

LOCAL GOVERNMENT CODE

TITLE 10. PARKS AND OTHER RECREATIONAL AND CULTURAL RESOURCES

SUBTITLE B. COUNTY PARKS AND OTHER RECREATIONAL AND CULTURAL  
RESOURCES

CHAPTER 320. PARK BOARD AND PARK BONDS: COUNTIES WITH POPULATION OF  
5,000 OR MORE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320.001. ELIGIBLE COUNTIES. The commissioners court of a county with a population of 5,000 or more by order may adopt this chapter for the purpose of acquiring, improving, equipping, maintaining, financing, and operating one or more public parks. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.002. DEFINITION. In this chapter, "board" means the board of park commissioners. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.003. CREATION OF PARKS BOARD. (a) The order adopting this chapter must specify whether the powers and duties provided by this chapter will be exercised and performed by the commissioners court or by a board of park commissioners to be created for that purpose.

(b) If a board is created, the commissioners court shall transfer to the board jurisdiction and control of the parks with respect to which the commissioners court adopted this chapter.

(c) The commissioners court may from time to time adopt this chapter with respect to one or more other parks and may appoint another board for those parks.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.004. EXERCISE OF POWERS BY COMMISSIONERS COURT.

(a) If a board is not created, the commissioners court shall exercise the powers and perform the duties of the board, and references in this chapter to the board are considered to be references to the commissioners court.

(b) If creation of a board is declared by a court to be invalid, the commissioners court shall exercise the powers and perform the duties of the board under this chapter, and the prior acts of the board are considered to have been acts of the commissioners court.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

#### SUBCHAPTER B. BOARD OF PARK COMMISSIONERS

Sec. 320.021. COMPOSITION; TERM; QUALIFICATIONS. (a) The board must be composed of seven members appointed by the commissioners court.

(b) Members of the board serve for terms of two years, with the terms of three or four members expiring February 1 of each year. In appointing the initial board, the commissioners court shall designate three members to serve for a term expiring February 1 following their appointment and four members to serve for a term expiring the next February 1. The commissioners court shall make the necessary appointments each January.

(c) A park commissioner must be a qualified voter of the county. A park commissioner may not be an officer or employee of the county or of a municipality in the county.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.022. VACANCY. A vacancy on the board shall be filled by appointment of the commissioners court for the unexpired term.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.023. OATH; BOND. (a) Within 15 days after the date a park commissioner is appointed, the commissioner must qualify by taking the official oath and by filing a good and sufficient bond with the county clerk.

(b) The bond must be:

(1) payable to the county judge;

(2) in an amount prescribed by the commissioners court of \$5,000 or more; and

(3) conditioned that the commissioner will faithfully perform the duties of park commissioner, including the proper handling of all money that comes into the hands of the commissioner in the commissioner's capacity as park commissioner.

(c) The board shall pay the cost of the bond.  
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.024. CERTIFICATE OF APPOINTMENT. A certificate of appointment executed by the county judge and attested by the county clerk shall be filed in the office of the county clerk. The certificate is conclusive evidence of the proper appointment of the park commissioner.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.025. ORGANIZATION; MEETINGS. (a) The board shall elect from its membership a chairman, vice-chairman, secretary, and treasurer, except that the first chairman of the board shall be designated by the commissioners court at the time of appointment of the first board. The member designated as the first chairman serves in that capacity until the expiration of the term to which the member was appointed or until the member vacates office during that term.

(b) The offices of secretary and treasurer may be held by the same person. If either the secretary or treasurer is absent or unavailable, the other may act for and perform the duties of the absent or unavailable officer.

(c) The board shall hold regular meetings at times to be fixed by the board and may hold special meetings as necessary.

(d) The board may act on the vote of a majority of a quorum.  
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.026. EXPENSES. A park commissioner is entitled to compensation for all necessary expenses, including travel expenses, incurred in the performance of park commissioner duties.  
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.027. CONFLICT OF INTEREST. (a) A park

commissioner or employee of the board may not acquire a direct or indirect pecuniary interest in any improvements, concessions, equipment, or business located in or related to a public park administered by the board.

(b) A park commissioner may not have a direct or indirect interest in a contract or proposed contract for construction, materials, or services in connection with or related to a park administered by the board.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.028. SEAL. The board shall adopt a seal, and the seal shall be placed on each lease, deed, or other instrument usually executed under seal and on any other instrument as required by the board.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 320.041. OPERATION AND MAINTENANCE OF PARKS. (a) Subject to the supervision of the commissioners court, the board shall maintain and operate the parks under its administration.

(b) The commissioners court may transfer to a previously created board jurisdiction and control of one or more additional parks if the transfer will not impair the contract rights of the holders of any outstanding revenue bonds.

(c) The board shall exercise its powers and perform its duties in respect to the additional parks in a manner that will not infringe on the rights of the holders of outstanding revenue bonds. The board may not operate or maintain the additional parks in a manner that will compete with or reduce the revenues of park properties or facilities the income of which has been pledged to the payment of outstanding revenue bonds.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.042. PERSONNEL. (a) The board may employ permanent or temporary personnel, including secretaries, stenographers, bookkeepers, accountants, technical experts, and

other agents.

(b) The board shall determine the qualifications, duties, and compensation of employees.

(c) The board may employ a manager for one or more parks. The board may give the manager full authority for the management and operation of parks, subject to the direction and orders of the board and the commissioners court.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.043. DEPOSITORIES AND DISBURSEMENTS; AUDITS. (a) The commissioners court shall select one or more depositories for funds belonging to or under the control of the board other than bond proceeds or revenues and funds pledged to the payment of revenue bonds. The commissioners court shall select the depositories on the basis of competitive bids substantially in the manner provided by law for county funds. The deposits must be secured substantially in the manner and amount prescribed by law for county funds.

(b) The county auditor shall maintain a current audit of the board's funds and shall prepare monthly and annual audit reports. The reports shall be filed with the commissioners court and with the board and must be available for public inspection at all reasonable times during office hours on business days.

(c) A warrant or check for the withdrawal of board funds must be signed by an officer of the board or, if designated by an order or resolution of the board, by a bonded employee of the board, and must be countersigned by the county auditor.

(d) The board may disburse funds under its control for any lawful purpose for the benefit of a park under its control.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.044. CONTRACTS. (a) The board may enter a contract, including a lease or other agreement, with any person as the board considers necessary or convenient to carry out the purposes and powers granted by this chapter, including a contract connected with, incident to, or affecting the acquisition, financing, construction, equipment, maintenance, or operation of a facility located or to be located in or pertaining to a park under

its control.

(b) A contract may be on terms and conditions and for the length of time as agreed to by the board.

(c) To be effective, a contract must be:

- (1) authorized by order or resolution of the board;
- (2) executed by the board chairman or vice-chairman;
- (3) attested by the secretary or treasurer; and
- (4) approved by the commissioners court.

(d) A contract is binding on the board and the county without reference to any other law.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.045. RULES. Subject to the approval of the commissioners court, the board may adopt reasonable rules concerning the use of any park administered by the board.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.0455. RULES IN CERTAIN COUNTIES; PENALTY FOR VIOLATIONS. (a) This section applies only to a county with a population of:

- (1) 2.8 million or more;
- (2) 800,000 or more that is adjacent to a county with a population of 2.8 million or more; or
- (3) more than 550,000 and less than 620,000.

(b) Except as provided by Subsection (b-1), and subject to the approval of the commissioners court, the board may adopt reasonable rules concerning the use of any park administered by the board.

(b-1) A board created for a county described by Subsection (a)(2) may not adopt rules relating to the use of fireworks.

(c) A person who violates a rule approved by the commissioners court under Subsection (b) is liable to the county for a civil penalty of not more than \$100 per violation. A county may bring suit in a district court or county court to recover a civil penalty authorized by this subsection.

(d) Fines collected under Subsection (c) shall be deposited in the county's general fund.

Added by Acts 1999, 76th Leg., ch. 1059, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1274 (H.B. 510), Sec. 1, eff. September 1, 2019.

Acts 2021, 87th Leg., R.S., Ch. 912 (H.B. 72), Sec. 1, eff. September 1, 2021.

Acts 2021, 87th Leg., R.S., Ch. 912 (H.B. 72), Sec. 2, eff. September 1, 2021.

Acts 2023, 88th Leg., R.S., Ch. 644 (H.B. 4559), Sec. 164, eff. September 1, 2023.

Sec. 320.046. GRANTS. The board may accept grants and gratuities in any form and from any source approved by the board and the commissioners court, including the government of the United States, this state, a public or private corporation, or any other person, for the benefit of one or more parks administered by the board or for the use of the board with respect to one or more of those parks.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.047. FINANCIAL STATEMENT; BUDGET. (a) On or immediately after January 1 of each year, the board shall prepare and file with the commissioners court a complete financial statement showing the financial status of the board and the properties, funds, and indebtedness under the administration of the board.

(b) The financial statement must show separately all information concerning:

(1) revenue bonds;

(2) the gross revenues from properties or facilities the net revenues of which are pledged to the payment of the revenue bonds and the expenditures from those gross revenues; and

(3) money appropriated by the county for operation and maintenance expenses.

(c) At the same time the financial statement is filed with the commissioners court, the board shall file with the county auditor:

(1) a copy of the financial statement; and

(2) a proposed budget for the board's needs for the current calendar year.

(d) In counties subject to Subchapter B, Chapter 111, the county auditor shall include the proposed budget as part of the county budget prepared and submitted to the commissioners court.

(e) The board shall operate the properties and facilities the net revenues of which are pledged to the payment of revenue bonds in a manner that will produce gross revenues sufficient to pay the operation and maintenance expenses and all payments required under the bond order, so that it is unnecessary to appropriate tax money for the operation and maintenance or for the revenue bond payments.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.048. SUITS; LEGAL SERVICES. (a) The board may sue and be sued in its own name.

(b) The county attorney shall perform all necessary legal services for the board.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.049. RECORDS. The board shall keep a complete account of each board meeting and proceeding and shall maintain the records of the board in a secure manner. The records are the property of the board and are subject to inspection by the commissioners court and other county officers at all reasonable times during office hours on business days. The preservation, microfilming, destruction, or other disposition of the records of the board is subject to the requirements of Subtitle C, Title 6, Local Government Code, and rules adopted under that subtitle.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 61, eff. Sept. 1, 1989.

Sec. 320.050. SUPERVISION BY COMMISSIONERS COURT. (a) Notwithstanding any other provision of this chapter, the board is subject to the supervision of the commissioners court in the exercise of all rights, powers, and privileges and in the

performance of all duties.

(b) The commissioners court must approve all contracts, leases, deeds, and other agreements made or granted by the board. An appropriate entry in the minutes of the commissioners court is sufficient evidence of approval.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

#### SUBCHAPTER D. REVENUE BONDS

Sec. 320.071. ISSUANCE; PURPOSE. (a) For the purpose of providing funds to acquire, improve, equip, and repair any park administered by the board, or for the acquisition by construction or otherwise of any facilities to be used in or connected with or incident to such a park, the county may from time to time issue revenue bonds.

(b) The bonds are fully negotiable instruments under Chapter 3, Business & Commerce Code, and other laws of this state.

(c) Included among the properties, improvements, and facilities that may be acquired through the issuance of bonds are stadiums, coliseums, auditoriums, athletic fields, pavilions, and buildings and grounds for assembly, including parking facilities or other improvements incident to those facilities.

(d) The bonds must be authorized by an order adopted by the commissioners court.

(e) The bonds must be issued in the name of the county, signed by the county judge, attested by the county clerk, and impressed with the seal of the commissioners court. The signature of the county judge or the signature of the county clerk may be a facsimile signature, and the seal of the commissioners court may be a facsimile seal, as provided in the bond order. The interest coupons attached to the bonds may also be executed by facsimile signatures of officers. A facsimile signature or facsimile seal may be lithographed, engraved, or printed.

(f) Revenue bonds must mature serially or otherwise in not more than 40 years from their date or dates and may be sold by the commissioners court at a price and under terms determined by the court to be the most advantageous reasonably obtainable. The net

effective interest rate may not exceed the maximum rate provided by Chapter 1204, Government Code.

(g) The bond order shall prescribe the details as to the bonds. It may contain provisions for the calling of the bonds for redemption before the respective maturity dates at particular prices and times. Except for rights of redemption expressly reserved in the bond order and in the bonds, the bonds are not subject to redemption before their scheduled maturity date or dates without the consent of the holder or holders.

(h) The bonds may be made payable at times and places in or outside this state, as prescribed in the bond order. The bonds may be nonregistrable or may be made registrable as to principal, or both principal and interest, as provided in the bond order.

(i) The bonds may be issued in one or more installments and in one or more series.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.317, eff. Sept. 1, 2001.

Sec. 320.072. ELECTION. (a) Revenue bonds may not be issued unless authorized by a majority vote of the qualified voters of the county voting at an election ordered for that purpose by the commissioners court.

(b) The election shall be ordered and held, and notice of the election shall be given, as provided by Chapter 1251, Government Code, except that the ballot shall be printed to provide for voting for or against the proposition: "The issuance of \$\_\_\_\_\_ in park revenue bonds payable solely from revenues."

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.318, eff. Sept. 1, 2001.

Sec. 320.073. PLEDGE OF REVENUES. (a) Revenue bonds may be secured by a pledge of all or part of the net revenues from the operation of the parks or from the properties or facilities. The net revenues of any one or more contracts, operation contracts, leases, or agreements may be pledged as the sole or as additional security for the support of the bonds.

(b) Any revenue other than tax revenues, as specified in the

bond order, may be pledged for the support of the bonds.

(c) In the bond order, the county may reserve the right to issue additional revenue bonds that will be on a parity with, or subordinate to, the revenue bonds then being issued.

(d) While any of the revenue bonds are outstanding, other obligations may not be issued against the pledged revenues except to the extent and in the manner expressly permitted in the bond order.

(e) In this subchapter, "net revenues" means the gross revenues from the operation of those properties and facilities of the parks, the net revenues of which properties and facilities are pledged for the support of the bonds, after deduction of the necessary and reasonable expenses of operation and maintenance of the properties and facilities.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.074. PROCEEDS. (a) The proceeds of the bonds shall be used under the restrictions provided in the bond order or in any separate escrow agreement, or both. The holders of the bonds and any trustee provided for in respect to the bonds have a lien on the proceeds until so applied.

(b) From the bond proceeds, there may be set aside:

(1) an amount for payment of interest on the bonds during construction and any additional period prescribed in the bond order; and

(2) an amount for the interest and sinking fund or for one or more separate reserve funds, as prescribed in the bond order, for the benefit of payment of the bonds.

(c) Proceeds remaining after the amounts are set aside under Subsection (b) shall be used for the payment of all expenses necessarily incurred in the sale, issuance, and delivery of the bonds and then for the purposes specified in the bond order and in the bonds.

(d) Any surplus remaining after accomplishment of the bond purposes shall be used for retiring the bonds to the extent that they can be purchased at prevailing market prices, with any remainder being deposited to the credit of the interest and sinking

fund.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.075. APPROVAL AND REGISTRATION. (a) After any bonds have been authorized by the commissioners court, the bonds and the records relating to their issuance shall be submitted to the attorney general for examination and approval. The attorney general shall approve the bonds if issued in accordance with this subchapter.

(b) After the bonds have been approved by the attorney general, they shall be registered by the comptroller of public accounts.

(c) When the bonds have been approved by the attorney general, registered by the comptroller, and delivered to the purchasers, they are incontestable.

(d) If the bonds recite that they are secured partially or otherwise by a pledge of the proceeds of or income from any contract, including a lease or other agreement, a copy of the contract and of the records of the proceedings authorizing the contract may be submitted to the attorney general with the bond record. In that event, the approval of the bonds by the attorney general constitutes an approval of the contract, and the contract is incontestable except for forgery or fraud.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.076. FEES AND REVENUE. (a) In this section, "fee" includes any fee, charge, or toll.

(b) The necessary and reasonable expenses of operation and maintenance of the properties and facilities whose revenues are pledged to the payment of the revenue bonds are a first lien on and charge against the income of the properties and facilities. While any of the bonds or interest remains outstanding, the board shall charge and require the payment of fees for the use of the properties and facilities. The board shall determine the rates of fees charged by it for the use, operation, or lease of the properties and facilities. Fees must be equal and uniform within classes and must be in amounts that yield revenues at all times at least sufficient

to pay the expenses of operation and maintenance, and to provide for the payments prescribed in the bond order for the establishment and maintenance of the funds provided for in the bond order, including the interest and sinking fund and each reserve fund. The bond order may make additional covenants with respect to the bonds and the pledged revenues and the operation, maintenance, and upkeep of those properties and facilities, the income of which is pledged.

(c) The commissioners court shall ensure that the fees charged by the board are sufficient to comply with this subchapter. If for any reason the fees are not sufficient, the commissioners court shall impose additional fees so that the revenue will be sufficient.

(d) If any part of the security for the bonds consists of money to be received by the board as consideration for properties or facilities belonging to the county but operated by a person other than the board under a lease or operating contract, the board shall fix and authorize fees to be charged by the person for services rendered by the properties or facilities. The fees must be in amounts at least sufficient to assure receipt by the board of money that the board is committed to pay from that source for the benefit of the revenue bonds under the bond order.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.077. REFUNDING BONDS. (a) The commissioners court may issue fully negotiable revenue bonds for the purpose of refunding bonds issued under this subchapter. An election is not necessary for the issuance of refunding bonds.

(b) The refunding bonds may be secured in the manner provided by this subchapter for securing original revenue bonds.

(c) Refunding bonds may be issued to refund bonds of more than one series or issue of outstanding revenue bonds and may combine pledges for the outstanding bonds for the security of the refunding bonds. Refunding bonds may be secured by other and additional revenues if the refunding bonds will not impair the contract rights of the holders or any of the outstanding bonds that are not to be refunded.

(d) Refunding bonds must be authorized by order of the

commissioners court and shall be executed and mature as provided by this subchapter for original bonds.

(e) Refunding bonds must bear interest at the same or lower rate than that of the bonds refunded unless it is shown mathematically that a saving will result in the total amount of interest to be paid.

(f) Refunding bonds shall be approved by the attorney general as in the case of original bonds and shall be registered by the comptroller of public accounts on surrender and cancellation of the bonds to be refunded, unless the order authorizing issuance provides that the bonds are to be sold and the proceeds deposited in the place or places where the original bonds are payable. In that case, the refunding bonds may be issued in an amount sufficient to pay the interest on the original bonds to their option or maturity date, and the comptroller shall register them without the surrender and cancellation of the original bonds.

(g) Refunding bonds, after they have been approved by the attorney general and registered by the comptroller, are incontestable.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.078. BONDS NOT STATE OR COUNTY DEBT. (a) The revenue bonds are not a debt of the county or of the state but are payable solely from the revenues pledged to their payment.

(b) The principal of or interest on revenue bonds or any refunding bonds is not a debt against the tax revenues of the county but is solely a charge on the pledged revenues.

(c) The revenue bonds or refunding bonds may not be considered in determining the power of the county to incur obligations payable from taxation.

(d) Each bond must contain on its face substantially the following provision: "The holder hereof shall never have the right to demand payment of his obligation out of any funds raised or to be raised by taxation."

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 320.079. MISCELLANEOUS PROVISIONS. (a) This section

applies to revenue bonds and refunding bonds issued under this subchapter.

(b) The bond order may require that the bonds contain a recital to the effect that they are issued pursuant to and in strict conformity with this subchapter. That recital is conclusive evidence of the validity of the bonds and the regularity of their issuance.

(c) Each bond is exempt from taxation by this state or by a municipal corporation, county, or other political subdivision or taxing district or entity of the state.

(d) If provided for in the bond order, an indenture securing the bonds may be entered into between, and executed by, the county and a corporate trustee, or entered into between, and executed by, the county and a corporate trustee and a corporate or individual cotrustee. A corporate trustee or corporate cotrustee must be a trust company or bank in or outside this state that has the powers of a trust company.

(e) The bond order or any indenture may:

(1) contain provisions for protecting or enforcing the rights or remedies of the bondholders as the commissioners court considers reasonable and proper and not in violation of law, including covenants setting forth the duties of the county and the board in reference to maintenance, operation, repair, and insurance (including insurance against loss of use and occupancy) of the properties or facilities whose revenues are pledged, and the custody, safeguarding, and application of the bond proceeds and of the revenues to be received from the operation of the properties or facilities;

(2) provide for the flow of funds and the establishment and maintenance of the interest and sinking fund, reserve fund or funds, and other funds; and

(3) include additional covenants with respect to the bonds and the pledged revenues and the operation, maintenance, and upkeep of those properties and facilities the income of which is pledged, as the commissioners court considers appropriate.

(f) Any bank or trust company in this state may act as depository for the proceeds obtained from the sale of the bonds.

The depository shall be selected by the commissioners court without the necessity of seeking competitive bids and without reference to any other statute. The money deposited must be secured in the manner and amount as prescribed by the commissioners court or by the bond order, indenture, or separate escrow agreement.

(g) The bond order shall provide for and designate the depository or depositories of the interest and sinking fund, reserve fund or funds, and any other funds established by the order. The depository or depositories may be any bank or trust company in or outside this state and may be selected and designated without the necessity of seeking competitive bids and without reference to any other statute. The money in those funds must be secured in the manner and to the extent as provided in the bond order, and the bond order may require that the money be secured by direct obligations of the United States or obligations unconditionally guaranteed by the United States.

(h) The bond order or indenture may:

(1) set forth the rights and remedies of the bondholders and of the trustee, and may, subject to Subsection (i), restrict the individual rights of action of the bondholders; and

(2) set forth and contain other provisions and covenants as considered reasonable and proper for the security of the bondholders, including:

(A) provisions prescribing occurrences that constitute events of default and the terms and conditions on which any or all of the bonds become due, or may be declared to be due, before maturity; and

(B) provisions as to the rights, liabilities, powers, and duties arising from the breach by the board or by the commissioners court of any of its duties or obligations.

(i) Any holders of the bonds or of interest coupons originally attached to the bonds may either at law or in equity, by suit, action, mandamus, or other proceeding, enforce and compel performance of all duties required by this subchapter to be performed by the board or by the commissioners court, including:

(1) the making and collection of reasonable and sufficient fees, charges, and tolls for the use of the properties

and facilities the income of which is pledged;

(2) the segregation of the income and revenues of such properties and facilities; and

(3) the application of the income and revenues pursuant to the bond order, indenture, and this subchapter.

(j) The bond order or the indenture may contain provisions to the effect that while any bonds are outstanding either as to principal or interest, no free service may be rendered by any of the properties or facilities the income of which is pledged.

(k) The bonds are negotiable instruments under Chapter 3, Business & Commerce Code, and are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of municipalities, counties, school districts, and other political subdivisions or corporations of this state. The bonds are eligible to secure the deposit of public funds of this state and of a municipality, county, school district, or other political subdivision or corporation of this state. The bonds are lawful and sufficient security for those deposits to the extent of their face value when accompanied by all unmatured appurtenant coupons.

(l) The bond order, the indenture, and this subchapter constitute an irrevocable contract between the board and commissioners court and the holders of the bonds.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.