

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Cohen

H.B. No. 4722

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds.

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

SECTION 1. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3878 to read as follows:

CHAPTER 3878. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3878.001. DEFINITIONS. In this chapter:

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

(2) "District" means the Harris County Improvement District No. 11.

Sec. 3878.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11. The Harris County Improvement District No. 11 is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3878.003. 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 Harris County, the City of Houston, the Metropolitan Transit Authority of Harris County, and other political subdivisions to contract with

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

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

9 (c) This chapter and the creation of the district may not be  
10 interpreted to relieve Harris County or the City of Houston from  
11 providing the level of services provided as of the effective date of  
12 this Act to the area in the district or to release the county or the  
13 city from the obligations of each entity to provide services to that  
14 area. The district is created to supplement and not to supplant the  
15 county or city services provided in the area in the district.

16 Sec. 3878.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
17 The district is created to serve a public use and benefit.

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

23 (c) Each improvement project or service authorized by this  
24 chapter is essential to carry out a public purpose.

25 (d) The creation of the district is in the public interest  
26 and is essential to:

27 (1) further the public purposes of developing and

1 diversifying the economy of the state;

2 (2) eliminate unemployment and underemployment; and

3 (3) develop or expand transportation and commerce.

4 (e) The district will:

5 (1) promote the health, safety, and general welfare of  
6 residents, employers, employees, visitors, and consumers in the  
7 district, and of the public;

8 (2) provide needed funding for the district to  
9 preserve, maintain, and enhance the economic health and vitality of  
10 the area as a community and business center;

11 (3) promote the health, safety, welfare, and enjoyment  
12 of the public by providing public art and pedestrian ways and by  
13 landscaping and developing certain areas in the district, which are  
14 necessary for the restoration, preservation, and enhancement of  
15 scenic and aesthetic beauty;

16 (4) promote and benefit commercial development and  
17 commercial areas in the district; and

18 (5) promote and develop public transportation and  
19 pedestrian facilities and systems using new and alternative means  
20 that are attractive, safe, and convenient, including securing  
21 expanded and improved transportation and pedestrian facilities and  
22 systems, to:

23 (A) address the problem of traffic congestion in  
24 the district, the need to control traffic and improve pedestrian  
25 safety, and the limited availability of money; and

26 (B) benefit the land and other property in the  
27 district and the residents, employers, employees, visitors, and

1 consumers in the district and the public.

2 (f) Pedestrian ways along or across a street, whether at  
3 grade or above or below the surface, and street lighting, street  
4 landscaping, and street art objects are parts of and necessary  
5 components of a street and are considered to be a street or road  
6 improvement.

7 (g) The district will not act as the agent or  
8 instrumentality of any private interest even though the district  
9 will benefit many private interests as well as the public.

10 Sec. 3878.005. DISTRICT TERRITORY. (a) The district is  
11 composed of the territory described by Section 2 of the Act enacting  
12 this chapter, as that territory may have been modified under:

13 (1) Section 3878.251;

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

15 (3) other law.

16 (b) The boundaries and field notes of the district contained  
17 in Section 2 of the Act enacting this chapter form a closure. A  
18 mistake in the field notes or in copying the field notes in the  
19 legislative process does not in any way affect:

20 (1) the district's organization, existence, and  
21 validity;

22 (2) the district's right to issue any type of bond,  
23 including a refunding bond, for a purpose for which the district is  
24 created or to pay the principal of and interest on the bond;

25 (3) the district's right to impose and collect an  
26 assessment or tax; or

27 (4) the legality or operation of the district or the

1 board.

2 (c) A description of the district's boundaries shall be  
3 filed with the Texas Commission on Environmental Quality. The  
4 commission by order may correct a mistake in the description of the  
5 district's boundaries.

6 Sec. 3878.006. TORT LIABILITY. The district is a  
7 governmental unit under Chapter 101, Civil Practice and Remedies  
8 Code, and the operations of the district are essential government  
9 functions and are not proprietary functions for any purpose,  
10 including the application of that chapter.

11 Sec. 3878.007. LIBERAL CONSTRUCTION OF CHAPTER. This  
12 chapter shall be liberally construed in conformity with the  
13 findings and purposes stated in this chapter.

14 [Sections 3878.008-3878.050 reserved for expansion]

15 SUBCHAPTER B. BOARD OF DIRECTORS

16 Sec. 3878.051. BOARD OF DIRECTORS; TERMS. (a) The district  
17 is governed by a board of five voting directors appointed by a  
18 majority of the members of the governing body, including the mayor,  
19 of the City of Houston. Voting directors serve staggered terms of  
20 four years with two or three directors' terms expiring June 1 of  
21 each odd-numbered year.

22 (b) The board by order or resolution may increase or  
23 decrease the number of voting directors on the board, but only if a  
24 majority of the voting directors finds that it is in the best  
25 interest of the district to do so. The board may not:

26 (1) increase the number of voting directors to more  
27 than nine; or

1           (2) decrease the number of voting directors to fewer  
2 than five.

3           (c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and  
4 49.060, Water Code, apply to the board.

5           (d) Subchapter D, Chapter 375, Local Government Code,  
6 applies to the board to the extent that subchapter does not conflict  
7 with this chapter.

8           Sec. 3878.052. APPOINTMENT OF DIRECTORS ON INCREASE IN  
9 BOARD SIZE. If the board increases the number of directors under  
10 Section 3878.051, the board shall appoint eligible persons to fill  
11 the new director positions and shall provide for the staggering of  
12 terms of the new directors. On expiration of the term of a director  
13 appointed under this section, a succeeding director shall be  
14 appointed and qualified as provided by Subchapter D, Chapter 375,  
15 Local Government Code. The mayor and members of the governing body  
16 of the City of Houston shall appoint voting directors from persons  
17 recommended by the board. A person is appointed if a majority of  
18 the members of the governing body, including the mayor, vote to  
19 appoint that person.

20           Sec. 3878.053. NONVOTING DIRECTORS. (a) The following  
21 persons shall serve as nonvoting directors:

22                   (1) the directors of the following departments of the  
23 City of Houston or a person designated by that director:

24                           (A) parks and recreation;

25                           (B) planning and development; and

26                           (C) public works; and

27                   (2) the City of Houston's chief of police.

1       (b) If a department described by Subsection (a) is  
2 consolidated, renamed, or changed, the board may appoint a director  
3 of the consolidated, renamed, or changed department as a nonvoting  
4 director. If a department described by Subsection (a) is  
5 abolished, the board may appoint a representative of another  
6 department that performs duties comparable to the duties performed  
7 by the abolished department.

8       Sec. 3878.054. QUORUM. (a) A majority of the voting  
9 directors constitutes a quorum of the board.

10       (b) Nonvoting directors and vacant director positions are  
11 not counted for the purposes of establishing a quorum of the board.

12       Sec. 3878.055. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.

13       (a) Except as provided by this section:

14               (1) a voting director may participate in all board  
15 votes and decisions; and

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

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

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

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

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

6           (d) For purposes of this section, a director has a  
7 substantial interest in a charitable entity in the same manner that  
8 a person would have substantial interest in a business entity under  
9 Section 171.002, Local Government Code.

10           Sec. 3878.056. COMPENSATION OF VOTING DIRECTORS. Voting  
11 directors may receive fees of office and reimbursement of expenses  
12 as provided by Section 49.060, Water Code.

13           Sec. 3878.057. INITIAL VOTING DIRECTORS. (a) The initial  
14 board consists of:

<u>Pos. No.</u>	<u>Name of Director</u>
<u>1</u>	<u>Claude Wynne</u>
<u>2</u>	<u>Allen Ueckert</u>
<u>3</u>	<u>Randy Mitchmoore</u>
<u>4</u>	<u>Cassie Stinson</u>
<u>5</u>	<u>Trip "Bradshaw" Carter</u>

21           (b) Of the initial directors, the terms of directors serving  
22 in positions 1, 2, and 3 expire June 1, 2013, and the terms of  
23 directors serving in positions 4 and 5 expire June 1, 2011.

24           (c) Sections 3878.051(a) and (b) do not apply to the initial  
25 directors.

26           (d) This section expires September 1, 2013.

27           [Sections 3878.058-3878.100 reserved for expansion]



1                   SUBCHAPTER C. POWERS AND DUTIES

2           Sec. 3878.101. DISTRICT POWERS. The district may exercise  
3 the powers given to:

4                   (1) a district created under Chapter 375, Local  
5 Government Code;

6                   (2) a district by Subchapters H and I, Chapter 49,  
7 Water Code;

8                   (3) a corporation under Chapter 505, Local Government  
9 Code, including the power to own, operate, acquire, construct,  
10 lease, improve, and maintain the projects described by that  
11 section; and

12                   (4) a housing finance corporation created under  
13 Chapter 394, Local Government Code, to provide housing or  
14 residential development projects in the district.

15           Sec. 3878.102. NONPROFIT CORPORATION. (a) The board by  
16 resolution may authorize the creation of a nonprofit corporation to  
17 assist and act for the district in implementing a project or  
18 providing a service authorized by this chapter.

19                   (b) The nonprofit corporation:

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

23                   (2) may implement any project and provide any service  
24 authorized by this chapter.

25                   (c) The board shall appoint the board of directors of the  
26 nonprofit corporation. The board of directors of the nonprofit  
27 corporation shall serve in the same manner as, for the same term as,

1 and on the same conditions as the board of directors of a local  
2 government corporation created under Chapter 431, Transportation  
3 Code.

4 Sec. 3878.103. AGREEMENTS; GRANTS. (a) The district may  
5 make an agreement with or accept a gift, grant, or loan from any  
6 person.

7 (b) The implementation of a project is a governmental  
8 function or service for the purposes of Chapter 791, Government  
9 Code.

10 Sec. 3878.104. ELECTIONS. (a) District elections must be  
11 held in the manner provided by Subchapter L, Chapter 375, Local  
12 Government Code.

13 (b) The board may submit multiple purposes in a single  
14 proposition at an election.

15 Sec. 3878.105. CONTRACT FOR LAW ENFORCEMENT AND SECURITY  
16 SERVICES. The district may contract with:

17 (1) Harris County or the City of Houston for the county  
18 or city to provide law enforcement and security services in the  
19 district for a fee; or

20 (2) a private entity for the private entity to provide  
21 supplemental security services.

22 Sec. 3878.106. ANNEXATION OR EXCLUSION OF TERRITORY. The  
23 district may annex or exclude land from the district in the manner  
24 provided by Subchapter C, Chapter 375, Local Government Code.

25 Sec. 3878.107. APPROVAL BY CITY OF HOUSTON. (a) Except as  
26 provided by Subsection (b), the district must obtain the approval  
27 of the City of Houston's governing body for:

1           (1) the issuance of a bond for each improvement  
2 project;

3           (2) the plans and specifications of the improvement  
4 project financed by the bond; and

5           (3) the plans and specifications of any district  
6 improvement project related to the use of land owned by the City of  
7 Houston, an easement granted by the City of Houston, or a  
8 right-of-way of a street, road, or highway.

9           (b) If the district obtains the approval of the City of  
10 Houston's governing body of a capital improvements budget for a  
11 period not to exceed five years, the district may finance the  
12 capital improvements and issue bonds specified in the budget  
13 without further approval from the City of Houston.

14           Sec. 3878.108. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
15 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 promoting a district purpose.

20           Sec. 3878.109. ROAD POWERS. The district may exercise  
21 powers given to:

22           (1) a road district created under Chapter 257,  
23 Transportation Code; and

24           (2) a road utility district created under Chapter 441,  
25 Transportation Code.

26           Sec. 3878.110. AIR RIGHTS; CONSTRUCTION. The district may  
27 acquire air rights and related easements and may construct

1 improvements on property on which it owns only air rights and  
2 related easements.

3 Sec. 3878.111. ADDITIONAL PROPERTY RIGHTS; LEASEHOLDS. The  
4 district may construct improvements on property on which it only  
5 has a leasehold interest and may own undivided interests in  
6 buildings and other improvements.

7 Sec. 3878.112. NO EMINENT DOMAIN POWER. The district may  
8 not exercise the power of eminent domain.

9 [Sections 3878.113-3878.150 reserved for expansion]

10 SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

11 Sec. 3878.151. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED.

12 (a) The district may acquire, lease as lessor or lessee, construct,  
13 develop, own, operate, and maintain a public transit system to  
14 serve the area within the boundaries of the district.

15 (b) The board may not act under Subsection (a) unless a  
16 written petition requesting the action has been filed with the  
17 board.

18 (c) The petition must be signed by:

19 (1) the owners of property representing a majority of  
20 the total assessed value of the real property in the district that  
21 abuts the right-of-way in which the public transit system is  
22 proposed to be located; or

23 (2) the owners of a majority of the area of the real  
24 property in the district that abuts the right-of-way in which the  
25 public transit system is proposed to be located.

26 (d) For purposes of Subsection (c), the determination of a  
27 majority is based on the property owners along the entire

1 right-of-way of the proposed transit project and may not be  
2 calculated on a block-by-block basis.

3 Sec. 3878.152. PARKING FACILITIES AUTHORIZED; OPERATION BY  
4 PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease  
5 as lessor or lessee, construct, develop, own, operate, and maintain  
6 parking facilities, including:

7 (1) lots, garages, parking terminals, or other  
8 structures or accommodations for the parking of motor vehicles; and

9 (2) equipment, entrances, exits, fencing, and other  
10 accessories necessary for safety and convenience in the parking of  
11 vehicles.

12 (b) A parking facility of the district must be either leased  
13 to or operated on behalf of the district by a private entity or an  
14 entity other than the district. The district's parking facilities  
15 are a program authorized by the legislature under Section 52-a,  
16 Article III, Texas Constitution, and accomplish a public purpose  
17 under that section even if leased or operated by a private entity  
18 for a term of years.

19 (c) The district's public parking facilities and any lease  
20 to a private entity are exempt from the payment of ad valorem taxes  
21 and state and local sales and use taxes.

22 Sec. 3878.153. RULES. The district may adopt rules  
23 covering its public transit system or its public parking  
24 facilities, except that a rule relating to or affecting the use of  
25 the public right-of-way or a requirement for off-street parking is  
26 subject to all applicable municipal charter, code, or ordinance  
27 requirements.

1       Sec. 3878.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR  
2 PARKING FACILITIES. (a) The district may use any of its resources,  
3 including revenue, assessments, taxes, and grant or contract  
4 proceeds, to pay the cost of acquiring and operating a public  
5 transit system or public parking facilities.

6       (b) The district may set and impose fees, charges, or tolls  
7 for the use of the public transit system or the public parking  
8 facilities and may issue bonds or notes to finance the cost of these  
9 facilities.

10       (c) Except as provided by Section 3878.151, if the district  
11 pays for or finances the cost of acquiring or operating a public  
12 transit system or public parking facilities with resources other  
13 than assessments, a petition of property owners or a public hearing  
14 is not required.

15       Sec. 3878.155. PAYMENT IN LIEU OF TAXES TO OTHER TAXING  
16 UNIT. If the district's acquisition of property for a parking  
17 facility that is leased to or operated by a private entity results  
18 in the removal from a taxing unit's tax rolls of real property  
19 otherwise subject to ad valorem taxation, the district shall pay to  
20 the taxing unit in which the property is located, on or before  
21 January 1 of each year, as a payment in lieu of taxes, an amount  
22 equal to the ad valorem taxes that otherwise would have been imposed  
23 for the preceding tax year on that real property by the taxing unit,  
24 without including the value of any improvements constructed on the  
25 property.

26       Sec. 3878.156. AGREEMENT WITH RAPID TRANSIT AUTHORITY. (a)  
27 In this section, "authority" means a rapid transit authority

1 created under Chapter 451, Transportation Code.

2 (b) The district and an authority may agree to jointly  
3 construct, own, operate, and maintain a transit facility or a  
4 parking facility under the terms the authority and district desire.

5 (c) The agreement may provide that the district and the  
6 authority exchange or trade land provided that each party to the  
7 agreement receives fair market value. The authority is not  
8 required to offer any property that it proposes to trade to the  
9 district for sale to the public or for sale to any abutting property  
10 owner.

11 [Sections 3878.157-3878.200 reserved for expansion]

12 SUBCHAPTER E. FINANCIAL PROVISIONS

13 Sec. 3878.201. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM  
14 TAXES, AND IMPACT FEES. The district may impose, assess, charge, or  
15 collect an assessment, an ad valorem tax, an impact fee, or another  
16 fee in accordance with Chapter 49, Water Code, for a purpose  
17 specified by Chapter 375, Local Government Code, or as needed to  
18 exercise a power or function of the district or to accomplish a  
19 purpose or duty for which the district was created.

20 Sec. 3878.202. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
21 board by resolution shall establish the number of directors'  
22 signatures and the procedure required for a disbursement or  
23 transfer of the district's money.

24 Sec. 3878.203. ASSESSMENT IN PART OF DISTRICT. An  
25 assessment may be imposed on only a part of the district if only  
26 that part will benefit from the service or improvement.

27 Sec. 3878.204. PETITION REQUIRED FOR ASSESSMENT AND FOR

1 FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose  
2 an assessment or finance a service or improvement project under  
3 this chapter unless a written petition requesting the improvement  
4 or service has been filed with the board.

5 (b) The petition must be signed by:

6 (1) the owners of a majority of the assessed value of  
7 real property in the district subject to assessment according to  
8 the most recent certified tax appraisal roll for Harris County; or

9 (2) at least 25 owners of real property in the district  
10 that will be subject to the assessment, if more than 25 persons own  
11 real property subject to the assessment in the district according  
12 to the most recent certified tax appraisal roll for Harris County.

13 (c) The board may act upon a petition, required under this  
14 section, signed by qualified petitioners prior to or subsequent to  
15 the enactment of this chapter.

16 Sec. 3878.205. ASSESSMENTS CONSIDERED TAXES. For purposes  
17 of a title insurance policy issued under Title 11, Insurance Code,  
18 an assessment is a tax.

19 Sec. 3878.206. MAINTENANCE TAX. (a) If authorized at an  
20 election held in accordance with Section 3878.104, the district may  
21 impose an annual ad valorem tax on taxable property in the district  
22 to:

- 23 (1) administer the district;  
24 (2) maintain and operate the district;  
25 (3) construct or acquire improvements; or  
26 (4) provide a service.

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



1       (c) An owner of real property in the district, except  
2 property exempt under the Texas or United States Constitution or  
3 under the Tax Code, is liable for the payment of ad valorem taxes  
4 imposed by the district on the property.

5       Sec. 3878.207. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
6 The board by resolution may impose and collect an assessment for any  
7 purpose authorized by this chapter.

8       (b) An assessment, a reassessment, or an assessment  
9 resulting from an addition to or correction of the assessment roll  
10 by the district, penalties and interest on an assessment or  
11 reassessment, an expense of collection, and reasonable attorney's  
12 fees incurred by the district:

13               (1) are a first and prior lien against the property  
14 assessed;

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

18               (3) are the personal liability of and a charge against  
19 the owners of the property even if the owners are not named in the  
20 assessment proceedings.

21       (c) The lien is effective from the date of the board's  
22 resolution imposing the assessment until the date the assessment is  
23 paid. The board may enforce the lien in the same manner that the  
24 board may enforce an ad valorem tax lien against real property.

25       (d) The board may make a correction to or deletion from the  
26 assessment roll that does not increase the amount of assessment of  
27 any parcel of land without providing notice and holding a hearing in

1 the manner required for additional assessments.

2 Sec. 3878.208. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM  
3 ASSESSMENT AND IMPACT FEES. The district may not impose an impact  
4 fee or assessment on the property, including the equipment,  
5 rights-of-way, facilities, or improvements, of:

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

8 (2) a gas utility as defined by Section 101.003 or  
9 121.001, Utilities Code;

10 (3) a telecommunications provider as defined by  
11 Section 51.002, Utilities Code; or

12 (4) a person who provides the public cable television  
13 or advanced telecommunications services.

14 Sec. 3878.209. USE OF ELECTRICAL OR OPTICAL LINES. (a) The  
15 district may impose an assessment to pay the cost of:

16 (1) burying or removing electrical power lines,  
17 telephone lines, cable or fiber-optic lines, or any other type of  
18 electrical or optical line;

19 (2) removing poles and any elevated lines using the  
20 poles; and

21 (3) reconnecting the lines described by Subdivision  
22 (2) to the buildings or other improvements to which the lines were  
23 connected.

24 (b) The district may acquire, operate, or charge fees for  
25 the use of the district conduits for:

26 (1) another person's:

27 (A) telecommunications network;

1           (B) fiber-optic cable; or

2           (C) electronic transmission line; or

3           (2) any other type of transmission line or supporting  
4 facility.

5           (c) The district may not require a person to use a district  
6 conduit.

7           Sec. 3878.210. BONDS AND OTHER OBLIGATIONS. (a) The  
8 district may issue bonds, notes, or other obligations in accordance  
9 with Subchapter J, Chapter 375, Local Government Code, payable  
10 wholly or partly from assessments, impact fees, revenue, grants, or  
11 other money of the district, or any combination of these sources of  
12 money, to pay for any authorized district purpose.

13           (b) In exercising the district's power to borrow, 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. 3878.211. LIMITS ON PARKS AND RECREATION BONDS. Bonds  
19 issued to finance parks and recreational facilities may not exceed  
20 one percent of the assessed value of the real property in the  
21 district according to the most recent certified tax appraisal roll  
22 for Harris County.

23           Sec. 3878.212. TAX AND BOND ELECTIONS. (a) The district  
24 shall hold an election in the manner provided by Subchapter L,  
25 Chapter 375, Local Government Code, to obtain voter approval before  
26 the district imposes a maintenance tax or issues bonds payable from  
27 ad valorem taxes.

1       (b) The board may not include more than one purpose in a  
2 single proposition at an election.

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

5       Sec. 3878.213. POWERS OF MUNICIPAL UTILITY DISTRICT TO  
6 ESTABLISH DEFINED AREAS AND DESIGNATED PROPERTY; TAXES; BONDS. (a)  
7 The district has the powers of a municipal utility district under  
8 Subchapter J, Chapter 54, Water Code, including the power to:

9               (1) implement a plan;  
10              (2) issue bonds; and  
11              (3) impose a tax in a defined area established under  
12 that subchapter.

13       (b) The district may exercise the powers described by  
14 Subsection (a) regardless of whether the district is composed of  
15 the minimum number of acres provided by Section 54.801, Water Code.

16       Sec. 3878.214. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT  
17 OBLIGATIONS. Except as provided by Section 375.263, Local  
18 Government Code, a municipality is not required to pay a bond, note,  
19 or other obligation of the district.

20       Sec. 3878.215. COMPETITIVE BIDDING. Section 375.221, Local  
21 Government Code, applies to the district only for a contract that  
22 has a value greater than \$50,000.

23       [Sections 3878.216-3878.250 reserved for expansion]

24                               SUBCHAPTER F. CONSOLIDATION

25       Sec. 3878.251. CONSOLIDATION WITH MUNICIPAL MANAGEMENT  
26 DISTRICT. (a) The district may consolidate with one or more other  
27 municipal management districts that are adjoining or have a

1 boundary that is within a two-mile radius of any boundary of the  
2 district. The board may consolidate with one or more other  
3 districts only if none of the districts to be consolidated has  
4 issued bonds or notes secured by assessments or ad valorem taxes or  
5 has imposed taxes.

6 (b) To initiate consolidation, the board of a district shall  
7 adopt a resolution proposing a consolidation and deliver a copy of  
8 the resolution to the board of each district with which  
9 consolidation is proposed.

10 Sec. 3878.252. TERMS AND CONDITIONS FOR CONSOLIDATION. Not  
11 later than the 30th day after districts are consolidated under  
12 Section 3878.251, the districts shall enter into an agreement  
13 specifying the terms and conditions for consolidation. The terms  
14 and conditions for consolidation must include:

15 (1) adoption of a name for the consolidated district;  
16 (2) the number and apportionment of directors to serve  
17 on the board of the consolidated district;

18 (3) the effective date of the consolidation;

19 (4) an agreement on finances for the consolidated  
20 district, including disposition of funds, property, and other  
21 assets of each district; and

22 (5) an agreement on governing the districts during the  
23 transition period, including selection of officers.

24 Sec. 3878.253. NOTICE AND HEARING ON CONSOLIDATION. (a)  
25 Each district's board shall publish notice and hold a public  
26 hearing in its district regarding the terms and conditions for  
27 consolidation of the districts. The board shall publish notice at

1 least once in a newspaper with general circulation in the affected  
2 districts at least seven days before the hearing.

3 (b) After the hearing, each board by resolution must approve  
4 the terms and conditions for consolidation by majority vote and  
5 enter an order consolidating the districts.

6 (c) If the board of each involved district adopts a  
7 resolution containing the terms and conditions for the  
8 consolidation, the involved districts become consolidated.

9 Sec. 3878.254. GOVERNING CONSOLIDATED DISTRICTS. (a)  
10 After two or more districts are consolidated, they become one  
11 district and are governed as one district.

12 (b) During the period before the terms and conditions of the  
13 agreement under Section 3878.252 take effect, the officers of each  
14 district shall continue to act jointly as officers of the original  
15 districts to settle the affairs of their respective districts.

16 Sec. 3878.255. DEBTS OF ORIGINAL DISTRICTS. After two or  
17 more districts are consolidated, the consolidated district shall  
18 protect the debts and obligations of the original districts and  
19 shall ensure that the debts and obligations are not impaired. If  
20 the consolidated district has taxing authority, the debts may be  
21 paid by taxes imposed on the land in the original districts as if  
22 they had not consolidated or from contributions from the  
23 consolidated district on terms stated in the consolidation  
24 agreement.

25 Sec. 3878.256. ASSESSMENT AND COLLECTION OF TAXES. If the  
26 consolidated district has taxing authority, the district shall  
27 impose and collect taxes on all property in the district uniformly,

1 for maintenance and operation of the district.

2 Sec. 3878.257. FILING OF ORDER WITH COUNTY CLERK AND  
3 EXECUTIVE DIRECTOR. The board shall keep in the records of the  
4 consolidated district, recorded in the office of the county clerk  
5 in each of the counties in the consolidated district, a  
6 consolidation order issued by the board. The board shall file the  
7 consolidation order with the executive director of the Texas  
8 Commission on Environmental Quality.

9 [Sections 3878.258-3878.300 reserved for expansion]

10 SUBCHAPTER G. DISSOLUTION

11 Sec. 3878.301. DISSOLUTION OF DISTRICT WITH OUTSTANDING  
12 DEBT. (a) The district may be dissolved as provided by Subchapter  
13 M, Chapter 375, Local Government Code, except that Section 375.264,  
14 Local Government Code, does not apply to the district. The board  
15 may dissolve the district regardless of whether the district has  
16 debt.

17 (b) If the district has debt when it is dissolved, the  
18 district shall remain in existence solely for the purpose of  
19 discharging its bonds or other obligations according to their  
20 terms. The dissolution is effective when all debts have been  
21 discharged.

22 SECTION 2. BOUNDARIES. On the effective date of this Act,  
23 the Harris County Improvement District No. 11 includes all  
24 territory generally bounded by the following described area:

25 UNLESS otherwise specified, the boundaries of this district will  
26 travel along the centerline of each street included, and each  
27 intersection will be the intersection of the centerlines of the

1 streets mentioned.

2 Beginning at the intersection of the center right of way line  
3 of West Dallas and the center right of way line of Montrose  
4 Boulevard;

5 Thence in a southerly direction along the center right of way of  
6 Montrose Boulevard to its intersection with the center right of way  
7 of Sul Ross.

8 Thence in a westerly direction along the center right of way of Sul  
9 Ross to its intersection with the center right of way of Mulberry.

10 Thence in a southerly direction along the center right of way of  
11 Mulberry to its intersection with the center right of way of  
12 Branard, thence east along the center right of way of Branard to its  
13 intersection with the center right of way of Yupon.

14 Thence in a southerly direction along the center right of way of  
15 Yupon to where Yupon corners into the center right of way of  
16 Colquitt.

17 Thence in an easterly direction along the center right of way of  
18 Colquitt to its intersection with the center right of way of  
19 Graustark.

20 Thence in a southerly direction along the center right of way of  
21 Graustark to the center right of way of U.S. Highway 59.

22 Thence easterly along the center right of way of US 59 South to the  
23 north property line of Tract 12, Block 7 MacGregor Blodgett Section  
24 1;

25 Thence southwesterly along the north property line of Tracts 12 and  
26 10, Block 7 MacGregor Blodgett Section 1;

27 Thence southwesterly along the north property line of Tract 9,



1 Block 8 MacGregor Blodgett Section 1 to the south east property line  
2 of the C.C. Fitze Homestead Addition according to the plat thereof  
3 recorded in Volume 259, Page 163 of the Harris County Deed Records;  
4 Thence south westerly along the south east property line of said  
5 C.C. Fitze Homestead Addition according to the plat thereof  
6 recorded in Volume 259, Page 163 of the Harris County Deed Records;  
7 Thence westerly along the south property line of said C.C. Fitze  
8 Homestead Addition according to the plat thereof recorded in Volume  
9 259, Page 163 of the Harris County Deed Records crossing the north  
10 dead end of Travis to the center right of way line thereof;  
11 Thence southwesterly along the center right of way line of Travis to  
12 the center right of way line of Portland;  
13 Thence easterly along the center right of way line of Portland to  
14 the center right of way line of Main;  
15 Thence southwesterly along the center right of way line of Main to  
16 its intersection with the center right of way line of Bissonnet;  
17 Thence westerly along the center right of way line of Bissonnet to  
18 its intersection with the center right of way line of Graustark;  
19 Thence northerly along the center right of way line of Graustark to  
20 its intersection with the center right of way line of US 59 South;  
21 Thence westerly along the center right of way line of US 59 South to  
22 its intersection with the east right of way line of South Shepherd  
23 Drive;  
24 Thence northerly along the east right of way line of South Shepherd  
25 Drive following along the northeast right of way line of Shepherd  
26 Drive to its intersection with the center right of way line West  
27 Dallas Avenue;

1 Then in a easterly direction along the center right of way of West  
2 Dallas Street to its intersection with the center right of way of  
3 Montrose Boulevard at the point of BEGINNING.

4 Save & Except

5 Save and except the following tracts of land:

6 1. 0442170000002  
7 REGENT SQUARE CD LLC  
8 3601 W ALLEN PKY STE 183  
9 TRS 1 1A 2 3 3A 4 6A THRU 6E 14A 14B 15 24 & 24A  
10 LTS 1 THRU 5 BLK 1 HYDE PARK COURT  
11 LTS 1 & 2 BLK 1 CLAY COURT  
12 ABST 696 O SMITH

13 2. 0751570010001  
14 REGENT SQUARE CD LLC  
15 3501 W DALLAS ST STE 218  
16 ALL BLKS 1 2  
17 LT 6 BLK 2 HYDE PARK COURT  
18 LTS 1 5 6 7 8 TR 9A WEIS  
19 TRS 9 16 17 18 19D 24 24A 25 ABST 696 O SMITH

20 3. 0442190000003  
21 REGENT SQUARE CD LLC  
22 3601 ALLEN PKY STE 59  
23 TRS 4 6 6A 7 8 8A 9A 9B 9C 10 -13 & 16  
24 LTS 1 & 2 BLK 1 ROSIE  
25 ABST 696 O SMITH

26 SECTION 3. REIMBURSEMENT FOR COST OF CREATION. The Harris  
27 County Improvement District No. 11 may reimburse the cost of

1 creating the district from assessments or other revenue created by  
2 the district or consolidated district under Section 3878.251,  
3 Special District Local Laws Code, as added by this Act.

4 SECTION 4. LEGISLATIVE FINDINGS. The legislature finds  
5 that:

6 (1) proper and legal notice of the intention to  
7 introduce this Act, setting forth the general substance of this  
8 Act, has been published as provided by law, and the notice and a  
9 copy of this Act have been furnished to all persons, agencies,  
10 officials, or entities to which they are required to be furnished by  
11 the constitution and laws of this state, including the governor,  
12 who has submitted the notice and Act to the Texas Commission on  
13 Environmental Quality;

14 (2) the Texas Commission on Environmental Quality has  
15 filed its recommendations relating to this Act with the governor,  
16 lieutenant governor, and speaker of the house of representatives  
17 within the required time;

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

22 (4) all requirements of the constitution and laws of  
23 this state and the rules and procedures of the legislature with  
24 respect to the notice, introduction, and passage of this Act have  
25 been fulfilled and accomplished.

26 SECTION 5. EFFECTIVE DATE. This Act takes effect  
27 immediately if it receives a vote of two-thirds of all the members

H.B. No. 4722

1 elected to each house, as provided by Section 39, Article III, Texas  
2 Constitution. If this Act does not receive the vote necessary for  
3 immediate effect, this Act takes effect September 1, 2009.

**ADOPTED**

MAY 27 2009

*Atty. Gen.*  
Secretary of the Senate

By: Cohenza

H.B. No. 4722

Substitute the following for H.B. No. 4722:

By: [Signature]

C.S.H.B. No. 4722

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the creation of the Harris County Improvement District  
3 No. 11; providing authority to impose a tax and issue bonds.

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

5 SECTION 1. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11.  
6 Subtitle C, Title 4, Special District Local Laws Code, is amended by  
7 adding Chapter 3878 to read as follows:

8 CHAPTER 3878. HARRIS COUNTY IMPROVEMENT DISTRICT NO. 11

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 3878.001. DEFINITIONS. In this chapter:

11 (1) "Board" means the board of directors of the  
12 district.

13 (2) "District" means the Harris County Improvement  
14 District No. 11.

15 Sec. 3878.002. HARRIS COUNTY IMPROVEMENT DISTRICT NO.  
16 11. The Harris County Improvement District No. 11 is a special  
17 district created under Section 59, Article XVI, Texas Constitution.

18 Sec. 3878.003. PURPOSE; DECLARATION OF INTENT. (a) The  
19 creation of the district is essential to accomplish the purposes of  
20 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
21 Texas Constitution, and other public purposes stated in this  
22 chapter. By creating the district and in authorizing Harris  
23 County, the City of Houston, the Metropolitan Transit Authority of  
24 Harris County, and other political subdivisions to contract with

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

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

9 (c) This chapter and the creation of the district may not be  
10 interpreted to relieve Harris County or the City of Houston from  
11 providing the level of services provided as of the effective date of  
12 this Act to the area in the district or to release the county or the  
13 city from the obligations of each entity to provide services to that  
14 area. The district is created to supplement and not to supplant the  
15 county or city services provided in the area in the district.

16 Sec. 3878.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
17 The district is created to serve a public use and benefit.

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

23 (c) Each improvement project or service authorized by this  
24 chapter is essential to carry out a public purpose.

25 (d) The creation of the district is in the public interest  
26 and is essential to:

27 (1) further the public purposes of developing and

1 diversifying the economy of the state;

2 (2) eliminate unemployment and underemployment; and

3 (3) develop or expand transportation and commerce.

4 (e) The district will:

5 (1) promote the health, safety, and general welfare of  
6 residents, employers, employees, visitors, and consumers in the  
7 district, and of the public;

8 (2) provide needed funding for the district to  
9 preserve, maintain, and enhance the economic health and vitality of  
10 the area as a community and business center;

11 (3) promote the health, safety, welfare, and enjoyment  
12 of the public by providing public art and pedestrian ways and by  
13 landscaping and developing certain areas in the district, which are  
14 necessary for the restoration, preservation, and enhancement of  
15 scenic and aesthetic beauty;

16 (4) promote and benefit commercial development and  
17 commercial areas in the district; and

18 (5) promote and develop public transportation and  
19 pedestrian facilities and systems using new and alternative means  
20 that are attractive, safe, and convenient, including securing  
21 expanded and improved transportation and pedestrian facilities and  
22 systems, to:

23 (A) address the problem of traffic congestion in  
24 the district, the need to control traffic and improve pedestrian  
25 safety, and the limited availability of money; and

26 (B) benefit the land and other property in the  
27 district and the residents, employers, employees, visitors, and

1 consumers in the district and the public.

2 (f) Pedestrian ways along or across a street, whether at  
3 grade or above or below the surface, and street lighting, street  
4 landscaping, and street art objects are parts of and necessary  
5 components of a street and are considered to be a street or road  
6 improvement.

7 (g) The district will not act as the agent or  
8 instrumentality of any private interest even though the district  
9 will benefit many private interests as well as the public.

10 Sec. 3878.005. DISTRICT TERRITORY. (a) The district is  
11 composed of the territory described by Section 2 of the Act enacting  
12 this chapter, as that territory may have been modified under:

13 (1) Section 3878.251;

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

15 (3) other law.

16 (b) The boundaries and field notes of the district contained  
17 in Section 2 of the Act enacting this chapter form a closure. A  
18 mistake in the field notes or in copying the field notes in the  
19 legislative process does not in any way affect:

20 (1) the district's organization, existence, and  
21 validity;

22 (2) the district's right to issue any type of bond,  
23 including a refunding bond, for a purpose for which the district is  
24 created or to pay the principal of and interest on the bond;

25 (3) the district's right to impose and collect an  
26 assessment or tax; or

27 (4) the legality or operation of the district or the



1 board.

2 (c) A description of the district's boundaries shall be  
3 filed with the Texas Commission on Environmental Quality. The  
4 commission by order may correct a mistake in the description of the  
5 district's boundaries.

6 Sec. 3878.006. LIBERAL CONSTRUCTION OF CHAPTER. This  
7 chapter shall be liberally construed in conformity with the  
8 findings and purposes stated in this chapter.

9 [Sections 3878.007-3878.050 reserved for expansion]

10 SUBCHAPTER B. BOARD OF DIRECTORS

11 Sec. 3878.051. BOARD OF DIRECTORS; TERMS. (a) The district  
12 is governed by a board of 10 voting directors appointed by a  
13 majority of the members of the governing body, including the mayor,  
14 of the City of Houston. Voting directors serve staggered terms of  
15 four years with five directors' terms expiring June 1 of each  
16 odd-numbered year.

17 (b) The board by order or resolution may increase or  
18 decrease the number of voting directors on the board, but only if a  
19 majority of the voting directors finds that it is in the best  
20 interest of the district to do so. The board may not:

21 (1) increase the number of voting directors to more  
22 than 15; or

23 (2) decrease the number of voting directors to fewer  
24 than five.

25 (c) Sections 49.053, 49.054, 49.056, 49.057, 49.058, and  
26 49.060, Water Code, apply to the board.

27 (d) Subchapter D, Chapter 375, Local Government Code,

1 applies to the board to the extent that subchapter does not conflict  
2 with this chapter.

3 Sec. 3878.052. APPOINTMENT OF DIRECTORS ON INCREASE IN  
4 BOARD SIZE. If the board increases the number of directors under  
5 Section 3878.051, the board shall appoint eligible persons to fill  
6 the new director positions and shall provide for the staggering of  
7 terms of the new directors. On expiration of the term of a director  
8 appointed under this section, a succeeding director shall be  
9 appointed and qualified as provided by Subchapter D, Chapter 375,  
10 Local Government Code. The mayor and members of the governing body  
11 of the City of Houston shall appoint voting directors from persons  
12 recommended by the board. A person is appointed if a majority of  
13 the members of the governing body, including the mayor, vote to  
14 appoint that person.

15 Sec. 3878.053. NONVOTING DIRECTORS. (a) The following  
16 persons shall serve as nonvoting directors:

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

19 (A) parks and recreation;

20 (B) planning and development; and

21 (C) public works; and

22 (2) the City of Houston's chief of police.

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

1 department that performs duties comparable to the duties performed  
2 by the abolished department.

3 Sec. 3878.054. QUORUM. (a) Except as provided by  
4 Subsection (b), six voting directors constitute a quorum of the  
5 board.

6 (b) If the board is composed of an odd number of voting  
7 directors, a majority of the voting directors constitutes a quorum  
8 of the board.

9 (c) Nonvoting directors and vacant director positions are  
10 not counted for the purposes of establishing a quorum of the board.

11 Sec. 3878.055. CONFLICTS OF INTEREST; ONE-TIME AFFIDAVIT.

12 (a) Except as provided by this section:

13 (1) a voting director may participate in all board  
14 votes and decisions; and

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

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

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

27 (2) all other similar business or charitable entities

1 in the district will receive a similar pecuniary benefit.

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

5 (d) For purposes of this section, a director has a  
6 substantial interest in a charitable entity in the same manner that  
7 a person would have substantial interest in a business entity under  
8 Section 171.002, Local Government Code.

9 Sec. 3878.056. COMPENSATION OF VOTING DIRECTORS. Voting  
10 directors may receive fees of office and reimbursement of expenses  
11 as provided by Section 49.060, Water Code.

12 Sec. 3878.057. INITIAL VOTING DIRECTORS. (a) The initial  
13 board consists of:

<u>Pos. No.</u>	<u>Name of Director</u>
<u>1</u>	<u>Claude Wynne</u>
<u>2</u>	<u>Allen Ueckert</u>
<u>3</u>	<u>Randy Mitchmoore</u>
<u>4</u>	<u>Cassie Stinson</u>
<u>5</u>	<u>Trip "Bradshaw" Carter</u>
<u>6</u>	<u>Brandon Dudley</u>
<u>7</u>	<u>E. Joyce Lyamu</u>
<u>8</u>	<u>Marchris Robinson</u>
<u>9</u>	<u>Dennis Morland</u>
<u>10</u>	<u>Robert Jara</u>

25 (b) Of the initial directors, the terms of directors serving  
26 in positions 1 through 5 expire June 1, 2013, and the terms of  
27 directors serving in positions 6 through 10 expire June 1, 2011.

1           (c) Sections 3878.051(a) and (b) do not apply to the initial  
2 directors.

3           (d) This section expires September 1, 2013.

4           [Sections 3878.058-3878.100 reserved for expansion]

5                           SUBCHAPTER C. POWERS AND DUTIES

6           Sec. 3878.101. DISTRICT POWERS. The district may exercise  
7 the powers given to:

8                   (1) a district created under Chapter 375, Local  
9 Government Code;

10                   (2) a district by Subchapters H and I, Chapter 49,  
11 Water Code;

12                   (3) a corporation under Chapter 505, Local Government  
13 Code, including the power to own, operate, acquire, construct,  
14 lease, improve, and maintain the projects described by that  
15 section; and

16                   (4) a housing finance corporation created under  
17 Chapter 394, Local Government Code, to provide housing or  
18 residential development projects in the district.

19           Sec. 3878.102. NONPROFIT CORPORATION. (a) The board by  
20 resolution may authorize the creation of a nonprofit corporation to  
21 assist and act for the district in implementing a project or  
22 providing a service authorized by this chapter.

23           (b) The nonprofit corporation:

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

27                   (2) may implement any project and provide any service

1 authorized by this chapter.

2 (c) The board shall appoint the board of directors of the  
3 nonprofit corporation. The board of directors of the nonprofit  
4 corporation shall serve in the same manner as, for the same term as,  
5 and on the same conditions as the board of directors of a local  
6 government corporation created under Chapter 431, Transportation  
7 Code.

8 Sec. 3878.103. AGREEMENTS; GRANTS. (a) The district may  
9 make an agreement with or accept a gift, grant, or loan from any  
10 person.

11 (b) The implementation of a project is a governmental  
12 function or service for the purposes of Chapter 791, Government  
13 Code.

14 Sec. 3878.104. ELECTIONS. (a) District elections must be  
15 held in the manner provided by Subchapter L, Chapter 375, Local  
16 Government Code.

17 (b) The board may submit multiple purposes in a single  
18 proposition at an election.

19 Sec. 3878.105. CONTRACT FOR LAW ENFORCEMENT AND SECURITY  
20 SERVICES. The district may contract with:

21 (1) Harris County or the City of Houston for the county  
22 or city to provide law enforcement and security services in the  
23 district for a fee; or

24 (2) a private entity for the private entity to provide  
25 supplemental security services.

26 Sec. 3878.106. ANNEXATION OR EXCLUSION OF TERRITORY. The  
27 district may annex or exclude land from the district in the manner

1 provided by Subchapter C, Chapter 375, Local Government Code.

2 Sec. 3878.107. APPROVAL BY CITY OF HOUSTON. (a) Except as  
3 provided by Subsection (b), the district must obtain the approval  
4 of the City of Houston's governing body for:

5 (1) the issuance of a bond for each improvement  
6 project;

7 (2) the plans and specifications of the improvement  
8 project financed by the bond; and

9 (3) the plans and specifications of any district  
10 improvement project related to the use of land owned by the City of  
11 Houston, an easement granted by the City of Houston, or a  
12 right-of-way of a street, road, or highway.

13 (b) If the district obtains the approval of the City of  
14 Houston's governing body of a capital improvements budget for a  
15 period not to exceed five years, the district may finance the  
16 capital improvements and issue bonds specified in the budget  
17 without further approval from the City of Houston.

18 Sec. 3878.108. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
19 district may join and pay dues to an organization that:

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

22 (2) performs a service or provides an activity  
23 consistent with promoting a district purpose.

24 Sec. 3878.109. ROAD POWERS. The district may exercise  
25 powers given to:

26 (1) a road district created under Chapter 257,  
27 Transportation Code; and

1           (2) a road utility district created under Chapter 441,  
2 Transportation Code.

3           Sec. 3878.110. AIR RIGHTS; CONSTRUCTION. The district may  
4 acquire air rights and related easements and may construct  
5 improvements on property on which it owns only air rights and  
6 related easements.

7           Sec. 3878.111. ADDITIONAL PROPERTY RIGHTS; LEASEHOLDS. The  
8 district may construct improvements on property on which it only  
9 has a leasehold interest and may own undivided interests in  
10 buildings and other improvements.

11           Sec. 3878.112. NO EMINENT DOMAIN POWER. The district may  
12 not exercise the power of eminent domain.

13           [Sections 3878.113-3878.150 reserved for expansion]

14           SUBCHAPTER D. PUBLIC TRANSIT SYSTEM AND PARKING FACILITIES

15           Sec. 3878.151. PUBLIC TRANSIT SYSTEM; PETITION REQUIRED.

16           (a) The district may acquire, lease as lessor or lessee, construct,  
17 develop, own, operate, and maintain a public transit system to  
18 serve the area within the boundaries of the district.

19           (b) The board may not act under Subsection (a) unless a  
20 written petition requesting the action has been filed with the  
21 board.

22           (c) The petition must be signed by:

23           (1) the owners of property representing a majority of  
24 the total assessed value of the real property in the district that  
25 abuts the right-of-way in which the public transit system is  
26 proposed to be located; or

27           (2) the owners of a majority of the area of the real



1 property in the district that abuts the right-of-way in which the  
2 public transit system is proposed to be located.

3 (d) For purposes of Subsection (c), the determination of a  
4 majority is based on the property owners along the entire  
5 right-of-way of the proposed transit project and may not be  
6 calculated on a block-by-block basis.

7 Sec. 3878.152. PARKING FACILITIES AUTHORIZED; OPERATION BY  
8 PRIVATE ENTITY; TAX EXEMPTION. (a) The district may acquire, lease  
9 as lessor or lessee, construct, develop, own, operate, and maintain  
10 parking facilities, including:

11 (1) lots, garages, parking terminals, or other  
12 structures or accommodations for the parking of motor vehicles; and

13 (2) equipment, entrances, exits, fencing, and other  
14 accessories necessary for safety and convenience in the parking of  
15 vehicles.

16 (b) A parking facility of the district must be either leased  
17 to or operated on behalf of the district by a private entity or an  
18 entity other than the district. The district's parking facilities  
19 are a program authorized by the legislature under Section 52-a,  
20 Article III, Texas Constitution, and accomplish a public purpose  
21 under that section even if leased or operated by a private entity  
22 for a term of years.

23 (c) The district's public parking facilities and any lease  
24 to a private entity are exempt from the payment of ad valorem taxes  
25 and state and local sales and use taxes.

26 Sec. 3878.153. RULES. The district may adopt rules  
27 covering its public transit system or its public parking

1 facilities, except that a rule relating to or affecting the use of  
2 the public right-of-way or a requirement for off-street parking is  
3 subject to all applicable municipal charter, code, or ordinance  
4 requirements.

5 Sec. 3878.154. FINANCING OF PUBLIC TRANSIT SYSTEM OR  
6 PARKING FACILITIES. (a) The district may use any of its resources,  
7 including revenue, assessments, taxes, and grant or contract  
8 proceeds, to pay the cost of acquiring and operating a public  
9 transit system or public parking facilities.

10 (b) The district may set and impose fees, charges, or tolls  
11 for the use of the public transit system or the public parking  
12 facilities and may issue bonds or notes to finance the cost of these  
13 facilities.

14 (c) Except as provided by Section 3878.151, if the district  
15 pays for or finances the cost of acquiring or operating a public  
16 transit system or public parking facilities with resources other  
17 than assessments, a petition of property owners or a public hearing  
18 is not required.

19 Sec. 3878.155. PAYMENT IN LIEU OF TAXES TO OTHER TAXING  
20 UNIT. If the district's acquisition of property for a parking  
21 facility that is leased to or operated by a private entity results  
22 in the removal from a taxing unit's tax rolls of real property  
23 otherwise subject to ad valorem taxation, the district shall pay to  
24 the taxing unit in which the property is located, on or before  
25 January 1 of each year, as a payment in lieu of taxes, an amount  
26 equal to the ad valorem taxes that otherwise would have been imposed  
27 for the preceding tax year on that real property by the taxing unit,

1 without including the value of any improvements constructed on the  
2 property.

3 Sec. 3878.156. AGREEMENT WITH RAPID TRANSIT AUTHORITY. (a)  
4 In this section, "authority" means a rapid transit authority  
5 created under Chapter 451, Transportation Code.

6 (b) The district and an authority may agree to jointly  
7 construct, own, operate, and maintain a transit facility or a  
8 parking facility under the terms the authority and district desire.

9 (c) The agreement may provide that the district and the  
10 authority exchange or trade land provided that each party to the  
11 agreement receives fair market value. The authority is not  
12 required to offer any property that it proposes to trade to the  
13 district for sale to the public or for sale to any abutting property  
14 owner.

15 [Sections 3878.157-3878.200 reserved for expansion]

16 SUBCHAPTER E. FINANCIAL PROVISIONS

17 Sec. 3878.201. AUTHORITY TO IMPOSE ASSESSMENTS, AD VALOREM  
18 TAXES, AND IMPACT FEES. The district may impose, assess, charge, or  
19 collect an assessment, an ad valorem tax, an impact fee, or another  
20 fee in accordance with Chapter 49, Water Code, for a purpose  
21 specified by Chapter 375, Local Government Code, or as needed to  
22 exercise a power or function of the district or to accomplish a  
23 purpose or duty for which the district was created.

24 Sec. 3878.202. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
25 board by resolution shall establish the number of directors'  
26 signatures and the procedure required for a disbursement or  
27 transfer of the district's money.

1           Sec. 3878.203. ASSESSMENT IN PART OF DISTRICT. An  
2 assessment may be imposed on only a part of the district if only  
3 that part will benefit from the service or improvement.

4           Sec. 3878.204. PETITION REQUIRED FOR ASSESSMENT AND FOR  
5 FINANCING SERVICES AND IMPROVEMENTS. (a) The board may not impose  
6 an assessment or finance a service or improvement project under  
7 this chapter unless a written petition requesting the improvement  
8 or service has been filed with the board.

9           (b) The petition must be signed by:

10           (1) the owners of a majority of the assessed value of  
11 real property in the district subject to assessment according to  
12 the most recent certified tax appraisal roll for Harris County; or

13           (2) at least 25 owners of real property in the district  
14 that will be subject to the assessment, if more than 25 persons own  
15 real property subject to the assessment in the district according  
16 to the most recent certified tax appraisal roll for Harris County.

17           (c) The board may act upon a petition, required under this  
18 section, signed by qualified petitioners prior to or subsequent to  
19 the enactment of this chapter.

20           Sec. 3878.205. MAINTENANCE TAX. (a) If authorized at an  
21 election held in accordance with Section 3878.104, the district may  
22 impose an annual ad valorem tax on taxable property in the district  
23 to:

- 24           (1) administer the district;  
25           (2) maintain and operate the district;  
26           (3) construct or acquire improvements; or  
27           (4) provide a service.

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

2           (c) An owner of real property in the district, except  
3 property exempt under the Texas or United States Constitution or  
4 under the Tax Code, is liable for the payment of ad valorem taxes  
5 imposed by the district on the property.

6           Sec. 3878.206. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)

7 The board by resolution may impose and collect an assessment for any  
8 purpose authorized by this chapter.

9           (b) An assessment, a reassessment, or an assessment  
10 resulting from an addition to or correction of the assessment roll  
11 by the district, penalties and interest on an assessment or  
12 reassessment, an expense of collection, and reasonable attorney's  
13 fees incurred by the district:

14           (1) are a first and prior lien against the property  
15 assessed;

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

19           (3) are the personal liability of and a charge against  
20 the owners of the property even if the owners are not named in the  
21 assessment proceedings.

22           (c) The lien is effective from the date of the board's  
23 resolution imposing the assessment until the date the assessment is  
24 paid. The board may enforce the lien in the same manner that the  
25 board may enforce an ad valorem tax lien against real property.

26           (d) The board may make a correction to or deletion from the  
27 assessment roll that does not increase the amount of assessment of

1 any parcel of land without providing notice and holding a hearing in  
2 the manner required for additional assessments.

3 Sec. 3878.207. PROPERTY OF CERTAIN UTILITIES EXEMPT FROM  
4 ASSESSMENT AND IMPACT FEES. The district may not impose an impact  
5 fee or assessment on the property, including the equipment,  
6 rights-of-way, facilities, or improvements, of:

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

9 (2) a gas utility as defined by Section 101.003 or  
10 121.001, Utilities Code;

11 (3) a telecommunications provider as defined by  
12 Section 51.002, Utilities Code; or

13 (4) a person who provides the public cable television  
14 or advanced telecommunications services.

15 Sec. 3878.208. USE OF ELECTRICAL OR OPTICAL LINES. (a) The  
16 district may impose an assessment to pay the cost of:

17 (1) burying or removing electrical power lines,  
18 telephone lines, cable or fiber-optic lines, or any other type of  
19 electrical or optical line;

20 (2) removing poles and any elevated lines using the  
21 poles; and

22 (3) reconnecting the lines described by Subdivision  
23 (2) to the buildings or other improvements to which the lines were  
24 connected.

25 (b) The district may acquire, operate, or charge fees for  
26 the use of the district conduits for:

27 (1) another person's:

1                   (A) telecommunications network;  
2                   (B) fiber-optic cable; or  
3                   (C) electronic transmission line; or  
4                   (2) any other type of transmission line or supporting  
5 facility.

6           (c) The district may not require a person to use a district  
7 conduit.

8           Sec. 3878.209. BONDS AND OTHER OBLIGATIONS. (a) The  
9 district may issue bonds, notes, or other obligations in accordance  
10 with Subchapter J, Chapter 375, Local Government Code, payable  
11 wholly or partly from assessments, impact fees, revenue, grants, or  
12 other money of the district, or any combination of these sources of  
13 money, to pay for any authorized district purpose.

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

19           Sec. 3878.210. LIMITS ON PARKS AND RECREATION BONDS. Bonds  
20 issued to finance parks and recreational facilities may not exceed  
21 one percent of the assessed value of the real property in the  
22 district according to the most recent certified tax appraisal roll  
23 for Harris County.

24           Sec. 3878.211. TAX AND BOND ELECTIONS. (a) The district  
25 shall hold an election in the manner provided by Subchapter L,  
26 Chapter 375, Local Government Code, to obtain voter approval before  
27 the district imposes a maintenance tax or issues bonds payable from

1 ad valorem taxes.

2 (b) The board may not include more than one purpose in a  
3 single proposition at an election.

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

6 Sec. 3878.212. POWERS OF MUNICIPAL UTILITY DISTRICT TO  
7 ESTABLISH DEFINED AREAS AND DESIGNATED PROPERTY; TAXES; BONDS. (a)  
8 The district has the powers of a municipal utility district under  
9 Subchapter J, Chapter 54, Water Code, including the power to:

10 (1) implement a plan;

11 (2) issue bonds; and

12 (3) impose a tax in a defined area established under  
13 that subchapter.

14 (b) The district may exercise the powers described by  
15 Subsection (a) regardless of whether the district is composed of  
16 the minimum number of acres provided by Section 54.801, Water Code.

17 Sec. 3878.213. MUNICIPALITY NOT REQUIRED TO PAY DISTRICT  
18 OBLIGATIONS. Except as provided by Section 375.263, Local  
19 Government Code, a municipality is not required to pay a bond, note,  
20 or other obligation of the district.

21 Sec. 3878.214. COMPETITIVE BIDDING. Section 375.221, Local  
22 Government Code, applies to the district only for a contract that  
23 has a value greater than \$50,000.

24 [Sections 3878.215-3878.250 reserved for expansion]

25 SUBCHAPTER F. CONSOLIDATION

26 Sec. 3878.251. CONSOLIDATION WITH MUNICIPAL MANAGEMENT  
27 DISTRICT. (a) The district may consolidate with one other



1 municipal management district that adjoins or has a boundary that  
2 is within a two-mile radius of any boundary of the district. The  
3 board may consolidate with one other district only if the district  
4 to be consolidated has not issued bonds or notes secured by  
5 assessments or ad valorem taxes or imposed taxes.

6 (b) To initiate consolidation, the board of a district shall  
7 adopt a resolution proposing a consolidation and deliver a copy of  
8 the resolution to the board of each district with which  
9 consolidation is proposed.

10 Sec. 3878.252. TERMS AND CONDITIONS FOR CONSOLIDATION. Not  
11 later than the 30th day after districts are consolidated under  
12 Section 3878.251, the districts shall enter into an agreement  
13 specifying the terms and conditions for consolidation. The terms  
14 and conditions for consolidation must include:

- 15 (1) adoption of a name for the consolidated district;  
16 (2) the number and apportionment of directors to serve  
17 on the board of the consolidated district;  
18 (3) the effective date of the consolidation;  
19 (4) an agreement on finances for the consolidated  
20 district, including disposition of funds, property, and other  
21 assets of each district; and  
22 (5) an agreement on governing the districts during the  
23 transition period, including selection of officers.

24 Sec. 3878.253. NOTICE AND HEARING ON CONSOLIDATION. (a)  
25 Each district's board shall publish notice and hold a public  
26 hearing in its district regarding the terms and conditions for  
27 consolidation of the districts. The board shall publish notice at

1 least once in a newspaper with general circulation in the affected  
2 districts at least seven days before the hearing.

3 (b) After the hearing, each board by resolution must approve  
4 the terms and conditions for consolidation by majority vote and  
5 enter an order consolidating the districts.

6 (c) If the board of each involved district adopts a  
7 resolution containing the terms and conditions for the  
8 consolidation, the involved districts become consolidated.

9 Sec. 3878.254. GOVERNING CONSOLIDATED DISTRICTS. (a)  
10 After two districts are consolidated, they become one district and  
11 are governed as one district.

12 (b) During the period before the terms and conditions of the  
13 agreement under Section 3878.252 take effect, the officers of each  
14 district shall continue to act jointly as officers of the original  
15 districts to settle the affairs of their respective districts.

16 (c) If one of the districts consolidated into one district  
17 under this subchapter had powers at the time the districts were  
18 consolidated that the other district being consolidated did not  
19 have, the consolidated district may exercise within the original  
20 boundaries of each district only the powers that belonged to that  
21 original district. In territory annexed into a consolidated  
22 district, the district may exercise any of the powers of the  
23 original districts.

24 Sec. 3878.255. DEBTS OF ORIGINAL DISTRICTS. After two  
25 districts are consolidated, the consolidated district shall  
26 protect the debts and obligations of the original districts and  
27 shall ensure that the debts and obligations are not impaired. If

1 the consolidated district has taxing authority, the debts may be  
2 paid by taxes imposed on the land in the original districts as if  
3 they had not consolidated or from contributions from the  
4 consolidated district on terms stated in the consolidation  
5 agreement.

6 Sec. 3878.256. ASSESSMENT AND COLLECTION OF TAXES. If the  
7 consolidated district has taxing authority, the district shall  
8 impose and collect taxes on all property in the district uniformly,  
9 for maintenance and operation of the district.

10 Sec. 3878.257. FILING OF ORDER WITH COUNTY CLERK AND  
11 EXECUTIVE DIRECTOR. The board shall keep in the records of the  
12 consolidated district, recorded in the office of the county clerk  
13 in each of the counties in the consolidated district, a  
14 consolidation order issued by the board. The board shall file the  
15 consolidation order with the executive director of the Texas  
16 Commission on Environmental Quality.

17 [Sections 3878.258-3878.300 reserved for expansion]

18 SUBCHAPTER G. DISSOLUTION

19 Sec. 3878.301. DISSOLUTION OF DISTRICT WITH OUTSTANDING  
20 DEBT. (a) The district may be dissolved as provided by Subchapter  
21 M, Chapter 375, Local Government Code, except that Section 375.264,  
22 Local Government Code, does not apply to the district. The board  
23 may dissolve the district regardless of whether the district has  
24 debt.

25 (b) If the district has debt when it is dissolved, the  
26 district shall remain in existence solely for the purpose of  
27 discharging its bonds or other obligations according to their

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

3 SECTION 2. BOUNDARIES. On the effective date of this Act,  
4 the Harris County Improvement District No. 11 includes all  
5 territory generally bounded by the following described area:  
6 UNLESS otherwise specified, the boundaries of this district will  
7 travel along the centerline of each street included, and each  
8 intersection will be the intersection of the centerlines of the  
9 streets mentioned.

10 Beginning at the intersection of the center right of way line  
11 of West Dallas and the center right of way line of Montrose  
12 Boulevard;  
13 Thence in a southerly direction along the center right of way of  
14 Montrose Boulevard to its intersection with the center right of way  
15 of Sul Ross.  
16 Thence in a westerly direction along the center right of way of Sul  
17 Ross to its intersection with the center right of way of Mulberry.  
18 Thence in a southerly direction along the center right of way of  
19 Mulberry to its intersection with the center right of way of  
20 Branard, thence east along the center right of way of Branard to its  
21 intersection with the center right of way of Yupon.  
22 Thence in a southerly direction along the center right of way of  
23 Yupon to where Yupon corners into the center right of way of  
24 Colquitt.  
25 Thence in an easterly direction along the center right of way of  
26 Colquitt to its intersection with the center right of way of  
27 Graustark.

1 Thence in a southerly direction along the center right of way of  
2 Graustark to the center right of way of U.S. Highway 59.  
3 Thence easterly along the center right of way of US 59 South to the  
4 north property line of Tract 12, Block 7 MacGregor Blodgett Section  
5 1;  
6 Thence southwesterly along the north property line of Tracts 12 and  
7 10, Block 7 MacGregor Blodgett Section 1;  
8 Thence southwesterly along the north property line of Tract 9,  
9 Block 8 MacGregor Blodgett Section 1 to the south east property line  
10 of the C.C. Fitze Homestead Addition according to the plat thereof  
11 recorded in Volume 259, Page 163 of the Harris County Deed Records;  
12 Thence south westerly along the south east property line of said  
13 C.C. Fitze Homestead Addition according to the plat thereof  
14 recorded in Volume 259, Page 163 of the Harris County Deed Records;  
15 Thence westerly along the south property line of said C.C. Fitze  
16 Homestead Addition according to the plat thereof recorded in Volume  
17 259, Page 163 of the Harris County Deed Records crossing the north  
18 dead end of Travis to the center right of way line thereof;  
19 Thence southwesterly along the center right of way line of Travis to  
20 the center right of way line of Portland;  
21 Thence easterly along the center right of way line of Portland to  
22 the center right of way line of Main;  
23 Thence southwesterly along the center right of way line of Main to  
24 its intersection with the center right of way line of Bissonnet;  
25 Thence westerly along the center right of way line of Bissonnet to  
26 its intersection with the center right of way line of Graustark;  
27 Thence northerly along the center right of way line of Graustark to

1 its intersection with the center right of way line of US 59 South;  
2 Thence westerly along the center right of way line of US 59 South to  
3 its intersection with the east right of way line of South Shepherd  
4 Drive;  
5 Thence northerly along the east right of way line of South Shepherd  
6 Drive following along the northeast right of way line of Shepherd  
7 Drive to its intersection with the center right of way line West  
8 Dallas Avenue;  
9 Then in a easterly direction along the center right of way of West  
10 Dallas Street to its intersection with the center right of way of  
11 Montrose Boulevard at the point of BEGINNING.

12 Save & Except

13 Save and except the following tracts of land:

- 14 1. 0442170000002  
15 REGENT SQUARE CD LLC  
16 3601 W ALLEN PKY STE 183  
17 TRS 1 1A 2 3 3A 4 6A THRU 6E 14A 14B 15 24 & 24A  
18 LTS 1 THRU 5 BLK 1 HYDE PARK COURT  
19 LTS 1 & 2 BLK 1 CLAY COURT  
20 ABST 696 O SMITH  
21 2. 0751570010001  
22 REGENT SQUARE CD LLC  
23 3501 W DALLAS ST STE 218  
24 ALL BLKS 1 2  
25 LT 6 BLK 2 HYDE PARK COURT  
26 LTS 1 5 6 7 8 TR 9A WEIS  
27 TRS 9 16 17 18 19D 24 24A 25 ABST 696 O SMITH

1           3. 0442190000003  
2           REGENT SQUARE CD LLC  
3           3601 ALLEN PKY STE 59  
4           TRS 4 6 6A 7 8 8A 9A 9B 9C 10 -13 & 16  
5           LTS 1 & 2 BLK 1 ROSIE  
6           ABST 696 O SMITH

7           SECTION 3. REIMBURSEMENT FOR COST OF CREATION. The Harris  
8 County Improvement District No. 11 may reimburse the cost of  
9 creating the district from assessments or other revenue created by  
10 the district or consolidated district under Section 3878.251,  
11 Special District Local Laws Code, as added by this Act.

12           SECTION 4. LEGISLATIVE FINDINGS. The legislature finds  
13 that:

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

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

26           (3) the general law relating to consent by political  
27 subdivisions to the creation of districts with conservation,

1 reclamation, and road powers and the inclusion of land in those  
2 districts has been complied with; and

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

7 SECTION 5. EFFECTIVE DATE. This Act takes effect  
8 immediately if it receives a vote of two-thirds of all the members  
9 elected to each house, as provided by Section 39, Article III, Texas  
10 Constitution. If this Act does not receive the vote necessary for  
11 immediate effect, this Act takes effect September 1, 2009.



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 27, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB4722** by Cohen (Relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds.), **As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, SD, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 21, 2009**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4722** by Cohen (Relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds.), **Committee Report 2nd House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff: JOB, DB**

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 20, 2009**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB4722** by Cohen (Relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 22, 2009**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4722** by Cohen (Relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 3, 2009**

**TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs**

**FROM: John S. O'Brien, Director, Legislative Budget Board**

**IN RE: HB4722 by Cohen (Relating to the creation of Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds.), As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff: JOB, DB**

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**WATER DEVELOPMENT POLICY IMPACT STATEMENT**

**81ST LEGISLATIVE REGULAR SESSION**

**April 24, 2009**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4722** by Cohen (Relating to the creation of the Harris County Improvement District No. 11; providing authority to impose a tax and issue bonds. ), **Committee Report 1st House, Substituted**

The Legislative Budget Board, in cooperation with the Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ), has determined that:

The bill amends Subtitle C, Title 4, Special District Local Laws Code by adding Chapter 3878 to create Harris County Improvement District No. 11 (District) with the powers and duties of a improvement district under Chapter 375, Local Government Code and contracting authority specified by Subchapters H and I, Chapter 49, Water Code. The purpose of the District includes providing works and projects under powers conferred by Article XVI, Section 59, Texas Constitution and Article III, Section 52 and 52-a, Texas Constitution, and Chapters 375, 377, and 380, 394, 791, Local Government Code, to benefit the property within the District.

The District is subject to confirmation election by the voters. The District is subject to consent of all municipalities in whose corporate limits or extraterritorial jurisdiction the district is located.

The bill names bill does not name five temporary directors, but has a place for them to be named. The permanent directors shall be appointed by a majority of the members of the governing body including the mayor, of the City of Houston. A majority of the board members can increase or decrease the size of the board of directors.

The bill becomes effective immediately with two-thirds vote of the members or on September 1, 2009.

**1) Population** – The proposed district is located in central Houston in Harris County. According to the 2007 State Water Plan, Houston is projected to grow from 1,953,631 in 2000 to 2,240,974 in 2010 and to 2,520,926 in 2020. Harris County is projected to grow from 3,400,578 to 3,951,682 in 2010 and to 4,502,786 in 2020.

**2) Location** – The proposed district is located in central Houston near the intersection of Graustark Street and US Highway 59.

**3) Comments on Powers/Duties Different from Similar Types of Districts** - The District may create a non profit corporation, contact for law enforcement, may annexation or exclusion of territory approval by City of Houston. The District will have the authority for road projects but does not have power of eminent domain. The District has the authority to impose assessments, impact fees (subject to petition) and ad valorem taxes. The District may be a member in a charitable organization and issue bonds subject to approval by City of Houston. The District has the authority to acquire or contract for public transit and parking facilities within the District's boundaries.

**4) Overlapping Services** - There is insufficient information provided in the bill to complete an overlap check or a closure check. An area map containing at least two references points (major road names, road intersections) and the proposed district's geographic location mapped within Harris

County is needed to complete overlapping service check.

**5) TCEQ's Supervision** - The TCEQ supervision is limited to review of the District's financial reports required by the Water Code; otherwise, the District is not subject to TCEQ supervision.

**6) Water Use** – With Harris County, 35 percent of the total water used in 2004 was groundwater. Of this, 87 percent was for municipal purposes. Harris County pumps its groundwater from the Gulf Coast Aquifer. Water management strategies for Houston include municipal conservation, indirect wastewater reuse, drilling new groundwater wells, and the Luce Bayou transfer.

**Source Agencies:** 582 Commission on Environmental Quality, 580 Water Development Board

**LBB Staff:** JOB, CL