the financing term and to match the life of the existing water supply and delivery contracts.
 (3) Preliminary, for discussion purposes only. Subject to change at anytime.
 (4) Excludes FY 2015 Surplus Cash Flow.

Hidalgo County Irrigation District No. One
SWIFT Loan Sources and Uses of Funds

FOR DISCUSSION PURPOSES ONLY SUBJECT TO CHANGE

Par Amount of Bonds	\$ 7,100,000
Total Sources of Funds	<u>\$ 7,100,000</u>
Project Funds	\$ 7,000,000
Financial Advisor	37,625
Bond Counsel	36,200
Attorney General	7,100
Paying Agent	5,000
Escrow Agent	5,000
CUSIPs	5,000
Fiscal Contingency	4,075
Total Uses of Funds	<u>\$ 7,100,000</u>
Total Debt Proceeds	\$ 7,000,000
Total One-Time Revenues from McAllen	7,600,000
TOTAL FUNDS AVAILABLE FOR PROJECTS	<u>\$ 14,600,000</u>
Project Needs	\$ 14,329,570
<i>Surplus/(Deficit)</i>	<u>\$ 270,430</u>

Preliminary Plan of Finance (2 of 5) – Funds Available for SWIFT Financing

Hidalgo County Irrigation District No. One

- The last audited Net Revenues Available for Debt Service number does not allow for any debt financing for the District; however, the Project Engineer has identified 4 sources of additional revenue as follows:

Contract	Annual Revenue (New Operational Cash Flow)	One-time Revenue
Sharyland Water Supply Corporation	\$57,000	\$0
City of McAllen	\$85,000	\$7,600,000
City of Edinburg	\$332,861	\$0

- The New Operational Cash Flow is expected to begin in Fiscal Year 2015 for Sharyland and Edinburg contracts; and in Fiscal Year 2016 for the McAllen contract.
- The One-time Revenues are expected to be realized as follows:
 - FY 2015: \$1,150,000
 - FY 2016: \$2,150,000
 - FY 2017: \$2,150,000
 - FY 2018: \$2,150,000

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE

Hidalgo County Irrigation District No. One
Statement of Revenues, Expenses and Changes in Net Assets

	Fiscal Year Ending August 31,					
	2009	2010	2011	2012	2013	2014
Operating Revenues						
Water sales	\$ 1,456,307	\$ 1,068,192	\$ 1,830,160	\$ 2,367,583	\$ 2,315,627	\$ 2,165,590
Flat rate levy, net of allowance	411,857	390,122	449,608	425,750	390,945	405,855
Demand charges	16,871	33,743	33,743	33,746	33,743	33,743
Penalties	57,778	86,628	42,567	41,602	170,007	79,665
Tax certificates	290	260	130	220	220	400
Total Operating Revenues	<u>\$ 1,943,103</u>	<u>\$ 1,578,945</u>	<u>\$ 2,356,208</u>	<u>\$ 2,868,901</u>	<u>\$ 2,910,542</u>	<u>\$ 2,685,253</u>
Operating Expenses						
Administrative expenses	\$ 521,998	\$ 537,234	\$ 521,207	\$ 594,127	\$ 634,058	\$ 604,353
Penitas plant operating expenses	522,473	552,109	848,020	826,921	935,697	875,945
Water delivery expenses	302,524	283,082	338,088	336,281	361,006	375,972
M&O maintenance	997,116	973,489	1,021,071	1,029,682	978,190	1,085,128
Penitas main canal	149,775	198,230	361,249	432,420	537,887	397,869
Drainage	33,406	6,708	4,707	-	-	-
Total Operating Expenses	<u>\$ 2,527,292</u>	<u>\$ 2,550,852</u>	<u>\$ 3,094,342</u>	<u>\$ 3,219,431</u>	<u>\$ 3,446,838</u>	<u>\$ 3,339,267</u>
OPERATING INCOME (LOSS)	<u>\$ (584,189)</u>	<u>\$ (971,907)</u>	<u>\$ (738,134)</u>	<u>\$ (350,530)</u>	<u>\$ (536,296)</u>	<u>\$ (654,014)</u>
Non-Operating Revenues						
Interest Earned	\$ 143,743	\$ 116,632	\$ 62,815	\$ 35,473	\$ 31,648	\$ 37,718
Oil and gas royalties	19,522	14,338	15,213	10,908	9,792	16,117
Gain on sale of ROW and capital assets	195,410	179,943	4,145	98,391	63,421	85,382
Gain on sale of materials and supplies	470	65	-	-	-	-
Sale of municipal water rights	-	-	-	200,000	240,000	2,200,000
Administrative fees - exclusion	3,000	3,000	300	2,450	1,950	3,900
Miscellaneous	50,173	89,362	(10,237)	(24,314)	34,645	8,653
Lease	16,033	13,027	52,283	12,708	11,254	9,340
Subdivision processing fees	4,800	2,900	3,000	2,700	4,050	7,050
Easement Crossing	7,110	-	-	-	-	6,000
Pipeline revenue, installations and reimbursements	-	-	-	-	-	97,265
Total Non-Operating Revenues	<u>\$ 440,261</u>	<u>\$ 419,267</u>	<u>\$ 127,519</u>	<u>\$ 338,316</u>	<u>\$ 396,760</u>	<u>\$ 2,471,425</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>\$ (143,928)</u>	<u>\$ (552,640)</u>	<u>\$ (610,615)</u>	<u>\$ (12,214)</u>	<u>\$ (139,536)</u>	<u>\$ 1,817,411</u>
Capital Contributions	\$ 6,638,231	\$ 1,417,973	\$ 137,246	\$ -	\$ 420,755	\$ -
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 6,494,303</u>	<u>\$ 865,333</u>	<u>\$ (473,369)</u>	<u>\$ (12,214)</u>	<u>\$ 281,219</u>	<u>\$ 1,817,411</u>
Net Assets at the Beginning of the Year	<u>\$ 21,780,509</u>	<u>\$ 28,274,812</u>	<u>\$ 29,140,145</u>	<u>\$ 28,666,776</u>	<u>\$ 28,654,562</u>	<u>\$ 28,935,781</u>
Net Assets at the End of the Year	<u>\$ 28,274,812</u>	<u>\$ 29,140,145</u>	<u>\$ 28,666,776</u>	<u>\$ 28,654,562</u>	<u>\$ 28,935,781</u>	<u>\$ 30,753,192</u>

Financial Statements
and
Independent Auditor's Report
Certified Public Accountants

**HIDALGO COUNTY IRRIGATION
DISTRICT NO. ONE**

August 31, 2014 and 2013

INTRODUCTORY SECTION

HIDALGO COUNTY IRRIGATION
DISTRICT NO. ONE
August 31, 2014 and 2013

DIRECTORS AND OFFICERS

R. L. Bell, Jr.	President
Tomas Garcia	Vice President
Mark J. Fryer	Secretary
William Boyd Davis	Director
Cosme Martínez, Jr.	Director

MANAGER

Bobby R. McDaniel

TAX ASSESSOR-COLLECTOR

Estella Mata

ATTORNEY

Kirby Cavin

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
For Years Ended August 31, 2014 and 2013

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HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
For Years Ended August 31, 2014 and 2013

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF Hidalgo }

I, R.L. Bell, Jr. of the
(Name of Duly Authorized District Representative)

Hidalgo County Irrigation District No. One
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors of the District on the 8th day of January, 2015, its annual audit report for the fiscal year or period ended August 31, 2014 and that copies of the annual audit report have been filed in the District's office, located at 1904 North Expressway 281, Edinburg, Texas 78540.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date _____, _____

By: _____
(Signature of District Representative)

R.L. Bell, Jr., President
(Name and Title)

Sworn to and subscribed to before me this 8th day of January, 2015.

(SEAL)

(Signature of Notary)

My Commission Expires On: _____
Notary Public in the State of Texas

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Directors
Hidalgo County Irrigation District No. One
Edinburg, Texas 78539

We have audited the accompanying financial statements of the business-type activities of Hidalgo County Irrigation District No. One, as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hidalgo County Irrigation District No. One, as of August 31, 2014 and 2013, and changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of funding progress on pages 5-7 and 31-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hidalgo County Irrigation District's basic financial statements. The introductory section and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and other supplementary information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
January 8, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion and analysis of the District's financial performance provide an overview of the District's financial activities for the fiscal year ended August 31, 2014 and 2013.

District Highlights

- During the year, the District completed construction of improvements to the intake channel at the Penitas Pumping plant. The District also commenced construction on the 29th Street Canal Improvements Project to be completed in the next fiscal year. These improvements are expected to improve efficiency, increase customer base and reduce future operating costs.

Financial Highlights

- Operating revenues decreased \$225,289 to \$2,685,252 while operating expenses decreased \$107,570 to \$3,339,267.
- The District's operating loss increased to \$654,014 compared to last year's operating loss of \$536,296.
- Non-operating revenues increased to \$2,471,425 from last year's total of \$396,760.
- The District's net position increased by \$1,817,411 due to sale of municipal water rights.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All the current year's revenues, expenses and changes in net position are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the District's operations over the past two years and can be used to determine profitability, credit worthiness and whether the District has successfully recovered all its costs through its user fees and other charges. The final required financial statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the District's cash receipts and cash payments during the reporting periods. The statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities.

Financial Analysis of the District as a Whole

Our analysis below focuses on the District Net Position (Table 1) and changes in net position (Table 2) during the years ended August 31, 2014, 2013 and 2012.

	2014	2013	2012
Capital Assets	\$ 24,074,412	\$ 22,163,457	\$ 22,519,213
Current and Other Assets	7,339,879	6,974,927	6,265,414
Total Assets	<u>\$ 31,414,291</u>	<u>\$ 29,138,384</u>	<u>\$ 28,784,627</u>
Current Liabilities	\$ 661,101	\$ 202,605	\$ 130,066
Total Liabilities	<u>661,101</u>	<u>202,605</u>	<u>130,066</u>
Net Position:			
Net Investment In Capital Assets	\$ 24,074,412	\$ 22,163,457	\$ 22,519,213
Unrestricted	<u>6,678,778</u>	<u>6,772,322</u>	<u>6,135,348</u>
Total Liabilities and Net Position	<u>\$ 31,414,291</u>	<u>\$ 29,138,385</u>	<u>\$ 28,784,627</u>

Changes in the District's net position can be determined by reviewing the following condensed Statements of Revenue, Expenses and Net Position for the years ended August 31, 2014, 2013 and 2012.

TABLE 2

	2014	2013	2012
Net Operating Revenues	\$ 2,685,252	\$ 2,910,542	\$ 2,868,900
Non Operating Revenues	2,433,707	785,867	302,843
Interest Earned	37,718	31,648	35,473
Total Revenues	<u>\$ 5,156,677</u>	<u>\$ 3,728,057</u>	<u>\$ 3,207,216</u>
Operating Expenses	\$ 2,284,431	\$ 2,458,935	\$ 2,262,256
Depreciation Expense	1,054,836	987,902	957,175
Total Expenses	<u>3,339,267</u>	<u>3,446,837</u>	<u>3,219,431</u>
Increase (decrease) in net position	1,817,411	281,219	(12,214)
Net Position at beginning of year	<u>28,935,779</u>	<u>28,654,561</u>	<u>28,666,776</u>
Net Position at end of year	<u>\$ 30,753,190</u>	<u>\$ 28,935,779</u>	<u>\$ 28,654,561</u>

Total operating revenues decreased by \$225,290 or about 7.74%. A return to normalized rainfall conditions resulted in lower water deliveries to primary customers as well as irrigation customers during fiscal year 2014.

Total operating expenses decreased by \$170,504 due to the decreases in engineering costs and utility costs incurred at the Penitas Plant Station.

Total non-operating revenue increased by \$1,647,840. The increase is primarily due to the sale of 1,000 acre feet of municipal water rights during 2014 in the amount of \$2,200,000.

The District Funds

The District has one activity, the Enterprise (M&O) Fund. Net operating activities declined compared to the prior year, reflecting a loss on operations of \$654,014 during the fiscal year. Current year operating revenues and levy assessments were not sufficient to cover operating expenses. Non-operating revenues of \$2,471,425 which are derived from sales of right of ways, sale of water rights, investment income and royalty income, were able to offset the decrease from operating activities.

Assets and Debt Administration

At August 31, 2014, the District had \$44,281,002 invested in Capital Assets including land, buildings, permanent improvements, equipment, furniture and fixtures, meters, computer equipment and construction in progress. The District's accumulated depreciation as of August 31, 2014 totaled \$20,206,589, leaving a net capital asset balance of \$24,074,412.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended August 31, 2014, 2013 and 2012.

TABLE 3

	2014	2013	2012
Land	\$ 1,571,195	\$ 1,571,195	\$ 1,571,195
Canals and Laterals	12,476,956	12,881,817	13,286,681
Improvements	6,564,968	5,308,818	5,109,435
Other Infrastructures	1,202,187	1,272,403	1,344,970
Furniture & Fixtures	62,293	72,029	73,399
Machinery and Equipment	574,716	547,307	598,648
	<u>22,452,315</u>	<u>21,653,569</u>	<u>21,984,328</u>
Construction In Progress	1,622,097	509,888	534,884
	<u>\$ 24,074,412</u>	<u>\$ 22,163,457</u>	<u>\$ 22,519,212</u>

The following table summarizes the changes in capital assets.

TABLE 4

	2014	2013	2012
Balance at beginning of year	\$ 22,163,457	\$ 22,519,213	\$ 22,114,620
Additions	1,853,582	657,143	949,852
Retirements	-	-	-
Depreciation	(1,054,836)	(987,902)	(957,175)
Accumulated Depreciation Retired	-	-	-
Increase (Decrease) in Const. In Progress	1,112,209	(24,997)	411,916
	<u>\$ 24,074,412</u>	<u>\$ 22,163,457</u>	<u>\$ 22,519,213</u>

The District has no long-term debt obligations.

Economic Factors and Next Year's Budget

The income from next year's budget will come from levy assessment collections, water sales (agricultural and municipal) and sales of surplus property.

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Financial Statements

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
STATEMENTS OF NET POSITION
 For the Years Ended August 31,

ASSETS	2014	2013
Current Assets		
Cash and cash equivalents	\$ 133,995	\$ 297,419
Short-term investments	6,280,555	5,777,638
Accounts receivable	194,177	172,634
Levy and assessments receivable, net	667,400	664,667
Other receivables	776	801
Inventory	24,566	23,358
Prepaid insurance	33,779	33,779
Other	4,632	4,632
Total Current Assets	7,339,879	6,974,927
Non Current Assets		
Capital assets		
Land	1,571,195	1,571,195
Permanent improvements	38,031,175	36,335,125
Equipment and other	3,056,535	2,899,003
Construction in progress	1,622,097	509,888
	44,281,002	41,315,210
Less: Accumulated depreciation	(20,206,589)	(19,151,753)
Net Capital Assets	24,074,412	22,163,457
Net Non Current Assets	24,074,412	22,163,457
Total Assets	\$ 31,414,291	\$ 29,138,384
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 109,142	\$ 128,346
Accrued liabilities	4,519	7,277
Unearned water revenue	110,665	48,942
Construction payable	420,977	-
Compensated absences payable	15,798	18,039
Total Current Liabilities	661,101	202,605
Net Position		
Net Investment in capital assets	24,074,412	22,163,457
Unrestricted	6,678,778	6,772,323
Total Net Position	30,753,190	28,935,779
Total Liabilities and Net Position	\$ 31,414,291	\$ 29,138,384

The accompanying notes are an integral part of these financial statements.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended August 31,

	2014	2013
Operating Revenues		
Water sales	\$ 2,165,590	\$ 2,315,627
Flat rate levy, net of allowance	405,855	390,945
Demand charges	33,743	33,743
Penalties	79,665	170,007
Tax certificates	400	220
Total Operating Revenues	2,685,252	2,910,542
Operating Expenses		
Administrative expenses	604,353	634,058
Penitas plant operating expenses	875,945	935,697
Water delivery expenses	375,972	361,006
M&O maintenance	1,085,128	978,190
Penitas main canal	397,869	537,887
Total Operating Expenses	3,339,267	3,446,837
Operating Income (Loss)	(654,014)	(536,295)
Non-operating Revenues (Expenses)		
Interest earned	37,718	31,648
Oil and gas royalties	16,117	9,792
Gain on sale of right of ways and capital assets	85,382	63,421
Sale of municipal water rights	2,200,000	240,000
Administrative fees - exclusion	3,900	1,950
Miscellaneous	8,653	34,645
Lease	9,340	11,254
Subdivision processing fees	7,050	4,050
Easement crossing	6,000	-
Pipeline revenue, installations and reimbursements	97,265	-
Total Non-operating Revenues	2,471,425	396,760
Income (Loss) Before Capital Contributions	1,817,411	(139,535)
FEMA Grant capital contributions	-	420,755
Increase (Decrease) in Net Position	1,817,411	281,220
Net Position - At Beginning of Year	28,935,779	28,654,560
Net Position - At End of Year	\$ 30,753,190	\$ 28,935,779

The accompanying notes are an integral part of these financial statements.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 STATEMENTS OF CASH FLOWS
 For the Years Ended August 31,

	2014	2013
Cash Flows From Operating Activities		
Payments received from customers	\$ 2,679,377	\$ 3,024,449
Other cash payments	113,833	203,569
Payments for salaries and benefits	(724,970)	(681,421)
Payments to suppliers for goods and services	(1,655,358)	(1,683,274)
Other receipts	148,325	65,892
Net Cash Provided (Used) By Operating Activities	561,207	929,215
Cash Flows From Capital and Related Financing Activities		
Capital grants received	-	420,755
Payments for capital assets	(2,544,815)	(632,146)
Proceeds from the sale of municipal water rights	2,200,000	240,000
Proceeds from the sale of capital assets	85,382	59,221
Net Cash Provided (Used) By Capital and Related Financing Activities	(259,433)	87,830
Cash Flows From Investing Activities		
Interest received on investments	37,718	31,648
Purchase of short-term investments	(6,280,555)	(5,777,638)
Redemption of short-term investments	5,777,638	4,613,776
Net Cash Provided (Used) By Investing Activities	(465,199)	(1,132,214)
Net Cash Inflow (Outflow) From All Activities	(163,425)	(115,169)
Cash and Cash Equivalents At Beginning of the Year	297,419	412,588
Cash and Cash Equivalents At End of the Year	\$ 133,994	\$ 297,419

(continued)

The accompanying notes are an integral part of these financial statements.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 STATEMENTS OF CASH FLOWS (CONTINUED)
 For the Years Ended August 31,

	2014	2013
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating loss	\$ (654,014)	\$ (536,295)
Depreciation	1,054,836	987,902
Other non-operating income	148,325	65,892
(Increase) decrease in:		
Water receivable	(21,544)	187,001
Levy assessments receivable	(2,732)	130,875
Inventory	(1,208)	(1,926)
Prepaid and other current assets	25	23,228
Increase (decrease) in:		
Accounts payable	(19,205)	64,822
Accrued liabilities	(2,758)	3,572
Deferred water revenue	61,722	-
Compensated absences	(2,241)	4,144
Net Cash Provided By Operating Activities	\$ 561,207	\$ 929,216
Supplemental information:		
Noncash investing activities:		
Capitalized construction costs recorded in accounts payable	\$ 420,977	\$ -

The accompanying notes are an integral part of these financial statements.

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HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hidalgo County Irrigation District No. One (District) is considered to be a special-purpose primary government under the Governmental Accounting Standards Board (GASB) Statement 34 and its financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Creation of District

The Hidalgo County Irrigation District No. One was created in 1919 by the authority of the State of Texas. The District operates as an irrigation district under Chapter 58 of the Texas Water Code.

B. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14 and 39. Based upon the application of these criteria, no other entities are included in the accompanying financial statements.

During the year, the District implemented the requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. However, the District does not have any items that would qualify as deferred inflows or deferred outflows as defined in that Statement.

C. Basis of Accounting, Measurement Focus and Financial Statement Presentation

The District's fund is an enterprise fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds are accounted for on a flow of economic resources measurement focus, whereby all assets and liabilities associated with the operation of these funds are included on the balance sheet. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The financial statements of the District have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Property taxes are recognized as revenues in the year for which they are levied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the District. The principal operating revenues are fees related to water sales. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-operating revenues include activities that have the characteristic of non-exchange transactions such as property tax and other revenue sources that are defined as non-operating revenues by GASB No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting and GASB No. 34, such as investment income. The major non-operating revenue is investment income and grant revenue. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses.

D. Capital Assets

Capital assets are stated at historical cost. It is the policy of the District to capitalize all property and equipment costs except immaterial items. Significant repairs and betterments which extend the lives of existing capital assets are also capitalized.

Public domain ("infrastructure") general fixed assets consisting of canals, laterals, checks, gates, bridges, pipelines, drainage systems, reservoirs, pumping plants and paving are capitalized and depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of assets. No residual values are maintained. The following useful lives are used:

Buildings	40 years
Infrastructure and Improvements	10-50 years
Equipment	5-15 years

E. Compensated Absences

Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of the fund as benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

F. Construction Work in Progress

Construction work in progress represents costs accumulated for the replacement of sections of the District's canal lining and other projects that were not completed at year end.

G. Investments

The District can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. In general, this policy allows the District to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The District's investments consist of bank certificates of deposit and short-term obligations of the U.S. Government and its Agencies. These investments are valued at amortized cost.

H. Inventories

Inventories are valued at the lower of cost or market, using the first-in/first-out (FIFO) method.

I. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, accounts receivable, accounts payable and accrued liabilities: The carrying amount approximates fair value because of the short maturity of those instruments.

J. Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The District has no debt as of August 31, 2014 and 2013.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The District has no restricted net assets as of August 31, 2014 and 2013.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

K. Statement of Cash Flows

Since all certificates of deposit have original maturities in the excess of three months these transactions are considered investing activities and thus not considered cash equivalents. The District considers all other highly liquid investments with a maturity of three months or less from the date of the original purchase to be cash equivalents.

L. Budget Policies

Each fiscal year, the Board of Directors adopts an operating budget. The adopted budget is not a spending limitation under law, but rather an operating plan. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgetary amendments were made to the originally adopted budget. Expenses at the department level may not legally exceed the total budget.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

N. Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets, but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before net position).

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expenses) until then. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenues) until then. It has a negative effect on net position, similar to liabilities.

The District has no items that require treatment as a *deferred outflow* or *deferred inflow* of resources for the year ended August 31, 2014.

NOTE 2 - FLAT RATE ASSESSMENT AND WATER RATE

The District's flat rate assessment was \$20.00 per acre per year for the years ended August 31, 2014 and 2013. The District's water rates for the years ended August 31, 2014 and 2013 were:

	Rates In Effect For Years ended <u>August 31, 2013 & 2014</u>	New Rates Effective <u>9/1/2014</u>
Citrus, farmland & pastures		
Un-metered In District (Ac. Ft.)	\$ 15.00	\$ 15.00
Metered In District (Ac. Ft.)	24.50	24.50
Un-metered Out of District (Ac. Ft.)	38.75	38.75
Metered Out of District (Ac. Ft.)	30.00	30.00
Lakes & ponds		
Un-metered In District (Ac. Ft.)	20.00	25.00
Metered In District (Ac. Ft.)	32.75	40.00
Un-metered Out of District (Ac. Ft.)	52.00	60.00
Metered Out of District (Ac. Ft.)	40.00	50.00
Yards		
In District (2 hrs)	40.00	45.00
Out of District (2 hrs)	50.00	60.00
Annual (Main Canal)	325.00	400.00
Annual Water Commercial	-	850.00

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2014 and 2013

NOTE 2 - FLAT RATE ASSESSMENT AND WATER RATE (Continued)

Delinquent taxes receivable are comprised of the following:

	2014	2013
Flat rate assessments	\$1,084,236	\$1,075,038
Allowance for uncollectible	(416,837)	(410,371)
Net taxes receivable	\$ 667,400	\$ 664,667

Flat rate assessments are levied in one installment on November 1 based on the District's total taxable acreage. The installment of the flat rate assessments is due by January 31 of the following year. No discounts are offered. The installment of the flat rate assessments becomes delinquent February 1 of the following year. At the time assessments become delinquent, penalty and interest charges are applicable.

NOTE 3 – DESIGNATED UNRESTRICTED NET POSITION

Unrestricted net position includes amounts set aside by the District for future capital improvements and escrow deposits. The amounts are as follows:

	2014	2013
Cash	\$ 36,688	\$ 21,205
Certificates of Deposit & Investments		
Capital Improvements	5,704,639	5,095,996
	\$5,741,327	\$5,117,201

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The District's deposits, including certificates of deposits, are in financial institutions and are carried at cost. As of August 31, 2014, District deposits are summarized as follows:

Bank	Type	Carrying Amount	Bank Balance
Plains Capital Bank	Checking	\$ 133,708	\$ 403,634
	Cash and U.S. Treasury	216,555	216,555
	Certificates of Deposit -	-	-
	Short-term investments	6,064,000	6,064,000
Total		\$ 6,414,263	\$ 6,684,189

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

As of August 31, 2013, District deposits are summarized as follows:

Bank	Type	Carrying Amount	Bank Balance
Plains Capital Bank	Checking	\$ 297,132	\$ 311,639
	Money Market	265,638	265,638
	Certificates of Deposit - Short-term investments	5,512,000	5,512,000
Total		<u>\$ 6,074,770</u>	<u>\$ 6,089,277</u>

Credit Risk –

At August 31, 2014 and 2013 the District’s checking balances were \$403,634 and \$311,639, respectively. The bank balances are covered by Federal Depository Insurance Corporation (FDIC) insurance of \$250,000 for the years ended August 31, 2014 and 2013. Checking deposits in excess of FDIC insurance are covered with collateralized securities held by Plains Capital Bank in the District's name. The value of collateralized securities held at August 31, 2014 and 2013 was \$1,200,030 and \$96,598, respectively. The certificates of deposit and money market deposit are with various banks which are held by Plains Capital Bank on behalf of the District. All certificates of deposit are covered by FDIC insurance.

Investments Policy –

Statutes authorize the District to invest (subject to limitations) in obligations, including letters of credit, of the United State or its agencies and instrumentalities, direct obligations of this state or its agencies and instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, certificates of deposit, repurchase agreements, banker’s acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools.

The main goal of the District’s investment policy is to ensure its safety and maximize financial returns within current market conditions in accordance with its policy. No individual investment transaction should be undertaken that jeopardizes the total capital position of the overall portfolio.

The District’s short-term investments at August 31, 2014 consists of cash totaling \$290, U.S. treasury totaling \$216,265 and 33 certificates of deposits totaling \$6,064,000 held at various banks throughout the United States. These certificates vary in amounts from \$50,000 to \$249,000 and bear interest at rates which vary from 0.31% to 0.91%. All certificates carry maturities of less than 12 months, the earliest of which matures on September 08, 2014 and the latest on August 31, 2015.

The District’s short-term investments at August 31, 2013 consist of money market funds totaling \$265,638 and 33 certificates of deposits totaling \$5,512,000 held at various banks throughout the United States. These certificates vary in amounts from \$10,000 to \$249,000 and bear interest at rates which vary from 0.10% to 0.80%. All certificates carry maturities of less than 12 months, the earliest of which matures on September 25, 2013 and the latest on August 31, 2014.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2014 and 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk –

The risk that changes in interest rates of debt investments will adversely affect the fair value of and investment. Portfolio diversification is employed as a way to control the risk. The District’s investment portfolio is required to have sufficient liquidity to meet anticipated cash flow requirements.

At August 31, 2014, the District’s interest rate risk using the weighted average maturity is as follows:

Investment Type	Maturity Date	Maturity (yrs)	Amount	Calculation
Cash and U.S. Treasury	N/A	0.00	\$ 216,555	-
Certificates of Deposit	Various	less than 12 months	6,064,000	0.43
Total			\$ 6,280,555	\$ 0.43

At August 31, 2013, the District’s interest rate risk using the weighted average maturity is as follows:

Investment Type	Maturity Date	Maturity (yrs)	Amount	Calculation
Money market	N/A	0.00	\$ 265,638	-
Certificates of Deposit	Various	less than 12 months	5,512,000	0.49
Total			\$ 5,777,638	\$ 0.49

Concentration of Credit Risk –

Portfolio diversification is employed in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control the risk. As of August 31, 2014 & 2013, the District’s investments are comprised of cash, U. S. Treasury and certificates of deposit with maturities of less than 12 months, which are insured by the institution on behalf of the District.

NOTE 5 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Grant funds and receivables

Certain funds received and receivable from grantors are restricted as to their use.

Receivables at August 31, 2014 were as follows:

	Gross	Allowance	Net
Other Receivables:			
Returned Checks	\$ 776	\$ -	\$ 776
Bond taxes	2,867	(2,867)	-
Total Other Receivables	\$ 3,643	\$ (2,867)	\$ 776

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 5 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES (Continued)

Receivables at August 31, 2013 were as follows:

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Other Receivables:			
Returned Checks	\$ 801	\$ -	\$ 801
Bond taxes	<u>2,867</u>	<u>(2,867)</u>	<u>-</u>
Total Other Receivables	<u>\$ 3,668</u>	<u>\$ (2,867)</u>	<u>\$ 801</u>

Payables at August 31, 2014 and 2013 were as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Accounts Payable</u>	<u>Accrued Liabilities</u>	<u>Accounts Payable</u>	<u>Accrued Liabilities</u>
Vendor & Construction	\$ 519,706	\$ -	\$ 118,231	\$ -
Other	<u>121,077</u>	<u>4,519</u>	<u>59,058</u>	<u>7,277</u>
Total Payables	<u>\$ 640,784</u>	<u>\$ 4,519</u>	<u>\$ 177,289</u>	<u>\$ 7,277</u>

NOTE 6 - SCHEDULE OF CHANGES IN CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014 was as follows:

	<u>Beginning Balance</u> <u>9/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u> <u>8/31/2014</u>
Capital assets, not being depreciated:				
Land	\$ 1,571,195	\$ -	\$ -	\$ 1,571,195
Construction in progress	<u>509,888</u>	<u>2,751,970</u>	<u>1,639,761</u>	<u>1,622,097</u>
Total assets, not being depreciated	<u>2,081,083</u>	<u>2,751,970</u>	<u>1,639,761</u>	<u>3,193,292</u>
Capital assets, being depreciated:				
Canals & laterals	17,534,423	-	-	17,534,423
Other infrastructure	5,132,263	23,663	-	5,155,926
Improvements	13,668,438	1,672,387	-	15,340,825
Furniture, fixtures, and office equipment	372,077	2,969	-	375,046
Machinery and equipment	<u>2,526,926</u>	<u>154,563</u>	<u>-</u>	<u>2,681,489</u>
Total assets, being depreciated	<u>39,234,127</u>	<u>1,853,582</u>	<u>-</u>	<u>41,087,709</u>
Less accumulated depreciation:				
Canals & laterals	(4,652,604)	(404,863)	-	(5,057,467)
Other infrastructure	(3,859,860)	(93,879)	-	(3,953,739)
Improvements	(8,359,621)	(416,236)	-	(8,775,857)
Furniture, fixtures, and equipment	(300,047)	(12,705)	-	(312,752)
Machinery and equipment	<u>(1,979,621)</u>	<u>(127,153)</u>	<u>-</u>	<u>(2,106,774)</u>
Total accumulated depreciation	<u>(19,151,753)</u>	<u>(1,054,836)</u>	<u>-</u>	<u>(20,206,589)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,082,374</u>	<u>798,746</u>	<u>-</u>	<u>20,881,120</u>
Capital Assets, Net	<u>\$ 22,163,457</u>	<u>\$ 3,550,716</u>	<u>\$ 1,639,761</u>	<u>\$ 24,074,412</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 6 - SCHEDULE OF CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense for the period September 1, 2013 through August 31, 2014 is as follows:

Departments:		
Administration	\$	12,705
Penitas plant		127,153
Water delivery		93,879
M & O		404,863
Penitas main canal		<u>416,236</u>
Total depreciation expense	\$	<u>1,054,836</u>

Capital asset activity for the year ended August 31, 2013, was as follows:

	Beginning Balance 9/1/2012	Increases	Decreases	Ending Balance 8/31/2013
Capital assets, not being depreciated:				
Land	\$ 1,571,195	\$ -	\$ -	\$ 1,571,195
Construction in progress	<u>534,885</u>	<u>-</u>	<u>24,997</u>	<u>509,888</u>
Total assets, not being depreciated	<u>2,106,080</u>	<u>-</u>	<u>24,997</u>	<u>2,081,083</u>
Capital assets, being depreciated:				
Canals & laterals	17,534,423	-	-	17,534,423
Other infrastructure	5,111,480	20,783	-	5,132,263
Improvements	13,110,516	557,922	-	13,668,438
Furniture, fixtures, and office equipment	361,584	10,493	-	372,077
Machinery and equipment	<u>2,458,981</u>	<u>67,945</u>	<u>-</u>	<u>2,526,926</u>
Total assets, being depreciated	<u>38,576,984</u>	<u>657,143</u>	<u>-</u>	<u>39,234,127</u>
Less accumulated depreciation:				
Canals & laterals	(4,247,741)	(404,863)	-	(4,652,604)
Other infrastructure	(3,766,510)	(93,350)	-	(3,859,860)
Improvements	(8,001,081)	(358,540)	-	(8,359,621)
Furniture, fixtures, and equipment	(288,184)	(11,863)	-	(300,047)
Machinery and equipment	<u>(1,860,335)</u>	<u>(119,286)</u>	<u>-</u>	<u>(1,979,621)</u>
Total accumulated depreciation	<u>(18,163,851)</u>	<u>(987,902)</u>	<u>-</u>	<u>(19,151,753)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,413,133</u>	<u>(330,759)</u>	<u>-</u>	<u>20,082,374</u>
Capital Assets, Net	<u>\$ 22,519,213</u>	<u>\$ (330,759)</u>	<u>\$ 24,997</u>	<u>\$ 22,163,457</u>

Depreciation expense for the period September 1, 2012 through August 31, 2013 is as follows:

Departments:		
Administration	\$	37,080
Penitas plant		148,315
Water delivery		43,258
M & O		543,736
Penitas main canal		<u>215,513</u>
Total depreciation expense	\$	<u>987,902</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 7 - RETIREMENT

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, the interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using the annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 4.3% and 4.15% for the accounting years in 2014 and 2013, respectively. The deposit rate payable by the employee members for the calendar years 2014 and 2013 is the rate of 5.00% as adopted by the governing body of the employer. The employee contributions rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ending August 30, 2014, the pension cost for the TCDRS plan for its employees was \$34,407 and the actual contributions were \$34,407.

The annual required contributions were actuarially determined as a fixed percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
 NOTES TO FINANCIAL STATEMENTS
 August 31, 2014 and 2013

NOTE 7 – RETIREMENT PLAN (Continued)

Actuarial Valuation Information

Actuarial Valuation Date	December 31, 2013
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Amortization Period	20 years
Asset Valuation Method	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions	
Investment Return	8.00%
Projected Salary Increases	4.90%
Inflation	3.00%
Cost of Living Adjustment	0.00%

Hidalgo County Irrigation District #1 - Hidalgo County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
August 31, 2012	\$32,451	100%	\$0
August 31, 2013	\$33,346	100%	\$0
August 31, 2014	\$34,407	100%	\$0

Employees of Hidalgo County Irrigation District #1- Hidalgo County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Acrued Liability (AAL)	Overfunded (Underfunded) AAL	Funded Ratio	Annual Covered Payroll	AAL as % of Covered Payroll
12/31/2011	\$ 538,853	\$ 616,213	\$ (77,360)	87.45%	\$ 647,125	(11.95%)
12/31/2012	634,945	713,564	(78,619)	88.98%	649,450	(12.11%)
12/31/2013	698,761	766,293	(67,532)	91.19%	678,323	(9.96%)

NOTE 8 – COMPENSATED ABSENCES

All full-time eligible employees accrue vacation leave time at the rate of 1 day per month, with exception of June and December which accrue 2 days, for a total of 14 days. The employees can accumulate a maximum of 21 days. However, first year employees have to accrue vacation for a year before they can use their vacation leave.

Employees who resign, are dismissed, or separated from employment are entitled to be paid all unused vacation time.

The District recognized the accrued liability for the unpaid annual leave in the amount of \$15,798 at August 31, 2014 and \$18,039 at August 31, 2013, respectively. The District considers all of this liability as current or due within one year.

Sick leave cannot vest; therefore, a liability is not recorded.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 9 – LEGAL COMPLIANCE – BUDGETS

Water districts in Texas must comply with constitutional provisions, statutory laws, public policy established by common law, and the Texas Water Commission volume of Permanent Rules, Chapter 293. The District believes it is in compliance with all requirements.

NOTE 10 – ECONOMIC DEPENDENCY

The District has five major customers from water sales. These major customers account for approximately 61% of water sales revenue for the year ended August 31, 2014 and 62% of water sales revenue for the year ended August 31, 2013. The District has conducted business with these customers for over 15 years.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various uncertainties for losses related to intentional or unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes and pollution claims for which the District carries commercial insurance through an intergovernmental risk pool. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits. District management is not aware of any pending or alleged claims for which expected liability would exceed the policy limits of the present coverage.

NOTE 12 – CONTINGENT LIABILITIES AND COMMITMENTS

A. Federal Funding

During the year ended August 31, 2013, the District was awarded a grant from the Federal Emergency Management Agency (FEMA) for the rehabilitation of the Penitas Pumping Facility for damages associated with Hurricane Alex in 2010. FEMA authorized \$420,755 in cost reimbursement for the year. This program is subject to compliance audits by the grantor agency or their representatives; however no audit has been conducted by the agency at this time. The District's compliance with the applicable grant requirement has been met through submission of approved outlay and progress reports in accordance with the grantor agency's published guidelines. The amounts, if any, of expenditures which may be disallowed by the granting agency are determined at the time of the approval by the grantor of the outlay reports.

B. Litigation

The District is a defendant in a wrongful death lawsuit for an accidental drowning in one of its canals. The District's insurer, Texas Water Conservation Association Risk Management Fund is defending the District. The outcome is not known at this time; however, the District believes that damages, if any, are fully covered under its insurance policy.

C. Construction and Related Commitments

For the year ended August 31, 2014 the District has construction commitments of \$1,681,969 for the construction contracts on Phase I and Phase II of the 29th Street Canal Improvements Project.

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
NOTES TO FINANCIAL STATEMENTS
August 31, 2014 and 2013

NOTE 13 – SUBSEQUENT EVENTS

In September 1, 2014, the District entered into a water supply rental and delivery contract and a second water delivery contract with the City of Edinburg. The two contracts are effective through December 31, 2045 and December 31, 2044, respectively.

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Required Supplementary Schedule

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Hidalgo County Irrigation District No. One
Schedule of Funding Progress for the District's Retirement Plan
for the year ended August 31, 2014

As of the most recent actuarial valuation date, August 31, 2014, the plan was funded as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Acrued Liability (AAL)	Overfunded (Unfunded) AAL	Funded Ratio	Annual Covered Payroll	AAL as % of Covered Payroll
12/31/2011	\$ 538,853	\$ 616,213	\$ (77,360)	87.45%	\$ 647,125	(11.95%)
12/31/2012	634,945	713,564	(78,619)	88.98%	649,450	(12.11%)
12/31/2013	698,761	766,293	(67,532)	91.19%	678,323	(9.96%)

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Other Supplementary Information

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HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF REVENUES COMPARED TO BUDGET
 For the Year Ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Irrigation - District	\$ 527,007	\$ 352,107	\$ 347,618	\$ (4,489)
Water sales - metered	-	22	20	(2)
Water - District #15	762,619	664,376	632,324	(32,052)
Water - Sharyland Water Supply	380,683	273,254	245,831	(27,423)
Water - North Alamo Water Supply	86,338	84,041	84,198	157
Water - City of Edinburg	297,617	253,247	243,123	(10,124)
Water - HCMud	158,000	182,753	112,267	(70,486)
Water - for sale	219,683	415,783	500,210	84,427
Flat rate	560,154	419,102	405,855	(13,247)
Demand charges	33,743	33,743	33,743	-
Penalties	171,249	80,102	79,665	(437)
Tax certificates	228	347	400	53
Non-operating Revenues and Capital Contributions				
Interest earned	217	18,417	37,718	19,301
Oil and gas royalties	9,832	17,460	16,117	(1,343)
Sale of land and fixed assets	68,706	91,620	85,382	(6,238)
Sale of municipal water rights	2,240,000	2,200,000	2,200,000	-
Administrative fees - exclusions	2,113	3,575	3,900	325
FEMA Grant capital contributions	120,755	-	-	-
Miscellaneous	30,810	26,234	8,653	(17,581)
Lease	10,400	9,588	9,340	(248)
Subdivision processing fees	4,225	6,663	7,050	387
Easement crossing	-	6,500	6,000	(500)
Pipeline revenue, installations and capital re	-	101,872	97,265	(4,607)
	<u>\$ 5,684,379</u>	<u>\$ 5,240,806</u>	<u>\$ 5,156,678</u>	<u>\$ (84,128)</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT COMPARED TO BUDGET
For the Year Ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Administrative				
Workmen's compensation	\$ 2,139	\$ 1,170	\$ 1,354	\$ (184)
Payroll taxes	12,287	12,943	12,965	(22)
Retirement fund	2,124	896	7,260	(6,364)
Manager's salary	170,554	179,493	181,076	(1,583)
Employee insurance	23,432	24,422	24,620	(198)
Vehicle insurance	3,380	1,415	1,306	109
Vehicle use	816	796	(795)	1,591
Property insurance expense	2,633	240	5	235
Errors & omissions	2,415	3,470	3,203	267
Investment fees	794	1,172	22,884	(21,712)
Utilities	14,457	18,642	19,450	(808)
Water assessments	38,981	39,727	37,511	2,216
Computer systems expense	13,049	17,061	14,798	2,263
Vehicle, gas and oil	4,178	3,889	4,283	(394)
Vehicle maintenance	107	313	289	24
Vehicle repairs	299	466	430	36
Legal expense	140,520	174,902	184,691	(9,789)
Claims & settlements	794	737	-	737
Audit expense	23,205	28,167	26,000	2,167
Office expense	11,063	13,013	12,536	477
Membership fees and subscriptions	668	1,093	2,340	(1,247)
Directors' and employees' bonds	108	640	591	49
Travel expense	2,945	4,092	4,543	(451)
Miscellaneous	4,885	3,121	2,573	548
Engineering	39,547	75,203	11,682	63,521
Professional fees	3,088	9,511	8,539	972
Tools & supplies	-	-	681	(681)
Equipment lease	5,187	5,368	5,828	(460)
Building maintenance	-	125	405	(280)
Office equipment maintenance	1,493	650	600	50
Depreciation	40,000	40,000	12,705	27,295
	<u>565,148</u>	<u>662,737</u>	<u>604,353</u>	<u>58,384</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT COMPARED TO BUDGET (CONTINUED)
For the Year Ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Penitas Plant				
Workmen's compensation	\$ 2,139	\$ 1,170	\$ 1,354	\$ (184)
Payroll taxes	6,591	6,700	6,685	15
Retirement	1,007	464	3,904	(3,440)
Operating labor	99,894	94,756	95,365	(609)
Hospital insurance	18,852	24,493	24,675	(182)
Property liability insurance	9,628	11,064	10,972	92
Utilities	4,109	5,156	5,279	(123)
Engine oil and lube	45,576	25,694	28,565	(2,871)
Vehicle expense	11,756	12,384	11,544	840
Operating expense	14,098	1,732	1,718	14
Engine expense #1	20,000	-	8,590	(8,590)
Engine expense #2	21,502	6,590	45,815	(39,225)
Engine expense #3	5,909	6,470	44,424	(37,954)
Engine expense #5	-	57,274	56,800	474
Engine expense #6	-	9,626	9,081	545
Energy - electricity	60,392	114,764	123,221	(8,457)
Energy - natural gas	250,812	194,747	224,387	(29,640)
Diesel	1,235	31	28	3
Maintenance expense	263	-	-	-
Miscellaneous	207	275	180	95
Pump expenses	68,800	95,373	44,685	50,688
Uniform	397	704	437	267
Equipment maintenance costs	85	1,084	618	466
Building maintenance & supplies	2,945	637	461	176
Depreciation	95,569	95,569	127,153	(31,584)
	<u>741,766</u>	<u>766,757</u>	<u>875,945</u>	<u>(109,188)</u>
Water Delivery				
Workmen's compensation	2,727	1,481	1,705	(224)
Payroll taxes	10,502	10,562	10,597	(35)
Retirement	2,118	781	6,049	(5,268)
Labor operating	146,145	146,405	147,734	(1,329)
Hospital insurance	27,698	30,561	30,755	(194)

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT COMPARED TO BUDGET (CONTINUED)
For the Year Ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Water Delivery (continued)				
Office expense	\$ 532	\$ 843	\$ 445	\$ 398
Vehicle insurance	1,827	3,996	3,689	307
Utilities	8,907	9,617	10,017	(400)
Vehicle maintenance and repair	4,013	3,431	3,274	157
Vehicle use	-	-	(3,915)	3,915
Operating and field expense	5,291	175	162	13
Relift operating expense	54,943	68,943	46,010	22,933
Gas and oil	32,739	19,769	23,556	(3,787)
District 15 Meter Expense	6,677	1,287	1,188	99
Tools & supplies	-	491	454	37
Travel expense	-	78	72	6
Miscellaneous	386	384	301	83
Water Sales	6,037	-	-	-
Depreciation	19,332	19,332	93,879	(74,547)
	<u>329,874</u>	<u>318,136</u>	<u>375,972</u>	<u>(57,836)</u>
 M&O Maintenance				
Workmen's compensation	5,232	3,676	4,004	(328)
Payroll taxes	19,101	19,721	19,766	(45)
Hospital insurance	45,105	57,740	57,948	(208)
Concrete canals - labor	64,762	72,130	71,435	695
Dirt canal - labor	2,298	881	2,389	(1,508)
Pipeline - labor	30,358	36,840	40,583	(3,743)
Operating - labor	-	2,189	2,021	168
Shop - labor	19,716	104,715	99,776	4,939
Retirement	5,505	3,894	9,032	(5,138)
Vehicle use	-	-	(1,575)	1,575
Vehicle gas and oil	13,332	17,146	18,262	(1,116)
Vehicle maintenance	1,705	3,488	3,242	246
Vehicle insurance	12,166	10,857	10,022	835
Vehicle repairs	1,635	3,631	3,656	(25)
Liability insurance	5,033	4,022	3,713	309
Utilities	6,553	8,391	11,075	(2,684)
Computer systems - hardware	715	-	-	-
Operating expenses	1,381	-	-	-
Diesel	3,876	1,442	2,226	(784)
Penitas main canal - expense	3,814	11,788	12,701	(913)
Dirt canals - expense	7,452	2,741	2,530	211

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT COMPARED TO BUDGET (CONTINUED)
For the Year Ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
M&O Maintenance (Continued)				
Concrete canals - expense	\$ 4,236	\$ 5,247	\$ 5,498	\$ (251)
Herbicide	926	3,266	5,025	(1,759)
Grass carp	20,423	-	-	-
Pipeline - expense	-	23,224	25,756	(2,532)
Warehouse supplies and expense	10,499	29,860	26,139	3,721
Equipment maintenance and repair	263	837	390	447
Portable pump	1,846	1,399	1,292	107
Tools & supplies	6,058	7,248	6,870	378
Truck expense	5,708	5,486	3,562	1,924
Building maintenance	28,036	11,891	11,302	589
Shop expense	7,119	8,655	7,690	965
Contract services	-	435	-	435
Miscellaneous	14,078	4,476	3,870	606
Office expense	140	79	73	6
Uniform expense	(223)	-	398	(398)
Equipment costs	1,928	1,704	45,044	(43,340)
Depreciation	652,000	652,000	569,416	82,584
	<u>1,002,776</u>	<u>1,121,099</u>	<u>1,085,128</u>	<u>35,971</u>
Penitas Main Canal				
Workmen's compensation	-	261	353	(92)
Labor	71,397	50,724	56,105	(5,381)
Retirement	1,897	2,315	2,315	-
Utilities	-	2,104	2,177	(73)
Employee insurance	4,385	5,695	6,212	(517)
Relift operating expense	-	-	1,454	(1,454)
Operating expenses	145,114	8,103	7,667	436
Main canal repairs	1,411	7,043	4,075	2,968
Equipment expenses	-	-	65,167	(65,167)
Drainage maintenance	554	368	395	(27)
Uniforms	106	186	266	(80)
Depreciation	152,203	152,203	251,683	(99,480)
	<u>377,067</u>	<u>229,002</u>	<u>397,869</u>	<u>(168,867)</u>
Total Operating Expenses	<u>\$ 3,016,631</u>	<u>\$ 3,097,731</u>	<u>\$ 3,339,267</u>	<u>\$ (241,536)</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF REVENUES
For the Years Ended August 31,

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Irrigation	\$ 347,618	523,658
Water Sales - metered	20	-
Water - District #15	632,324	831,730
Water - Sharyland Water Supply	245,831	224,069
Water - North Alamo Water Supply	84,198	77,071
Water - City of Edinburg	243,123	306,230
Water - HCMud	112,267	-
Water - other sales	500,210	352,868
Flat rate	405,855	390,945
Demand charges	33,743	33,743
Penalties	79,665	170,007
Tax certificates	400	220
	<u>2,685,252</u>	<u>2,910,542</u>
Non-operating Revenues and Capital Contributions		
Interest earned	37,718	31,648
Oil and gas royalties	16,117	9,792
Gain on the sale of land	85,382	63,421
Sale of municipal water rights	2,200,000	240,000
Administrative fees - exclusions	3,900	1,950
FEMA Grant capital contributions	-	420,755
Miscellaneous	8,653	34,645
Lease	9,340	11,254
Subdivision processing fees	7,050	4,050
Easement crossing	6,000	-
Pipeline revenue, installations and capital reimbursements	97,265	-
	<u>2,471,425</u>	<u>817,515</u>
	<u>\$ 5,156,678</u>	<u>\$ 3,728,057</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
For the Years Ended August 31,

	2014	2013
Administrative		
Workmen's compensation	\$ 1,354	\$ 1,974
Payroll taxes	12,965	12,357
Retirement fund	7,260	6,821
Manager's salary	181,076	171,331
Employee insurance	24,620	24,815
Vehicle insurance	1,306	3,120
Vehicle use	(795)	(795)
Property insurance expense	5	3,430
Errors & omissions	3,203	2,229
Investment fees	22,884	18,462
Utilities	19,450	15,302
Water assessments	37,511	35,982
Computer systems expense	14,798	13,091
Vehicle, gas and oil	4,283	4,793
Vehicle maintenance & repairs	719	362
Legal expense	184,691	147,015
Advertising	-	733
Audit expense	26,000	21,420
Office expense	12,536	10,891
Membership fees and subscriptions	2,340	617
Directors' and employees' bonds	591	100
Travel expense	4,543	2,722
Miscellaneous	2,573	5,295
Engineering	11,682	83,719
Professional fees	8,539	4,590
Tools & supplies	681	-
Equipment lease	5,828	5,224
Building maintenance	405	-
Office equipment maintenance	600	1,379
Depreciation	12,705	37,080
	604,353	634,058
Penitas Plant		
Workmen's compensation	1,354	1,974
Payroll taxes	6,685	6,680
Retirement	3,904	4,058
Operating labor	95,365	102,273
Hospital insurance	24,675	20,594
Property liability insurance	10,972	9,548

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
For the Years Ended August 31,

	2014	2013
Penitas Plant (Continued)		
Utilities	\$ 5,279	\$ 4,931
Engine oil and lube	28,565	45,642
Vehicle expense	11,544	13,678
Operating expense	1,718	14,441
Engine and pump expense	209,396	88,639
Energy - electricity	123,221	284,484
Energy - natural gas	224,387	185,010
Diesel	28	1,140
Maintenance expense	461	2,975
Miscellaneous	180	265
Uniform	437	588
Equipment maintenance costs	618	461
Depreciation	<u>127,153</u>	<u>148,315</u>
	<u>875,945</u>	<u>935,697</u>
Water Delivery		
Workmen's compensation	1,705	2,517
Payroll taxes	10,597	10,534
Retirement	6,049	5,850
Canal rider's salary	147,734	146,463
Hospital insurance	30,755	29,246
Office expense	445	824
Vehicle insurance	3,689	1,686
Utilities	10,017	9,659
Vehicle maintenance and repair	3,274	3,312
Vehicle use	(3,915)	(3,900)
Operating and field expense	162	4,980
Relift operating expense	46,010	53,338
Gas and oil	23,556	35,871
District 15 Meter Expense	1,188	6,521
Tools & supplies	454	-
Travel expense	72	-
Miscellaneous	301	566
Water Sales	-	10,280
Depreciation	<u>93,879</u>	<u>43,258</u>
	<u>375,972</u>	<u>361,006</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
 For the Years Ended August 31,

	2014	2013
M&O Maintenance		
Workmen's compensation	\$ 4,004	\$ 4,830
Payroll taxes	19,766	19,184
Hospital insurance	57,948	47,751
Concrete canals - labor	71,435	68,338
Dirt canal - labor	2,389	2,122
Pipeline - labor	40,583	33,230
Operating - labor	2,021	-
Shop - labor	99,776	80,519
Retirement	-9,032	8,525
Vehicle use	(1,575)	(1,560)
Vehicle gas and oil	18,262	15,806
Vehicle maintenance	3,242	1,488
Vehicle insurance	10,022	11,231
Vehicle repairs	3,656	2,391
Liability insurance	3,713	4,503
Utilities	11,075	7,561
Operating expense	-	1,275
Diesel	2,226	3,793
Penitas main canal - expense	12,701	4,818
Dirt canals - expense	2,530	6,879
Concrete canals - expense	5,498	5,142
Herbicide	5,025	-
Pipeline - expense	25,756	21,039
Warehouse supplies and expense	26,139	(599)
Portable pump	1,292	1,974
Tools & supplies	6,870	5,095
Truck expense	3,562	7,268
Building maintenance	11,302	11,921
Shop expense	7,690	6,918
Miscellaneous	3,870	13,369
Office expense	73	129
Uniform expense	398	(92)
Equipment costs	45,434	39,607
Depreciation	569,416	543,736
	1,085,128	978,190

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
For the Years Ended August 31,

	2014	2013
Penitas Main Canal		
Workmen's compensation	\$ 353	\$ -
Payroll taxes	-	25
Labor	56,105	76,355
Retirement	2,315	2,336
Utilities	2,177	1,667
Employee insurance	6,212	4,873
Relift operating expense	1,454	5,774
Operating expenses	7,667	170,817
Equipment expenses	65,167	55,551
Main canal repairs	4,075	4,296
Drainage maintenance & operations	395	553
Uniforms	266	127
Depreciation	251,683	215,513
	397,869	537,887
	\$ 3,339,267	\$ 3,446,837

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF LEVIES AND ASSESSMENTS RECEIVABLE
August 31, 2014

Roll Year Assessments	Levies and Assessments Receivable 9/1/2013	Current Year Levy	Current Year Receipts	Adjustments	Levies and Assessments Receivable 8/31/2014
1980 and prior years	\$ 10,513	\$ -	\$ 276	\$ 63	\$ 10,174
1981	4,614	-	140	21	4,453
1982	6,392	-	161	31	6,200
1983	9,104	-	230	33	8,841
1984	11,516	-	241	47	11,228
1985	12,984	-	233	72	12,679
1986	14,121	-	260	125	13,735
1987	15,138	-	352	158	14,628
1988	16,065	-	398	149	15,518
1989	16,830	-	437	158	16,235
1990	19,458	-	472	160	18,826
1991	23,820	-	543	158	23,119
1992	15,665	-	473	102	15,090
1993	31,329	-	667	168	30,494
1994	33,421	-	793	157	32,471
1995	36,128	-	786	186	35,156
1996	37,869	-	829	186	36,854
1997	40,045	-	847	186	39,012
1998	43,869	-	952	142	42,775
1999	36,977	-	617	252	36,108
2000	28,836	-	810	261	27,765
2001	27,746	-	1,588	592	25,566
2002	22,929	-	1,393	547	20,989
2003	24,900	-	1,852	547	22,501
2004	22,811	-	2,142	547	20,122
2005	26,163	-	2,856	579	22,728
2006	28,254	-	3,103	579	24,573
2007	37,246	-	3,980	663	32,603
2008	44,687	-	4,738	663	39,286
2009	53,973	-	5,467	663	47,843
2010	41,182	-	6,283	1,234	33,665
2011	94,540	-	9,436	1,892	83,212
2012	83,064	-	11,138	1,887	70,038
2013	102,850	-	22,349	2,019	78,481
2014	-	431,013	316,328	3,419	111,266
Total Flat Rate Assessments	<u>\$ 1,075,039</u>	<u>\$ 431,013</u>	<u>\$ 403,172</u>	<u>\$ 18,644</u>	<u>\$ 1,084,237</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF REVENUES, EXPENSES AND NET INCOME (LOSS)
Five Years Ended August 31,

	AMOUNT				
	2014	2013	2012	2011	2010
Operating Revenue					
Water sales	\$ 2,165,590	\$ 2,315,627	\$ 2,367,583	\$ 1,830,160	\$ 1,068,192
Flat rate levy assessments	405,855	390,945	425,750	449,608	390,122
Demand charges	33,743	33,743	33,746	33,743	33,743
Penalties and interest	79,665	170,007	41,602	42,567	86,628
Tax certificates	400	220	220	130	260
Total Operating Revenue	2,685,252	\$ 2,910,542	\$ 2,868,901	\$ 2,356,208	1,578,945
Operating Expenses	3,339,267	3,446,837	3,219,431	3,094,343	2,550,852
Total Operating Income (Loss)	(654,014)	(536,295)	(350,530)	(738,135)	(971,907)
Non-operating Revenue and Capital Contributions	2,471,425	817,515	338,316	264,765	1,837,239
Increase (Decrease) in Net Assets	<u>\$ 1,817,411</u>	<u>\$ 281,220</u>	<u>\$ (12,214)</u>	<u>\$ (473,370)</u>	<u>\$ 865,332</u>

PERCENT OF OPERATING REVENUE

2014	2013	2012	2011	2010
80.6%	79.6%	82.5%	77.7%	67.7%
15.1%	13.4%	14.8%	19.1%	24.7%
1.3%	1.2%	1.2%	1.4%	2.1%
3.0%	5.8%	1.5%	1.8%	5.5%
<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
100.0%	100.0%	100.0%	100.0%	100.0%
<u>124.4%</u>	<u>118.4%</u>	<u>112.2%</u>	<u>131.3%</u>	<u>161.6%</u>
-24.4%	-18.4%	-12.2%	-31.3%	-61.6%
<u>92.0%</u>	<u>28.1%</u>	<u>11.8%</u>	<u>11.2%</u>	<u>116.4%</u>
<u>67.68%</u>	<u>9.66%</u>	<u>-0.43%</u>	<u>-20.09%</u>	<u>54.80%</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SCHEDULE OF INSURANCE
 August 31, 2014

POLICIES	TYPE OF COVERAGE	AMOUNT OF COVERAGE
Property Insurance	Real and personal property	\$ 3,925,331
Comprehensive General Liability	Ocurrence	10,000,000
	General aggregate	10,000,000
Boiler & Machinery		2,453,330
Auto Liability	Ocurrence	10,000,000
	General aggregate	10,000,000
Auto Physical Damage		ACV
Errors and Omissions Liability	Ocurrence	10,000,000
	General aggregate	10,000,000
Workers Compensation		Statutory

ACCOUNT#	ACCOUNT TITLE	DEBIT	CREDIT
1030.000	PETTY CASH	400.00	
1040.000	CASH IN BANK - REGULAR	127,312.61	
1050.000	CASH IN BANK - CAPITAL IMPROVEMENT	178,322.10	
1060.000	CASH IN BANK - PAYROLL	10,426.18	
1100.000	CERT. OF DEPOSIT - CAP. IMPROVEMENT	5,095,996.03	
1105.000	CERTIFICATE OF DEPOSIT		108,357.85
1150.000	A/R WATER SALES	80,331.55	
1165.000	CHILD SUPPORT		690.26
1210.000	RETURNED CHECKS (REDEPOSITS)	776.00	
1232.000	ACCRUED WAGES PAYABLE		5,476.48
1236.000	EARNST MONIES-GABRIEL ACOSTA		3,732.00
1260.157	FLAT RATE DELINQUENT - 1967		9.00
1260.158	FLAT RATE DELINQUENT - 1968		3.00
1260.159	FLAT RATE DELINQUENT - 1969		4.00
1260.170	FLAT RATE DELINQUENT - 1970		4.00
1260.171	FLAT RATE DELINQUENT - 1971		4.00
1260.172	FLAT RATE DELINQUENT - 1972		4.00
1260.173	FLAT RATE DELINQUENT - 1973		4.00
1260.174	FLAT RATE DELINQUENT - 1974		22.92
1260.175	FLAT RATE DELINQUENT - 1975		22.92
1260.176	FLAT RATE DELINQUENT - 1976		26.92
1260.177	FLAT RATE DELINQUENT - 1977		30.39
1260.178	FLAT RATE DELINQUENT - 1978		25.79
1260.179	FLAT RATE DELINQUENT - 1979		37.00
1260.180	FLAT RATE DELINQUENT - 1980		245.03
1260.181	FLAT RATE DELINQUENT - 1981		490.29
1260.182	FLAT RATE DELINQUENT - 1982		
1260.183	FLAT RATE DELINQUENT - 1983		
1260.184	FLAT RATE DELINQUENT - 1984		
1260.185	FLAT RATE DELINQUENT - 1985		
1260.186	FLAT RATE DELINQUENT - 1986		
1260.187	FLAT RATE DELINQUENT - 1987		
1260.188	FLAT RATE DELINQUENT - 1988		
1260.189	FLAT RATE DELINQUENT - 1989		
1260.190	FLAT RATE DELINQUENT - 1990		
1260.191	FLAT RATE DELINQUENT - 1991		
1260.192	FLAT RATE DELINQUENT - 1992		
1260.193	FLAT RATE DEL. - 1993		
1260.194	FLAT RATE DEL. 1994		
1260.195	FLAT RATE DEL. 1995		
1260.196	FLAT RATE DEL. 1996		
1260.197	FLAT RATE DEL. - 1997		
1260.198	FLAT RATE DEL. 1998		
1260.199	FLAT RATE DELINQUENT - 1999		
1260.200	FLAT RATE DEL. - 2000		
1260.201	FLAT RATE DELINQUENT - 2001		
1260.202	FLAT RATE DELINQUENT - 2002		
1260.203	FLAT RATE DELINQUENT - 2003		
1260.204	FLAT RATE DELINQUENT - 2004		
1260.205	FLAT RATE DELINQUENT - 2005		
1260.206	FLAT RATE DELINQUENT - 2006		
1260.207	FLAT RATE DELINQUENT - 2007		
1260.208	FLAT RATE DELINQUENT - 2008		
1260.209	FLAT RATE DELINQUENT - 2009		
1260.210	FLAT RATE ASSESSMENT - 2010		

From
9/1/14
thru
4/30/15



ACCOUNT#	ACCOUNT TITLE	DEBIT	CREDIT
1250.211	FLAT RATE ASSESSMENT - 2011	77,540.40	
1260.212	FLAT RATE ASSESSMENT - 2012	64,375.56	
1260.213	FLAT RATE ASSESSMENT - 2013	70,502.35	
1260.214	FLAT RATE ASSESSMENT - 2014	25,521.99	
1260.215	FLAT RATE ASSESSMENT - 2015	131,973.20	
1280.000	TAXES - DEFERRED	4,361.01	
1282.000	RESERVE FOR DELINQUENT BOND TAXES		2,867.15-
1291.000	DEFERRED WATER SALE		23,742.31-
1353.000	DUE TO/FROM CAP. IMPR. TO/FROM NEG		
1358.000	BOND TAX REC.		
1550.000	INVENTORY	45,101.85	
1710.000	INSURANCE	2,867.15	
1803.000	METERS	23,358.44	
1804.000	INV. - PVC PIPE	33,778.50	
1805.000	METER DEPOSITS	93,382.76	
1810.000	PATRON EQUITY REVOLVING FUND	24,053.40	
1812.000	FURNITURE AND FIXTURES	50.77	
1814.000	RADIO EQUIPMENT	220.11	
1816.000	AIR CONDITIONER	249,376.72	
1818.000	VEHICLES	25,207.58	
1820.000	HEAVY EQUIPMENT	1,994.00	
1821.000	OTHER EQUIPMENT	556,333.72	
1826.000	LAND	1,149,846.41	
1827.000	RELINING MAIN CANAL - IMPR. PROJ.	151,917.00	
1828.000	CANALS	1,561,418.03	
1829.000	LATERALS - IMPRO. PROJECTS	3,409,828.50	
1830.000	LATERALS	2,573,802.77	
1831.000	MISC. STRUCTURES - IMPR. PROJ.	5,591,696.71	
1832.000	CHECK, GATES AND BRIDGES	573,367.61	
1833.000	MOVABLE EQUIPMENT - IMPR. PROJ.	604,621.59	
1834.000	PIPE LINES	457,150.75	
1835.000	EAST MAIN PROJECT	459,445.43	
1836.000	DRAINAGE SYSTEM	1,206,142.91	
1837.000	MAIN CANAL RELINING	873,970.30	
1838.000	RESERVOIR	572,016.34	
1839.000	CURRY MAIN PROJECT	161,719.91	
1840.000	PUMPING PLANT	101,198.24	
1841.000	PENIHAS MAIN CANAL	1,053,431.97	
1842.000	BUILDING	3,334,243.06	
1843.000	COMPUTER SYSTEM	371,198.17	
1844.000	PAVING OFFICE SITE	1,109,535.83	
1845.000	IMPROVEMENT PROJECTS	88,767.69	
1846.000	FURNITURE AND FIXTURES	16,145.96	
1847.000	NORTH BRANCH EAST MAIN PROJECT	48,451.76	
1848.000	DEPRECIATION	10,943.27	
1850.000	HEAVY EQUIPMENT	4,493,001.09	
1899.000	CONSTRUCTION IN PROGRESS	8,840,739.45	
1910.000	ACCUMULATED DEPRECIATION	509,807.57	
2025.000	FICA TAXES - SOCIAL SECURITY		19,151,753.37-
2030.000	FEDERAL WITHHOLDING TAXES		1,191.80-
2031.000	CARTERIA PLAN		500.43-
2035.000	STATE UNEMPLOYMENT TAXES		
2050.000	MEDICAL INS. EMPLOYER PORTION		6,377.42
2065.000	CREDIT UNION		2,889.82
2066.000	RETIREMENT BENEFIT		.06
			57,198.98

ACCOUNT#	ACCOUNT TITLE	DEBIT	CREDIT
2080.000	CUSTOMER DEPOSITS		3,850.00-
2085.000	ALLOWANCE FOR DOUBTFUL ACCT.		460,524.08-
2086.000	ALLOWANCE FOR DOUBTFUL ACCOUNT		45,846.65-
2110.000	TRANSFER OF DISTRICT FUNDS		48.61-
2131.000	COMPENSATED ABSENTES PAYABLE		18,038.24-
2175.000	A/C PAYABLE		126,298.39-
2190.000	FLAT TAX - REFUNDS	9,777.00	6,036.41-
2196.000	EASEMENT'S-KEAYON PROJECT		456,867.42-
3010.000	CONTRIBUTION		83,169.40-
3015.000	CONTRIBUTIONS FROM BENEFIT TAX		8,533,745.34-
3020.000	CONTRIBUTION - U.S. GOVT.		728,839.56-
3021.000	CONTRIBUTIONS - NORTH MAIN		387,458.09-
3022.000	CONTRIBUTIONS - NORTH MAIN EAST		2,290,769.01-
3075.000	RETAINED EARNINGS - CAP. IMPR.		16,961,749.74-
3100.000	RETAINED EARNINGS - UNRESERVED		115,359.51-
4101.000	IRRIGATION - DISTRICT		244,308.68-
4104.000	WATER - DISTRICT NO. 15		176,510.37-
4104.000	WATER - SHARVLAND WATER SUPPLY		37,160.95-
4104.000	WATER - NORTH ALAMO WATER SUPPLY		133,426.98-
4110.000	WATER - CITY OF EDINBURG		1,000,000.00-
4112.000	SALE OF MUN. WATER RIGHTS		172,259.40-
4113.000	WATER - HIDALGO MUD NO. 1		16,871.50-
4190.000	DEMAND CHARGES		429,254.90-
4310.000	TAX BILLING - CURRENT		56,709.19-
4330.000	PENALTY & INTEREST-CURRENT YR.		1,092.24-
4331.000	PENALTY & INTEREST-DEL. YEARS	5,404.91	140.00-
4337.000	ATTORNEY FEES		6,095.00-
5390.000	TAX CERTIFICATES		1,936.26-
5396.000	RENTAL & LEASE INCOME		5,360.00-
5399.000	OTHER INCOME		1,200.00-
5412.000	SALE OF LAND--CAP. IMPROV.		386,800.90-
5413.000	ADMINISTRATIVE FEES - EXCLUSIONS		2,700.00-
5416.000	ROYALTIES - GAS & OIL-CAP. IMP		2,186.88
5417.000	PROCESSING FEES FOR NEW SUBDIVISION		2,186.88
6010.001	WORKMAN'S COMPENSATION INS.		2,701.44
6010.002	WORKMAN'S COMPENSATION INS.		4,888.32
6010.003	WORKMAN'S COMPENSATION INS.		892.48
6010.004	WORKMAN'S COMPENSATION INS.		939.54
6010.008	WORKMAN'S COMPENSATION INS.		711.75
6040.008	WAGES - OVERTIME		3,834.90
6042.004	CONCRETE CANAL OVERTIME(472)		138.36
6044.004	SHOP OVERTIME (474)		4,764.72
6045.004	DIET CANAL OVERTIME (475)		7,104.76
6050.001	FICA TAXES		8,855.84
6050.002	FICA TAXES		4,764.72
6050.003	FICA TAXES		7,104.76
6050.004	FICA TAXES		13,707.45
6100.001	SALARY - ADMINISTRATION		122,298.78
6100.002	SALARY - PENITAS PUMPING PLANT		66,808.72
6100.003	SALARY - WATER DELIVERY		97,959.40
6140.001	MEDICAL INS. EMPLOYER PORTION		20,475.44
6140.002	MEDICAL INS. EMPLOYER PORTION		20,024.12
6140.003	MEDICAL INS. EMPLOYER PORTION		24,491.23
6140.004	MEDICAL INS. EMPLOYER PORTION		46,819.60
6140.008	MEDICAL INS. EMPLOYER PORTION		5,006.03

ACCOUNT#	ACCOUNT TITLE	DEBIT	CREDIT
6141.001	INSURANCE DEDUCTIBLE	2,095.27	
6143.004	PIPELINES OVERTIME	357.47	
6161.001	RETIREMENT BENEFIT		1,560.45-
6161.002	RETIREMENT BENEFIT		891.86-
6161.003	RETIREMENT BENEFIT		1,256.31-
6161.004	RETIREMENT BENEFIT		3,815.26-
6161.008	RETIREMENT BENEFIT	1,234.41	
6161.010	RETIREMENT BENEFIT	169.70	
6162.003	DRUG TESTING	40.00	
6162.004	DRUG TESTING	20.00	
6169.001	VEHICLE USE		540.00-
6169.002	VEHICLE USE		525.00-
6169.003	VEHICLE USE		2,655.00-
6169.004	VEHICLE USE		1,065.00-
6171.004	LABOR - PENITAS MAIN CANAL	375.54	
6171.008	LABOR - PENITAS MAIN CANAL	37,568.91	
6172.004	LABOR-CONCRETE CANAL	51,478.54	
6173.004	LABOR-PIPELINE	37,195.53	
6174.004	LABOR-SHOP & WAREHOUSE	49,254.70	
6175.004	LABOR DIRT CANAL LABOR	272.04	
6176.002	LABOR OPERATING	854.94	
6176.008	LABOR OPERATING	80.16	
6185.001	PROPERTY LIABILITY INSURANCE	452.00	
6200.001	ENGINEERING	30,627.20	
6240.001	UTILITIES	70,936.56	
6240.002	UTILITIES	2,191.83	
6240.003	UTILITIES	10,047.62	
6240.004	UTILITIES	4,246.91	
6240.008	UTILITIES	1,157.29	
6270.005	PROJECT-29TH ST.-ENGINEERING	139,346.05	
6271.005	PROJECT-29TH ST.-CONTRACT	1,465,687.29	
6272.005	PROJECT-29TH ST.-EXPENSE	550,035.12	
6273.005	PROJECT-DONNA CONNECTION-ENGINEERING	5,530.00	
6275.005	PROJECT-FREDDY GONZALEZ-ENGINEERING	49,297.50	
6279.005	PROJECT-NEST MAIN CANAL-ENGINEERING	30,627.20	
6320.001	WATER ASSESSMENT	35,711.65	
6350.001	COMPUTER SYSTEMS - SOFTWARE	2,062.50	
6370.001	VEHICLE - GASOLINE	3,516.48	
6370.002	VEHICLE - GASOLINE	5,985.54	
6370.003	VEHICLE - GASOLINE	10,527.21	
6370.004	VEHICLE - GASOLINE	5,408.45	
6390.001	VEHICLE-MAINTENANCE	21.50	
6390.002	VEHICLE-MAINTENANCE	928.36	
6390.003	VEHICLE-MAINTENANCE	527.64	
6390.004	VEHICLE-MAINTENANCE	289.44	
6395.001	VEHICLE - REPAIRS	7.00	
6395.002	VEHICLE - REPAIRS	1,342.64	
6395.003	VEHICLE - REPAIRS	1,232.28	
6395.004	VEHICLE - REPAIRS	617.00	
6400.003	FIELD EXPENSE	867.89	
6410.002	OPERATING EXPENSES	1,301.22	
6410.003	OPERATING EXPENSES	613.20	
6410.004	OPERATING EXPENSE	4,115.04	
6410.008	OPERATING EXPENSE	1,151.55	
6412.004	VEHICLE DIESEL	472.38	

ACCOUNT#	ACCOUNT TITLES	DEBIT	CREDIT
6413.002	EXPENSE - ENGINE #6	30,307.10	
6414.002	EXPENSE - ENGINE #5	2,847.50	
6416.002	ENERGY - NATURAL GAS	78,386.90	
6417.002	ENERGY - ELECTRICITY	36,105.52	
6418.002	EXPENSE ENGINE #3	380.00	
6420.001	LEGAL	43,443.54	
6422.002	EXPENSE-ENGINE #2	18,896.75	
6450.003	RELIFT OPERATING	653.22	
6458.008	RELIFT PUMPS - MAIN CANAL	690.10	
6461.003	DISTRICT 15 METER EXPENSE	20,000.00	
6470.001	AUDIT RETAINER FEE	2,981.64	
6480.008	EXPENSE - PENITAS MAIN CANAL	2,284.43	
6481.004	EQUIP MAINT. REPAIR	1,060.00	
6520.004	EXPENSE-CONCRETE CANAL	1,986.34	
6521.004	HERBICIDE	5,012.02	
6540.004	EXPENSE-PIPELINE	841.77	
6546.000	TOOLS & SUPPLIES	354.74	
6555.002	EQUIPMENT MAINTENANCE	2,848.27	
6559.004	WAREHOUSE INVENTORY-HIGHWAY DIESEL	592.61	
6560.004	WAREHOUSE - INVENTORY GASOLINE PLUS	2,839.05	
6561.004	WAREHOUSE-INVENTORY-GASOLINE	10,829.79	
6562.004	WAREHOUSE-INVENTORY-DIESEL	4,700.28	
6563.004	WAREHOUSE-INVENTORY-VALVES & GATES	7,231.96	
6567.004	WAREHOUSE-INVENTORY-EQUIP.OIL & LUB	19,002.50	
6568.004	WAREHOUSE-INVENTORY-VEH.OIL & LUBE	3,669.60	
6570.004	TRUCK EXPENSE	803.57	
6580.004	DRAINAGE MAINTENANCE & OPERATIONS	203.04	
6580.008	DRAINAGE MAINTENANCE & OPERATIONS	330.57	
6590.001	EQUIPMENT LEASE AND RENTAL	4,598.75	
6590.004	EQUIPMENT LEASE & RENTAL	579.88	
6592.004	GREEN ROAD BRIDGE CONST.-CAP.IMP.		
6600.001	BUILDING MAINTENANCE & SUPPLIES	1,045.93	
6600.002	BUILDING MAINTENANCE & SUPPLIES	5,895.40	
6600.004	BUILDING MAINTENANCE & SUPPLIES	1,850.53	
6602.002	PENITAS PLANT HOUSE SHORING EXPENSE	4,850.00	
6605.004	BUILDING MAINTENANCE-CLEANING	1,600.00	
6610.004	PORTABLE PUMP	41.38	
6618.008	CONSULTANTS - PENITAS MAIN CANAL	1,680.00	
6630.004	SHOP EXPENSE	6,631.46	
6700.001	OFFICE EQUIPMENT MAINTENANCE	418.72	
6705.001	OFFICE EXPENSE	460.00	
6705.004	OFFICE EXPENSE	8,881.74	
6706.002	UNIFORM EXPENSE	352.99	
6706.004	UNIFORM EXPENSE	381.80	
6706.008	UNIFORM EXPENSE	313.72	
6710.001	MEMBERSHIP FEES'S & SUBS.	294.49	
6740.001	MISCELLANEOUS	550.00	
6740.002	MISCELLANEOUS	5,290.52	
6740.003	MISCELLANEOUS	44.00	
6740.004	MISCELLANEOUS	409.60	
6749.001	PROFESSIONAL FEES	369.62	
6750.001	TRAVEL EXPENSE	14,542.02	
6755.003	TRAVEL EXPENSE	3,907.46	
		78.00-	

ACCOUNT#	ACCOUNT TITLE	DEBIT	CREDIT
7011.009	9014 GASOLINE - WILDCAT SPRAYER	320.55	
7101.009	9003 DIESEL - JD 350 CRAWLER (DOZER)	808.35	
7103.009	9005 DIESEL - JD BACKHOE 310D	1,779.71	
7104.009	9006 DIESEL - CAT LOADER 920	1,624.09	
7105.009	9008 DIESEL - 1992 PRIESTMAN VC20	1,068.15	
7107.009	9009 DIESEL - JD EXCAVATOR #690	1,195.78	
7108.009	9011 DIESEL - TIGER	1,975.02	
7109.009	9012 DIESEL - JD TRACTOR 6310-A & R	1,738.55	
7110.009	9013 DIESEL - JD TRACTOR 6310-B	1,935.07	
7113.009	9015 DIESEL - JD BACKHOE 310E	1,096.58	
7114.009	9017 DIESEL - JD MOTORGRADER 570-B	2,956.04	
7115.009	9018 DIESEL - GRADALL 5100	1,133.56	
7116.009	9019 DIESEL - JD 7210/ALAMO	1,061.01	
7119.009	9021 DIESEL - VOLVO WHEEL LOADER	32.47	
7120.009	9023 DIESEL - VERMEER BRUSH CHIPPER	336.32	
7121.009	9024 DIESEL - JD 6415 ALAMO SIDE MO	±,823.73	
7122.009	9025 DIESEL - 580 SUPER M BACKHOE	988.99	
7123.009	9026 DIESEL - JD 6230A	537.49	
7124.009	9027 DIESEL - JD 6330B	537.49	
7218.009	9021 OIL & LUBE - VOLVO WHEEL LOADE	105.80	
7234.009	9006 MAINTENANCE - CAT LOADER 920	17.55	
7258.009	9011 MAINTENANCE - TIGER	140.00	
7265.009	9018 MAINTENANCE - GRADALL 5100	2,242.91	
7266.009	9019 MAINTENANCE - JD 7210/ALAMO	21.60	
7268.009	9021 MAINTENANCE - VOLVO WHEEL LOAD	295.00	
7271.009	9024 MAINTENANCE - JD 6415 ALAMO SI	135.00	
7272.009	9025 MAINTENANCE - CASE BACKHOE 580	1,116.24	
7273.009	9026 MAINTENANCE - JD 6230A	2,432.31	
7274.009	9027 MAINTENANCE - JD 6320B	22.50	
7276.009	9029 MAINTENANCE - HOLLAND TRACTOR	687.52	
7301.009	9003 REPAIRS - JD 350 CRAWLER (DOZER)	162.18	
7304.009	9006 REPAIRS - CAT LOADER 920	612.66	
7308.009	9011 REPAIRS - TIGER	339.98	
7309.009	9012 REPAIRS - JD TRACTOR 6310-A &	5,574.25	
7310.009	9013 REPAIRS - JD TRACTOR 6310-B	19.32	
7311.009	9014 REPAIRS - WILDCAT SREAYER	350.00	
7313.009	9016 REPAIRS - JD BACKHOE 310E	2,138.26	
7314.009	9017 REPAIRS - JD MOTORGRADER 570-B	383.61	
7315.009	9018 REPAIRS - GRADALL 5100	5,506.33	
7315.009	9019 REPAIRS - JD 7210/ALAMO	981.57	
7318.009	9021 REPAIRS - VOLVO WHEEL LOADER	73.56	
7319.009	9022 REPAIRS - VOLVO EXCAVATOR 240	172.58	
7321.009	9024 REPAIRS - JD 6415 ALAMO SIDE M	3,948.72	
7322.009	9025 REPAIRS - CASE BACKHOE 580 SUP	1,568.98	
7323.009	9026 REPAIRS - JD 6230A	778.29	
7324.009	9027 REPAIRS - JD 6230B	1,157.13	
7325.009	9028 REPAIRS - 2090 STERLING TR	90.30	
7326.009	9029 REPAIRS - HOLLAND TRACTOR #74	34.47	
7362.009	9015 EXPENSES - JD TRACTOR (PENITAS	89.12	
7365.009	9018 EXPENSES - GRADALL 5100	131.57	
7372.009	9025 EXPENSES - CASE BACKHOE 580 SU	341.04	
7376.009	9029 EXPENSES - HOLLAND TRACTOR #74	62.07	

51,897,051.07 51,897,051.07

HIDALGO COUNTY IRRIGATION DISTRICT NO. 1
BANK BALANCE AS OF
May 28, 2015

MAINTENANCE & OPERATING

General Ledger Cash in Bank Balance

129,552.54

Deposits:

Water Sales:	8,942.95	
Current Taxes:	1,337.60	
Delinquent Taxes:	2,008.31	
Penalties & Interest:	4,085.81	
Attorney Fees	566.17	
Misc. Revenue:	3,596.40	
Sale of Water	287.87	
Sale of ROW	104.16	
Sub-Review & Exclusion Fees	1,200.00	
Demand Charge	0.00	
Misc. Deposits:	175,000.00	
CD Deposit	0.00	
		197,129.27
Sub-Total:		<u><u>326,681.81</u></u>

Less Disbursements

Payroll Checks:	20,196.30	
Manual Checks:	91,249.04	
Payables:	0.00	
CD Purchase	0.00	
		<u>111,445.34</u>

New Balance: \$ 215,236.47

Certificates of Deposit for M & O:

\$ 1,672,148.85

CAPITAL IMPROVEMENT FUND

General Ledger Cash in Bank Balance

\$ 178,322.10

Deposits:	0.00	
CD Deposit	0.00	
		<u>0.00</u>

Sub-Total: 178,322.10

Less Disbursements:	175,000.00	
CD Purchase:	0.00	
		<u>175,000.00</u>

New Balance: 3,322.10

Certificates of Deposit for Capital:

\$ 2,557,658.18

PAYROLL FUNDS

General Ledger Cash in Bank Balance-April 2015

\$ 10,277.38

Deposit:	\$ -	
Less Disbursements:	\$ -	

New Balance: \$ 10,277.38

COMPARISONS FOR PRIOR YEAR:

	<u>May 15, 2014</u>	<u>May 7, 2015</u>	<u>May 28, 2015</u>
M & O Cash in Bank	\$ 481,034.34	\$ 126,552.54	\$ 215,236.47
M & O Certificates of Deposit	\$ 4,051,148.85	\$ 1,672,148.85	\$ 1,672,148.85
Capital Improvement Cash in Bank	\$ 34,450.64	\$ 178,322.10	\$ 3,322.10
Capital Imp Certificates of Deposits	\$ 2,557,658.18	\$ 2,557,658.18	\$ 2,557,658.18
TOTALS	<u>\$ 7,124,292.01</u>	<u>\$ 4,534,681.67</u>	<u>\$ 4,448,365.60</u>

HIDALGO COUNTY IRRIGATION DISTRICT NO. 1
BANK BALANCE AS OF
May 7, 2015

3

MAINTENANCE & OPERATING

General Ledger Cash in Bank Balance

bank rec adj Apr 15

Deposits:

Water Sales:	59,857.23	
Current Taxes:	3,912.40	
Delinquent Taxes:	10,682.58	
Penalties & Interest:	14,116.28	
Attorney Fees	3,815.30	
Misc. Revenue:	3,901.44	
Sale of Water	0.00	
Sale of ROW	0.00	
Sub-Review & Exclusion Fees	0.00	
Demand Charge	0.00	
Misc. Deposits:	0.00	
CD Deposit	0.00	
		96,285.23

Sub-Total: 205,368.00

Less Disbursements

Payroll Checks:	29,699.16	
Manual Checks:	12,623.37	
Payables:	36,492.93	
CD Purchase	0.00	
		78,815.46

New Balance: \$ 126,552.54

Certificates of Deposit for M & O:

\$ 1,672,148.85

CAPITAL IMPROVEMENT FUND

General Ledger Cash in Bank Balance

Deposits:	400.04	
CD Deposit	0.00	
		400.04

Sub-Total: 178,322.10

Less Disbursements:	0.00	
CD Purchase:	0.00	
		0.00

New Balance: 178,322.10

Certificates of Deposit for Capital:

\$ 2,557,658.18

PAYROLL FUNDS

General Ledger Cash in Bank Balance-April 2015

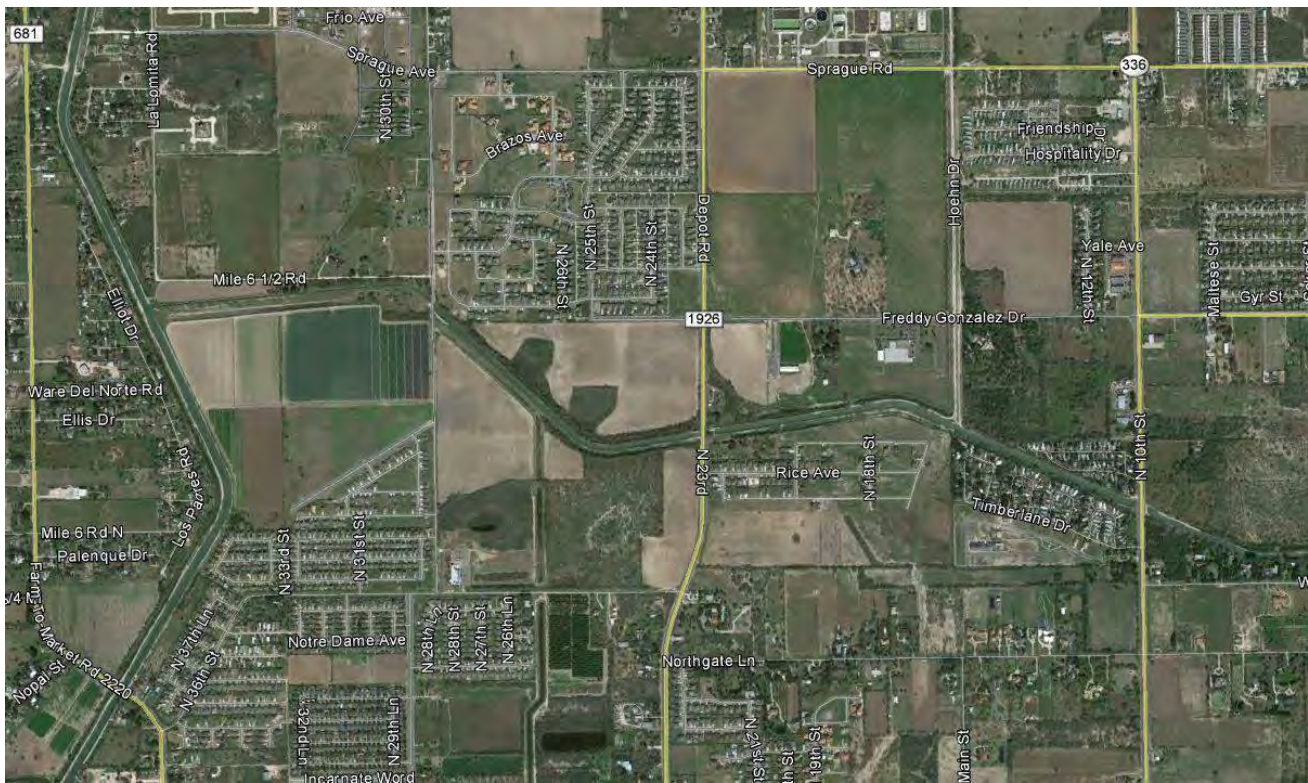
Deposit:	\$ 29,699.16	\$ <u>10,277.38</u>
Less Disbursements:	\$ 29,699.16	
		\$ 10,277.38

New Balance: 10,277.38

COMPARISONS FOR PRIOR YEAR:

	<u>April 17, 2014</u>	<u>April 16, 2015</u>	<u>May 7, 2015</u>
M & O Cash in Bank	\$ 551,069.60	\$ 109,082.76	\$ 126,552.54
M & O Certificates of Deposit	\$ 4,649,148.85	\$ 1,672,148.85	\$ 1,672,148.85
Capital Improvement Cash in Bank	\$ 33,709.43	\$ 177,922.06	\$ 178,322.10
Capital Imp Certificates of Deposits	\$ 2,557,658.18	\$ 2,557,658.18	\$ 2,557,658.18
TOTALS	\$ <u>7,791,586.06</u>	\$ <u>4,516,811.85</u>	\$ <u>4,534,681.67</u>

**HIDALGO COUNTY IRRIGATION DISTRICT No. 1
ENGINEERING FEASIBILITY REPORT
FOR
WEST MAIN CANAL IMPROVEMENTS PROJECT
Phase 1 – Depot Rd. to 10th Street /
Phase 2, Section 1 – 29th Street to Depot Rd.
(McALLEN, TEXAS)**



Prepared by

SDI ENGINEERING, LLC
CIVIL • TRANSPORTATION • PLANNING • STORMWATER

Firm Registration No. F-13016

June 4, 2015



Contents

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EXHIBITS

APPENDIX A – HCID No. 1 Boundary Map

APPENDIX B – HCID No. 1 Project Area Map

APPENDIX C – Seepage Loss Calculations

APPENDIX D – Construction Cost Estimate

APPENDIX E – Plan/Profile Sections (4)

1.0 EXECUTIVE SUMMARY

1.1 Project Information

Project – Hidalgo County Irrigation District No.1
South Main Canal Lining Project

Entity – Hidalgo County Irrigation District No. 1
1904 N. Expressway 281
P.O. Box 870
Edinburg, Texas 78540
(956) 383-3886 FAX (956) 383-5593

Consultant – SDI Engineering, LLC
Isael Posadas, P.E.
5602 E. Iowa Rd.
Edinburg, Texas 78542
E-mail address: iposadas@sdi-engineering.com

1.2 Project Description

The HCID No. 1 is proposing to improve existing earthen unlined canals with a combination of reinforced geomembrane and concrete lining. The project is located within the City of McAllen in Hidalgo County, Texas (See Appendix B – Project Area Map). The project consists of a segment along the West Main Canal that has experienced a recurring issue of embankment breaks that prevent delivery of water to downstream agricultural and municipal customers. In addition, this area experiences significant water loss due to seepage.

The proposed project provide a more efficient means of water delivery thus increasing the availability and reliability of the water for agricultural irrigation and municipal use. This water conservation has the potential to partially offset water shortages within the district during periods of drought.

The project includes the design and installation of a canal lining for an 8,500 linear feet section of the existing West Main Canal (See Appendix E – Plan/Profile Sections), located south of Sprague Road, between 29th Street and 10th Street in McAllen, Texas. This option is being recommended on the basis of cost, constructability and time constraints.

2.0 Problems and Needs

2.1 Water Source

The HCID No. 1 is a public entity governed by Chapters 49 and 58 of the Texas Water Code. The HCID No.1's ruling body is a Board consisting of user representatives. The HCID No. 1 diverts 100% of the water used in the District from the Rio Grande River. The water used is released by the International Boundary and Water Commission (IBWC) from Falcon Reservoir. The HCID No.1 holds from the Texas Commission of Environmental Quality (TCEQ) a Certificate of Adjudication that authorizes them to divert up to 80,431 acre-feet for irrigation and 9,857 acre-feet for municipal purposes, which is set to increase by an additional 6,600 acre-feet based on recently negotiated contracts with the City of McAllen and the City of Edinburg.

In addition, the HCID No. 1 diverts water for Santa Cruz ID No. 15 and Hidalgo County Irrigation District No. 13 and has the responsibility for their adjudication of 75,080 acre-feet and 4,356.85 acre-feet, respectively.

2.2 Current Conditions

Prior to this last year, the Rio Grande Valley had experienced a 4 year drought, which limited the amount of surface water available for irrigation and municipal use. The drought in northern Mexico and the entire Rio Grande Basin, which includes the Rio Conchos Basin in northern Mexico, has contributed significantly to the water shortages for irrigation in the Lower Rio Grande Valley. This water shortage has created an economic hardship in the region through reduction of crops and subsequent reduced revenue. The proposed project eliminates a portion of water seepage losses with resulting water savings.

2.3 Water Loss in Conveyance

The overall HCID No. 1 service area includes approximately 55 ½ square miles, with approximately 26 miles of unlined open canals along the Main Canal System (See Appendix A - Existing HCID No. 1 Boundary Map). The current open channel system has been in place since its formation in 1923. Various studies conducted by the District has estimated the water loss at approximately 20% to 25% due mainly to seepage leaks. In order to maintain the canal operational for delivery of water, the required minimum base flow is set at approximately 30 cubic feet per second (cfs). This is the equivalent of 59.5 Ac-ft or 19 Million Gallons, pumped daily to account for all cumulative losses.

An additional operational concern has been the increasing frequency of embankment breaches due to seepage over time. These breaches include a significant loss of water, estimated at approximately 3 to 5 Million Gallons per occurrence. The section proposed for improvement has had a total of 2 breaches in the last 5 months, at an approximate unrecoverable loss of 6 to 10 Million Gallons.

2.4 Water Rights Issues

Water rights are a complex matter based on the international status of the Rio Grande River. Water in Falcon Lake is allocated to the United States and Mexico by treaty and is released to meet the requirements of authorized users downstream. Water rights are held by irrigation districts, cities, water supply corporations and other entities with various levels of priority status. Although municipal rights have the highest priority and have historically been dependable, the historic low levels in Falcon Lake and Amistad Reservoir upstream during the last few years have caused concern even for municipal allotments.

Due to this extended drought, many agricultural users required the use of all of their allotments to counter the effects on their crops. As the Districts depleted their water, the municipal customers, which normally “ride” above the agricultural water, did not have sufficient water rights to account for their deliveries and the water loss. This

HIDALGO COUNTY IRRIGATION DISTRICT NO. 1

ENGINEERING FEASIBILITY REPORT

created a need to address the significant impact of water losses in open canal systems. Based on the volume of water, the greatest opportunity for water savings is in the raw water delivery systems.

2.5 HCID No. 1 Rights Accounts:

The HCID No. 1 current Agricultural Water Right Allotments are as follows:

HCID No. 1 (Adjudication No. 0816-002) ¹	80,431 ac-ft.
Santa Cruz ID No. 15 (Adjudication No. A804-000) ²	75,080 ac-ft.
HCID No. 13 (Adjudication No. 0810-000)	4,356 ac-ft.
<hr/>	
Total Annual ³ :	159,867 ac-ft.

¹Average Delivery 30,000 ac-ft.

²Average Delivery 40,000 ac-ft.

³Average Annual Delivery of 74,867 ac-ft.

The HCID No. 1 current Municipal Water Right Allotments are as follows:

City of Edinburg ⁴	5,390 ac-ft.
Sharyland WSC ⁵	2,453 ac-ft.
MUD District	1,200 ac-ft.
North Alamo WSC	814 ac-ft.
City of McAllen ⁶	0 ac-ft.
<hr/>	
Total Annual ⁷ :	9,857 ac-ft.

⁴Contract to Increase by 2,600 ac-ft.

⁵Normally Average 5,000 ac-ft., due to SWSC other rights

⁶Contract to Increase by 4,000 ac-ft.

⁷Anticipated Annual Delivery of 16,457 ac-ft.

3.0 Estimated Water Loss/Savings

3.1 Water Savings

Based on the total estimated losses along the entire conveyance system, approximately 30 cfs is necessary to keep the open channel operational due to

losses. Accounting for evaporation and applying a proportionate seepage loss, this project is estimated to save approximately 941 Ac-ft. of water per year, being nearly 840,000 gallons per day and 260 million gallons per year (See Appendix C – Seepage Loss Calculation).

4.0 Alternative Options

The HCID No. 1 considered the option of replacing the open trapezoidal channel with an underground conveyance system. Considering recent projects undertaken by the HCID No. 1 along the Main Canal, a cast-in-place box structure would be the preferred interment alternative. Unfortunately, the flow requirements would necessitate a structure size that is cost prohibitive. In addition to cost, the constructability and challenge of maintaining flows during construction made the lining option more viable.

5.0 Schedule

November 2015 – Estimated TWDB loan closing

February 2016 – Environmental Assessment Completion

April 2016 – Plans and Specifications Completion

May 2016 – Advertising of Project

June 2016 – Award of Contract

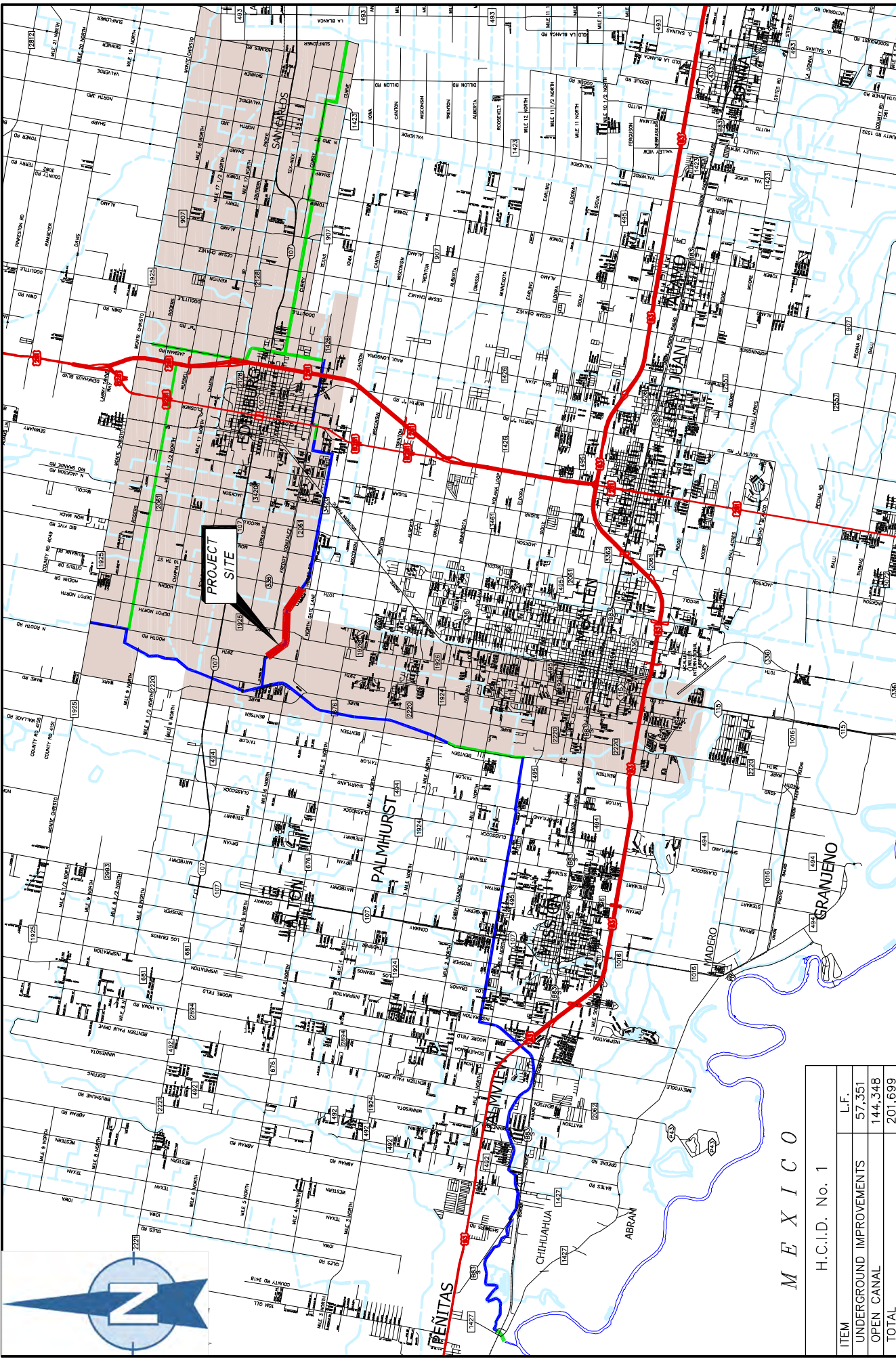
July 2016 – Start of Construction

May 2017 – Substantial Completion of Project

6.0 Cost Analysis

6.1 Cost Summary

The preliminary construction cost estimate was prepared for improvements to the various sections of the project being proposed. (See Appendix D – Construction Cost Estimate)



HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**APPENDIX A
BOUNDARY MAP**

ITEM	H.C.I.D. No. 1	L.F.
UNDERGROUND IMPROVEMENTS	57,351	
OPEN CANAL	144,348	
TOTAL	201,699	

LEGEND

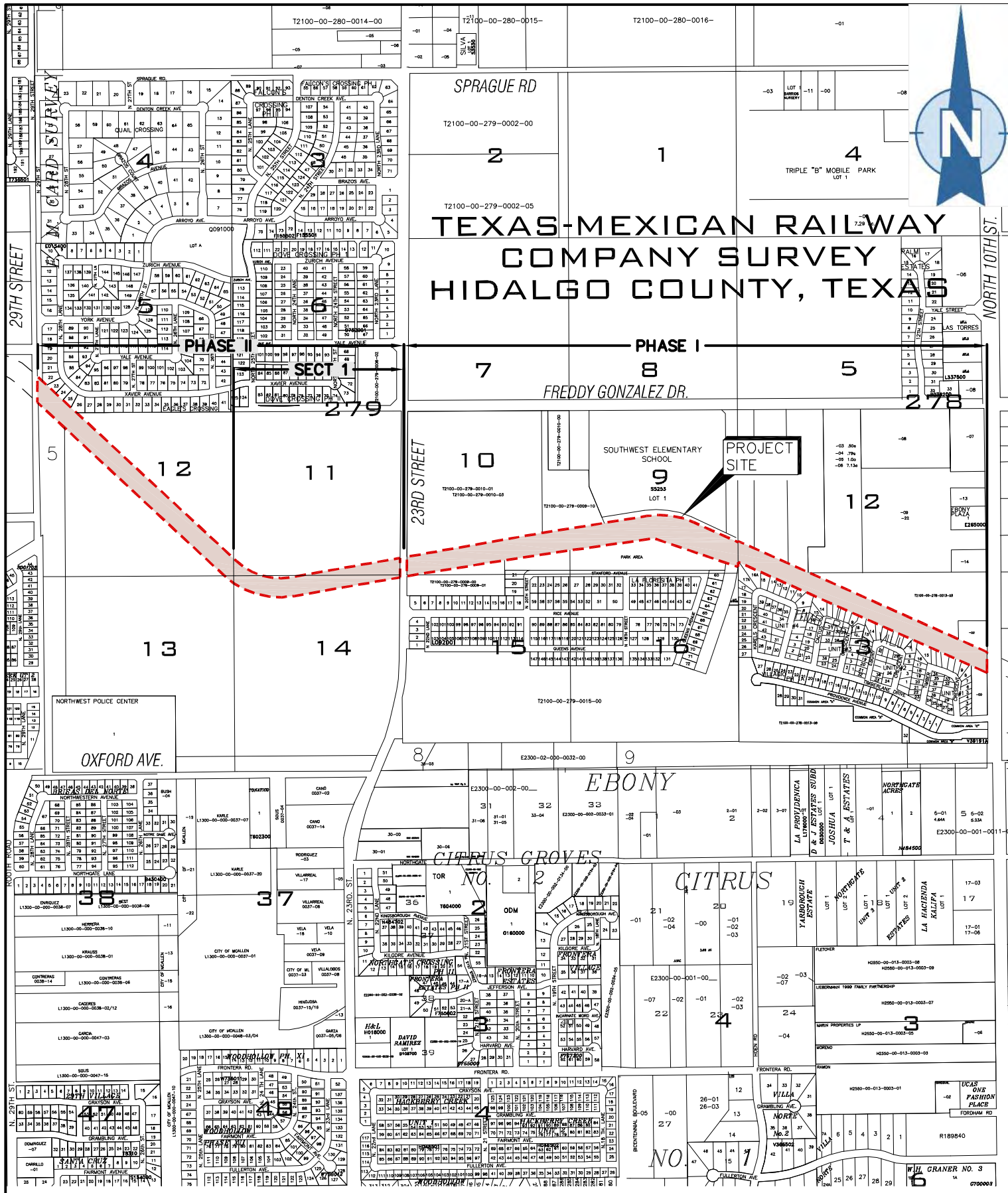
- UNDERGROUND
- OPEN CANAL
- H.C.I.D. No. 1

SDI ENGINEERING, LLC

CIVIL • TRANSPORTATION • PLANNING • STORMWATER
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 INFO@SDI-ENGINEERING.COM
 TEPF REG. NO. F-13016

MEXICO





HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**APPENDIX B
PROJECT AREA MAP**

SDI ENGINEERING, LLC

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 TPBE REG. NO. F-13016

Seepage Loss Calculations

Total Estimated Loss Flow:	30 cfs
Evaporation Loss Reduction Factor:	0.7
Seepage Loss:	21 cfs
Open Canal:	26 miles
Project Length:	8500 ft.
Project Length:	1.61 miles
Proportion:	0.062 mile/mile
Proportionate Seepage Loss in Project:	1.30 cfs
Estimated Loss in Project Section:	840,323.08 gal/day
Estimated Loss in Project Section:	306,717,923.08 gal/year
Estimated Loss in Project Section:	41,005,069.93 cf/year
Estimated Loss in Project Section:	941.35 Ac-ft./year

CONSTRUCTION COST ESTIMATE

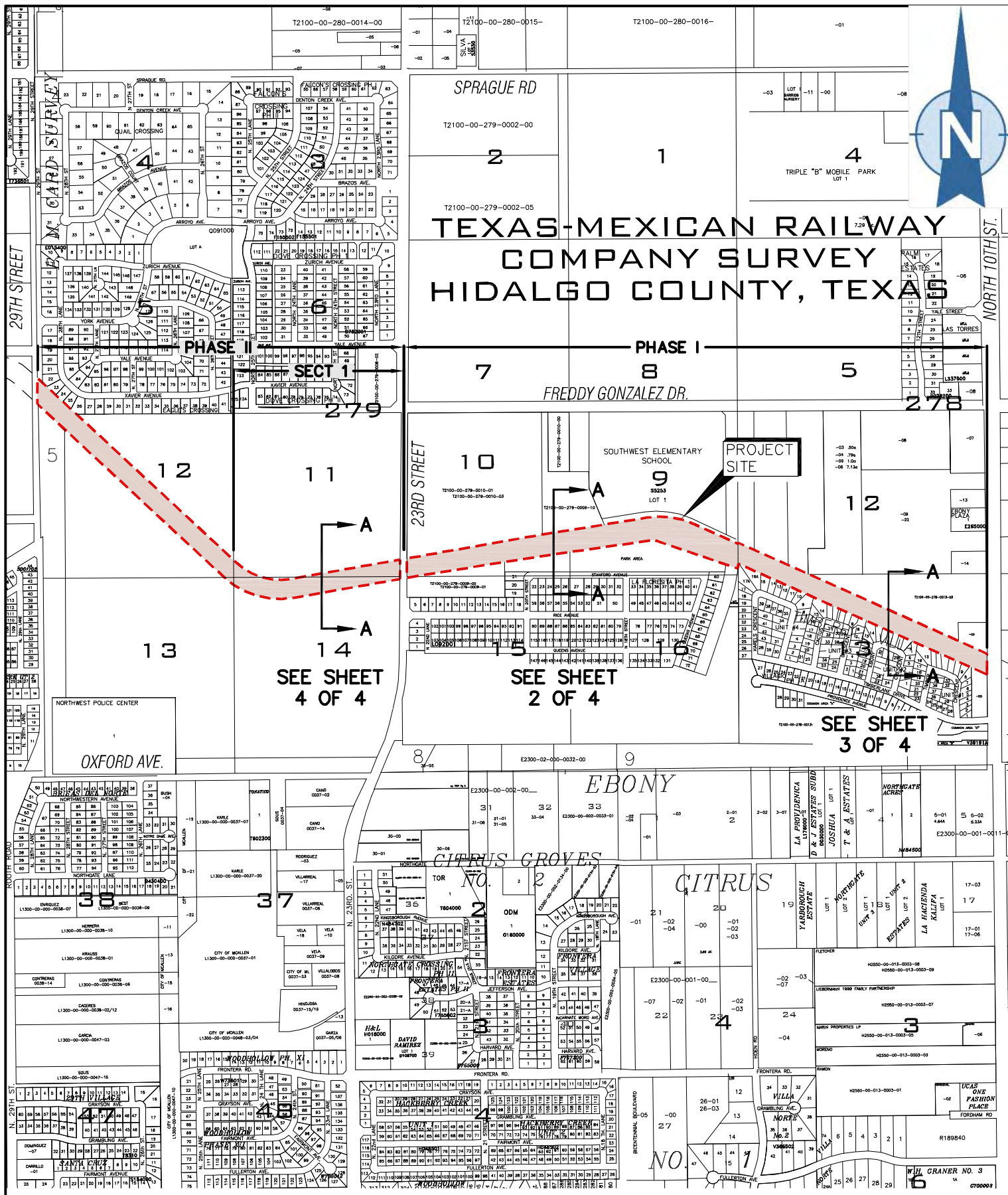
DATE: 3-Jun-15 SHT. 1 OF 1

Project: West Main Canal - Phase I, Phase II (Section 1)
 Location: 29th Street to 10th Street
 Owner: HCID No. 1
 Type of Estimate: Preliminary
 Estimator: IP

Basis of Estimate
 No Design Completed
 Preliminary Design
 Final Design



ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL
<u>Phase I - Depot Rd. to 10th Street</u>					
<u>Canal Improvements</u>					
1	Site Preparation/Demolition	STA	47	\$ 20,000.00	\$ 940,000.00
2	Re-Grading/Compaction of Embankment	SY	30,000	\$ 24.00	\$ 720,000.00
3	Geomembrane Liner	SF	265,000	\$ 1.25	\$ 331,250.00
4	Reinforcing Steel	SF	265,000	\$ 1.50	\$ 397,500.00
5	Shotcrete	SF	265,000	\$ 6.00	\$ 1,590,000.00
6	Repair Existing Structures/Gates	EA	5	\$ 15,000.00	\$ 75,000.00
				<i>Total Canal Improvements:</i>	\$ 4,053,750.00
<u>Stormwater Pollution Prevention Plan</u>					
7	Stormwater Pollution Prevention Plan (SWPPP)	LS	1	\$ 6,016.00	\$ 6,016.00
8	Erosion Control Devices	STA	47	\$ 450.00	\$ 21,150.00
				<i>Total Stormwater Management:</i>	\$ 27,166.00
				Total Phase I (Depot to 10th):	\$ 4,080,916.00
<u>Phase II, Section 1 - 29th to Depot</u>					
<u>Canal Improvements</u>					
1	Site Preparation/Demolition	STA	22.5	\$ 20,000.00	\$ 450,000.00
2	Re-Grading/Compaction of Embankment	SY	14,710	\$ 24.00	\$ 353,040.00
3	Geomembrane Liner	SF	130,000	\$ 1.25	\$ 162,500.00
4	Reinforcing Steel	SF	130,000	\$ 1.50	\$ 195,000.00
5	Shotcrete	SF	130,000	\$ 6.00	\$ 780,000.00
6	Repair Existing Structures/Gates	EA	2	\$ 15,575.00	\$ 31,150.00
				<i>Total Canal Improvements:</i>	\$ 1,971,690.00
<u>Stormwater Pollution Prevention Plan</u>					
7	Stormwater Pollution Prevention Plan (SWPPP)	LS	1	\$ 5,903.65	\$ 5,903.65
8	Erosion Control Devices	STA	22.5	\$ 450.00	\$ 10,125.00
				<i>Total Stormwater Management:</i>	\$ 16,028.65
				Total Phase II, Section 1 (29th to Depot):	\$ 1,987,718.65
				Grand Total:	\$ 6,068,634.65

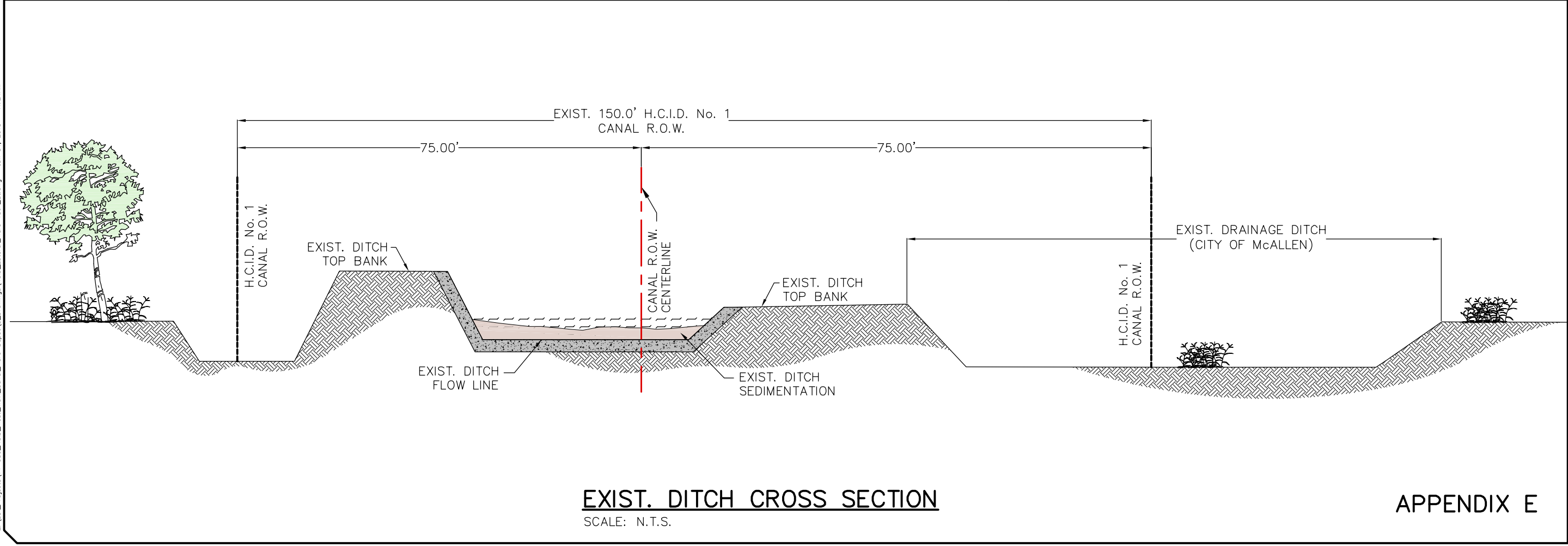
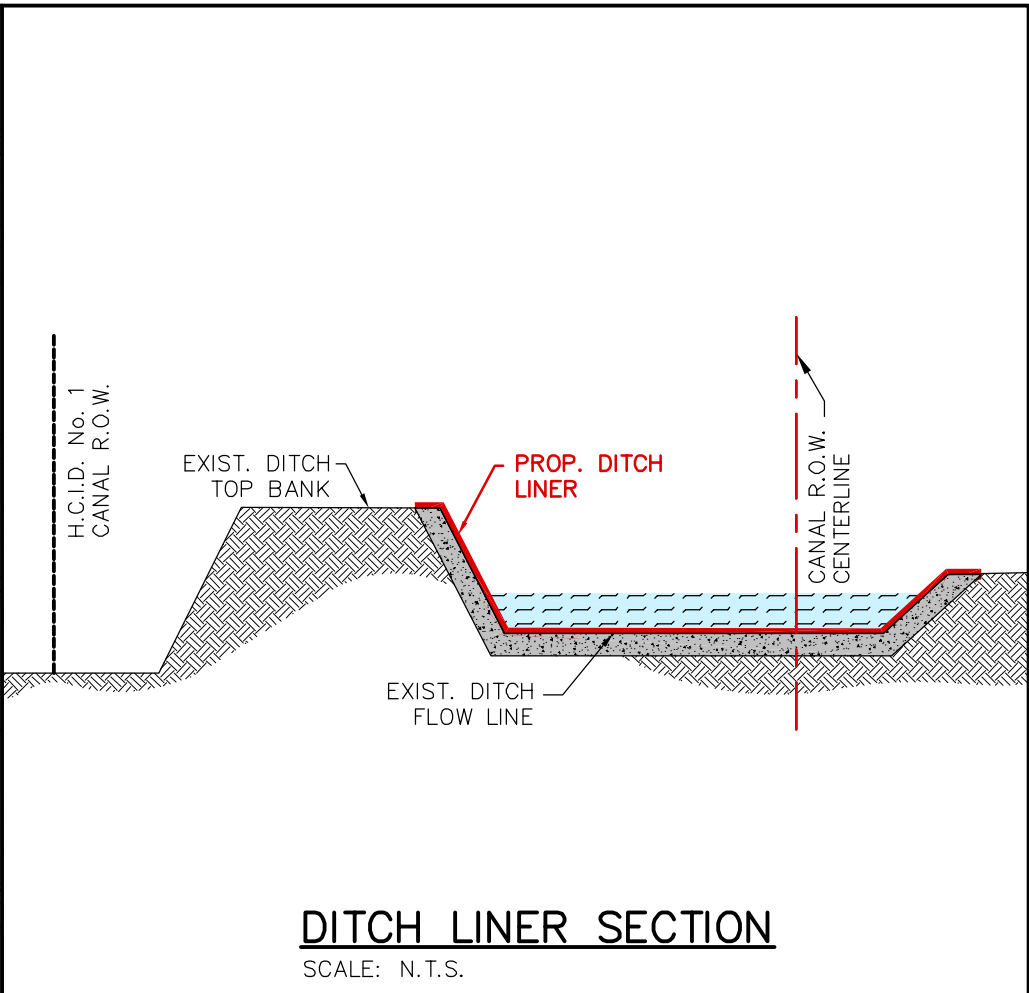
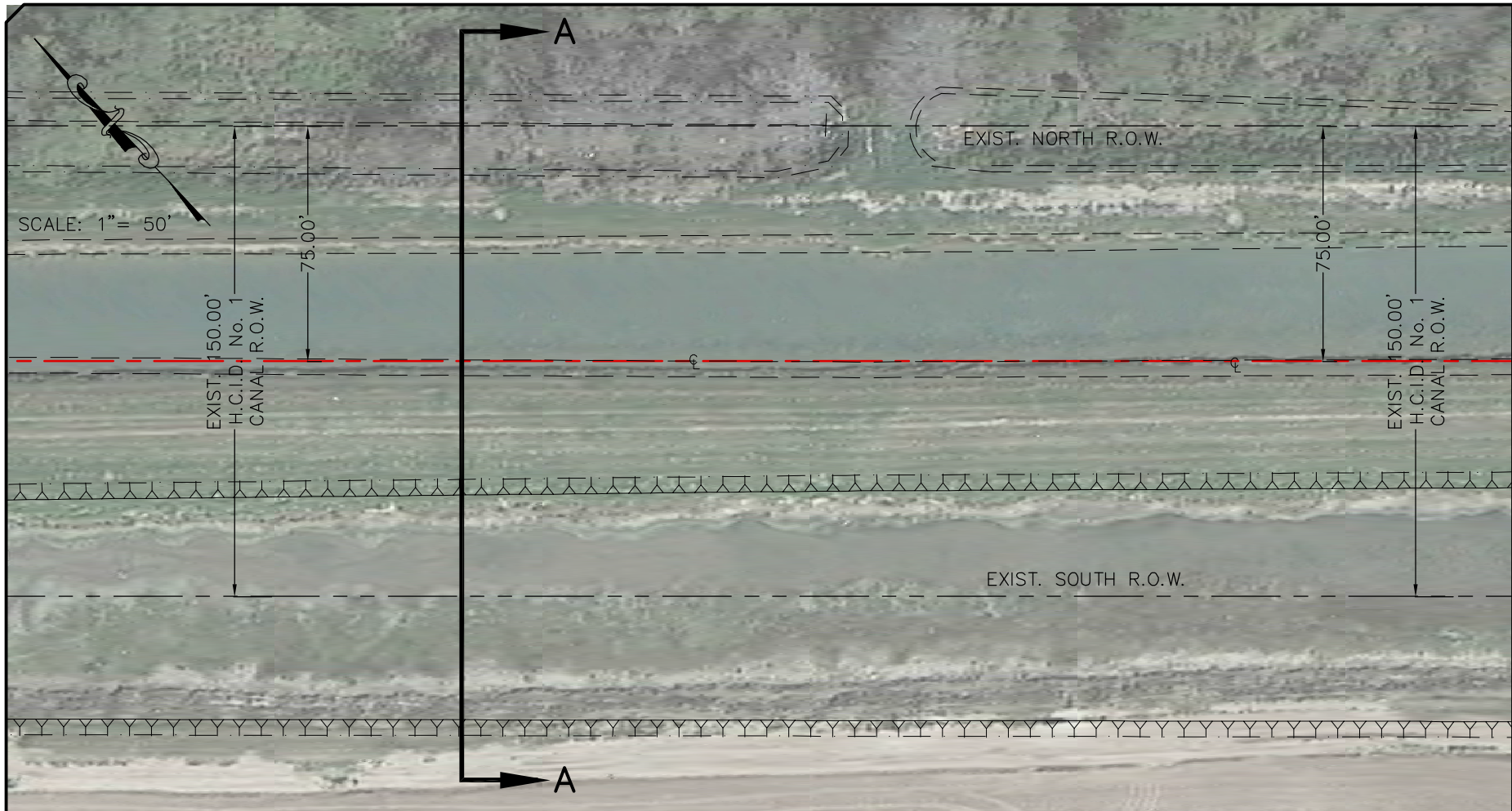


HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**APPENDIX E
PROJECT AREA MAP**

SDI ENGINEERING, LLC

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 INFO@SDI-ENGINEERING.COM
 TPBE REG. NO. F-13016



FILE NAME:
DATE: 6/2/15
SURVEYED BY:
DESIGNED BY: IF
DRAWN BY: IF
REVISED BY: IP
CHECKED BY: IP

TITLE:
H.C.I.D. No. 1
MAIN LATERAL IRRIGATION SYSTEM
PLAN & PROFILE

SDEI ENGINEERING, LLC
 CIVIL • TRANSPORTATION • PLANNING • STORMWATER
 5602 E. IOWA RD., EDINBURG, TEXAS (956) 287-1818 PH. (956) 287-3697 FAX
 INFO@SDEI-ENGINEERING.COM
 TBPPE REG. NO. F-13016

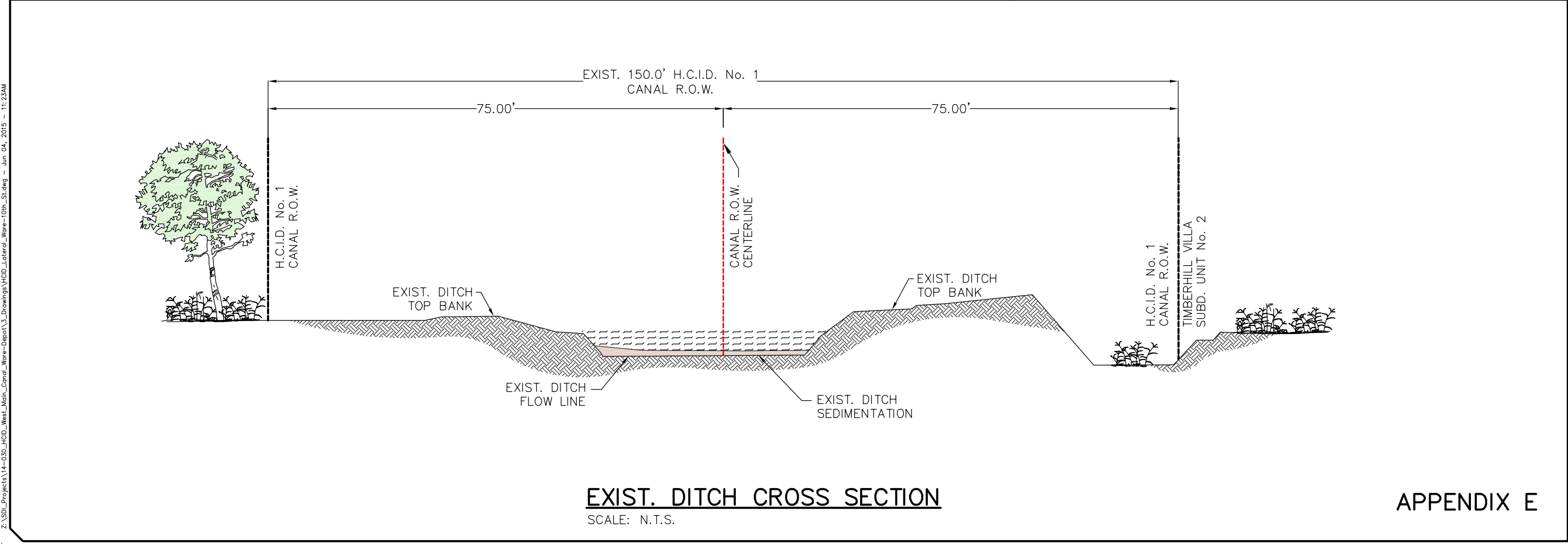
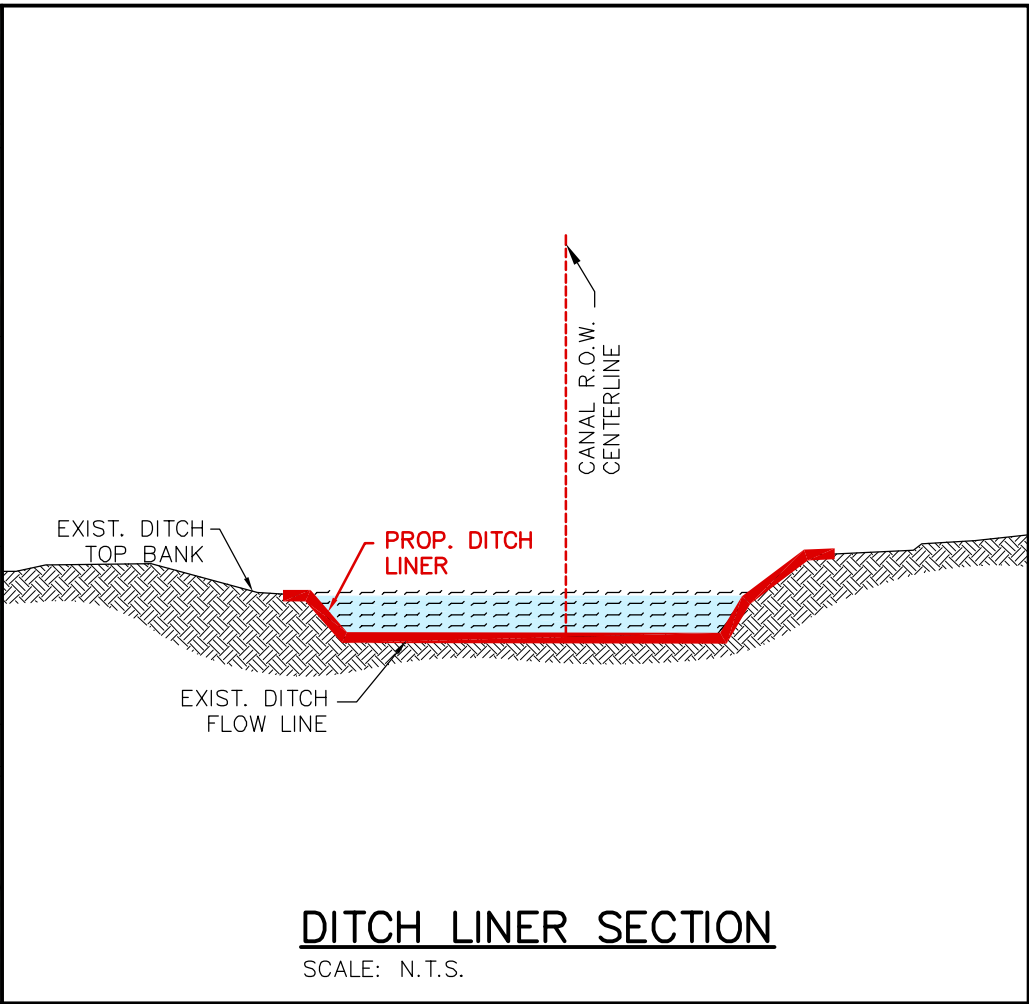
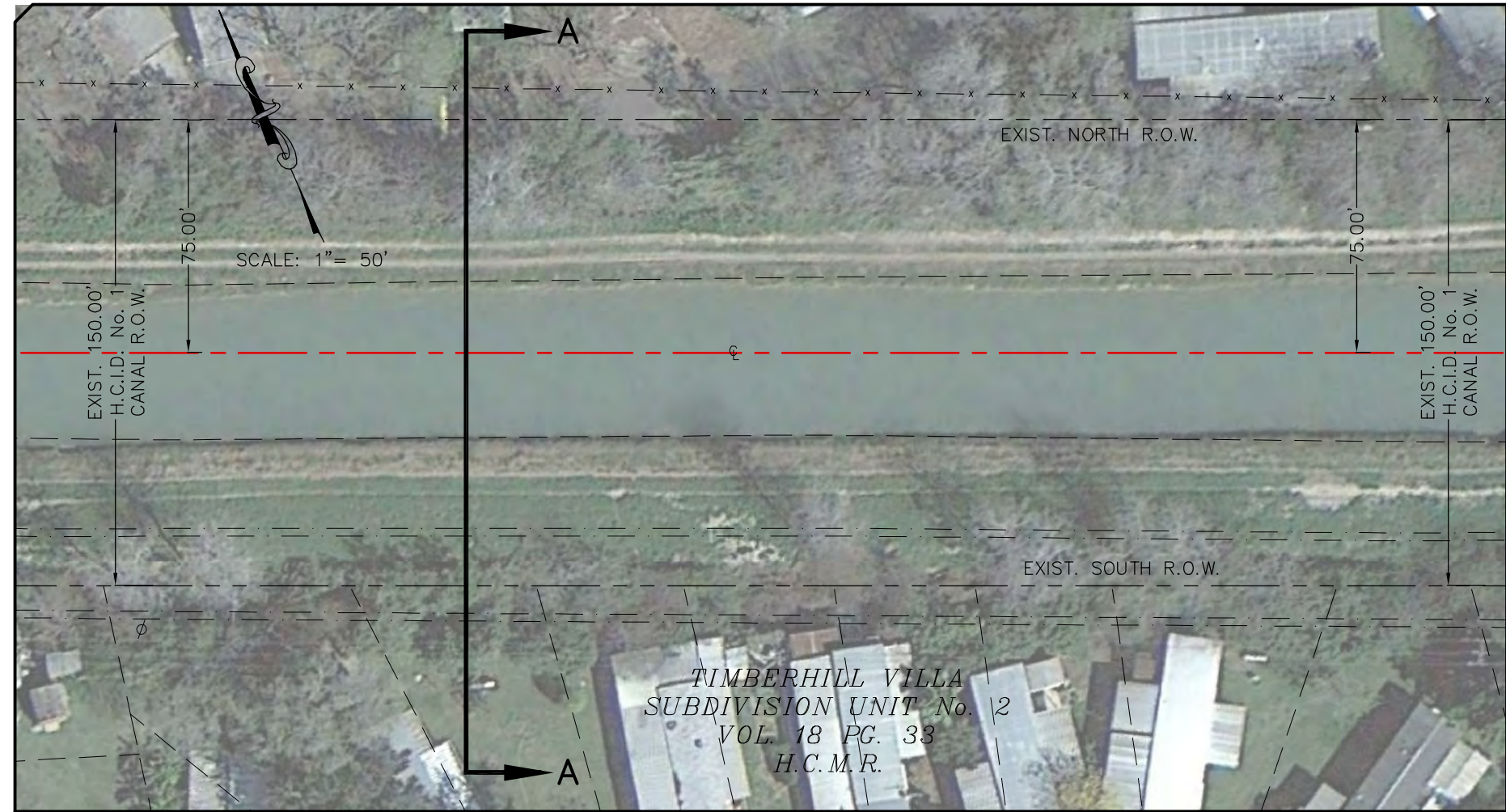
FULL: 1" = 50'
SCALE: HALF: 1" = 100'
TBPPE REG. NO. F-13016

NOT FOR CONSTRUCTION
 THIS DOCUMENT IS INTENDED FOR REVIEW ONLY AND IS NOT A CONTRACT. SDEI ENGINEERING, LLC TEXAS REGISTRATION NO. 84155 DATE: JUN 04, 2015

DATE: 6/2/15
SHEET NO.: 2 OF 4

Z:\SDI_Projects\14-030_HCID_West_Main_Canal_Ware-Deposit\3_Drawings\HCID_Lateral_Ware-10th_St.dwg - Jun 04, 2015 - 11:24AM

APPENDIX E



FILE NAME:
DATE: 6/2/15
SURVEYED BY:
DESIGNED BY: IF
DRAWN BY: IF
REVISED BY: IP
CHECKED BY: IP

TITLE:
H.C.I.D. No. 1
MAIN LATERAL IRRIGATION SYSTEM
PLAN & PROFILE

SDE ENGINEERING, LLC
 CIVIL • TRANSPORTATION • PLANNING • STORMWATER
 5602 E. IOWA RD., EDINBURG, TEXAS (956) 287-1818 PH. (956) 287-5697 FAX
 INFO@SDE-ENGINEERING.COM
 TEPPE REG. NO. F-13016

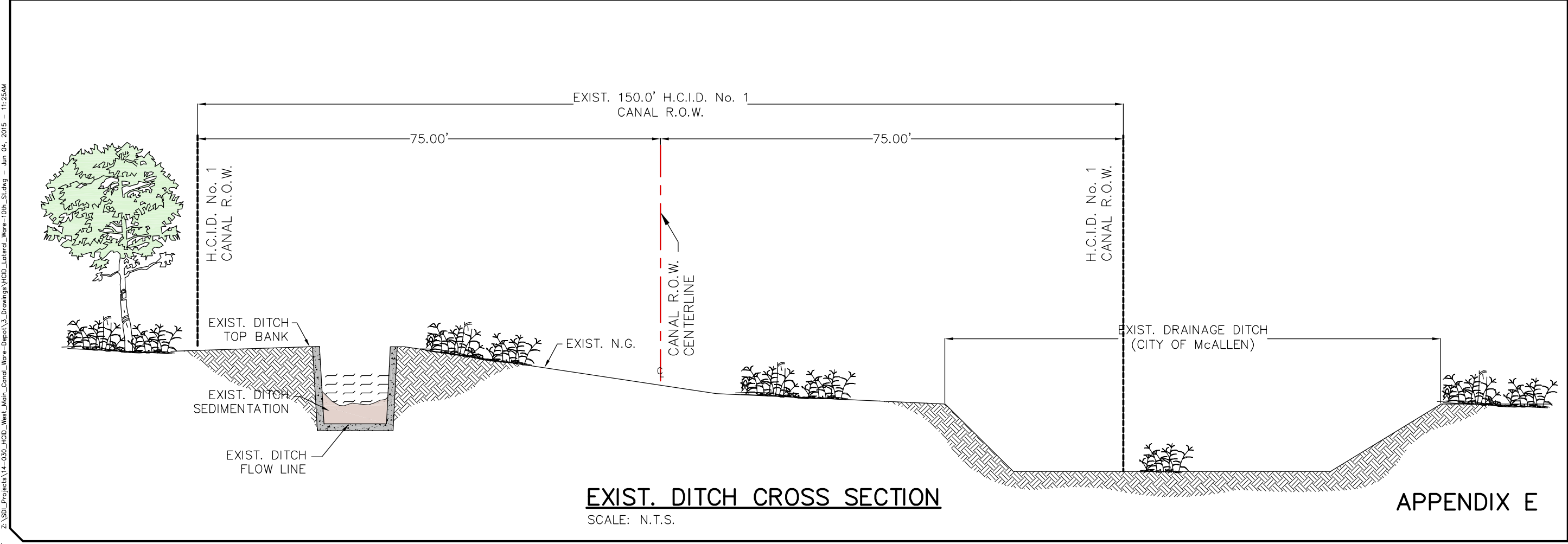
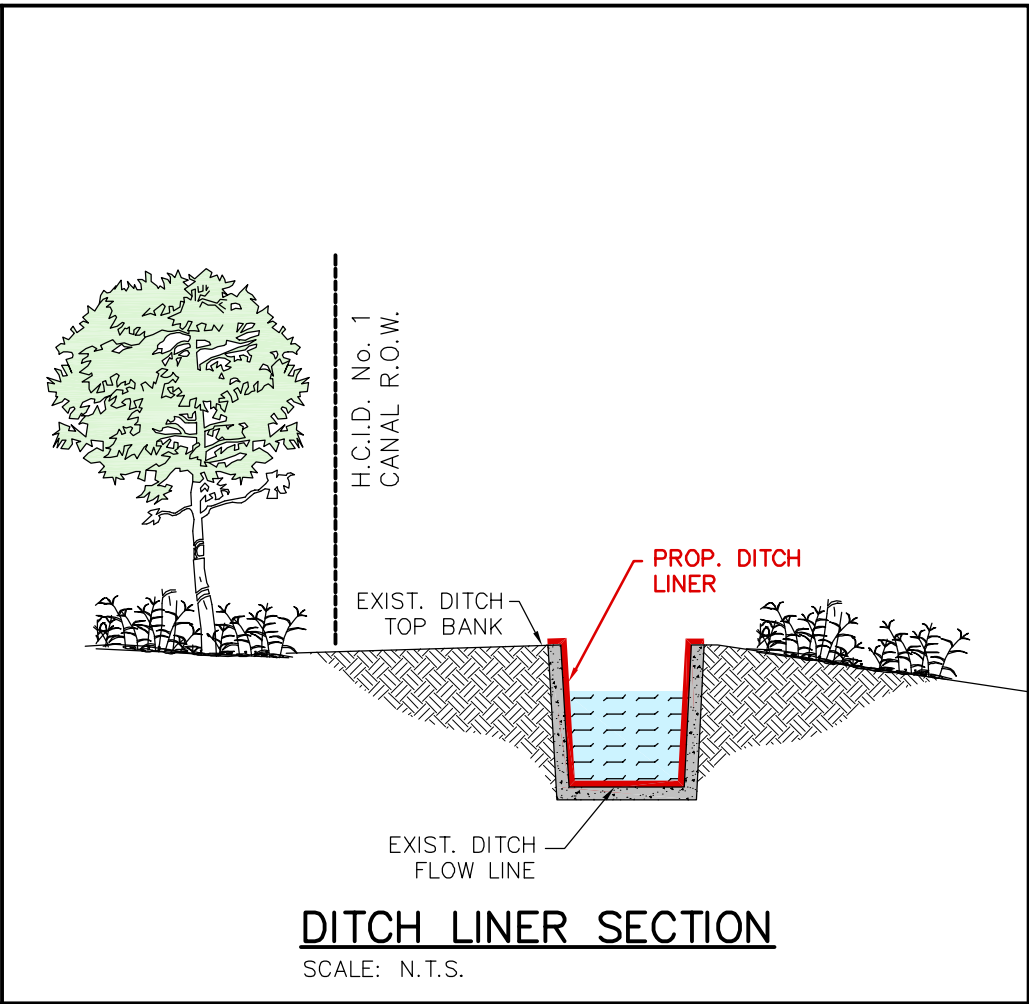
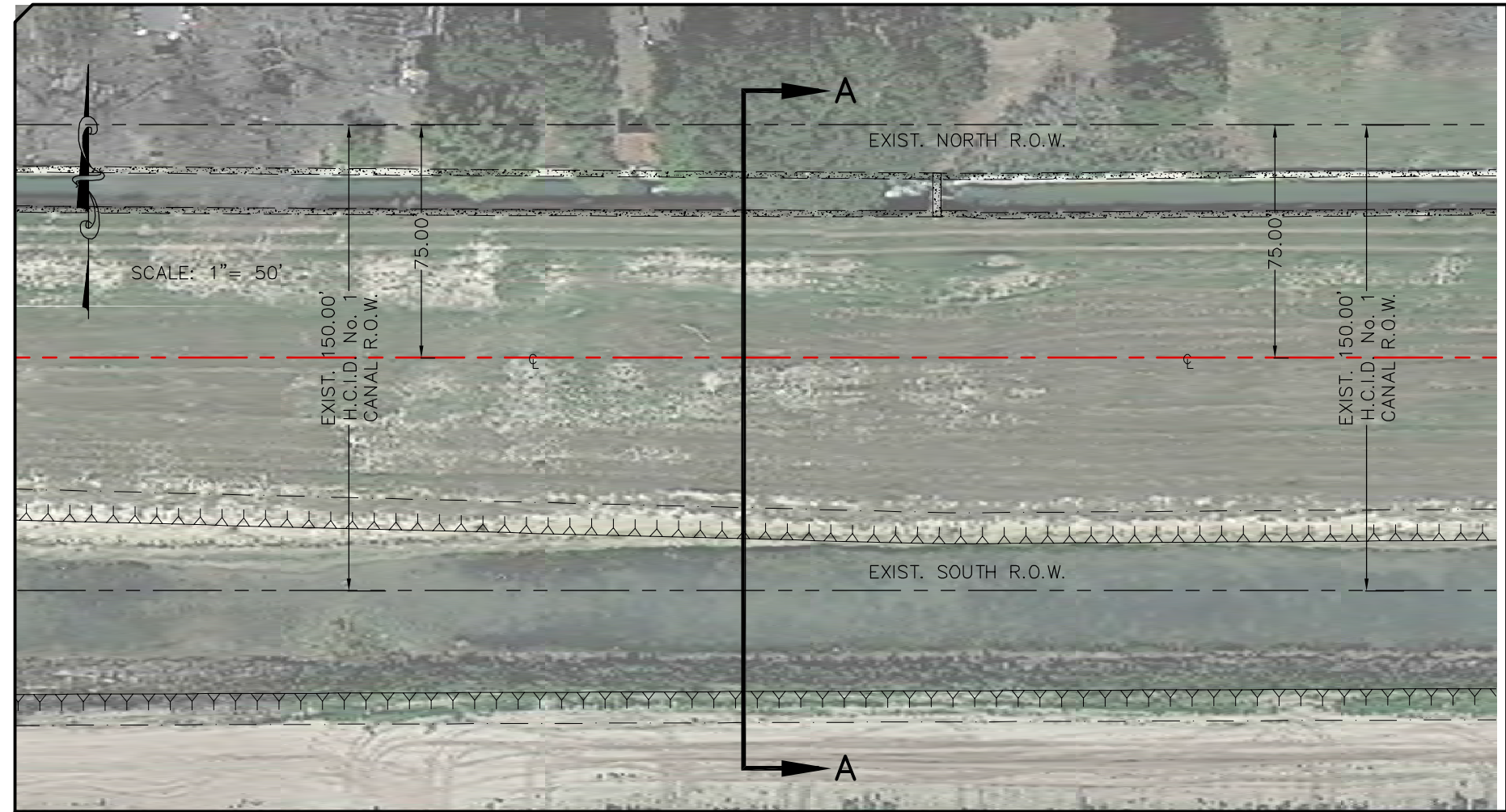
FULL: 1" = 50'
SCALE: HALF: 1" = 100'
TBPE REG. NO. F-13016

NOT FOR CONSTRUCTION
 THIS DOCUMENT IS INTENDED FOR REVIEW ONLY AND IS NOT A CONTRACT. SDE ENGINEERING, LLC TEXAS REGISTRATION NO. 84155 DATE: JUN 04, 2015

SHEET NO.: 3 OF 4
DATE: 6/2/15

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APPENDIX E



FILE NAME:
 DATE: 6/2/15
 SURVEYED BY:
 DESIGNED BY: IF
 DRAWN BY: IF
 REVISED BY: IP
 CHECKED BY: IP

TITLE:
 H.C.I.D. No. 1
 MAIN LATERAL IRRIGATION SYSTEM
 PLAN & PROFILE

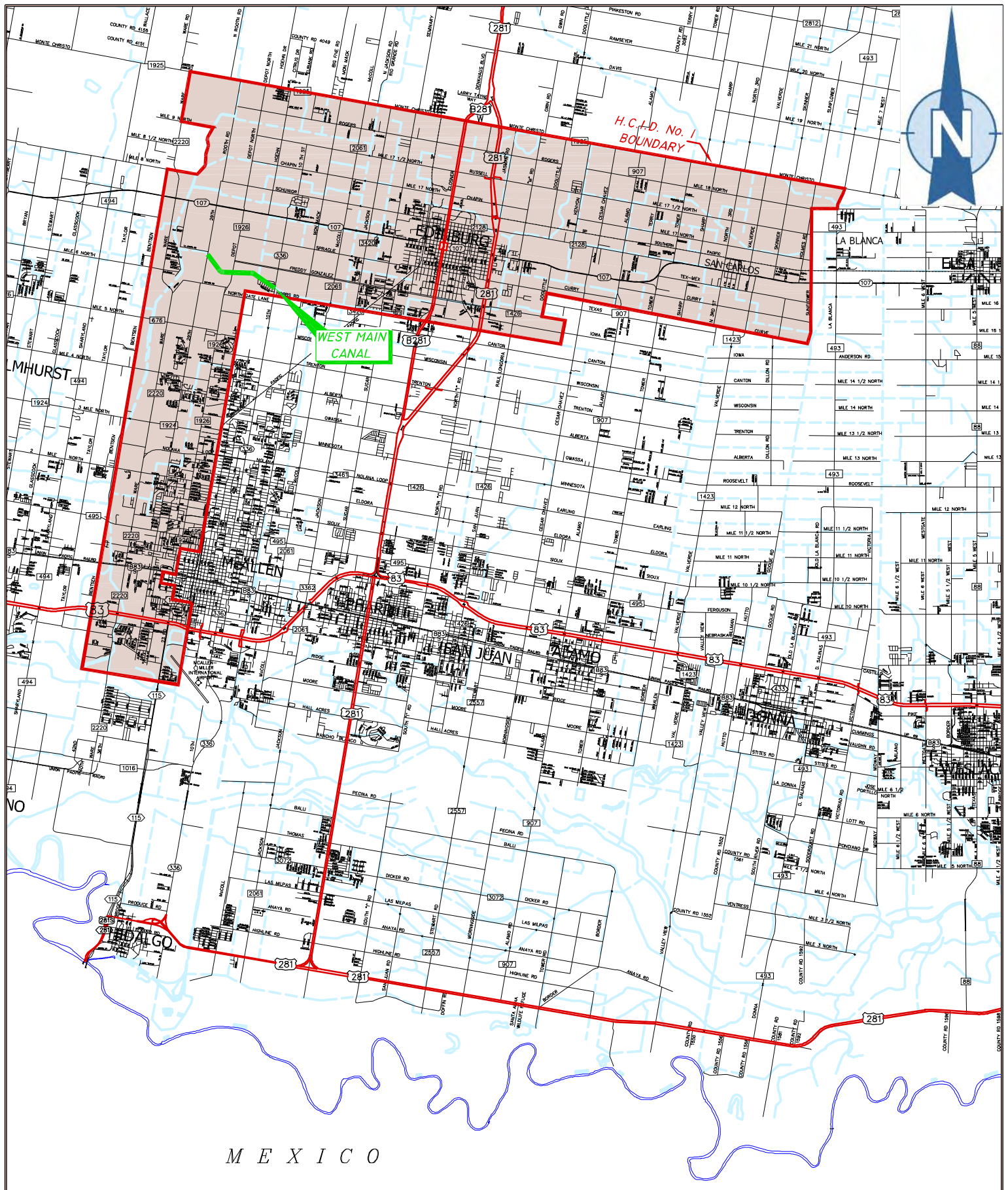
SDE ENGINEERING, LLC
 CIVIL • TRANSPORTATION • PLANNING • STORMWATER
 5602 E. IOWA RD., EDINBURG, TEXAS (956) 287-1818 PH. (956) 287-3697 FAX
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 TEPRE REG. NO. F-13016

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 TEXAS REGISTRATION NO. 84155
 DATE: JUN 04, 2015

DATE: 6/2/15
 SHEET NO.: 4 OF 4

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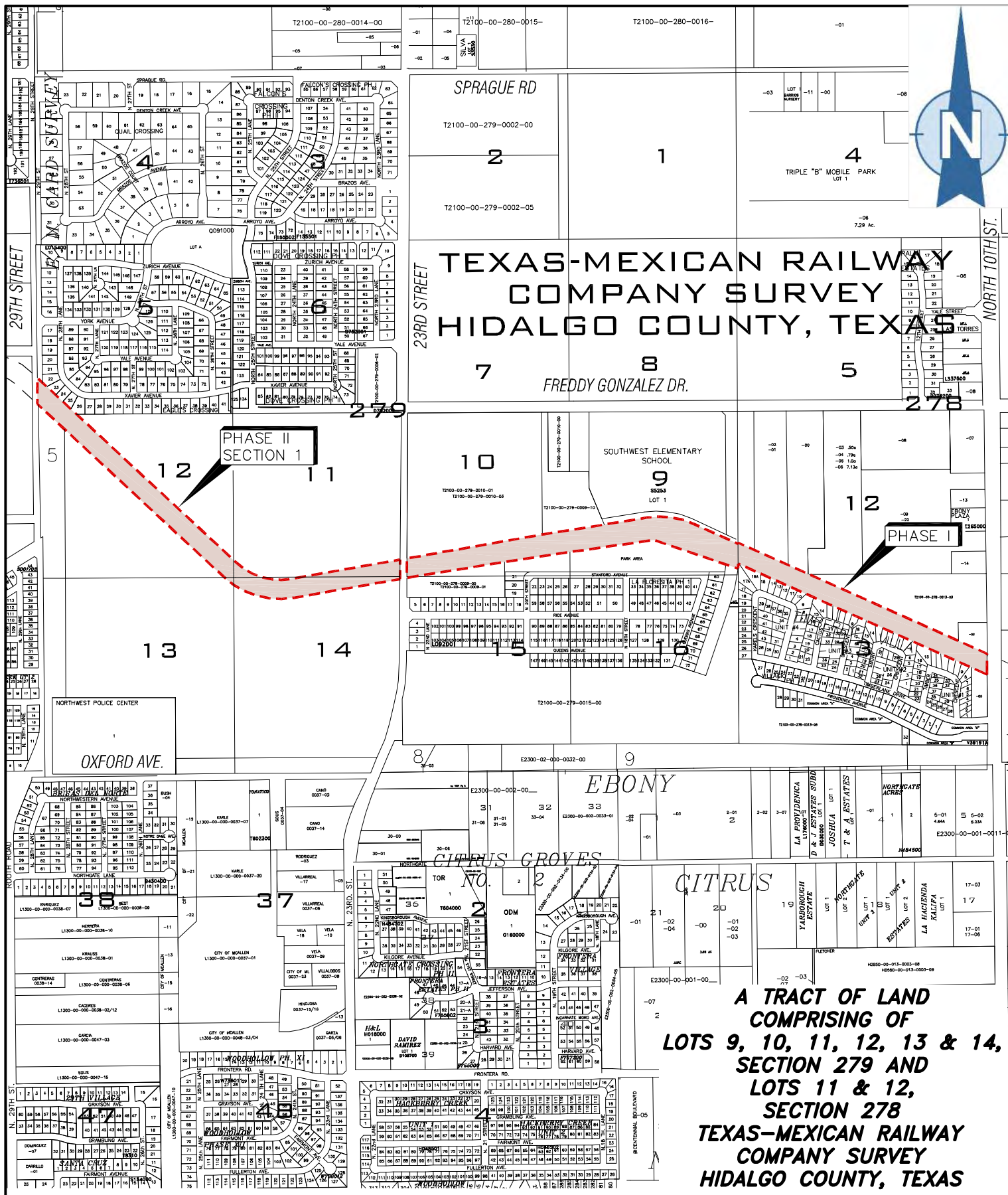


HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**DISTRICT
BOUNDARIES**

SDI ENGINEERING, LLC

CIVIL • TRANSPORTATION • PLANNING • STORMWATER
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 TBPE REG. NO. F-13016



**TEXAS-MEXICAN RAILWAY
COMPANY SURVEY
HIDALGO COUNTY, TEXAS**

**A TRACT OF LAND
COMPRISING OF
LOTS 9, 10, 11, 12, 13 & 14,
SECTION 279 AND
LOTS 11 & 12,
SECTION 278
TEXAS-MEXICAN RAILWAY
COMPANY SURVEY
HIDALGO COUNTY, TEXAS**

HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**WEST MAIN CANAL
EXHIBIT "A"**

SDI ENGINEERING, LLC

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INF@SDIENGINEERING.COM
TFPE REG. NO. F-13016



B01003

TOTAL POPULATION

Universe: Total population
2009-2013 American Community Survey 5-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

	Census Tract 201.01, Hidalgo County, Texas		Census Tract 201.02, Hidalgo County, Texas		Census Tract 202.01, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	6,336	+/-911	8,619	+/-1,150	7,246

	Census Tract 202.01, Hidalgo County, Texas	Census Tract 202.02, Hidalgo County, Texas		Census Tract 202.04, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-860	7,766	+/-609	8,622	+/-872

	Census Tract 202.05, Hidalgo County, Texas		Census Tract 203.01, Hidalgo County, Texas		Census Tract 203.02, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,449	+/-619	10,253	+/-990	9,562

	Census Tract 203.02, Hidalgo County, Texas	Census Tract 204.02, Hidalgo County, Texas		Census Tract 204.03, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-1,006	8,662	+/-807	5,060	+/-666

	Census Tract 204.04, Hidalgo County, Texas		Census Tract 205.01, Hidalgo County, Texas		Census Tract 205.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	4,624	+/-610	5,041	+/-682	10,789

	Census Tract 205.03, Hidalgo County, Texas	Census Tract 205.04, Hidalgo County, Texas		Census Tract 206, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-921	7,357	+/-911	2,450	+/-406

	Census Tract 207.01, Hidalgo County, Texas		Census Tract 207.21, Hidalgo County, Texas		Census Tract 207.23, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	9,434	+/-717	7,903	+/-722	5,785

	Census Tract 207.23, Hidalgo County, Texas	Census Tract 207.24, Hidalgo County, Texas		Census Tract 207.25, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-615	4,313	+/-546	4,109	+/-480

	Census Tract 207.26, Hidalgo County, Texas		Census Tract 208.02, Hidalgo County, Texas		Census Tract 208.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,912	+/-674	7,732	+/-1,116	5,455

	Census Tract 208.03, Hidalgo County, Texas	Census Tract 208.04, Hidalgo County, Texas		Census Tract 209.01, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-489	3,569	+/-441	4,986	+/-543

	Census Tract 209.03, Hidalgo County, Texas		Census Tract 209.04, Hidalgo County, Texas		Census Tract 210, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,313	+/-608	4,083	+/-464	6,343

	Census Tract 210, Hidalgo County, Texas	Census Tract 211, Hidalgo County, Texas		Census Tract 212.01, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-601	2,676	+/-464	2,839	+/-447

	Census Tract 212.02, Hidalgo County, Texas		Census Tract 213.02, Hidalgo County, Texas		Census Tract 213.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,348	+/-636	16,335	+/-1,176	8,206

	Census Tract 213.03, Hidalgo County, Texas	Census Tract 213.04, Hidalgo County, Texas		Census Tract 213.05, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-901	6,253	+/-656	6,547	+/-661

	Census Tract 214.01, Hidalgo County, Texas		Census Tract 214.03, Hidalgo County, Texas		Census Tract 214.04, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,752	+/-768	4,495	+/-609	8,271

	Census Tract 214.04, Hidalgo County, Texas	Census Tract 215, Hidalgo County, Texas		Census Tract 216, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-937	3,835	+/-478	4,110	+/-700

	Census Tract 217.01, Hidalgo County, Texas		Census Tract 217.02, Hidalgo County, Texas		Census Tract 218.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	9,240	+/-874	12,126	+/-1,402	4,987

	Census Tract 218.03, Hidalgo County, Texas	Census Tract 218.04, Hidalgo County, Texas		Census Tract 218.05, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-537	4,452	+/-609	9,182	+/-766

	Census Tract 218.06, Hidalgo County, Texas		Census Tract 219.01, Hidalgo County, Texas		Census Tract 219.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	8,748	+/-951	10,700	+/-1,328	4,293

	Census Tract 219.03, Hidalgo County, Texas	Census Tract 219.04, Hidalgo County, Texas		Census Tract 220.01, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-567	4,891	+/-740	10,873	+/-969

	Census Tract 220.03, Hidalgo County, Texas		Census Tract 220.04, Hidalgo County, Texas		Census Tract 221.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	7,159	+/-1,155	10,750	+/-1,263	5,822

	Census Tract 221.03, Hidalgo County, Texas	Census Tract 221.04, Hidalgo County, Texas		Census Tract 221.05, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-584	10,502	+/-1,253	3,735	+/-660

	Census Tract 221.06, Hidalgo County, Texas		Census Tract 222.01, Hidalgo County, Texas		Census Tract 222.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,336	+/-694	6,856	+/-715	3,515

	Census Tract 222.03, Hidalgo County, Texas	Census Tract 222.04, Hidalgo County, Texas		Census Tract 223, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-524	5,256	+/-622	9,707	+/-753

	Census Tract 224.01, Hidalgo County, Texas		Census Tract 224.02, Hidalgo County, Texas		Census Tract 225.01, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	4,335	+/-612	5,682	+/-652	6,644

	Census Tract 225.01, Hidalgo County, Texas	Census Tract 225.02, Hidalgo County, Texas		Census Tract 226, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-878	5,280	+/-461	2,363	+/-403

	Census Tract 227.01, Hidalgo County, Texas		Census Tract 227.02, Hidalgo County, Texas		Census Tract 228, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,223	+/-614	5,515	+/-798	9,159

	Census Tract 228, Hidalgo County, Texas	Census Tract 229, Hidalgo County, Texas		Census Tract 230, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-853	4,577	+/-487	4,715	+/-493

	Census Tract 231.02, Hidalgo County, Texas		Census Tract 231.03, Hidalgo County, Texas		Census Tract 231.04, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	7,593	+/-796	6,796	+/-658	5,252

	Census Tract 231.04, Hidalgo County, Texas	Census Tract 235.03, Hidalgo County, Texas		Census Tract 235.04, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-736	7,830	+/-853	9,371	+/-920

	Census Tract 235.07, Hidalgo County, Texas		Census Tract 235.09, Hidalgo County, Texas		Census Tract 235.10, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	9,190	+/-908	10,422	+/-843	9,793

	Census Tract 235.10, Hidalgo County, Texas	Census Tract 235.11, Hidalgo County, Texas		Census Tract 235.12, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-863	10,091	+/-1,202	3,466	+/-674

	Census Tract 235.13, Hidalgo County, Texas		Census Tract 235.14, Hidalgo County, Texas		Census Tract 235.15, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	8,335	+/-1,284	8,623	+/-1,184	10,637

	Census Tract 235.15, Hidalgo County, Texas	Census Tract 236, Hidalgo County, Texas		Census Tract 237, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-1,245	8,386	+/-793	5,194	+/-488

	Census Tract 238.01, Hidalgo County, Texas		Census Tract 238.02, Hidalgo County, Texas		Census Tract 239.02, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	8,647	+/-827	8,437	+/-833	12,051

	Census Tract 239.02, Hidalgo County, Texas	Census Tract 239.03, Hidalgo County, Texas		Census Tract 239.04, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-859	3,949	+/-547	8,346	+/-624

	Census Tract 240, Hidalgo County, Texas		Census Tract 241.05, Hidalgo County, Texas		Census Tract 241.06, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	16,301	+/-1,208	9,987	+/-1,012	11,638

	Census Tract 241.06, Hidalgo County, Texas	Census Tract 241.07, Hidalgo County, Texas		Census Tract 241.08, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-1,479	5,089	+/-838	6,228	+/-777

	Census Tract 241.09, Hidalgo County, Texas		Census Tract 241.10, Hidalgo County, Texas		Census Tract 241.11, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	5,939	+/-791	10,177	+/-1,044	4,936

	Census Tract 241.11, Hidalgo County, Texas	Census Tract 241.12, Hidalgo County, Texas		Census Tract 241.13, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-690	13,395	+/-1,121	7,078	+/-714

	Census Tract 241.14, Hidalgo County, Texas		Census Tract 242.01, Hidalgo County, Texas		Census Tract 242.03, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	9,659	+/-850	14,919	+/-1,234	6,238

	Census Tract 242.03, Hidalgo County, Texas	Census Tract 242.04, Hidalgo County, Texas		Census Tract 242.05, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-841	3,924	+/-556	7,124	+/-795

	Census Tract 243.01, Hidalgo County, Texas		Census Tract 243.02, Hidalgo County, Texas		Census Tract 244.02, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	1,448	+/-288	1,027	+/-250	9,905

	Census Tract 244.02, Hidalgo County, Texas	Census Tract 244.03, Hidalgo County, Texas		Census Tract 244.04, Hidalgo County, Texas	
	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	+/-997	5,655	+/-495	3,731	+/-614

	Census Tract 245, Hidalgo County, Texas		Census Tract 246, Hidalgo County, Texas		Census Tract 9800, Hidalgo County, Texas
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate
Total	8,365	+/-845	6,411	+/-700	0

	Census Tract 9800, Hidalgo County, Texas
	Margin of Error
Total	+/-13

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

While the 2009-2013 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Source: U.S. Census Bureau, 2009-2013 5-Year American Community Survey

Explanation of Symbols:

1. An '***' entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
2. An '-' entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
3. An '-' following a median estimate means the median falls in the lowest interval of an open-ended distribution.
4. An '+' following a median estimate means the median falls in the upper interval of an open-ended distribution.
5. An '****' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
6. An '*****' entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
7. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
8. An '(X)' means that the estimate is not applicable or not available.

HIDALGO COUNTY PROJECTED POPULATION

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	775,858	987,920	1,225,227	1,481,812	1,761,811	2,048,909

**Region M Water Plan 2010*

MUNICIPAL WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	117,193	145,679	177,947	212,579	251,155	291,206

**Region M Water Plan 2010*

MANUFACTURING WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	3,236	3,559	3,851	4,143	4,403	4,742

**Region M Water Plan 2010*

STEAM ELECTRIC WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	10,355	14,151	16,545	19,462	23,018	27,354

**Region M Water Plan 2010*

IRRIGATION WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	583,030	525,971	453,772	453,772	453,772	453,772

**Region M Water Plan 2010*

MINING WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	1,442	1,561	1,633	1,704	1,774	1,836

**Region M Water Plan 2010*

TOTAL WATER DEMAND PROJECTIONS (in acre-feet per year)

COUNTY	2010	2020	2030	2040	2050	2060
HIDALGO	715,256	690,921	653,748	691,660	734,122	778,910

**Region M Water Plan 2010*

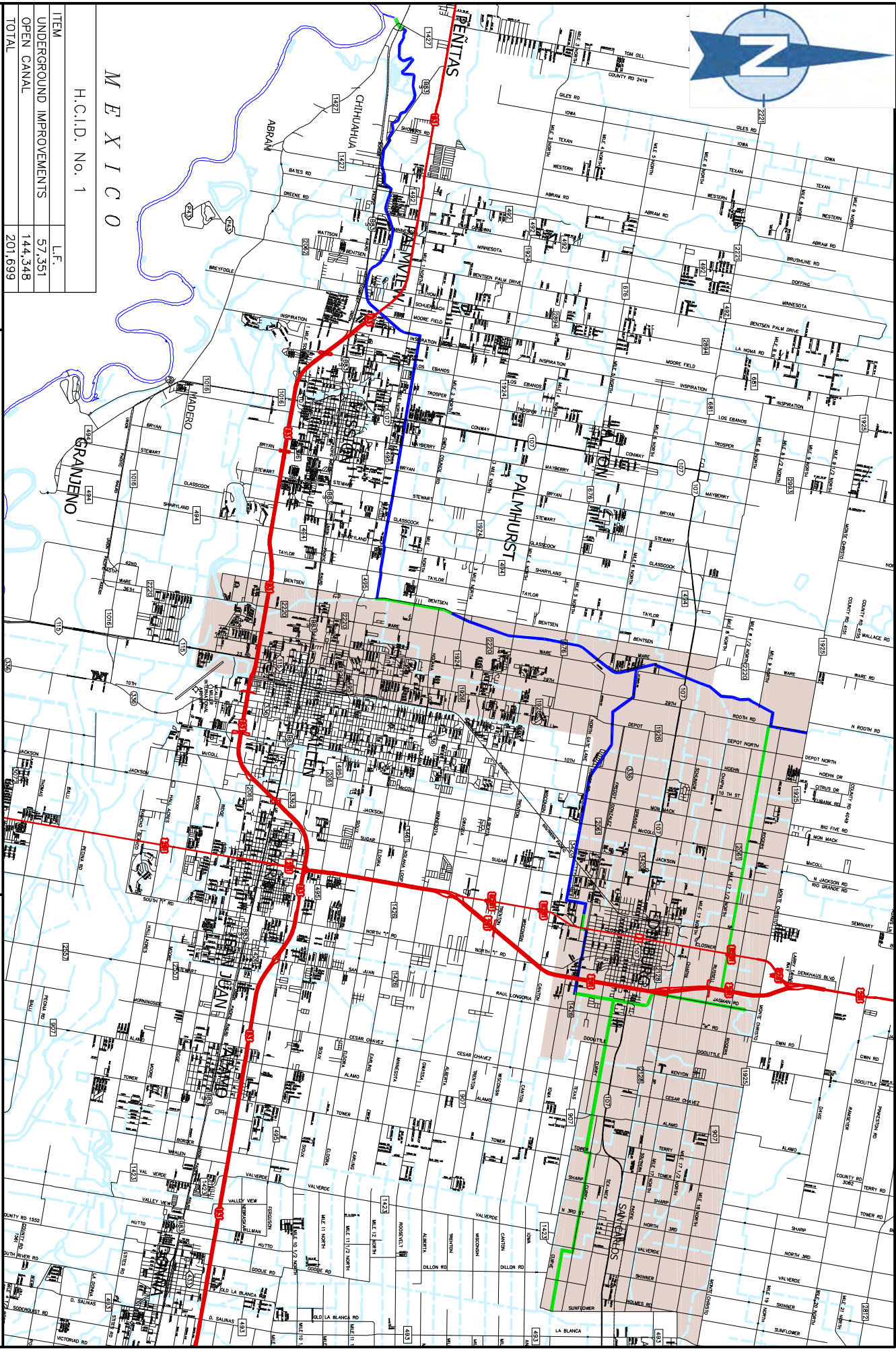
PROJECT BUDGET - HIDALGO COUNTY IRRIGATION DISTRICT NO 1						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$6,068,635	\$0	\$0	\$6,068,635	\$0	\$6,068,635
Subtotal Construction	\$6,068,635	\$0	\$0	\$6,068,635	\$0	\$6,068,635
Basic Engineering Fees						
Planning ***	\$153,136	\$0	\$0	\$153,136	\$0	\$153,136
Design	\$344,555	\$0	\$0	\$344,555	\$0	\$344,555
Construction Engineering	\$114,852	\$0	\$0	\$114,852	\$0	\$114,852
Basic Engineering Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$612,543	\$0	\$0	\$612,543	\$0	\$612,543
Special Services						
Application	\$20,000	\$0	\$0	\$20,000	\$0	\$20,000
Environmental	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$67,100	\$0	\$0	\$67,100	\$0	\$67,100
Geotechnical	\$10,000	\$0	\$0	\$10,000	\$0	\$10,000
Testing	\$25,000	\$0	\$0	\$25,000	\$0	\$25,000
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$30,036	\$0	\$0	\$30,036	\$0	\$30,036
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$56,000	\$0	\$0	\$56,000	\$0	\$56,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$208,136	\$0	\$0	\$208,136	\$0	\$208,136
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$37,625	\$0	\$0	\$37,625	\$0	\$37,625
Bond Counsel	\$36,200	\$0	\$0	\$36,200	\$0	\$36,200
Issuance Cost	\$22,100	\$0	\$0	\$22,100	\$0	\$22,100
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$4,075	\$0	\$0	\$4,075	\$0	\$4,075
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Contingency						
Contingency	\$110,686	\$0	\$0	\$110,686	\$0	\$110,686
Subtotal Contingency	\$110,686	\$0	\$0	\$110,686	\$0	\$110,686
TOTAL COSTS	\$7,100,000	\$0	\$0	\$7,100,000	\$0	\$7,100,000

***** Reimbursement Funds**

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
Total Planning Costs		0	0

Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.		C. County		D. Regional Planning Group (A-P)	
E. Program(s)		F. Loan <input type="checkbox"/> / Grant <input type="checkbox"/> Amount:		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)							
Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection						
Project Design Year				Design Population			
L. Is the proposed project included in a current Regional Water Plan? Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is associated directly with the proposed project ? Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		



M E X I C O

H.C.I.D. No. 1

ITEM	L.F.
UNDERGROUND IMPROVEMENTS	57,351
OPEN CANAL	144,348
TOTAL	201,699

LEGEND

- UNDERGROUND
- OPEN CANAL
- H.C.I.D. No. 1

HIDALGO COUNTY IRRIGATION DISTRICT No. 1

EXISTING IRRIGATION SYSTEM



CIVIL • TRANSPORTATION • PLANNING • STORMWATER
 5602 E. IOWA RD., EDINBURG, TEXAS (956) 287-4888 PH. (956) 287-3697 FAX
 INFO@SDI-ENGINEERING.COM
 TIRE REG. NO. T-13016

STATE OF TEXAS

§
§
§

COUNTY OF HIDALGO

SITE CERTIFICATE

Before me, the undersigned notary, on this day personally appeared Bobby R. (Rusty) McDaniel, a person whose identify is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is Bobby R. McDaniel. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of the Hidalgo County Irrigation District No. 1, an entity that has filed an application for financial assistance with the Texas Water Development Board for a water project.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

This is to certify that the Hidalgo County Irrigation District No. 1

has acquired or is in the process of acquiring the necessary real property interest, as evidenced by fee simple purchase or fully executed earnest money contracts, firm option agreements to purchase the subject property or the initiation of eminent domain procedures, that such acquisition will guarantee access and egress and such interest will contain the necessary easements, rights of way or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below:

As shown on the attached Exhibit "A".

Any deeds or other instruments required to be recorded to protect the title(s) held by the Hidalgo
County Irrigation District No. 1

have been recorded or filed for the record in the County deed records or other required location.

LEGAL CERTIFICATION – LEASE/CONTRACT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of the express easement agreement is attached hereto.

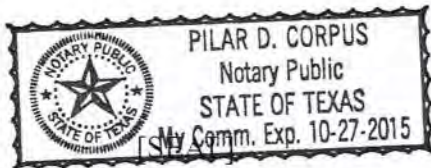
EXECUTED this 2nd day of June, 2015.

Bobby R. McDaniel
(Signature)

Bobby R. (Rusty) McDaniel
(Print Name)

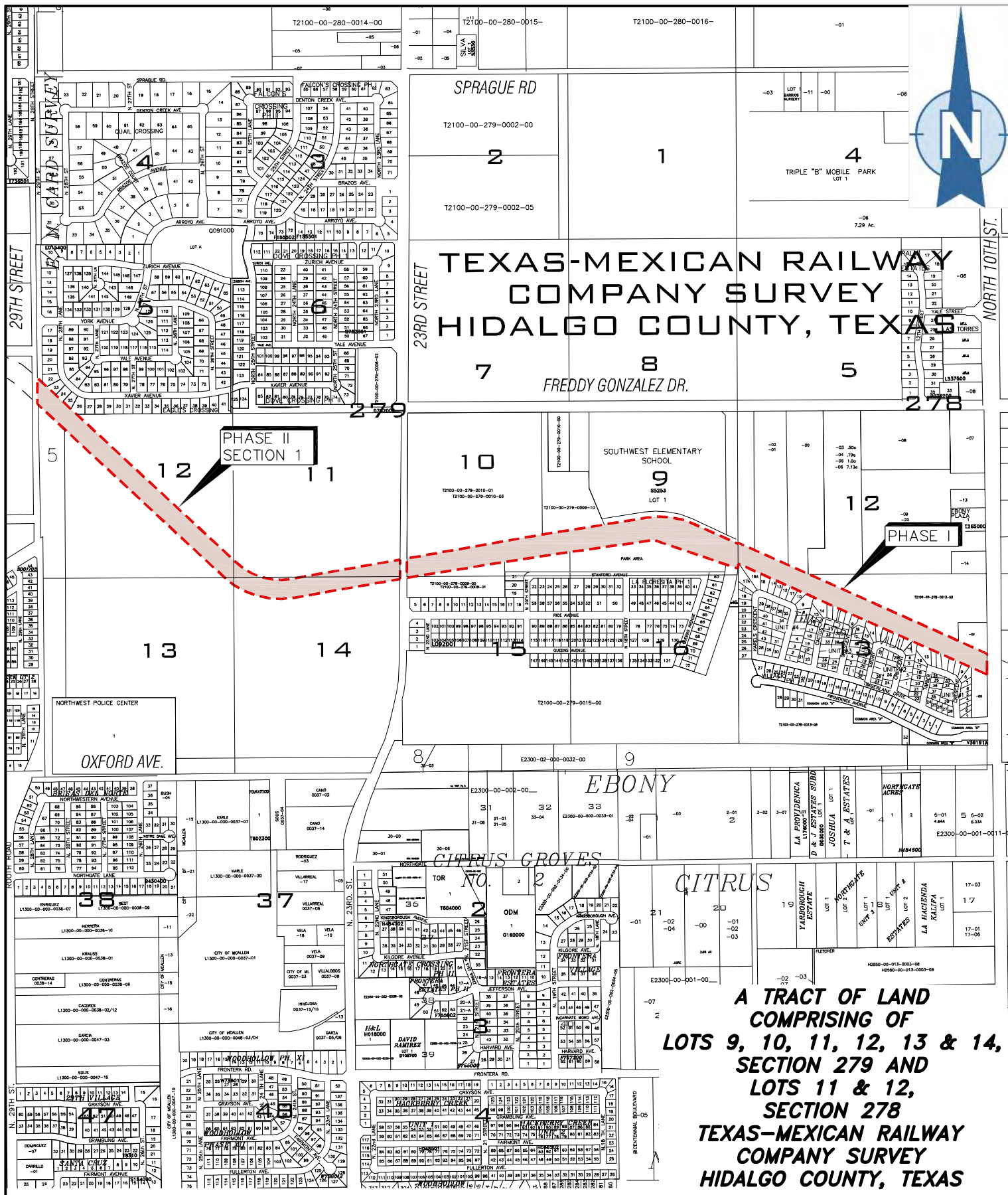
General Manager
(Title)

Sworn to and subscribed before me by Bobby R. (Rusty) McDaniel on June 2, 2015.



Pilar Corpus
Notary Public in and for the State of Texas

My Commission expires: 10-27-2015



TEXAS-MEXICAN RAILWAY
COMPANY SURVEY
HIDALGO COUNTY, TEXAS

**A TRACT OF LAND
COMPRISING OF
LOTS 9, 10, 11, 12, 13 & 14,
SECTION 279 AND
LOTS 11 & 12,
SECTION 278
TEXAS-MEXICAN RAILWAY
COMPANY SURVEY
HIDALGO COUNTY, TEXAS**

HIDALGO COUNTY IRRIGATION DISTRICT No. 1

**WEST MAIN CANAL
EXHIBIT "A"**

SDI ENGINEERING, LLC

CIVIL • TRANSPORTATION • PLANNING • STORMWATER
5602 E. IOWA RD., EDINBURG, TEXAS (956) 287-1818 PH. (956) 287-3697 FAX
INF@SDIENGINEERING.COM
TFPE REG. NO. F-13016

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF [\$7,100,000] IN PRINCIPAL AMOUNT OF *HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES, SERIES 2015*; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE

DATE OF APPROVAL: _____, 2015

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RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF [\$7,100,000] IN PRINCIPAL AMOUNT OF HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES, SERIES 2015; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE

STATE OF TEXAS §
COUNTY OF HIDALGO §
HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE §

WHEREAS, the **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE** (the "**District**") is an irrigation district created by Hidalgo County, Texas in 19__ and is operating pursuant to Article 16, Section 59 of the Texas Constitution, Chapters 49 and 58 of the Texas Water Code, as amended, and other applicable laws of the State of Texas; and

WHEREAS, the Board of Directors of the District deems it necessary and advisable to make extensions and improvements to its drainage and irrigation water distribution system (the "**System**"), which are more specifically described in an application (the "**Application**") submitted to the **TEXAS WATER DEVELOPMENT BOARD** (the "**Texas Water Development Board**" or the "**TWDB**"), for the benefit of its customers; and

WHEREAS, in the Application to the TWDB, the District requested financial assistance in the amount of [\$7,100,000] from the TWDB's *State Water Implementation Fund for Texas* ("**SWIFT**") program to finance the planning, acquisition, design, and construction of certain improvements to the System identified by the TWDB as Project No. _____ (the "**Project**"); and

WHEREAS, the TWDB reviewed such application and, pursuant to Resolution No. 15-__ adopted on _____, 2015 (the "**TWDB Resolution**"), approved a commitment to provide financial assistance to the District for the Project by purchasing [\$7,100,000] in principal amount of the District's *System Revenue Notes*; and

WHEREAS, in order to fund the Project the Board of Directors of the District finds and declares a public purpose and deems it advisable and in the best interests of the District to a series of notes (defined in Section 1 below as the "**Series 2015 Notes**") payable from and secured by a lien on and pledge of the net revenues (the "**Net Revenues**") of the District's System; and

WHEREAS, the notes hereinafter authorized are to be issued and delivered pursuant to Section 49.153, Texas Water Code, as amended, Chapter 1201, Texas Government Code, as amended, and other applicable laws of the State of Texas; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

THEREFORE, BE IT RESOLED BY THE BOARD OF DIRECTORS OF HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE THAT:

SECTION 1. AMOUNT AND PURPOSE OF THE SERIES 2015 NOTES. The notes of the District described in this Resolution which are to be purchased by the Texas Water Development Board pursuant to its SWIFT program and which are further described in Sections 2 and 3 of this Resolution (the "*Series 2015 Notes*") are hereby authorized to be issued and delivered in the aggregate principal amount of *[\$7,100,000]* **FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS TO FINANCE IMPROVEMENTS TO THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM AND FOR PAYING COSTS OF ISSUANCE.**

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF SERIES 2015 NOTES. Each Series 2015 Note issued pursuant to this Resolution shall be designated **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES, SERIES 2015**, and initially there shall be issued, sold and delivered hereunder one fully registered note, without interest coupons, dated December 1, 2015, in the aggregate principal amount of *[\$7,100,000]*, numbered T-1 (the "*Initial Series 2015 Note*"), with notes issued in replacement thereof being in the denomination of 1,000 or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Series 2015 Note being payable to the initial purchaser designated in Section 28 hereof), or to the registered assignee or assignees of said note or any portion or portions thereof (in each case, the "*Registered Owner*"), and the notes shall mature and be payable serially on **August 15** in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>
2016		2023		2030	
2017		2024		2031	
2018		2025		2032	
2019		2026		2033	
2020		2027		2034	
2021		2028		2035	
2022		2029			

The term "*Series 2015 Notes*" as used in this Resolution shall mean and include the notes initially issued and delivered pursuant to this Resolution and all substitute notes exchanged therefor, as well as all other substitute notes and replacement notes issued pursuant hereto, and the term "*Series 2015 Note*" shall mean any of the Series 2015 Notes.

SECTION 3. INTEREST. The Series 2015 Notes shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF SERIES 2015 NOTE attached to this Resolution to their respective dates of maturity at the following rates per annum:

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>
2016		2023		2030	
2017		2024		2031	
2018		2025		2032	
2019		2026		2033	
2020		2027		2034	
2021		2028		2035	
2022		2029			

Interest shall be payable in the manner provided and on the dates stated in the FORM OF SERIES 2015 NOTE attached to this Resolution.

SECTION 4. CHARACTERISTICS OF THE SERIES 2015 NOTES. (a) *Registration, Transfer, and Exchange; Authentication.* The District shall keep or cause to be kept at the designated office of _____ (currently located in _____, Texas) (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Series 2015 Notes (the "**Registration Books**"), and the District hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the District and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar Agreement between the District and the Paying Agent/Registrar, in substantially the form attached hereto as *Exhibit A*, is hereby approved and the President and Secretary of the District are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Series 2015 Note to which payments with respect to the Series 2015 Notes shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed,

and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Series 2015 Notes shall be made within three business days after request and presentation thereof. The District shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Series 2015 Note or Series 2015 Notes shall be paid as provided in the FORM OF SERIES 2015 NOTE set forth in Section 5 of this Resolution. Registration of assignments, transfers and exchanges of Series 2015 Notes shall be made in the manner provided and with the effect stated in the FORM OF SERIES 2015 NOTE set forth in Section 5 of this Resolution. Each substitute Series 2015 Note shall bear a letter and/or number to distinguish it from each other Series 2015 Note.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2015 Note, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Series 2015 Note shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Series 2015 Notes and Series 2015 Notes surrendered for transfer and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the District or any other body or person so as to accomplish the foregoing transfer and exchange of any Series 2015 Note or portion thereof, and the Paying Agent/Registrar shall provide for the preparation, execution and delivery of the substitute Series 2015 Notes in the manner prescribed herein. Pursuant to the Texas Government Code, Chapter 1201, the duty of transfer and exchange of Series 2015 Notes as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Series 2015 Note, the transferred and exchanged Series 2015 Note shall be valid, incontestable and enforceable in the same manner and with the same effect as the Series 2015 Notes which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) *Payment of Series 2015 Notes and Interest.* The District hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2015 Notes, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the District and the Paying Agent/Registrar with respect to the Series 2015 Notes.

(c) *In General* The Series 2015 Notes (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2015 Notes to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2015 Notes of the same maturity, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal interest, and (viii) shall be administered and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect to the Series 2015 Notes, all as provided, and in the manner and to

the effect as required or indicated, in the FORM OF SERIES 2015 NOTE set forth in Section 5 of this Resolution. The Series 2015 Notes initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Series 2015 Note issued in exchange for any Series 2015 Note or Series 2015 Notes issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF SERIES 2015 NOTE.

(d) Substitute Paying Agent/Registrar. The District covenants with the registered owners of the Series 2015 Notes that at all times while the Series 2015 Notes are outstanding the District will provide a competent and legally qualified bank, trust company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Series 2015 Notes under this Resolution, and that the Paying Agent/Registrar will be one entity. The District reserves the right to, and may, at its option and to the extent permitted by law, (i) act in the capacity of Paying Agent/Registrar or (ii) change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition or other method) should resign or otherwise cease to act as such, the District covenants that promptly it will assume the duties or will appoint a competent and legally qualified bank, trust company, financial institution or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Series 2015 Notes, to the new Paying Agent/Registrar designated and appointed by the District. Upon any change in the Paying Agent/Registrar, the District promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2015 Notes, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System for Series 2015 Notes. The Series 2015 Notes issued in exchange for the Series 2015 Notes initially issued to the purchasers specified in Section 28 herein shall be initially issued in the form of a separate single fully registered Series 2015 Note for each maturity thereof. Upon initial issuance, the ownership of each such Series 2015 Note shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (f) hereof, all of the outstanding Series 2015 Notes shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the Series 2015 Notes registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any

person on behalf of whom such a DTC Participant holds an interest in the Series 2015 Notes. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2015 Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Series 2015 Notes, as shown on the Registration Books, of any notice with respect to the Series 2015 Notes or (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Series 2015 Notes, as shown in the Registration Books of any amount with respect to principal of or interest on the Series 2015 Notes. Notwithstanding any other provision of this Resolution to the contrary, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Series 2015 Note is registered in the Registration Books as the absolute owner of such Series 2015 Note for the purpose of payment of principal and interest with respect to such Series 2015 Notes, for the purpose of registering transfers with respect to such Series 2015 Notes and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Series 2015 Notes only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Series 2015 Notes to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Series 2015 Note evidencing the obligation of the District to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) *Successor Securities Depository; Transfers Outside Book-Entry-Only Systems.* In the event that the District determines to discontinue the use of the Book-Entry-Only System through DTC, or DTC determines to discontinue providing its services with respect to the Series 2015 Notes, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Series 2015 Notes to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Series 2015 Notes and transfer one or more separate Series 2015 Notes to DTC Participants having Series 2015 Notes credited to their DTC accounts; *provided, however, in no event shall the District discontinue the use of DTC as the securities depository for the Series 2015 Notes and appoint a successor securities depository in accordance with the preceding provisions without prior notice and consent of the Texas Water Development Board for so long as the Texas Water Development Board is the holder of any of the Series 2015 Notes.* In such event, the Series 2015 Notes shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Series 2015 Notes shall designate, in

accordance with the provisions of this Resolution. Whenever a successor securities depository has been appointed pursuant to this paragraph, the terms DTC and DTC Participant as used in this Resolution shall refer to such successor securities depository and its participants, respectively.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2015 Note is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Series 2015 Note and all notices with respect to such Series 2015 Note shall be made and given, respectively, in the manner provided in the representation letter of the District to DTC.

(h) DTC Letter of Representation. The officers of the District are herein authorized for and on behalf of the District and as officers of the District to enter into one or more amendments to the Blanket Letters of Representation with DTC as deemed necessary to establish and maintain the Book-Entry-Only System with respect to the Series 2015 Notes.

[The remainder of this page intentionally left blank]

SECTION 5. FORM OF SERIES 2015 NOTES. The form of the Series 2015 Notes, including the form of the Paying Agent/Registrar's Authentication Certificate and the form of Assignment shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SERIES 2015 NOTE

R- ___	UNITED STATES OF AMERICA STATE OF TEXAS HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTE, SERIES 2015	PRINCIPAL AMOUNT \$ _____
--------	----------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF SERIES</u>	<u>CUSIP NO.</u>
_____ %	August 15, 20__	_____ __, 2015	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ **DOLLARS**

ON THE MATURITY DATE SPECIFIED ABOVE, HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE (the "*District*"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "*Registered Owner*"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the date of initial delivery of this Note (as shown on the records of the "Paying Agent/Registrar" as defined and identified below) at the Interest Rate per annum specified above, payable on *February 15, 2016*, and semiannually on each *February 15* and *August 15* thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Note is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Note or Notes, if any, for which this Note is being exchanged is due but has not been paid, then this Note shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity or upon the date fixed for its redemption prior to maturity, at the designated office of _____ (currently located in _____, Texas), which is the "*Paying*

Agent/Registrar" for this Note. The payment of interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required by the Resolution authorizing the issuance of this Note (the "*Resolution*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "*Record Date*") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Note prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Notes shall be payable in the regular manner described above). The District covenants with the Registered Owner of this Note that on or before each principal payment date, interest payment date, and accrued interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" referred to in the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Notes, when due. Terms used in this Note and not otherwise defined shall have the meaning given in the Resolution.

NOTWITHSTANDING THE FOREGOING, as long as the Texas Water Development Board is the owner of this Note, payment of principal of and interest on this Note shall be made by wire transfer to the Texas Water Development Board and at no cost to the Texas Water Development Board.

IF THE DATE FOR THE PAYMENT of the principal of or interest on this Note shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business (each a "*Non-Business Day*"), then the date for such payment shall be the next succeeding day which is not a Non-Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE IS ONE OF A SERIES of Notes dated as of _____, 2015, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of [\$7,100,000] ***FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS TO FINANCE IMPROVEMENTS TO THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM AND FOR PAYING COSTS OF ISSUANCE.***

ON AUGUST 15, 20__, ***AND ON ANY DATE THEREAFTER***, the Notes of this Series maturing on or after August 15, 20__, may be redeemed, in whole or in part, at the option of the District (and if in part the Notes of this Series shall be redeemed in inverse order of maturity and the Paying Agent/Registrar shall determine, by lot or other customary method within a maturity, the particular Notes to be redeemed), at a redemption price equal to the principal amount of the Notes to be redeemed plus accrued interest to the redemption date; provided, that during any period in which ownership of the Notes is determined by a book entry at a securities depository for the Notes, if fewer than all of the Notes of the same maturity and bearing the same interest rate are to be redeemed, the particular Notes of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Notes or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Note to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Notes or portions thereof which are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Notes or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Note shall be redeemed a substitute Note or Notes having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of 1,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Resolution.

ALL NOTES OF THIS SERIES are issuable solely as fully registered Notes, without interest coupons, in the denomination of any integral multiple of 1,000 (an "***Authorized Denomination***"). As provided in the Resolution, this Note, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Notes, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of

1,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note or any portion or portions hereof in any integral multiple of 1,000 to the assignee or assignees in whose name or names this Note or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Note or portion thereof shall be paid by the District, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Note or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Note called for redemption in part.

IN THE EVENT ANY PAYING AGENT/REGISTRAR for the Notes is changed by the District, resigns or otherwise ceases to act as such, the District has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Notes.

IT IS HEREBY CERTIFIED, RECITED AND COVENANTED that this Note has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Note have been performed, existed and been done in accordance with law; that this Note is a special obligation of the District, and that the interest on and principal of this Note, together with all other outstanding "Parity Obligations" (as defined and described in the Resolution), as such interest comes due, and as such principal matures, are payable from and secured by a lien on and pledge of the "Net Revenues" (as defined and described in the Resolution) derived from the operation of the "System" (as defined and described in the Resolution which consists generally of the District's drainage and irrigation water distribution system).

THE DISTRICT HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to issue additional parity revenue bonds, notes or other obligations designated as "Additional Obligations" in the Resolution, which also may be secured by and payable from an irrevocable first lien on and pledge of the aforesaid Net Revenues on a parity and of equal dignity in all respects with this Note.

THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT to demand payment of this Note out of any funds raised or to be raised by taxation.

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, the Registered Owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the District and agrees that the terms and provisions of this Note and the Resolution constitute a contract between each Registered Owner hereof and the District.

IN WITNESS WHEREOF, the District has caused this Note to be signed with the manual or facsimile signature of the President of the District, countersigned with the manual or facsimile signature of the Secretary of the District, and the official seal of the District has been duly impressed, or placed in facsimile, on this Note.

Countersigned:

(facsimile signature)
Secretary
Hidalgo County Irrigation District No. One

(facsimile signature)
President
Hidalgo County Irrigation District No. One

(Seal)

**FORM OF REGISTRATION CERTIFICATE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Resolution described in the text of this Note; and that this Note has been issued in exchange for a note or notes, or a portion of a note or notes of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

as Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Note, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Note and all rights hereunder unto _____

/_____/ _____
(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite Assignee's name and address, including zip code)

_____ and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____
Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or any change whatsoever.

INITIAL NOTE INSERTIONS

The initial Series 2015 Note shall be in the form set forth above except that:

- (A) Immediately under the name of the Series 2015 Note, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

ON THE MATURITY DATE specified above, **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE** (the "*District*"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the date of initial delivery of this Note (as shown on the records of the "Paying Agent/Registrar," hereinafter defined), at the respective Interest Rates per annum specified below, payable on *February 15, 2016*, and semiannually on each *February 15* and *August 15* thereafter to the respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Note are set forth in the following schedule:

MATURITY DATE (AUGUST 15)	PRINCIPAL INSTALLMENT (\$)	INTEREST RATE (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Terms of the Series 2015 Notes in Sections 2 and 3 of the Resolution to be included.)

- (C) The Initial Series 2015 shall be numbered "T-1."

SECTION 6. DEFINITIONS. As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"**Additional Obligations**" shall mean the additional parity revenue bonds, notes or other obligations which the District reserves the right to issue and deliver in the future, as provided by this Resolution.

"Current Expenses of the System" shall mean the current, ordinary, reasonable, necessary, and proper expenses of operation and maintenance of the System, including reasonable, necessary, and proper salaries, labor, fees, materials, repairs, paying agents' charges, and properly allocated charges for insurance. Depreciation and payments into and out of the Interest and Sinking Fund and the other Funds, hereinafter described, shall never be considered as expenses of operation and maintenance.

"Fiscal Year" shall mean the twelve-month period commencing on September 1 and ending on the next August 31, or such other period commencing on the date designated by the District and ending one year later.

"Gross Revenues of the System" shall mean all of the revenues, income, and receipts of every nature derived from the ownership or operation of the System.

"Net Revenues" shall mean the amount remaining after deducting the Current Expenses of the System from the Gross Revenues of the System.

"Parity Obligations" shall mean the Series 2015 Notes and any Additional Obligations.

"Principal and Interest Requirements" shall mean for any Fiscal Year the amount required to pay the interest on and principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) all outstanding Parity Obligations becoming due in such Fiscal Year. In calculating Principal and Interest Requirements the principal and interest coming due in any Fiscal Year on any Parity Obligations which bear interest at a variable rate which cannot be predetermined shall be assumed to be that which would come due if (i) the interest rate on such Parity Obligations for the applicable period was the interest rate that was in effect on the last day of the immediately preceding Fiscal Year (or, if such Parity Obligations were issued during the current Fiscal Year, then the first interest rate in effect for such Parity Obligations), and (ii) the principal amortization schedule would be that which would result in substantially level debt service throughout the remaining term of such Parity Obligations assuming such interest rate. In calculating Principal and Interest Requirements if any such outstanding Parity Obligations do not pay current interest during the term to maturity thereof, but rather accrete in value according to a schedule, the principal and interest coming due on any such Parity Obligation shall be calculated as equal to the accreted value at maturity.

"Reimbursement Obligation" shall mean any obligation entered into by the District in connection with any Reserve Fund Credit Facility pursuant to which the District obligates itself to reimburse a financial institution, insurance company or other entity for amounts paid or advanced by such entity pursuant to a Reserve Fund Credit Facility. Reimbursement Obligations may be payable from and secured by a lien on Net Revenues which is on parity with, or subordinate to, the lien on Net Revenues which secures the Parity Obligations pursuant to this Resolution.

"Reserve Fund Credit Facility" shall mean a policy of insurance, surety bond, letter of credit or similar instrument or contract which (i) is issued by an insurance company or financial institution whose senior debt securities are rated in the one of the three highest rating categories by the rating agencies which provide a rating, at the District's request, on the Parity Obligations, (ii) may not be terminated by the entity providing the facility prior to the final maturity date of the particular series of Parity Obligations for which an account in the Reserve Fund is established pursuant to the order authorizing such series of Parity Obligations, and (iii) may be drawn upon demand by the District to provide funds to pay Principal and Interest Requirements on such particular series of Parity Obligations in the event moneys on deposit in the Interest and Sinking Fund are insufficient to make such payment.

"Series 2015 Notes" shall mean the *Hidalgo County Irrigation District No. One System Revenue Notes, Series 2015*, issued pursuant to this Resolution.

"System" shall mean the District's existing drainage and irrigation water distribution system which is designed to deliver untreated water for irrigation and to provide for the drainage of lands and such other functions as are incidental to the accomplishment of such limited purposes as permitted by Chapter 58, Texas Water Code, together with all future improvements, enlargements, and additions thereto, and replacements thereof, and any other facilities acquired, constructed and designated by the District to be a component of the System, all as acquired or constructed from any source, including the issuance of Parity Obligations.

SECTION 7. PLEDGE. The Parity Obligations are and shall be secured and payable, equally and ratably on a parity, by and from a first lien on and pledge of the Net Revenues.

SECTION 8. RATES. The District covenants and agrees with the holders of the Parity Obligations as follows:

(a) As long as any Parity Obligations remain outstanding, the District shall develop an annual budget for each Fiscal Year which demonstrates that the Gross Revenues reasonably anticipated to be collected from all purchasers of raw water from the District during such Fiscal Year (taking into account all contractual requirements and restrictions the District has with such purchasers), less Current Expenses of the System budgeted for such Fiscal Year, will result in Net Revenues that will (i) equal at least ___% of the average annual Principal and Interest Requirements on the Parity Obligations outstanding during each Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Reserve Fund and in the Operating Reserve Fund to the amounts and in the manner required by the respective resolutions authorizing the issuance of the outstanding Parity Obligations (including this Resolution), and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any.

(b) If the District should become legally liable for any other obligations or indebtedness, the District shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

SECTION 9. FUNDS. (a) *Creation of Revenue Fund and Interest and Sinking Fund.* All revenues of the System shall be kept separate and apart from all other funds of the District, and the following special Funds are hereby created and established and shall be maintained on the financial records of the District (or at an official depository of the District), so long as any of the Parity Obligations, or interest thereon, are outstanding and unpaid:

(i) **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE FUND**, hereinafter called the "*Revenue Fund*"; and

(ii) **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES INTEREST AND SINKING FUND**, hereinafter called the "*Interest and Sinking Fund*."

(iii) **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM OPERATING RESERVE FUND**, hereinafter called the "*Operating Reserve Fund*."

(b) *Creation of Reserve Fund.* Additionally, there is hereby created for the benefit only of the registered owners of a particular series of Parity Obligations for which an account is created in the resolution authorizing such series of Parity Obligations, and shall be maintained on the financial records of the District (or at an official depository of the District), for the pro rata benefit of all Parity Obligations of such series for which an account is created, the **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES RESERVE FUND**, hereinafter called the "*Reserve Fund*." The District may create and establish accounts in the Reserve Fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said account shall no longer constitute Net Revenues and shall be held solely for the benefit of the registered owners of the particular Parity Obligations for which such account in the Reserve Fund was established. Each such account in the Reserve Fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such account from all other accounts in the Reserve Fund created for the benefit of a particular series of Parity Obligations. All terms relating to the requirements to establish, fund and maintain required balances in an account of the Reserve Fund, including but not limited to the use of any Reserve Fund Credit Facility therein, shall be set forth in the resolution authorizing the issuance of the particular series of Parity Obligations for which such account is established.

(c) *Creation of Construction Fund.* There is hereby further created and established shall be maintained on the financial records of the District (or at an official depository of the County) a fund to be called the **HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE SYSTEM REVENUE NOTES CONSTRUCTION FUND** (herein called the "*Construction Fund*"). Proceeds from the sale and delivery of a series of Parity Obligations which are issued to finance improvements to the System (other than proceeds representing accrued interest on such Parity Obligations and any premium on such Parity Obligations that is not used by the District to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in an account of the

Construction Fund established by the District in connection with the issuance of such series of Parity Obligations. Money in the Construction Fund shall be subject to disbursements by the District for payment of all costs incurred in carrying out the purpose for which such series of Parity Obligations are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of such series of Parity Obligations, and to pay related costs of issuance.

All funds remaining on deposit in the Series 2015 Account of the Construction Fund upon completion of the projects being financed with the proceeds from the Series 2015 Notes, if any, shall be used in accordance with the provisions of Section 32 this Resolution and as authorized by the Texas Water Development Board.

SECTION 10. REVENUE FUND. All Gross Revenues of the System shall be deposited as collected into the Revenue Fund. The Current Expenses of the System shall be paid from the Revenue Fund or from any other funds of the District lawfully available therefor. The Gross Revenues of the System not actually used to pay Current Expenses of the System shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts and at the times hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

SECTION 11. INTEREST AND SINKING FUND. (a) *Use of Funds.* The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Obligations when due, and the General Manager of the District is hereby authorized to cause funds to be transferred from the Interest and Sinking Fund to the Paying Agent/Registrar at the times and in the amounts to pay Principal and Interest Requirements on the Parity Obligations.

(b) *Deposit of Accrued Interest and Capitalized Interest.* Immediately after the delivery of any series of Parity Obligations, all moneys representing accrued interest, if any, received by the District upon the sale and delivery of such Parity Obligations to the initial purchaser thereof, together with all capitalized interest being financed with proceeds of such Parity Obligations, if any (but in no event in excess of the amount permitted by Section 1201.042(a)(1), Texas Government Code, as amended, or other applicable law), shall be deposited to the credit of the Interest and Sinking Fund.

(c) *Monthly Deposits.* In addition, there shall be transferred Net Revenues from the Revenue Fund and deposited into the Interest and Sinking Fund the following:

(i) on or before the last business day of each month, commencing with the month immediately following the issuance of any series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the interest scheduled to come due on all outstanding Parity Obligations on the next interest payment date.

(b) on or before the last business day of each month, commencing with the twelfth (12th) month preceding the first principal payment date for a series of Parity Obligations, or commencing with the month immediately following the issuance of any series of Parity Obligations if delivery of such series of Parity Obligations is made less than twelve months preceding the first principal payment date for such series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the principal scheduled to come due (either at stated maturity or due to mandatory sinking fund redemption) on all outstanding Parity Obligations on the next principal payment date.

(iii) on or before any optional redemption date set by the District for any Parity Obligations, there shall be deposited into the Interest and Sinking Fund an amount as will be sufficient to pay the principal of, premium, if any, and interest on the Parity Obligations scheduled to be redeemed on such optional redemption date.

SECTION 12. RESERVE FUND. (a) *Use of Funds.* Funds on deposit in an account of the Reserve Fund established for the benefit of a particular series of Parity Obligations shall be used to (i) pay the principal of and interest on such series of Parity Obligations for which such account was created at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, (ii) pay the principal of or interest on the last maturing Parity Obligations of such series, or (iii) pay Reimbursement Obligations to restore the amount available to be drawn under a Reserve Fund Credit Facility to its original amount. If the amount on deposit in an account of the Reserve Fund for a particular series of Parity Obligations consists of cash and investments and a Reserve Fund Credit Facility, all cash and investments in such account shall be liquidated and withdrawn prior to drawing on the Reserve Fund Credit Facility. If more than one Reserve Fund Credit Facility is maintained in an account of the Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata.

(b) *Series 2015 Notes Secured with Reserve Fund.* The District hereby establishes an account in the Reserve Fund, to be known as the "**Series 2015 Reserve Fund Account**," for the benefit of the registered owners of the Series 2015 Notes. The amount required to be on deposit in the Series 2015 Reserve Fund Account is equal to the maximum annual Principal and Interest Requirements of the Series 2015 Notes calculated on the date of issuance and delivery of the Series 2015 Notes (i.e., \$_____, the "**Series 2015 Reserve Account Requirement**"), which amount is equal to the lesser of (i) 100% of the maximum annual Principal and Interest Requirements of the Series 2015 Notes, (ii) 125% of the average annual Principal and Interest Requirements of the Series 2015 Notes, (iii) 10% of the original principal amount of the Series 2015 Notes. The District initially shall fund the Series 2015 Reserve Fund Account by transferring on or before the date of delivery of the Series 2015 Notes available funds of the District in an amount equal to the Series 2015 Reserve Account Requirement. When and so long as the money and investments in the Series 2015 Reserve Fund Account total not less than the Series 2015 Reserve Account Requirement, no deposits need be made to the credit of the Series

2015 Reserve Fund Account; but when and if the Series 2015 Reserve Fund Account at any time contains less than the Series 2015 Reserve Account Requirement, the District covenants and agrees to cure the deficiency in the Reserve Fund Requirement within sixty (60) months from the date the deficiency occurred by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund and paying all Current Expenses then due) on the last business day of each month in approximately equal amounts. During such time as the Series 2015 Reserve Fund Account contains the Series 2015 Reserve Account Requirement, the District may, at its option, withdraw all surplus funds in the Series 2015 Reserve Fund Account in excess of the Series 2015 Reserve Account Requirement and deposit such surplus in the Revenue Fund. For the purpose of determining the amount on deposit to the credit of the Series 2015 Reserve Fund Account, investments in which money in such account shall have been invested shall be computed at cost. The amount on deposit to the credit of the Series 2015 Reserve Fund Account shall be computed by the District at least annually, and shall be computed immediately upon any withdrawal from the Series 2015 Reserve Fund Account.

SECTION 13. OPERATING RESERVE FUND. The amount required to be on deposit in the Operating Reserve Fund is equal to the average annual Current Expenses of the System for the District's three most recently completed Fiscal Years (the "*Operating Reserve Fund Requirement*"). Funds on deposit therein may be used for any lawful purpose of the District, including but not limited to (i) paying Current Expenses of the System when due, (ii) funding capital improvements, and (iii) paying Principal and Interest Requirements on the Parity Obligations in the event funds on deposit in the Interest and Sinking Fund and the Reserve Fund are insufficient to make such payments when due. When and so long as the money and investments in the Operating Reserve Fund total not less than the Operating Reserve Fund Requirement, no deposits need be made to the credit of the Operating Reserve Fund; but when and if the Operating Reserve Fund at any time contains less than the Operating Reserve Fund Requirement, the District covenants and agrees to cure the deficiency in the Operating Reserve Fund Requirement within sixty (60) months from the date the deficiency occurred by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund, the Reserve Fund and paying all Current Expenses then due) on the last business day of each month in approximately equal amounts. For the purpose of determining the amount on deposit to the credit of the Operating Reserve Fund, investments in which money in such account shall have been invested shall be computed at cost. The amount on deposit to the credit of the Operating Reserve Fund shall be computed by the District at the beginning of each Fiscal Year and shall be computed immediately upon any withdrawal from the Operating Reserve Fund.

SECTION 14. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund, the Reserve Fund, and the Construction Fund shall be secured by the depository bank of the District in the manner and to the extent required by law to secure other public funds of the District and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the District's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that all such deposits and investments shall be made in such

manner that the money required to be expended from any Fund will be available at the proper time or times when expected to be needed. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the District and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Parity Obligations. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 27 hereof in order to prevent any Parity Obligations from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 15. DEFICIENCIES IN FUNDS. If in any month the District shall fail to deposit into any Fund created by this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the District shall increase the rates and charges for services of the System to make up for any such deficiencies.

SECTION 16. EXCESS REVENUES. The Net Revenues, in excess of those necessary to establish and maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of Additional Obligations, may be used for any lawful purpose.

SECTION 17. SECURITY FOR FUNDS. All Funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

SECTION 18. ADDITIONAL OBLIGATIONS. The District reserves the right to issue additional parity revenue bonds, notes or other obligations for any purpose related to the System, to be known as Additional Obligations, which, when issued and delivered, shall be payable from and secured by a first lien on and pledge of the Net Revenues, in the same manner and to the same extent as the Parity Obligations, and the Parity Obligations shall in all respects be on a parity and of equal dignity. The Additional Obligations may be issued in one or more installments or series, provided, however, that no installment or series of Additional Obligations shall be issued unless:

- (a) The President of the Board of Directors of the District or the General Manager of the District signs a certificate to the effect that, except for the issuance of refunding bonds to cure a default, no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all then Outstanding Parity Obligations and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) The President of the Board of Directors of the District or the General Manager of the District signs a certificate to the effect that, during either the next preceding Fiscal Year, or any twelve (12) consecutive calendar month period ending not more than ninety (90) days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Obligations, the Net Revenues were at least equal to an aggregate of (i) 125% of the average annual principal and interest requirements of all then Outstanding Parity Obligations after giving effect to the Additional Obligations proposed for issuance, plus (ii) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any. However in the event (A) the certificate of the President of the Board of Directors or the General Manager of the District states that the Net Revenues for the period covered thereby were less than required above, and (B) a change in the rates and charges of the System went into effect after the first day, but prior to the last day, of the period covered by the certificate of the President of the Board of Directors or the General Manager of the District, and (C) the President of the Board of Directors or the General Manager of the District will additionally certify that, had such change in rates and charges been effective for the entire period covered by the certificate of the President of the Board of Directors or the General Manager of the District, the Net Revenues covered by the certificate of the President of the Board of Directors or the General Manager of the District would have been, in his or her opinion, at least equal to an aggregate of (1) 125% of the average annual Principal and Interest Requirements (calculated on a Fiscal Year basis) of the Outstanding Parity Obligations, after giving effect to the Additional Obligations proposed to be issued, plus (2) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any, then in such event the coverage specified in the first sentence of this paragraph (b) shall not be required for the period specified, and such certificate of the President of the Board of Directors or the General Manager of the District will be sufficient if accompanied by such additional certificate of the President of the Board of Directors or the General Manager of the District to the above effect;

(c) The Additional Obligations are scheduled to mature only on February 15 and/or August 15, and the interest thereon is scheduled to be paid only on February 15 and August 15; and

(d) All calculations of average annual Principal and Interest Requirements made pursuant to this Section are to be made as of and from the date of the Additional Obligations then proposed to be issued.

SECTION 19. OPERATION AND MAINTENANCE; INSURANCE. (a) While any of the Parity Obligations are outstanding the District covenants and agrees to keep all of the buildings, structures, and facilities of the System in good condition, repair, and working order, and to operate and maintain the System in an efficient manner and at reasonable expense.

(b) The District shall procure and maintain fire and extended coverage insurance on the facilities of the System, public liability insurance, and other insurance, including self-insurance, of kinds and in amounts which usually would be carried by private companies engaged in operating or owning sewage facilities. Any proceeds from fire and extended coverage insurance shall be used promptly to repair any property damaged or to replace any property destroyed, and all surplus insurance proceeds shall be deposited into the Revenue Fund, provided that if the insurance proceeds, together with other available funds, are not sufficient to repair or replace such property, the insurance proceeds shall be deposited into the Interest and Sinking Fund and maintained therein as an additional reserve for the benefit of the Parity Obligations.

SECTION 20. ACCOUNTS AND FISCAL YEAR. The District shall keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System. The District agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current Fiscal Year; provided, however, that the Board of Directors of the District may change such Fiscal Year by resolution duly passed, if such change is deemed necessary by the Board of Directors.

SECTION 21. AUDIT. After the close of each Fiscal Year while any of the Parity Obligations are outstanding, an audit will be made of the books and accounts relating to the Net Revenues, and the Funds created pursuant to this Resolution, by an independent certified public accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the District, a copy of such audit for the preceding year shall be mailed to the Paying Agent/Registrar, to the Texas Water Development Board (as long as the Texas Water Development Board is the holder of any Parity Obligations), and to any of registered owners of the Parity Obligations who shall so request in writing. The annual audit reports shall be open to the inspection of the registered owners and their agents and representatives at all reasonable times.

SECTION 22. INSPECTIONS. Any holder or holder of any Parity Obligations shall have the right at all reasonable time to inspect the System and all records, accounts, and data of the District relating thereto.

SECTION 23. SPECIAL COVENANTS. The District further covenants as follows:

(a) Other than for the payment of the Parity Obligations herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or other obligation of the District or the System.

(b) While any of the Parity Obligations are outstanding, the District will not, except for the issuance of Additional Obligations expressly permitted by this Resolution, additionally encumber the revenues and income of the System unless such encumbrance is made junior and subordinate in all respect to the Parity Obligations and all liens and pledges in connection therewith.

(c) No free service of the System shall be allowed, and should the District or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the District out of funds from sources other than the revenues and income of the System.

(d) So long as any Parity Obligations are outstanding, and except as hereinafter specifically permitted, the District shall not sell, lease, mortgage, encumber, or otherwise dispose of any part of the System. The District shall be authorized from time to time to sell any real or personal property if the District shall determine that any such real or personal property is no longer needed or is no longer useful in connection with the operation and maintenance of the System. The proceeds from the sale of any real or personal property shall be used to replace or provide substitutes for property sold, if deemed necessary by the District, or, if not, the proceeds shall be deposited into the Revenue Fund. The District shall be authorized to lease (including oil, gas, or mineral leases) any property of the System, if such lease or the use of such property will not adversely affect the operation and maintenance of the System, or in any way cause a decrease in the Net Revenues. No lease shall be made which will result in damage to or substantial diminution of the value of other property of the System. All rentals, revenues, receipts, and royalties derived by the District from any and all leases so made shall be placed in the Revenue Fund. It is further covenanted and agreed by the District that no real property of the System shall be sold or leased unless the District shall first procure a recommendation in writing from an independent Registered Professional Engineer of the State of Texas, to the effect that, in his or her opinion, the proposed sale or lease, should be made and executed, and that such proposed sale or lease will not adversely affect the operation and maintenance of the System and will not cause a decrease in the Net Revenues.

SECTION 24. PARITY OBLIGATIONS ARE SPECIAL OBLIGATIONS. The Parity Obligations shall be special obligations of the District payable solely from the Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 25. RESOLUTION A CONTRACT; AMENDMENTS. (a) Resolution a Contract. This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on the District and its successors and assigns, and shall not be amended or repealed by the District as long as any Parity Obligations remain outstanding except as permitted in this Section.

(b) Amendments Without Notice to or Consent of Registered Owners. The District may, without the consent of or notice to any registered owners of any Parity Obligations (but with prior written notice to the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations), amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (i) through (iv) of the first sentence in subsection (c) below) with respect to which the District receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the

request of the District that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) Amendments With Notice to and Consent of Registered Owners. In addition, the District may, with the written consent of the registered owners of (i) the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations Notes, and (ii) at least a majority in aggregate principal amount of the remaining Parity Obligations then outstanding and affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Parity Obligation over any other Parity Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Notice of Amendment. Whenever the District shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the registered owners of the Parity Obligations, the District shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the District shall receive an instrument or instruments in writing executed by the Texas Water Development Board (as long as the Texas Water Development Board is a holder of any Parity Obligations) and the registered owners of all or a majority (as the case may be) in aggregate principal amount of the remaining Parity Obligations then outstanding and affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the District may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) Effect of Amendment on Registered Owners. No registered owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 26. DEFEASANCE OF SERIES 2015 NOTES. (a) Any Series 2015 Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Note") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Series 2015 Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other

instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable. At such time as a Series 2015 Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Series 2015 Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the District be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Series 2015 Notes and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District, or deposited as directed in writing by the District. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Notes may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Notes, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Series 2015 Notes.

(d) Until all Defeased Notes shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Notes the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the District elects to defease less than all of the principal amount of Series 2015 Notes of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2015 Notes by such random method as it deems fair and appropriate.

SECTION 27. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE SERIES 2015 NOTES. (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Series 2015 Notes as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Series 2015 Notes or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Series 2015 Notes, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Series 2015 Notes or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of 5,000,000, or 5 percent of the proceeds of the Series 2015 Notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Series 2015 Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Series 2015 Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Series 2015 Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code)

which produces a materially higher yield over the term of the Series 2015 Notes, other than investment property acquired with --

(A) proceeds of the Series 2015 Notes invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Series 2015 Notes are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series 2015 Notes;

(7) to otherwise restrict the use of the proceeds of the Series 2015 Notes or amounts treated as proceeds of the Series 2015 Notes, as may be necessary, so that the Series 2015 Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2015 Notes) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Series 2015 Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the noteholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded obligations expended prior to the date of issuance of the Series 2015 Notes. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2015 Notes, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2015 Notes under section 103 of the Code. In the event that regulations

or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2015 Notes, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Series 2015 Notes under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President and the Secretary of the Board of Directors of the District and the General Manager of the District to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2015 Notes.

(d) Allocation of, and Limitation on, Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Series 2015 Notes, or (2) the date the Series 2015 Notes are retired. The District agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Series 2015 Notes. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The District covenants that the property constituting the projects financed or refinanced with the proceeds of the Series 2015 Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Series 2015 Notes. For purpose of the foregoing, the District may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Series 2015 Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Series 2015 Notes.

(f) Written Procedures. Unless superseded by another action of the Board of Directors, the Board of Directors hereby adopts and establishes the instructions attached hereto as Exhibit B

as the District's written procedures to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitration and rebate.

SECTION 28. SALE OF SERIES 2015 NOTES. The Series 2015 Notes are hereby sold and shall be delivered to the **TEXAS WATER DEVELOPMENT BOARD** in accordance with the rules and regulations of the Texas Water Development Board for a total purchase price of par, less and origination fee of \$_____, and no accrued interest. The Series 2015 Notes initially shall be registered in the name of the **TEXAS WATER DEVELOPMENT BOARD**.

SECTION 29. APPROVAL OF ESCROW AGREEMENT; DEPOSIT OF PROCEEDS. Concurrently with the initial delivery of the Series 2015 Notes, the District shall deposit all proceeds of the Series 2015 Notes into an escrow fund established with _____ (the "*Escrow Agent*") pursuant to an Escrow Agreement between the District and the Escrow Agent, in substantially the form attached hereto as *Exhibit C*. The Escrow Agreement, which will govern the periodic disbursement of proceeds of the Series 2015 Notes upon approval of the Texas Water Development Board, is hereby approved in substantially final form, and the President is hereby authorized, for and on behalf of the City, to approve any changes in the Escrow Agreement from the form attached hereto and to execute the Escrow Agreement in final form. All funds on deposit in the Escrow Fund which are approved by the Texas Water Development Board to be transferred to the District in order to pay eligible project costs (instead of the Escrow Agent paying such project costs directly from the escrow fund to the appropriate vendor or service provider) shall be deposited by the District into the Series 2015 Account of the Construction Fund. Funds on deposit in the Series 2015 Account of the Construction Fund (i) may be invested from time to time in the manner provided by Section 14 of this Resolution, and (ii) shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended. In satisfaction of the condition imposed in paragraph 7 of the TWDB Resolution, all funds remaining on deposit in the Escrow Fund and the Series 2015 Account upon completion of the project being financed with the proceeds from the Series 2015 Notes, if any, shall be used for any of the following purposes as approved by the District and the Executive Administrator of the Texas Water Development Board: (i) redeem, in inverse order of maturity, the outstanding Series 2015 Notes owned by the Texas Water Development Board; (ii) deposit into the Interest and Sinking Fund for the payment of interest or principal on the Series 2015 Notes owned by the Texas Water Development Board; or (iii) pay eligible project costs as authorized by the Executive Administrator.

SECTION 30. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES; FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the District, and the General Manager of the District, shall each be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Series 2015 Notes, the sale of the Series 2015 Notes, the Paying Agent/Registrar Agreements, and the Escrow Agreement. In addition,

prior to the initial delivery of the Series 2015 Notes, the President, Vice President and Secretary of the Board of Directors of the District, and the General Manager of the District, and Bond Counsel for the District are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of Texas Water Development Board or the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Series 2015 Notes by the Attorney General's office. In case any officer whose signature shall appear on any Series 2015 Note shall cease to be such officer before the delivery of such Series 2015 Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The General Manager of the District are further authorized to pay to the Attorney General of Texas prior to the delivery of the Series 2015 Notes, for the Attorney General's review of the transcript of proceedings related to the Series 2015 Notes, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

SECTION 31. CONTINUING DISCLOSURE UNDERTAKING. On the basis of the private placement exception to the continuing disclosure requirements set forth in SEC Rule 15c2-12 (the "**Rule**"), 17 CFR 240.15c2-12, the District has not and does not undertake to provide continuing information about its financial condition, results of operation or other data subsequent to the issuance of the Series 2015 Notes. Notwithstanding the foregoing, the District covenants to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the Rule and determined as if the Texas Water Development Board was a "participating underwriter" with the meaning of the Rule, such continuing disclosure undertaking being for the benefit of the Texas Water Development Board and the beneficial owner of the Series 2015 Notes if the Texas Water Development Board sells or otherwise transfers any of the Series 2015 Notes and the beneficial owners of the Texas Water Development Board's bonds if the District is an obligated person with respect to the Texas Water Development Board's bonds under the Rule. On that basis, the District hereby agrees to provide continuing disclosure as set forth below:

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Rule**" means SEC Rule 15c2-12, as amended from time to time.

"**SEC**" means the United States Securities and Exchange Commission.

(b) Annual Reports. The District shall provide annually to the MSRB through EMMA within six months after the end of each Fiscal Year ending in or after 2015, financial information and operating data with respect to the District described in Exhibit D hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit D hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide (1) unaudited financial statements for such Fiscal Year within such six month period, and (2) audited financial statements for the applicable Fiscal Year to the MSRB through EMMA when and if the audit report on such statements become available.

If the District changes its Fiscal Year, it will notify the MSRB through EMMA of the date of the new Fiscal Year end prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The District shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Series 2015 Notes, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of Noteholders;
3. Note calls;
4. Release, substitution, or sale of property securing repayment of the Series 2015 Notes;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination

of a definitive agreement relating to any such actions, other than pursuant to its terms; and

6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The District shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Series 2015 Notes, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Notes, or other events affecting the tax status of the Series 2015 Notes;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

(iii) The District shall notify the MSRB through EMMA, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Series 2015 Notes within the meaning of the Rule, except that the District in any event will give notice of any deposit made in

accordance with Section 26 of this Resolution that causes Series 2015 Notes no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Series 2015 Notes, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2015 Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Series 2015 Notes in the primary offering of the Series 2015 Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Series 2015 Notes consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2015 Notes. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such

provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2015 Notes in the primary offering of the Series 2015 Notes. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 32. FINAL ACCOUNTING. Within 60 days after completion of the Project, the District shall render a final accounting to the Texas Water Development Board in reference to the total cost incurred by the District for improvements and extensions to the System being financed by the District with proceeds of the Series 2015 Notes together with a copy of "as built" plans of the projects being financed with proceeds of the Series 2015 Notes. If such projects as finally completed are built at a total cost less than the amount of available funds for building such projects, or if the Executive Administrator of the Texas Water Development Board disapproves construction of any portion of such projects as not being in accordance with the plans and specifications, the District agrees to immediately, with filing of the final accounting, return to the Texas Water Development Board the amount of any such excess and/or the cost determined by the Executive Administrator of the Texas Water Development Board relating to the parts of such projects not built in accordance with the plans and specifications, to the nearest multiple of the authorized denominations for the Series 2015 Notes, upon the surrender and cancellation of a like amount of such Series 2015 Notes held by the Texas Water Development Board in inverse order of their stated maturities. In determining the amount of available funds for building such projects, the District agrees to account for all amounts deposited to the credit of the Series 2015 Account of the Construction Fund, including all loan funds extended by the Texas Water Development Board, if any, all other funds available from such projects as described in the project engineer's or fiscal representative's sufficiency of funds statement, and all interest earned by the District on money in the Series 2015 Account of the Construction Fund.

SECTION 33. COMPLIANCE WITH THE RULES AND REGULATIONS OF, AND WITH SPECIFIC COVENANTS REQUIRED BY, THE TEXAS WATER DEVELOPMENT BOARD.

[Note: The following provisions will need to be revised to comply with the requirements set forth in the TWDB Resolution when approved.]

(a) Compliance with Rules and Regulations of the Texas Water Development Board. The District covenants to comply with all applicable federal laws, rules, and regulations as well as the laws of the State of Texas and the rules and regulations of the Texas Water Development Board.

(b) Exercise of Remedies. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, the TWDB may exercise all remedies available to it in law or equity, and any provision of the Series 2015 Notes that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(c) Proceeds to Series 2015 Notes to be Held at a Designated State Depository. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, and notwithstanding anything to the contrary set forth in this Resolution, the proceeds of the Series 2015 Notes shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

(d) Prohibition on Use of Proceeds Related to Contaminated Soil; Indemnification. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, no proceeds of the Series 2015 Notes shall be used by the District for the purpose of paying for sampling, testing, removing or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, the District hereby agrees to indemnify, hold harmless and protect the Texas Water Development Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project.

(e) No Acquisition of Source Series Notes. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, neither the District nor a related party thereto will acquire any of the Texas Water Development Board's "Source Series Notes" in an amount related to the amount of the Series 2015 Notes to be acquired from the District by the Texas Water Development Board.

(f) Outlay Reports. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, the District shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with Texas Water Development Board outlay report guidelines.

(g) Payment of Origination Fee. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, prior to or concurrent with the closing and delivery of the Series 2015 Notes the District shall pay an origination fee to the Texas Water Development Board in the amount of \$_____ (which amount is equal to _____% of the principal amount of the Series 2015 Notes calculated pursuant to 31 TAC Chapter ___).

(h) Conveyance of Series 2015 Notes. In satisfaction of the condition imposed in paragraph ___ of the TWDB Resolution, prior to any action by the District to convey Series 2015 Notes held by the TWDB to another entity, the conveyance and the assumption of the Series 2015 Notes must be approved by the TWDB.

(i) Records and Accounts; Annual Audit. The District covenants that (i) it will keep current, accurate and complete records and accounts in accordance with generally accepted accounting principles necessary to demonstrate compliance with financial assistance-related legal and contractual provisions, and (ii) following the close of each fiscal year, it will cause an audit of such books and accounts to be made by an independent firm of certified public

accountants in accordance with generally accepted auditing standards, and will furnish a copy thereof, within 180 days of the end of such fiscal year, to the Texas Water Development Board, Attention: Executive Administrator.

(j) *Maintenance of System; Insurance.* The District covenants and agrees that while the Series 2015 Notes remain outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business and in an amount adequate to protect the Texas Water Development Board's interests in the Series 2015 Notes and the System, and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. The payment of premiums for all insurance policies required under the provisions hereof shall be considered maintenance and operating expenses of the System. Nothing in this Resolution shall be construed as requiring the District to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the District from doing so.

(k) *Compliance with Environmental Conditions.* The District covenants to comply with any special environmental conditions specified by the Texas Water Development Board's environmental determination, including the standard emergency discovery conditions for threatened and endangered species and cultural resources, until all financial obligations to the State of Texas have been discharged.

(l) *Compliance with Federal Contracting Law.* The District acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(m) *Compliance with State Contracting Law.* The District acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses.

SECTION 34. INCORPORATION OF RECITALS. The District hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the District hereby incorporates such recitals as a part of this Resolution.

SECTION 35. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, as amended, this Resolution shall become effective immediately after its approval by the Board of Directors.

***PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF HIDALGO
COUNTY IRRIGATION DISTRICT NO. ONE AT A REGULAR MEETING HELD ON THIS
____ DAY OF _____, 2015.***

President
Hidalgo County Irrigation District No. One

ATTEST:

Secretary
Hidalgo County Irrigation District No. One

(Seal)

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

The Paying Agent/Registrar Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Series 2015 Notes, the District's chief financial officer (the "*Responsible Person*"), which currently is the General Manager of the District, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Series 2015 Notes will be entered into within six (6) months of the date of delivery of the Series 2015 Notes (the "*Issue Date*");
- (ii) monitor that at least 85% of the proceeds of the Series 2015 Notes to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Series 2015 Notes after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Series 2015 Notes does not exceed an amount equal to the debt service on the Series 2015 Notes in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Series 2015 Notes for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Series 2015 Notes are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Series 2015 Notes any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Series 2015 Notes are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Series 2015 Notes the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Series 2015 Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Series 2015 Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Series 2015 Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Series 2015 Notes are outstanding, any person, other than the District, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Series 2015 Notes are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Resolution related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Series 2015 Notes and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Series 2015 Notes. If any portion of the Series 2015 Notes is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the District's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Series 2015 Notes. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

FORM OF ESCROW AGREEMENT

The Escrow Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 31 of this Resolution:

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are as specified below:

1. Financial Statements for the last completed Fiscal Year which will be unaudited, unless an audit is performed in which event the audited financial statements will be made available.

2. All quantitative financial information and operating data with respect to the District of the general type included in the Application for Financial Assistance submitted to the Texas Water Development Board in the following item numbers under Part B - Financial Information [Note: Some of the following items may change upon review of the Texas Water Development Board]:
 - B1. Top ten customers of the System;

 - B2. Five-year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement, with number of customers for each year;

 - B3. Current average Residential Usage and Rate Information;

 - B4. Date of the last water rate increase and the average amount of increase per customer;

 - B8. Disclosure of issues that may affect the projects and the District's ability to issue and/or repay debt; and

 - B10. Listing of total outstanding debt.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in item 1 of the paragraph above.

PRIVATE PLACEMENT MEMORANDUM DATED June 4, 2015 **DRAFT**

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Notes (defined below), Issuer Note Counsel (defined on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF NOTE COUNSEL.

\$7,100,000
HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SYSTEM REVENUE NOTES
SERIES 2015 (the “Notes”)
(TWDB – SWIFT)

Dated: November 1, 2015

Due: August 15

Interest Date: Interest on the Notes will be payable on February 15 and August 15 each year, commencing February 15, 2016 (each an “Interest Payment Date”). The Notes will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Record Date: The close of business on the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date, commencing February 15, 2016.

Date Interest Accrues: Each Note shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on February 15 and August 15 of each year until the earliest of maturity or prior redemption, commencing on February 15, 2016, immediately following the Delivery Date.

Redemption: The Notes are subject to redemption prior to maturity as provided herein. See “THE NOTES - Redemption Provisions” herein.

Authorized Denominations: The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar: The paying agent (“Paying Agent/Registrar/Registrar”) for the Notes is **TBD**

Book-Entry-Only System: Upon initial issuance, the ownership of the Notes will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Notes will be made. The purchasers of the Notes will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Notes will be payable at the designated office of the Paying Agent/Registrar in **TBD** as the same become due and payable.

Issuer: Hidalgo County Irrigation District No. One

Official Action: Resolution No. _____, approved _____.

Purpose: See “APPENDIX B - OFFICIAL ACTION.”

Security for the Notes: See “APPENDIX B - OFFICIAL ACTION.”

Ratings: See “OTHER INFORMATION – Ratings.”

Delivery Date: November 2, 2015.

See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE

1904 North Expressway 281

Edinburg, Texas 78542

Board of Directors

R.L. Bell, Jr., President

Tomas Garcia, Vice President

Mark J. Fryer, Secretary

William Boyd Davis, Director

Cosme Martinez, Jr., Director

District Independent Consultants

McCall, Parkhurst & Horton, L.L.P., San Antonio, Texas, Note Counsel

First Southwest Company, LLC, Pharr and Dallas, Texas, Financial Advisor

TBD, Paying Agent/Registrar

TBD, Escrow Agent

SDI Engineering, LLC, Edinburg, Texas, Engineer

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**Private Placement Memorandum
relating to**

\$7,100,000

**HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE
SYSTEM REVENUE NOTES
SERIES 2015 (the “Notes”)**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Notes” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Notes. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Notes. APPENDIX C contains a copy of the proposed opinion of Note Counsel with respect to the Notes. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE NOTES

General Description

The Notes are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof. The Notes will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Notes is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Notes will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Notes are issued pursuant to Article 16, Section 59 of the Texas Constitution, Chapters 49 and 58 of the Texas Water Code, as amended, and the Official Action adopted by the Issuer.

Security for the Notes

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Redemption Provisions

On February 15, 2026, or on any date thereafter, the Notes maturing on and after August 15, 2026 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Notes, or portions thereof within such maturity to be redeemed (provided that a portion of a Note may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Notes to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Notes, will send any notice of redemption of the Notes, notice of proposed amendment to the Resolution or other notices with respect to the Notes only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Notes called for redemption or any other action premised on any such notice. Redemption of portions of the Notes by the Issuer will reduce the outstanding principal amount of such Notes held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Note Counsel will deliver its opinion on the date of delivery of the Notes substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF NOTE COUNSEL.”

OTHER INFORMATION

Forward - Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Notes have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer

on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Notes for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Notes to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Notes.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Notes, the security for, or the validity of, the Notes or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

The District has not previously entered into a continuing disclosure agreement in accordance with the Securities and Exchange Commission Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Notes.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Notes and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

\$7,100,000

HIDALGO COUNTY IRRIGATION DISTRICT NO. ONE

SYSTEM REVENUE NOTES, SERIES 2015

(TWDB – SWIFT)

CUSIP Prefix: TBD

<u>Maturity (August 15)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP TBD</u>
2017	185,000			
2018	185,000			
2019	190,000			
2020	190,000			
2021	195,000			
2022	195,000			
2023	200,000			
2024	205,000			
2025	205,000			
2026	210,000			
2027	215,000			
2028	220,000			
2029	230,000			
2030	235,000			
2031	240,000			
2032	250,000			
2033	255,000			
2034	265,000			
2035	270,000			
2036	280,000			
2037	290,000			
2038	295,000			
2039	305,000			
2040	315,000			
2041	325,000			
2042	340,000			
2043	350,000			
2044	360,000			
2045	100,000			

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C

FORM OF OPINION OF NOTE COUNSEL