

1-1 By: Kolkhorst S.B. No. 2258
 1-2 (In the Senate - Filed March 28, 2017; April 3, 2017, read
 1-3 first time and referred to Committee on Intergovernmental
 1-4 Relations; April 26, 2017, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
 1-6 April 26, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15			X	

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 2258 By: Garcia

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the conversion of the Grand Northwest Municipal Utility
 1-20 District to the Grand Northwest Municipal Management District;
 1-21 providing authority to issue bonds; providing authority to impose
 1-22 assessments, fees, or taxes.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. The Grand Northwest Municipal Utility District
 1-25 is converted to the Grand Northwest Municipal Management District
 1-26 and is governed by Chapter 3949, Special District Local Laws Code,
 1-27 as added by this Act.

1-28 SECTION 2. Subtitle C, Title 4, Special District Local Laws
 1-29 Code, is amended by adding Chapter 3949 to read as follows:

1-30 CHAPTER 3949. GRAND NORTHWEST MUNICIPAL MANAGEMENT DISTRICT

1-31 SUBCHAPTER A. GENERAL PROVISIONS

1-32 Sec. 3949.001. DEFINITIONS. In this chapter:

1-33 (1) "Board" means the district's board of directors.

1-34 (2) "County" means Harris County.

1-35 (3) "Director" means a board member.

1-36 (4) "District" means the Grand Northwest Municipal
 1-37 Management District, formerly the Grand Northwest Municipal
 1-38 Utility District.

1-39 Sec. 3949.002. NATURE OF DISTRICT; CONVERSION. The Grand
 1-40 Northwest Municipal Management District is a special district
 1-41 created under Section 59, Article XVI, Texas Constitution, as the
 1-42 Grand Northwest Municipal Utility District. The district is
 1-43 converted to a municipal management district known as the Grand
 1-44 Northwest Municipal Management District under the same
 1-45 constitutional authority.

1-46 Sec. 3949.003. PURPOSE; DECLARATION OF INTENT. (a) The
 1-47 conversion and operation of the district are essential to
 1-48 accomplish the purposes of Sections 52 and 52-a, Article III, and
 1-49 Section 59, Article XVI, Texas Constitution, and other public
 1-50 purposes stated in this chapter. By converting the district to a
 1-51 municipal management district and in authorizing the county and
 1-52 other political subdivisions to contract with the district, the
 1-53 legislature has established a program to accomplish the public
 1-54 purposes set out in Section 52-a, Article III, Texas Constitution.

1-55 (b) The conversion and operation of the district are
 1-56 necessary to promote, develop, encourage, and maintain employment,
 1-57 commerce, transportation, housing, tourism, recreation, the arts,
 1-58 entertainment, economic development, safety, and the public
 1-59 welfare in the district.

1-60 (c) This chapter and the conversion or operation of the

2-1 district may not be interpreted to relieve the county from
2-2 providing the level of services provided as of the effective date of
2-3 the Act enacting this chapter to the area in the district. The
2-4 district is created to supplement and not to supplant county
2-5 services provided in the district.

2-6 Sec. 3949.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.
2-7 (a) The district is converted to a municipal management district
2-8 to serve a public use and benefit.

2-9 (b) All land and other property included in the district
2-10 will benefit from the improvements and services to be provided by
2-11 the district under powers conferred by Sections 52 and 52-a,
2-12 Article III, and Section 59, Article XVI, Texas Constitution, and
2-13 other powers granted under this chapter.

2-14 (c) The operation of the district is in the public interest
2-15 and is essential to further the public purposes of:

2-16 (1) developing and diversifying the economy of the
2-17 state;

2-18 (2) eliminating unemployment and underemployment; and

2-19 (3) developing or expanding transportation and
2-20 commerce.

2-21 (d) The district will:

2-22 (1) promote the health, safety, and general welfare of
2-23 residents, employers, potential employees, employees, visitors,
2-24 and consumers in the district, and of the public;

2-25 (2) provide needed funding for the district to
2-26 preserve, maintain, and enhance the economic health and vitality of
2-27 the district territory as a community and business center;

2-28 (3) promote the health, safety, welfare, and enjoyment
2-29 of the public by providing pedestrian ways and by landscaping and
2-30 developing certain areas in the district, which are necessary for
2-31 the restoration, preservation, and enhancement of scenic beauty;
2-32 and

2-33 (4) provide for water, wastewater, drainage, road, and
2-34 recreational facilities for the district.

2-35 (e) Pedestrian ways along or across a street, whether at
2-36 grade or above or below the surface, and street lighting, street
2-37 landscaping, parking, and street art objects are parts of and
2-38 necessary components of a street and are considered to be a street
2-39 or road improvement.

2-40 (f) The district will not act as the agent or
2-41 instrumentality of any private interest even though the district
2-42 will benefit many private interests as well as the public.

2-43 Sec. 3949.005. INITIAL DISTRICT TERRITORY. The district is
2-44 initially composed of the territory of the former Grand Northwest
2-45 Municipal Utility District as that territory existed on March 1,
2-46 2017.

2-47 Sec. 3949.006. APPLICABILITY OF MUNICIPAL MANAGEMENT
2-48 DISTRICTS LAW. Except as otherwise provided by this chapter,
2-49 Chapter 375, Local Government Code, applies to the district.

2-50 Sec. 3949.007. CONSTRUCTION OF CHAPTER. This chapter shall
2-51 be liberally construed in conformity with the findings and purposes
2-52 stated in this chapter.

2-53 SUBCHAPTER B. BOARD OF DIRECTORS

2-54 Sec. 3949.051. GOVERNING BODY; TERMS. (a) The district is
2-55 governed by a board of five directors elected in the manner provided
2-56 by Sections 49.102 and 49.103, Water Code.

2-57 (b) Directors serve staggered four-year terms.

2-58 Sec. 3949.052. QUORUM. For purposes of determining the
2-59 requirements for a quorum of the board, the following are not
2-60 counted:

2-61 (1) a board position vacant for any reason, including
2-62 death, resignation, or disqualification; or

2-63 (2) a director who is abstaining from participation in
2-64 a vote because of a conflict of interest.

2-65 Sec. 3949.053. COMPENSATION. A director is entitled to
2-66 receive fees of office and reimbursement for actual expenses as
2-67 provided by Section 49.060, Water Code. Sections 375.069 and
2-68 375.070, Local Government Code, do not apply to the board.

2-69 Sec. 3949.054. INITIAL DIRECTORS ON CONVERSION TO

3-1 MANAGEMENT DISTRICT. (a) Notwithstanding Section 3949.051, on
3-2 the conversion of the district to a management district the initial
3-3 board consists of the following directors:

	<u>Pos. No.</u>	<u>Name of Director</u>
3-4	<u>1.</u>	<u>Charles Martin</u>
3-5	<u>2.</u>	<u>Taylor Dillingham</u>
3-6	<u>3.</u>	<u>Stephen Ghutzman</u>
3-7	<u>4.</u>	<u>Oliver Maarraoui</u>
3-8	<u>5.</u>	<u>Andrew Doonan</u>

3-9
3-10 (b) Of the initial directors, the terms of directors
3-11 appointed for positions one, two, and three expire May 14, 2018, and
3-12 the terms of directors appointed for positions four and five expire
3-13 May 12, 2020.

3-14 (c) This section expires September 1, 2020.

3-15 SUBCHAPTER C. POWERS AND DUTIES

3-16 Sec. 3949.101. GENERAL POWERS AND DUTIES. The district has
3-17 the powers and duties necessary to accomplish the purposes
3-18 described by this chapter.

3-19 Sec. 3949.102. IMPROVEMENT PROJECTS AND SERVICES. The
3-20 district may provide, design, construct, acquire, improve,
3-21 relocate, operate, maintain, or finance an improvement project or
3-22 service using any money available to the district, or contract with
3-23 a governmental or private entity to provide, design, construct,
3-24 acquire, improve, relocate, operate, maintain, or finance an
3-25 improvement project or service authorized under this chapter or
3-26 Chapter 375, Local Government Code.

3-27 Sec. 3949.103. MUNICIPAL UTILITY DISTRICT POWERS AND
3-28 DUTIES. The district has the powers and duties provided by the
3-29 general law of this state, including Chapters 49 and 54, Water Code,
3-30 applicable to municipal utility districts created under Section 59,
3-31 Article XVI, Texas Constitution.

3-32 Sec. 3949.104. AGREEMENTS; GRANTS. (a) As provided by
3-33 Chapter 375, Local Government Code, the district may make an
3-34 agreement with or accept a gift, grant, or loan from any person.

3-35 (b) The implementation of a project is a governmental
3-36 function or service for the purposes of Chapter 791, Government
3-37 Code.

3-38 Sec. 3949.105. LAW ENFORCEMENT SERVICES. To protect the
3-39 public interest, the district may contract with a qualified party,
3-40 including the county, to provide law enforcement services in the
3-41 district for a fee.

3-42 Sec. 3949.106. ECONOMIC DEVELOPMENT. (a) The district may
3-43 engage in activities that accomplish the economic development
3-44 purposes of the district.

3-45 (b) The district may establish and provide for the
3-46 administration of one or more programs to promote state or local
3-47 economic development and to stimulate business and commercial
3-48 activity in the district, including programs to:

- 3-49 (1) make loans and grants of public money; and
- 3-50 (2) provide district personnel and services.

3-51 (c) The district may create economic development programs
3-52 and exercise the economic development powers provided to
3-53 municipalities by:

- 3-54 (1) Chapter 380, Local Government Code; and
- 3-55 (2) Subchapter A, Chapter 1509, Government Code.

3-56 Sec. 3949.107. PARKING FACILITIES. (a) The district may
3-57 acquire, lease as lessor or lessee, construct, develop, own,
3-58 operate, and maintain parking facilities or a system of parking
3-59 facilities, including lots, garages, parking terminals, or other
3-60 structures or accommodations for parking motor vehicles off the
3-61 streets and related appurtenances.

3-62 (b) The district's parking facilities serve the public
3-63 purposes of the district and are owned, used, and held for a public
3-64 purpose even if leased or operated by a private entity for a term of
3-65 years.

3-66 (c) The district's parking facilities are parts of and
3-67 necessary components of a street and are considered to be a street
3-68 or road improvement.

3-69 (d) The development and operation of the district's parking

4-1 facilities may be considered an economic development program.
4-2 Sec. 3949.108. ANNEXATION OF LAND. The district may annex
4-3 land as provided by Subchapter J, Chapter 49, Water Code.

4-4 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

4-5 Sec. 3949.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The
4-6 board by resolution shall establish the number of directors'
4-7 signatures and the procedure required for a disbursement or
4-8 transfer of district money.

4-9 Sec. 3949.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.
4-10 The district may acquire, construct, finance, operate, or maintain
4-11 any improvement or service authorized under this chapter or Chapter
4-12 375, Local Government Code, using any money available to the
4-13 district.

4-14 Sec. 3949.153. PETITION REQUIRED FOR FINANCING SERVICES AND
4-15 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a
4-16 service or improvement project with assessments under this chapter
4-17 unless a written petition requesting that service or improvement
4-18 has been filed with the board.

4-19 (b) A petition filed under Subsection (a) must be signed by
4-20 the owners of a majority of the assessed value of real property in
4-21 the district subject to assessment according to the most recent
4-22 certified tax appraisal roll for the county.

4-23 Sec. 3949.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.

4-24 (a) The board by resolution may impose and collect an assessment
4-25 for any purpose authorized by this chapter in all or any part of the
4-26 district.

4-27 (b) An assessment, a reassessment, or an assessment
4-28 resulting from an addition to or correction of the assessment roll
4-29 by the district, penalties and interest on an assessment or
4-30 reassessment, an expense of collection, and reasonable attorney's
4-31 fees incurred by the district:

4-32 (1) are a first and prior lien against the property
4-33 assessed;

4-34 (2) are superior to any other lien or claim other than
4-35 a lien or claim for county, school district, or municipal ad valorem
4-36 taxes; and

4-37 (3) are the personal liability of and a charge against
4-38 the owners of the property even if the owners are not named in the
4-39 assessment proceedings.

4-40 (c) The lien is effective from the date of the board's
4-41 resolution imposing the assessment until the date the assessment is
4-42 paid. The board may enforce the lien in the same manner that the
4-43 board may enforce an ad valorem tax lien against real property.

4-44 (d) The board may make a correction to or deletion from the
4-45 assessment roll that does not increase the amount of assessment of
4-46 any parcel of land without providing notice and holding a hearing in
4-47 the manner required for additional assessments.

4-48 SUBCHAPTER E. TAXES AND BONDS

4-49 Sec. 3949.201. ELECTIONS REGARDING TAXES AND BONDS.

4-50 (a) The district may issue, without an election, bonds, notes, and
4-51 other obligations secured by:

4-52 (1) revenue other than ad valorem taxes; or

4-53 (2) contract payments described by Section 3949.203.

4-54 (b) The district must hold an election in the manner
4-55 provided by Subchapter L, Chapter 375, Local Government Code, to
4-56 obtain voter approval before the district may impose an ad valorem
4-57 tax or issue bonds payable from ad valorem taxes.

4-58 (c) Section 375.243, Local Government Code, does not apply
4-59 to the district.

4-60 (d) All or any part of any facilities or improvements that
4-61 may be acquired by a district by the issuance of its bonds may be
4-62 submitted as a single proposition or as several propositions to be
4-63 voted on at the election.

4-64 Sec. 3949.202. OPERATION AND MAINTENANCE TAX. (a) If
4-65 authorized by a majority of the district voters voting at an
4-66 election held in accordance with Section 3949.201, the district may
4-67 impose an operation and maintenance tax on taxable property in the
4-68 district in accordance with Section 49.107, Water Code, for any
4-69 district purpose, including to:

- 5-1 (1) maintain and operate the district;
- 5-2 (2) construct or acquire improvements; or
- 5-3 (3) provide a service.

5-4 (b) The board shall determine the tax rate. The rate may not
 5-5 exceed the rate approved at the election.

5-6 (c) Section 49.107(h), Water Code, does not apply to the
 5-7 district.

5-8 Sec. 3949.203. CONTRACT TAXES. (a) In accordance with
 5-9 Section 49.108, Water Code, the district may impose a tax other than
 5-10 an operation and maintenance tax and use the revenue derived from
 5-11 the tax to make payments under a contract after the provisions of
 5-12 the contract have been approved by a majority of the district voters
 5-13 voting at an election held for that purpose.

5-14 (b) A contract approved by the district voters may contain a
 5-15 provision stating that the contract may be modified or amended by
 5-16 the board without further voter approval.

5-17 Sec. 3949.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS
 5-18 AND OTHER OBLIGATIONS. (a) The district may borrow money on terms
 5-19 determined by the board. Section 375.205, Local Government Code,
 5-20 does not apply to a loan, line of credit, or other borrowing from a
 5-21 bank or financial institution secured by revenue other than ad
 5-22 valorem taxes.

5-23 (b) The district may issue bonds, notes, or other
 5-24 obligations payable wholly or partly from ad valorem taxes,
 5-25 assessments, impact fees, revenue, contract payments, grants, or
 5-26 other district money, or any combination of those sources of money,
 5-27 to pay for any authorized district purpose.

5-28 (c) The limitation on the outstanding principal amount of
 5-29 bonds, notes, and other obligations provided by Section 49.4645,
 5-30 Water Code, does not apply to the district.

5-31 Sec. 3949.205. TAXES FOR BONDS. At the time the district
 5-32 issues bonds payable wholly or partly from ad valorem taxes, the
 5-33 board shall provide for the annual imposition of a continuing
 5-34 direct annual ad valorem tax, without limit as to rate or amount,
 5-35 for each year that all or part of the bonds are outstanding as
 5-36 required and in the manner provided by Sections 54.601 and 54.602,
 5-37 Water Code.

5-38 SUBCHAPTER F. DISSOLUTION AND MUNICIPAL ANNEXATION

5-39 Sec. 3949.251. MUNICIPAL ANNEXATION; DISSOLUTION.

5-40 (a) The district is a "water or sewer district" under Section
 5-41 43.071, Local Government Code.

5-42 (b) Section 43.075, Local Government Code, applies to the
 5-43 district.

5-44 (c) Section 375.264, Local Government Code, does not apply
 5-45 to the dissolution of the district by a municipality.

5-46 SECTION 3. The Grand Northwest Municipal Management
 5-47 District retains all rights, powers, privileges, authority,
 5-48 duties, and functions that the Grand Northwest Municipal Utility
 5-49 District had before the effective date of this Act, except as
 5-50 otherwise expressly provided by Chapter 3949, Special District
 5-51 Local Laws Code, as added by this Act.

5-52 SECTION 4. (a) The legislature validates and confirms all
 5-53 governmental acts and proceedings of the Grand Northwest Municipal
 5-54 Utility District that were taken before the effective date of this
 5-55 Act.

5-56 (b) This section does not apply to any matter that on the
 5-57 effective date of this Act:

5-58 (1) is involved in litigation if the litigation
 5-59 ultimately results in the matter being held invalid by a final court
 5-60 judgment; or

5-61 (2) has been held invalid by a final court judgment.

5-62 SECTION 5. (a) The legal notice of the intention to
 5-63 introduce this Act, setting forth the general substance of this
 5-64 Act, has been published as provided by law, and the notice and a
 5-65 copy of this Act have been furnished to all persons, agencies,
 5-66 officials, or entities to which they are required to be furnished
 5-67 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
 5-68 Government Code.

5-69 (b) The governor, one of the required recipients, has

6-1 submitted the notice and Act to the Texas Commission on
6-2 Environmental Quality.

6-3 (c) The Texas Commission on Environmental Quality has filed
6-4 its recommendations relating to this Act with the governor,
6-5 lieutenant governor, and speaker of the house of representatives
6-6 within the required time.

6-7 (d) The general law relating to consent by political
6-8 subdivisions to the creation of districts with conservation,
6-9 reclamation, and road powers and the inclusion of land in those
6-10 districts has been complied with.

6-11 (e) All requirements of the constitution and laws of this
6-12 state and the rules and procedures of the legislature with respect
6-13 to the notice, introduction, and passage of this Act have been
6-14 fulfilled and accomplished.

6-15 SECTION 6. This Act takes effect immediately if it receives
6-16 a vote of two-thirds of all the members elected to each house, as
6-17 provided by Section 39, Article III, Texas Constitution. If this
6-18 Act does not receive the vote necessary for immediate effect, this
6-19 Act takes effect September 1, 2017.

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