

1-1 By: Kolkhorst S.B. No. 2259  
 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 6, 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. 2259 By: Garcia

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

1-19 relating to the creation of the Fort Bend County Municipal  
 1-20 Management District No. 2; providing authority to issue bonds;  
 1-21 providing authority to impose assessments, fees, or taxes.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subtitle C, Title 4, Special District Local Laws  
 1-24 Code, is amended by adding Chapter 3957 to read as follows:

1-25 CHAPTER 3957. FORT BEND COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 2

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 3957.001. DEFINITIONS. In this chapter:

1-28 (1) "Board" means the district's board of directors.

1-29 (2) "County" means Fort Bend County.

1-30 (3) "Director" means a board member.

1-31 (4) "District" means the Fort Bend County Municipal  
 1-32 Management District No. 2.

1-33 Sec. 3957.002. NATURE OF DISTRICT. The district is a  
 1-34 special district created under Section 59, Article XVI, Texas  
 1-35 Constitution.

1-36 Sec. 3957.003. PURPOSE; LEGISLATIVE FINDINGS. (a) The  
 1-37 creation of the district is essential to accomplish the purposes of  
 1-38 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
 1-39 Texas Constitution, and other public purposes stated in this  
 1-40 chapter. By creating the district and in authorizing the county and  
 1-41 other political subdivisions to contract with the district, the  
 1-42 legislature has established a program to accomplish the public  
 1-43 purposes set out in Section 52-a, Article III, Texas Constitution.

1-44 (b) The creation of the district is necessary to promote,  
 1-45 develop, encourage, and maintain employment, commerce,  
 1-46 transportation, housing, tourism, recreation, the arts,  
 1-47 entertainment, economic development, safety, and the public  
 1-48 welfare in the district.

1-49 (c) This chapter and the creation of the district may not be  
 1-50 interpreted to relieve the county from providing the level of  
 1-51 services provided as of the effective date of the Act enacting this  
 1-52 chapter to the area in the district. The district is created to  
 1-53 supplement and not to supplant county services provided in the  
 1-54 district.

1-55 Sec. 3957.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

1-56 (a) The district is created to serve a public use and benefit.

1-57 (b) All land and other property included in the district  
 1-58 will benefit from the improvements and services to be provided by  
 1-59 the district under powers conferred by Sections 52 and 52-a,  
 1-60 Article III, and Section 59, Article XVI, Texas Constitution, and

2-1 other powers granted under this chapter.  
2-2 (c) The creation of the district is in the public interest  
2-3 and is essential to further the public purposes of:  
2-4 (1) developing and diversifying the economy of the  
2-5 state;  
2-6 (2) eliminating unemployment and underemployment; and  
2-7 (3) developing or expanding transportation and  
2-8 commerce.  
2-9 (d) The district will:  
2-10 (1) promote the health, safety, and general welfare of  
2-11 residents, employers, potential employees, employees, visitors,  
2-12 and consumers in the district, and of the public;  
2-13 (2) provide needed funding for the district to  
2-14 preserve, maintain, and enhance the economic health and vitality of  
2-15 the district territory as a community and business center;  
2-16 (3) promote the health, safety, welfare, and enjoyment  
2-17 of the public by providing pedestrian ways and by landscaping and  
2-18 developing certain areas in the district, which are necessary for  
2-19 the restoration, preservation, and enhancement of scenic beauty;  
2-20 and  
2-21 (4) provide for water, wastewater, drainage, road, and  
2-22 recreational facilities for the district.  
2-23 (e) Pedestrian ways along or across a street, whether at  
2-24 grade or above or below the surface, and street lighting, street  
2-25 landscaping, parking, and street art objects are parts of and  
2-26 necessary components of a street and are considered to be a street  
2-27 or road improvement.  
2-28 (f) The district will not act as the agent or  
2-29 instrumentality of any private interest even though the district  
2-30 will benefit many private interests as well as the public.  
2-31 Sec. 3957.005. INITIAL DISTRICT TERRITORY. (a) The  
2-32 district is initially composed of the territory described by  
2-33 Section 2 of the Act enacting this chapter.  
2-34 (b) The boundaries and field notes contained in Section 2 of  
2-35 the Act enacting this chapter form a closure. A mistake in the  
2-36 field notes or in copying the field notes in the legislative process  
2-37 does not affect the district's:  
2-38 (1) organization, existence, or validity;  
2-39 (2) right to issue any type of bonds for the purposes  
2-40 for which the district is created or to pay the principal of and  
2-41 interest on bonds;  
2-42 (3) right to impose or collect an assessment or tax; or  
2-43 (4) legality or operation.  
2-44 Sec. 3957.006. APPLICABILITY OF MUNICIPAL MANAGEMENT  
2-45 DISTRICTS LAW. Except as otherwise provided by this chapter,  
2-46 Chapter 375, Local Government Code, applies to the district.  
2-47 Sec. 3957.007. CONSTRUCTION OF CHAPTER. This chapter shall  
2-48 be liberally construed in conformity with the findings and purposes  
2-49 stated in this chapter.  
2-50 SUBCHAPTER B. BOARD OF DIRECTORS  
2-51 Sec. 3957.051. GOVERNING BODY; TERMS. (a) The district is  
2-52 governed by a board of five directors elected in the manner provided  
2-53 by Sections 49.102 and 49.103, Water Code.  
2-54 (b) Except as provided by Section 3957.054, directors serve  
2-55 staggered four-year terms.  
2-56 Sec. 3957.052. QUORUM. For purposes of determining the  
2-57 requirements for a quorum of the board, the following are not  
2-58 counted:  
2-59 (1) a board position vacant for any reason, including  
2-60 death, resignation, or disqualification; or  
2-61 (2) a director who is abstaining from participation in  
2-62 a vote because of a conflict of interest.  
2-63 Sec. 3957.053. COMPENSATION. A director is entitled to  
2-64 receive fees of office and reimbursement for actual expenses as  
2-65 provided by Section 49.060, Water Code. Sections 375.069 and  
2-66 375.070, Local Government Code, do not apply to the board.  
2-67 Sec. 3957.054. TEMPORARY VOTING DIRECTORS; CONFIRMATION.  
2-68 (a) On or after the effective date of the Act enacting this  
2-69 chapter, the owner or owners of a majority of the assessed value of

3-1 the real property in the district according to the most recent  
3-2 certified tax appraisal roll for the county may submit a petition to  
3-3 the Texas Commission on Environmental Quality requesting that the  
3-4 commission appoint as temporary voting directors the five persons  
3-5 named in the petition. The commission shall appoint the five  
3-6 persons named in the petition as temporary directors by position.

3-7 (b) The temporary directors shall hold an election to  
3-8 confirm the creation of the district and to elect five permanent  
3-9 directors as provided by Section 49.102, Water Code.

3-10 (c) Temporary directors serve until the earlier of:

3-11 (1) the date permanent directors are elected under  
3-12 Subsection (b); or

3-13 (2) the fourth anniversary of the effective date of  
3-14 the Act enacting this chapter.

3-15 (d) If permanent directors have not been elected under  
3-16 Subsection (b) and the terms of the temporary directors have  
3-17 expired, successor temporary directors shall be appointed or  
3-18 reappointed as provided by Subsection (e) to serve terms that  
3-19 expire on the earlier of:

3-20 (1) the date permanent directors are elected under  
3-21 Subsection (b); or

3-22 (2) the fourth anniversary of the date of the  
3-23 appointment or reappointment.

3-24 (e) If Subsection (d) applies, the owner or owners of a  
3-25 majority of the assessed value of the real property in the district  
3-26 may submit a petition to the Texas Commission on Environmental  
3-27 Quality requesting that the commission appoint as successor  
3-28 temporary directors the five persons named in the petition. The  
3-29 commission shall appoint as successor temporary directors the five  
3-30 persons named in the petition.

3-31 (f) Section 3957.051 does not apply to this section.

3-32 SUBCHAPTER C. POWERS AND DUTIES

3-33 Sec. 3957.101. GENERAL POWERS AND DUTIES. The district has  
3-34 the powers and duties necessary to accomplish the purposes for  
3-35 which the district is created.

3-36 Sec. 3957.102. IMPROVEMENT PROJECTS AND SERVICES. The  
3-37 district may provide, design, construct, acquire, improve,  
3-38 relocate, operate, maintain, or finance an improvement project or  
3-39 service using any money available to the district, or contract with  
3-40 a governmental or private entity to provide, design, construct,  
3-41 acquire, improve, relocate, operate, maintain, or finance an  
3-42 improvement project or service authorized under this chapter or  
3-43 Chapter 375, Local Government Code.

3-44 Sec. 3957.103. AGREEMENTS; GRANTS. (a) As provided by  
3-45 Chapter 375, Local Government Code, the district may make an  
3-46 agreement with or accept a gift, grant, or loan from any person.

3-47 (b) The implementation of a project is a governmental  
3-48 function or service for the purposes of Chapter 791, Government  
3-49 Code.

3-50 Sec. 3957.104. LAW ENFORCEMENT SERVICES. To protect the  
3-51 public interest, the district may contract with a qualified party,  
3-52 including the county, to provide law enforcement services in the  
3-53 district for a fee.

3-54 Sec. 3957.105. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The  
3-55 district may join and pay dues to a charitable or nonprofit  
3-56 organization that performs a service or provides an activity  
3-57 consistent with the furtherance of a district purpose.

3-58 Sec. 3957.106. ECONOMIC DEVELOPMENT PROGRAMS. (a) The  
3-59 district may engage in activities that accomplish the economic  
3-60 development purposes of the district.

3-61 (b) The district may establish and provide for the  
3-62 administration of one or more programs to promote state or local  
3-63 economic development and to stimulate business and commercial  
3-64 activity in the district, including programs to:

3-65 (1) make loans and grants of public money; and

3-66 (2) provide district personnel and services.

3-67 (c) The district may create economic development programs  
3-68 and exercise the economic development powers provided to  
3-69 municipalities by:

4-1 (1) Chapter 380, Local Government Code; and  
4-2 (2) Subchapter A, Chapter 1509, Government Code.

4-3 Sec. 3957.107. PARKING FACILITIES. (a) The district may  
4-4 acquire, lease as lessor or lessee, construct, develop, own,  
4-5 operate, and maintain parking facilities or a system of parking  
4-6 facilities, including lots, garages, parking terminals, or other  
4-7 structures or accommodations for parking motor vehicles off the  
4-8 streets and related appurtenances.

4-9 (b) The district's parking facilities serve the public  
4-10 purposes of the district and are owned, used, and held for a public  
4-11 purpose even if leased or operated by a private entity for a term of  
4-12 years.

4-13 (c) The district's parking facilities are parts of and  
4-14 necessary components of a street and are considered to be a street  
4-15 or road improvement.

4-16 (d) The development and operation of the district's parking  
4-17 facilities may be considered an economic development program.

4-18 Sec. 3957.108. ANNEXATION OF LAND. The district may annex  
4-19 land as provided by Subchapter J, Chapter 49, Water Code.

4-20 Sec. 3957.109. NO EMINENT DOMAIN POWER. The district may  
4-21 not exercise the power of eminent domain.

4-22 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

4-23 Sec. 3957.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
4-24 board by resolution shall establish the number of directors'  
4-25 signatures and the procedure required for a disbursement or  
4-26 transfer of district money.

4-27 Sec. 3957.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
4-28 The district may acquire, construct, finance, operate, or maintain  
4-29 any improvement or service authorized under this chapter or Chapter  
4-30 375, Local Government Code, using any money available to the  
4-31 district.

4-32 Sec. 3957.153. PETITION REQUIRED FOR FINANCING SERVICES AND  
4-33 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
4-34 service or improvement project with assessments under this chapter  
4-35 unless a written petition requesting that service or improvement  
4-36 has been filed with the board.

4-37 (b) A petition filed under Subsection (a) must be signed by  
4-38 the owners of a majority of the assessed value of real property in  
4-39 the district subject to assessment according to the most recent  
4-40 certified tax appraisal roll for the county.

4-41 Sec. 3957.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.  
4-42 (a) The board by resolution may impose and collect an assessment  
4-43 for any purpose authorized by this chapter in all or any part of the  
4-44 district.

4-45 (b) An assessment, a reassessment, or an assessment  
4-46 resulting from an addition to or correction of the assessment roll  
4-47 by the district, penalties and interest on an assessment or  
4-48 reassessment, an expense of collection, and reasonable attorney's  
4-49 fees incurred by the district:

4-50 (1) are a first and prior lien against the property  
4-51 assessed;

4-52 (2) are superior to any other lien or claim other than  
4-53 a lien or claim for county, school district, or municipal ad valorem  
4-54 taxes; and

4-55 (3) are the personal liability of and a charge against  
4-56 the owners of the property even if the owners are not named in the  
4-57 assessment proceedings.

4-58 (c) The lien is effective from the date of the board's  
4-59 resolution imposing the assessment until the date the assessment is  
4-60 paid. The board may enforce the lien in the same manner that the  
4-61 board may enforce an ad valorem tax lien against real property.

4-62 (d) The board may make a correction to or deletion from the  
4-63 assessment roll that does not increase the amount of assessment of  
4-64 any parcel of land without providing notice and holding a hearing in  
4-65 the manner required for additional assessments.

4-66 Sec. 3957.155. TAX AND ASSESSMENT ABATEMENTS. The district  
4-67 may designate reinvestment zones and may grant abatements of a tax  
4-68 or assessment on property in the zones.

4-69 4-

SUBCHAPTER E. TAXES AND BONDS

Sec. 3957.201. ELECTIONS REGARDING TAXES AND BONDS.

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

- (1) revenue other than ad valorem taxes; or
- (2) contract payments described by Section 3957.203.

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

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

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

Sec. 3957.202. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3957.201, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code, for any district purpose, including to:

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

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

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

Sec. 3957.203. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

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

Sec. 3957.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board. Section 375.205, Local Government Code, does not apply to a loan, line of credit, or other borrowing from a bank or financial institution secured by revenue other than ad valorem taxes.

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

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

Sec. 3957.205. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

SUBCHAPTER F. DEFINED AREAS

Sec. 3957.251. AUTHORITY TO ESTABLISH DEFINED AREAS OR DESIGNATED PROPERTY. The district may define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

Sec. 3957.252. PROCEDURE FOR ELECTION. (a) Before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes of the defined area or designated property, the board

6-1 shall hold an election in the defined area or in the designated  
6-2 property only.

6-3 (b) The board may submit the proposition to the voters on  
6-4 the same ballot to be used in another election.

6-5 Sec. 3957.253. DECLARING RESULT AND ISSUING ORDER. (a) If  
6-6 a majority of the voters voting at the election approve the  
6-7 proposition or propositions, the board shall declare the results  
6-8 and, by order, shall establish the defined area and describe it by  
6-9 metes and bounds or designate the specific property.

6-10 (b) A court may not review the board's order except on the  
6-11 ground of fraud, palpable error, or arbitrary and confiscatory  
6-12 abuse of discretion.

6-13 Sec. 3957.254. TAXES FOR SERVICES, IMPROVEMENTS, AND  
6-14 FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. On voter  
6-15 approval and adoption of the order described by Section 3957.253,  
6-16 the district may apply separately, differently, equitably, and  
6-17 specifically its taxing power and lien authority to the defined  
6-18 area or designated property to provide money to construct,  
6-19 administer, maintain, and operate services, improvements, and  
6-20 facilities that primarily benefit the defined area or designated  
6-21 property.

6-22 Sec. 3957.255. ISSUANCE OF BONDS FOR DEFINED AREA OR  
6-23 DESIGNATED PROPERTY. After the order under Section 3957.253 is  
6-24 adopted, the district may issue bonds to provide for any land,  
6-25 improvements, facilities, plants, equipment, and appliances for  
6-26 the defined area or designated property.

6-27 Sec. 3957.256. ADDITION OR EXCLUSION OF LAND IN DEFINED  
6-28 AREA. The district may add or exclude land from the defined areas  
6-29 in the same manner the district may add or exclude land from the  
6-30 district.

6-31 SUBCHAPTER G. DISSOLUTION AND MUNICIPAL ANNEXATION

6-32 Sec. 3957.301. DISSOLUTION; MUNICIPAL ANNEXATION.

6-33 (a) The district is a water or sewer district for the purposes of  
6-34 Section 43.071, Local Government Code.

6-35 (b) Section 43.075, Local Government Code, applies to the  
6-36 district.

6-37 (c) Section 375.264, Local Government Code, does not apply  
6-38 to the dissolution of the district by a municipality.

6-39 SECTION 2. The Fort Bend County Municipal Management  
6-40 District No. 2 initially includes all the territory contained in  
6-41 the following area:

6-42 BEING a 100.0 acre tract of land situated in the Knight and  
6-43 White Survey, Abstract No. 46 of Fort Bend County, Texas and being a  
6-44 portion of a called 901.854 acre tract (Tract I) of land as  
6-45 described in an instrument to WBH Ranches, LP recorded under Fort  
6-46 Bend County Clerk's File Number (F.B.C.C.F. No.) 2015004534, said  
6-47 100.0 acre tract of land described by metes and bounds as follows:

6-48 COMMENCING at an interior corner of said 901.854 acre tract,  
6-49 same being the northwest corner of a called 294.296 acre tract as  
6-50 described in an instrument to Old South Plantation, Inc. recorded  
6-51 under F.B.C.C.F. No. 9722234, and the northwest corner of a called  
6-52 19.991 acre Drainage Easement tract as described in an instrument  
6-53 to the State of Texas for highway drainage purposes recorded under  
6-54 Volume 2247, Page 916 of the Fort Bend County Deed Records;

6-55 THENCE, S 02°29'39" E, along and with the east line of said  
6-56 901.854 acre tract, same being the west line of said 294.296 acre  
6-57 tract and said 19.991 acre drainage easement tract, a distance of  
6-58 1,127.28 feet to the northeast corner and POINT OF BEGINNING of the  
6-59 herein described tract;

6-60 THENCE, S 02°29'39" E, continuing along and with said east  
6-61 line, a distance of 2,087.00 feet to the southeast corner of the  
6-62 herein described tract;

6-63 THENCE, over and across said 901.854 acre tract, the  
6-64 following courses and distances:

6-65 S 87°30'21" W, a distance of 2,087.21 feet to the  
6-66 southwest corner of the herein described tract;

6-67 N 02°29'39" W, a distance of 2,087.00 feet to the  
6-68 northwest corner of the herein described tract;

6-69 N 87°30'21" E, a distance of 2,087.21 feet to the POINT

7-1 OF BEGINNING and containing 100.0 acres of land.  
7-2 Bearing orientation is based on the Texas Coordinate System,  
7-3 South Central Zone 4204, NAD-83 and is referenced to a called  
7-4 901.854 acre tract as cited herein.

7-5 SECTION 3. (a) The legal notice of the intention to  
7-6 introduce this Act, setting forth the general substance of this  
7-7 Act, has been published as provided by law, and the notice and a  
7-8 copy of this Act have been furnished to all persons, agencies,  
7-9 officials, or entities to which they are required to be furnished  
7-10 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
7-11 Government Code.

7-12 (b) The governor, one of the required recipients, has  
7-13 submitted the notice and Act to the Texas Commission on  
7-14 Environmental Quality.

7-15 (c) The Texas Commission on Environmental Quality has filed  
7-16 its recommendations relating to this Act with the governor,  
7-17 lieutenant governor, and speaker of the house of representatives  
7-18 within the required time.

7-19 (d) The general law relating to consent by political  
7-20 subdivisions to the creation of districts with conservation,  
7-21 reclamation, and road powers and the inclusion of land in those  
7-22 districts has been complied with.

7-23 (e) All requirements of the constitution and laws of this  
7-24 state and the rules and procedures of the legislature with respect  
7-25 to the notice, introduction, and passage of this Act have been  
7-26 fulfilled and accomplished.

7-27 SECTION 4. This Act takes effect immediately if it receives  
7-28 a vote of two-thirds of all the members elected to each house, as  
7-29 provided by Section 39, Article III, Texas Constitution. If this  
7-30 Act does not receive the vote necessary for immediate effect, this  
7-31 Act takes effect September 1, 2017.

7-32

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