

AN ACT

relating to the creation of the Galveston Grand Beach Management District; providing authority to levy an assessment, impose a tax, and issue bonds.

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

SECTION 1. GALVESTON GRAND BEACH MANAGEMENT DISTRICT. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3856 to read as follows:

CHAPTER 3856. GALVESTON GRAND BEACH MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3856.001. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "District" means the Galveston Grand Beach Management District.

Sec. 3856.002. GALVESTON GRAND BEACH MANAGEMENT DISTRICT.

The district is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3856.003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the City of Galveston, Galveston County, and other political subdivisions to contract with the district, the legislature has established a

1 program to accomplish the public purposes set out in Section 52-a,
2 Article III, Texas Constitution.

3 (b) The creation of the district is necessary to promote,
4 develop, encourage, and maintain employment, commerce,
5 transportation, housing, tourism, recreation, the arts,
6 entertainment, economic development, safety, and the public
7 welfare in the district.

8 (c) This chapter and the creation of the district may not be
9 interpreted to relieve the City of Galveston or Galveston County
10 from providing the level of services provided as of the effective
11 date of the Act enacting this chapter to the area in the district.
12 The district is created to supplement and not to supplant the county
13 or city services provided in the area in the district.

14 Sec. 3856.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)
15 The district is created to serve a public use and benefit.

16 (b) All land and other property included in the district
17 will benefit from the improvements and services to be provided by
18 the district under powers conferred by Sections 52 and 52-a,
19 Article III, and Section 59, Article XVI, Texas Constitution, and
20 other powers granted under this chapter.

21 (c) The creation of the district is in the public interest
22 and is essential to:

23 (1) further the public purposes of developing and
24 diversifying the economy of the state;

25 (2) eliminate unemployment and underemployment; and

26 (3) develop or expand transportation and commerce.

27 (d) The district will:

1 (1) promote the health, safety, and general welfare of
2 residents, employers, potential employees, employees, visitors,
3 and consumers in the district, and of the public;

4 (2) provide needed funding for the district to
5 preserve, maintain, and enhance the economic health and vitality of
6 the district territory as a residential community and business
7 center; and

8 (3) promote the health, safety, welfare, and enjoyment
9 of the public by providing pedestrian ways and by landscaping and
10 developing certain areas in the district, which are necessary for
11 the restoration, preservation, and enhancement of scenic beauty.

12 (e) Pedestrian ways along or across a street, whether at
13 grade or above or below the surface, and street lighting, street
14 landscaping, parking, and street art objects are parts of and
15 necessary components of a street and are considered to be a street
16 or road improvement.

17 (f) The district will not act as the agent or
18 instrumentality of any private interest even though the district
19 will benefit many private interests as well as the public.

20 Sec. 3856.005. DISTRICT TERRITORY. (a) The district is
21 composed of the territory described by Section 2 of the Act enacting
22 this chapter, as that territory may have been modified under:

23 (1) Section 3856.108;

24 (2) Subchapter J, Chapter 49, Water Code; or

25 (3) other law.

26 (b) The boundaries and field notes of the district contained
27 in Section 2 of the Act enacting this chapter form a closure. A

1 mistake in the field notes or in copying the field notes in the
2 legislative process does not in any way affect the district's:

- 3 (1) organization, existence, or validity;
4 (2) right to issue any type of bond for a purpose for
5 which the district is created or to pay the principal of and
6 interest on the bond;
7 (3) right to impose or collect an assessment or tax; or
8 (4) legality or operation.

9 Sec. 3856.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.
10 All or any part of the area of the district is eligible to be
11 included in:

- 12 (1) a tax increment reinvestment zone created by a
13 municipality under Chapter 311, Tax Code;
14 (2) a tax abatement reinvestment zone created by a
15 municipality under Chapter 312, Tax Code; or
16 (3) an enterprise zone created by a municipality under
17 Chapter 2303, Government Code.

18 Sec. 3856.007. APPLICABILITY OF MUNICIPAL MANAGEMENT
19 DISTRICTS LAW. Except as otherwise provided by this chapter,
20 Chapter 375, Local Government Code, applies to the district.

21 Sec. 3856.008. LIBERAL CONSTRUCTION OF CHAPTER. This
22 chapter shall be liberally construed in conformity with the
23 findings and purposes stated in this chapter.

24 [Sections 3856.009-3856.050 reserved for expansion]

25 SUBCHAPTER B. BOARD OF DIRECTORS

26 Sec. 3856.051. GOVERNING BODY; TERMS. (a) The district is
27 governed by a board of nine voting directors appointed under

1 Section 3856.052 and nonvoting directors as provided by Section
2 3856.053.

3 (b) Voting directors serve staggered terms of four years,
4 with four or five directors' terms expiring June 1 of each
5 odd-numbered year.

6 (c) The board by resolution may increase or decrease the
7 number of directors on the board if the board finds that it is in the
8 best interest of the district. The board may not consist of fewer
9 than seven or more than 13 directors.

10 Sec. 3856.052. APPOINTMENT OF DIRECTORS. The board shall
11 nominate a slate of persons to serve on the succeeding board as
12 voting directors. The members of the governing body of the City of
13 Galveston shall appoint as voting directors the slate of persons
14 nominated by the board.

15 Sec. 3856.053. NONVOTING DIRECTORS. (a) The following
16 persons serve as nonvoting directors:

17 (1) the directors of the following departments of the
18 City of Galveston or a person designated by that director:

19 (A) parks and recreation;

20 (B) planning and zoning; and

21 (C) public works; and

22 (2) the city manager of the City of Galveston or a
23 person designated by the city manager.

24 (b) If a department described by Subsection (a) is
25 consolidated, renamed, or changed, the board may appoint a director
26 of the consolidated, renamed, or changed department as a nonvoting
27 director. If a department described by Subsection (a) is abolished,

1 the board may appoint a representative of another department that
2 performs duties comparable to those performed by the abolished
3 entity.

4 (c) Nonvoting directors are not counted for the purposes of
5 establishing a quorum of the board.

6 Sec. 3856.054. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.

7 (a) Except as provided by this section:

8 (1) a director may participate in all board votes and
9 decisions; and

10 (2) Chapter 171, Local Government Code, governs
11 conflicts of interest for directors.

12 (b) Section 171.004, Local Government Code, does not apply
13 to the district. A director who has a substantial interest in a
14 business or charitable entity that will receive a pecuniary benefit
15 from a board action shall file a one-time affidavit declaring the
16 interest. An additional affidavit is not required if the director's
17 interest changes. After the affidavit is filed with the board
18 secretary, the director may participate in a discussion or vote on
19 that action if:

20 (1) a majority of the directors have a similar
21 interest in the same entity; or

22 (2) all other similar business or charitable entities
23 in the district will receive a similar pecuniary benefit.

24 (c) A director who is also an officer or employee of a public
25 entity may not participate in the discussion of or vote on a matter
26 regarding a contract with that same public entity.

27 (d) For purposes of this section, a director has a

1 substantial interest in a charitable entity in the same manner that
2 a person would have a substantial interest in a business entity
3 under Section 171.002, Local Government Code.

4 Sec. 3856.055. INITIAL VOTING DIRECTORS. (a) The initial
5 board consists of the following voting directors:

<u>Pos. No.</u>	<u>Name of Director</u>
<u>1</u>	<u>Richard G. Anderson</u>
<u>2</u>	<u>Arnold C. Tauch</u>
<u>3</u>	<u>Tofigh Shirazi</u>
<u>4</u>	<u>Jim Carpenter</u>
<u>5</u>	<u>Frank Schaefer</u>
<u>6</u>	<u>Donna Coleman</u>
<u>7</u>	<u>Martha Wallace</u>
<u>8</u>	<u>Juan Pena</u>
<u>9</u>	<u>Chad Murphy</u>

16 (b) Of the initial voting directors, the terms of directors
17 appointed for positions 1 through 5 expire June 1, 2009, and the
18 terms of directors appointed for positions 6 through 9 expire June
19 1, 2011.

20 (c) Section 3856.052 does not apply to this section.

21 (d) This section expires September 1, 2012.

22 [Sections 3856.056-3856.100 reserved for expansion]

23 SUBCHAPTER C. POWERS AND DUTIES

24 Sec. 3856.101. ADDITIONAL POWERS OF DISTRICT. The district
25 may exercise the powers given to:

26 (1) a corporation created under Section 4B,
27 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas

1 Civil Statutes), including the power to own, operate, acquire,
2 construct, lease, improve, and maintain projects described by that
3 section;

4 (2) a housing finance corporation created under
5 Chapter 394, Local Government Code, to provide housing or
6 residential development projects in the district;

7 (3) a road utility district under Chapter 441,
8 Transportation Code;

9 (4) a navigation district under Subchapters E and M,
10 Chapter 60, Water Code; and

11 (5) a navigation district under Section 61.116, Water
12 Code.

13 Sec. 3856.102. NONPROFIT CORPORATION. (a) The board by
14 resolution may authorize the creation of a nonprofit corporation to
15 assist and act for the district in implementing a project or
16 providing a service authorized by this chapter.

17 (b) The nonprofit corporation:

18 (1) has each power of and is considered for purposes of
19 this chapter to be a local government corporation created under
20 Chapter 431, Transportation Code; and

21 (2) may implement any project and provide any service
22 authorized by this chapter.

23 (c) The board shall appoint the board of directors of the
24 nonprofit corporation. The board of directors of the nonprofit
25 corporation shall serve in the same manner as the board of directors
26 of a local government corporation created under Chapter 431,
27 Transportation Code.

1 Sec. 3856.103. AGREEMENTS; GRANTS. (a) The district may
2 make an agreement with or accept a gift, grant, or loan from any
3 person.

4 (b) The implementation of a project is a governmental
5 function or service for the purposes of Chapter 791, Government
6 Code.

7 Sec. 3856.104. AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT.
8 To protect the public interest, the district may contract with
9 Galveston County or the City of Galveston to provide law
10 enforcement services in the district for a fee.

11 Sec. 3856.105. COMPETITIVE BIDDING. Section 375.221, Local
12 Government Code, applies to the district only for a contract that
13 has a value greater than \$25,000.

14 Sec. 3856.106. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. (a)
15 The district may join and pay dues to an organization that:

16 (1) enjoys tax-exempt status under Section 501(c)(3),
17 (4), or (6), Internal Revenue Code of 1986; and

18 (2) performs a service or provides an activity
19 consistent with the furtherance of a district purpose.

20 (b) An expenditure of public money for membership in the
21 organization is considered to further a district purpose and to be
22 for a public purpose.

23 Sec. 3856.107. ECONOMIC DEVELOPMENT PROGRAMS. (a) The
24 district may establish and provide for the administration of one or
25 more programs to promote state or local economic development and to
26 stimulate business and commercial activity in the district,
27 including programs to:

1 (1) make loans and grants of public money; and

2 (2) provide district personnel and services.

3 (b) For purposes of this section, the district has all of
4 the powers of a municipality under Chapter 380, Local Government
5 Code.

6 Sec. 3856.108. ANNEXATION. In addition to the authority to
7 annex territory under Subchapter C, Chapter 375, Local Government
8 Code, the district may annex territory in a reinvestment zone
9 created by the City of Galveston under Chapter 311, Tax Code, if the
10 city's governing body consents to the annexation.

11 Sec. 3856.109. NO EMINENT DOMAIN. The district may not
12 exercise the power of eminent domain.

13 [Sections 3856.110-3856.150 reserved for expansion]

14 SUBCHAPTER D. FINANCIAL PROVISIONS

15 Sec. 3856.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The
16 board by resolution shall establish the number of directors'
17 signatures and the procedure required for a disbursement or
18 transfer of the district's money.

19 Sec. 3856.152. TAX AND BOND ELECTIONS. (a) The district
20 shall hold an election in the manner provided by Subchapter L,
21 Chapter 375, Local Government Code, to obtain voter approval before
22 the district imposes an ad valorem tax or issues bonds payable from
23 ad valorem taxes.

24 (b) The board may include more than one purpose in a single
25 proposition at an election.

26 (c) Section 375.243, Local Government Code, does not apply
27 to the district.

1 Sec. 3856.153. AD VALOREM TAX. (a) If authorized at an
2 election held in accordance with Section 3856.152, the district may
3 impose an annual ad valorem tax on taxable property in the district
4 to:

5 (1) maintain and operate the district;

6 (2) construct or acquire improvements; or

7 (3) provide a service.

8 (b) The board shall determine the tax rate.

9 Sec. 3856.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
10 The board by resolution may impose and collect an assessment for any
11 purpose authorized by this chapter.

12 (b) The board may not impose an assessment on a parcel of
13 real property with a taxable value of less than \$50,000 at the time
14 of the assessment, according to the most recent certified tax
15 appraisal roll for Galveston County, unless the owner of that
16 parcel agrees in writing to pay the assessment.

17 (c) An assessment, a reassessment, or an assessment
18 resulting from an addition to or correction of the assessment roll
19 by the district, penalties and interest on an assessment or
20 reassessment, an expense of collection, and reasonable attorney's
21 fees incurred by the district:

22 (1) are a first and prior lien against the property
23 assessed;

24 (2) are superior to any other lien or claim other than
25 a lien or claim for county, school district, or municipal ad valorem
26 taxes; and

27 (3) are the personal liability of and a charge against

1 the owners of the property even if the owners are not named in the
2 assessment proceedings.

3 (d) The lien is effective from the date of the board's
4 resolution imposing the assessment until the date the assessment is
5 paid. The board may enforce the lien in the same manner that the
6 board may enforce an ad valorem tax lien against real property.

7 (e) The board may make a correction to or deletion from the
8 assessment roll that does not increase the amount of assessment of
9 any parcel of land without providing notice and holding a hearing in
10 the manner required for additional assessments.

11 Sec. 3856.155. PETITION REQUIRED FOR FINANCING SERVICES AND
12 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a
13 service or improvement project with assessments under this chapter
14 unless a written petition requesting that service or improvement
15 has been filed with the board.

16 (b) The petition must be signed by:

17 (1) the owners of a majority of the assessed value of
18 real property in the district subject to assessment according to
19 the most recent certified tax appraisal roll for Galveston County;
20 or

21 (2) at least 25 persons who own real property in the
22 district, if more than 25 persons own real property in the district
23 according to the most recent certified tax appraisal roll for
24 Galveston County.

25 Sec. 3856.156. UTILITY PROPERTY EXEMPT FROM IMPACT FEES OR
26 ASSESSMENTS. The district may not impose an impact fee or
27 assessment on the property, including the equipment,

1 rights-of-way, facilities, or improvements, of:

2 (1) an electric utility or a power generation company
3 as defined by Section 31.002, Utilities Code;

4 (2) a gas utility as defined by Section 101.003 or
5 121.001, Utilities Code; or

6 (3) a person who provides to the public cable
7 television or advanced telecommunications services.

8 Sec. 3856.157. BONDS AND OTHER OBLIGATIONS. (a) The
9 district may issue bonds or other obligations payable wholly or
10 partly from taxes, assessments, impact fees, revenue, grants, or
11 other money of the district, or any combination of those sources of
12 money, to pay for any authorized purpose of the district.

13 (b) In exercising the district's borrowing power, the
14 district may issue a bond or other obligation in the form of a bond,
15 note, certificate of participation or other instrument evidencing a
16 proportionate interest in payments to be made by the district, or
17 other type of obligation.

18 Sec. 3856.158. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT
19 OBLIGATIONS. Except as provided by Section 375.263, Local
20 Government Code, a municipality is not required to pay a bond, note,
21 or other obligation of the district.

22 [Sections 3856.159-3856.200 reserved for expansion]

23 SUBCHAPTER E. DISSOLUTION

24 Sec. 3856.201. EXCEPTION FOR DISSOLUTION OF DISTRICT WITH
25 OUTSTANDING DEBT. (a) The board may vote to dissolve a district
26 that has debt. If the vote is in favor of dissolution, the district
27 shall remain in existence solely for the limited purpose of

1 discharging its debts. The dissolution is effective when all debts
2 have been discharged.

3 (b) Section 375.264, Local Government Code, does not apply
4 to the district.

5 SECTION 2. BOUNDARIES. As of the effective date of this
6 Act, the Galveston Grand Beach Management District encompasses
7 approximately 456 acres and includes all territory contained in the
8 following described area:

9 BEGINNING at the intersection of the Northeasterly corner of the
10 Southerly right-of-way line of East Seawall Blvd. and the Northerly
11 right-of-way line of Apfell Park Dr.;

12 THENCE proceeding in a Northeasterly direction along the
13 Southeasterly right-of-way line of East Seawall Blvd. to a point
14 representing the Westerly projection of a certain 5.9620 acre shown
15 in the deed records as the West Part of Reserve C (3-2) Grand Beach;

16 THENCE in an Easterly direction along said projection to a point at
17 the intersection of the Westerly right-of-way line of Apffel Park
18 Dr.;

19 THENCE in an Northeasterly direction along said right-of-way to the
20 Northwesterly corner of a certain 33.5829 acre tract shown in the
21 deed records as Reserve F Grand Beach;

22 THENCE in an Easterly direction along the Northerly property line
23 of said tract to the intersection of the Westerly right-of-way line
24 of Apffel Park Dr.;

25 THENCE in an Easterly direction along the Northern right-of-way
26 line of Apffel Park Dr. to a point representing the Easterly
27 projection of said right-of-way and its intersection with the

1 Northeasterly projection of the property line of a certain 20 acre
2 tract shown in the deed records as Reserve G (7-2) Grand Beach;
3 THENCE in a Southwesterly direction to a point at the Southwesterly
4 corner of a certain 24.6649 acre tract shown in the deed records as
5 Part of Reserve I (9-1) Grand Beach;
6 THENCE in a Northwesterly direction to a point at the intersection
7 of Southerly right of way line of East Seawall Blvd.;
8 THENCE in a North Easterly direction along the Southerly
9 right-of-way line of East Seawall Blvd. to the POINT OF BEGINNING.
10 PROVIDED; HOWEVER, that such boundaries shall specifically exclude
11 those properties currently known as the Islander East Condominiums
12 and the Galvestonian unless such property is later annexed pursuant
13 to the provisions of this Act.

14 SECTION 3. LEGISLATIVE FINDINGS. The legislature finds
15 that:

16 (1) proper and legal notice of the intention to
17 introduce this Act, setting forth the general substance of this
18 Act, has been published as provided by law, and the notice and a
19 copy of this Act have been furnished to all persons, agencies,
20 officials, or entities to which they are required to be furnished by
21 the constitution and laws of this state, including the governor,
22 who has submitted the notice and Act to the Texas Commission on
23 Environmental Quality;

24 (2) the Texas Commission on Environmental Quality has
25 filed its recommendations relating to this Act with the governor,
26 lieutenant governor, and speaker of the house of representatives
27 within the required time;

1 (3) the general law relating to consent by political
2 subdivisions to the creation of districts with conservation,
3 reclamation, and road powers and the inclusion of land in those
4 districts has been complied with; and

5 (4) all requirements of the constitution and laws of
6 this state and the rules and procedures of the legislature with
7 respect to the notice, introduction, and passage of this Act have
8 been fulfilled and accomplished.

9 SECTION 4. EFFECTIVE DATE. This Act takes effect
10 immediately if it receives a vote of two-thirds of all the members
11 elected to each house, as provided by Section 39, Article III, Texas
12 Constitution. If this Act does not receive the vote necessary for
13 immediate effect, this Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 4053 was passed by the House on May 11, 2007, by the following vote: Yeas 144, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4053 on May 25, 2007, by the following vote: Yeas 140, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4053 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor