

SENATE AMENDMENTS

2nd Printing

By: Bonnen of Galveston

H.B. No. 4637

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation of the City of Kemah Municipal Management
3 District No. 1; providing a limited authority of eminent domain;
4 providing authority to issue bonds and impose assessments, fees,
5 and taxes.

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

7 SECTION 1. Subtitle C, Title 4, Special District Local Laws
8 Code, is amended by adding Chapter 3976 to read as follows:

9 CHAPTER 3976. CITY OF KEMAH MUNICIPAL MANAGEMENT DISTRICT NO. 1

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 3976.0101. DEFINITIONS. In this chapter:

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

13 (2) "City" means the City of Kemah, Texas.

14 (3) "Commission" means the Texas Commission on
15 Environmental Quality.

16 (4) "Director" means a board member.

17 (5) "District" means the City of Kemah Municipal
18 Management District No. 1.

19 Sec. 3976.0102. CREATION AND NATURE OF DISTRICT. The
20 district is a special district created under Sections 52 and 52-a,
21 Article III, and Section 59, Article XVI, Texas Constitution.

22 Sec. 3976.0103. PURPOSE; LEGISLATIVE FINDINGS. (a) The
23 creation of the district is essential to accomplish the purposes of
24 Sections 52 and 52-a, Article III, and Section 59, Article XVI,

1 Texas Constitution, and other public purposes stated in this
2 chapter. By creating the district and in authorizing the city and
3 other political subdivisions to contract with the district, the
4 legislature has established a program to accomplish the public
5 purposes set out in Section 52-a, Article III, Texas Constitution.

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

11 (c) This chapter and the creation of the district may not be
12 interpreted to relieve the city from providing the level of
13 services provided to the area in the district as of the effective
14 date of the Act enacting this chapter. The district is created to
15 supplement and not to supplant the city services provided in the
16 district.

17 Sec. 3976.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

18 (a) The district is created to serve a public use and benefit.

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

24 (c) The district is created to accomplish the purposes of a
25 municipal management district as provided by general law and
26 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
27 Texas Constitution.

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

3 (1) further the public purposes of developing and
4 diversifying the economy of the state;

5 (2) eliminate unemployment and underemployment;

6 (3) develop or expand transportation and commerce; and

7 (4) provide quality residential housing.

8 (e) The district will:

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

12 (2) provide needed funding for the district to
13 preserve, maintain, and enhance the economic health and vitality of
14 the district territory as a community and business center; and

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

19 (f) Pedestrian ways along or across a street, whether at
20 grade or above or below the surface, and street lighting, street
21 landscaping, parking, and street art objects are parts of and
22 necessary components of a street and are considered to be a street
23 or road improvement.

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

27 Sec. 3976.0105. DISTRICT TERRITORY. (a) The district is

1 composed of the territory described by Section 2 of the Act enacting
2 this chapter, as that territory may have been modified under other
3 law.

4 (b) The boundaries and field notes contained in Section 2 of
5 the Act enacting this chapter form a closure. A mistake in the
6 field notes or in copying the field notes in the legislative process
7 does not affect the district's:

8 (1) organization, existence, or validity;

9 (2) right to contract;

10 (3) authority to borrow money or issue bonds or other
11 obligations described by Section 3976.0501 or to pay the principal
12 and interest of the bonds or other obligations;

13 (4) right to impose or collect an assessment, or
14 collect other revenue; or

15 (5) legality or operation.

16 Sec. 3976.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT
17 DISTRICTS LAW. Except as otherwise provided by this chapter,
18 Chapter 375, Local Government Code, applies to the district.

19 Sec. 3976.0107. CONSTRUCTION OF CHAPTER. This chapter
20 shall be liberally construed in conformity with the findings and
21 purposes stated in this chapter.

22 Sec. 3976.0108. CONFLICTS OF LAW. This chapter prevails
23 over any provision of Chapter 375, Local Government Code, that is in
24 conflict or inconsistent with this chapter.

25 Sec. 3976.0109. CONSENT OF MUNICIPALITY REQUIRED. The
26 board may not hold an election to authorize the issuance of bonds
27 until the governing body of the city by ordinance or resolution

1 consents to the creation of the district and to the inclusion of
2 land in the district. The city's consent must be granted in the
3 manner provided by Section 54.016, Water Code, for including land
4 within the corporate limits or extraterritorial jurisdiction of a
5 city.

6 SUBCHAPTER B. BOARD OF DIRECTORS

7 Sec. 3976.0201. GOVERNING BODY; TERMS. The district is
8 governed by a board of five directors who serve staggered terms of
9 four years, with two or three directors' terms expiring June 1 of
10 each odd-numbered year. One director is appointed by the city, and
11 four directors are appointed by the commission as provided by
12 Sections 3976.0202 and 3976.0203, respectively.

13 Sec. 3976.0202. APPOINTMENT AND REMOVAL OF DIRECTOR
14 APPOINTED BY CITY. (a) The governing body of the city shall
15 appoint one director who must be:

16 (1) at least 18 years of age; and

17 (2) a resident of the city.

18 (b) At any time the governing body of the city may remove the
19 director appointed by the city and appoint a director to serve the
20 remainder of the removed director's term.

21 Sec. 3976.0203. APPOINTMENT BY COMMISSION. (a) Before the
22 term of a director other than a director appointed under Section
23 3976.0202 expires, the board shall recommend to the commission the
24 appropriate number of persons to serve as successor directors. The
25 commission shall appoint as directors the persons recommended by
26 the board.

27 (b) A person recommended by the board under Subsection (a)

1 must be:

2 (1) at least 18 years of age;

3 (2) an owner of property in the district;

4 (3) an owner of stock, whether beneficial or
5 otherwise, of a corporate owner of property in the district;

6 (4) an owner of a beneficial interest in a trust that
7 owns property in the district; or

8 (5) an agent, employee, or tenant of a person
9 described by Subdivision (2), (3), or (4).

10 Sec. 3976.0204. VACANCY. (a) Except as provided by
11 Subsection (b), if a vacancy occurs on the board, the remaining
12 directors shall appoint a director for the remainder of the
13 unexpired term.

14 (b) If a vacancy occurs in the office of the director
15 appointed by the city, the city shall appoint a director for the
16 remainder of the unexpired term.

17 Sec. 3976.0205. DIRECTOR'S OATH OR AFFIRMATION. (a) A
18 director shall file the director's oath or affirmation of office
19 with the district, and the district shall retain the oath or
20 affirmation in the district records.

21 (b) A director shall file a copy of the director's oath or
22 affirmation with the secretary of the city.

23 Sec. 3976.0206. OFFICERS. The board shall elect from among
24 the directors a chair, a vice chair, and a secretary. The offices
25 of chair and secretary may not be held by the same person.

26 Sec. 3976.0207. COMPENSATION; EXPENSES. (a) The district
27 may compensate each director in an amount not to exceed \$150 for

1 each board meeting. The total amount of compensation a director may
2 receive each year may not exceed \$7,200.

3 (b) A director is entitled to reimbursement for necessary
4 and reasonable expenses incurred in carrying out the duties and
5 responsibilities of the board.

6 Sec. 3976.0208. INITIAL DIRECTORS. (a) On or after
7 September 1, 2019, the owner or owners of a majority of the assessed
8 value of the real property in the district according to the most
9 recent certified tax appraisal rolls for the county may submit a
10 petition to the commission requesting that the commission appoint
11 as initial directors the four persons named in the petition. The
12 commission shall appoint as initial directors the four persons
13 named in the petition.

14 (b) The governing body of the city shall appoint one initial
15 director.

16 (c) The initial directors shall determine by lot which three
17 positions expire June 1, 2021, and which two positions expire June
18 1, 2023.

19 (d) This section expires September 1, 2021.

20 SUBCHAPTER C. POWERS AND DUTIES

21 Sec. 3976.0301. GENERAL POWERS AND DUTIES. The district
22 has the powers and duties necessary to accomplish the purposes for
23 which the district is created.

24 Sec. 3976.0302. IMPROVEMENT PROJECTS AND SERVICES. The
25 district may provide, design, construct, acquire, improve,
26 relocate, operate, maintain, or finance an improvement project or
27 service using money available to the district, or contract with a

1 governmental or private entity to provide, design, construct,
2 acquire, improve, relocate, operate, maintain, or finance an
3 improvement project or service authorized under this chapter or
4 Chapter 375, Local Government Code.

5 Sec. 3976.0303. LOCATION OF IMPROVEMENT PROJECT. A
6 district improvement project may be located inside or outside of
7 the district.

8 Sec. 3976.0304. OWNERSHIP OF IMPROVEMENT PROJECTS. (a)
9 Before a district improvement project may be put into operation,
10 the district must transfer ownership of the project:

11 (1) if the project is a water and sewer improvement
12 project, to the Galveston County Water Control and Improvement
13 District No. 12; or

14 (2) if the project is not described by Subdivision
15 (1), to the city.

16 (b) The transfer of ownership is complete on the applicable
17 entity's acceptance of ownership.

18 Sec. 3976.0305. RETAIL WATER AND SEWER SERVICES PROHIBITED.
19 The district may not provide retail water or sewer services.

20 Sec. 3976.0306. ADDING OR REMOVING TERRITORY. (a) Subject
21 to Subsection (b), the board may add or remove territory as provided
22 by Subchapter J, Chapter 49, Water Code.

23 (b) The district may add territory as described by
24 Subsection (a) only if the governing body of the city by ordinance
25 or resolution consents to the addition.

26 Sec. 3976.0307. LIMITED EMINENT DOMAIN POWER. The district
27 may not exercise the power of eminent domain unless the governing

1 body of the city consents to the exercise.

2 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

3 Sec. 3976.0401. DISBURSEMENTS AND TRANSFERS OF MONEY. The
4 board by resolution shall establish the number of directors'
5 signatures and the procedure required for a disbursement or
6 transfer of the district's money.

7 Sec. 3976.0402. MONEY USED FOR IMPROVEMENTS OR SERVICES.
8 The district may acquire, construct, or finance an improvement
9 project or service authorized by this chapter or Chapter 375, Local
10 Government Code, using any money available to the district.

11 Sec. 3976.0403. METHOD OF NOTICE FOR HEARING. The district
12 may mail the notice required by Section 375.115(c), Local
13 Government Code, by certified or first class United States mail.
14 The board shall determine the method of notice.

15 Sec. 3976.0404. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
16 The board by resolution may impose and collect an assessment for any
17 purpose authorized by this chapter in all or any part of the
18 district.

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

24 (1) a first and prior lien against the property
25 assessed;

26 (2) superior to any other lien or claim other than a
27 lien or claim for county, school district, or municipal ad valorem

1 taxes; and

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

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

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

13 (e) The district may not impose an assessment on a
14 municipality, county, or other political subdivision.

15 Sec. 3976.0405. NOTICE OF ASSESSMENTS. Annually, the board
16 shall file with the secretary of the city written notice that
17 specifies the assessments the district will impose in the
18 district's next fiscal year in sufficient clarity to describe the
19 assessments for the operation and maintenance of the district and
20 the assessments for the payment of debt service of obligations
21 issued or incurred by the district.

22 SUBCHAPTER E. TAXES AND BONDS

23 Sec. 3976.0501. BONDS AND OTHER OBLIGATIONS. (a) The
24 district may issue, by public or private sale, bonds, notes, or
25 other obligations payable wholly or partly from ad valorem taxes or
26 assessments in the manner provided by Subchapter A, Chapter 372, or
27 Subchapter J, Chapter 375, Local Government Code. Sections

1 375.207(a) and (b), Local Government Code, do not apply to the
2 district.

3 (b) In exercising the district's borrowing power, the
4 district may issue a bond or other obligation in the form of a bond,
5 note, certificate of participation or other instrument evidencing a
6 proportionate interest in payments to be made by the district, or
7 other type of obligation.

8 (c) In addition to the sources of money described by
9 Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local
10 Government Code, district bonds may be secured and made payable
11 wholly or partly by a pledge of any part of the money the district
12 receives from improvement revenue or from any other source.

13 (d) Not later than the 30th day before the date the district
14 holds a bond sale, the district shall provide the governing body of
15 the city written notice of the sale.

16 Sec. 3976.0502. TAXES FOR WATER, WASTEWATER, AND DRAINAGE
17 PURPOSES. Taxes the district imposes for water, wastewater, and
18 drainage facility construction, if any, are for the particular
19 benefit of the area inside the district, do not generally or
20 directly benefit the area inside the Galveston County Water Control
21 and Improvement District No. 12 as a whole, and do not duplicate a
22 tax imposed by the Galveston County Water Control and Improvement
23 District No. 12.

24 SUBCHAPTER F. DISSOLUTION

25 Sec. 3976.0601. DISSOLUTION BY CITY ORDINANCE. (a) The
26 governing body of the city may dissolve the district by ordinance.

27 (b) The governing body of the city may not dissolve the

1 district until water, sanitary, sewer, and drainage improvements
2 and roads have been constructed to serve at least 90 percent of the
3 developable territory of the district.

4 (c) Until the district is dissolved, the district is
5 responsible for all bonds and other obligations of the district.

6 (d) The board may not dissolve the district under Subchapter
7 M, Chapter 375, Local Government Code, unless the board obtains the
8 written consent of the city.

9 Sec. 3976.0602. COLLECTION OF ASSESSMENTS AND OTHER
10 REVENUE. (a) If the dissolved district has bonds or other
11 obligations outstanding secured by and payable from assessments or
12 other revenue, other than revenue from ad valorem taxes, the city
13 shall succeed to the rights and obligations of the district
14 regarding enforcement and collection of the assessments or other
15 revenue.

16 (b) The city shall have and exercise all district powers to
17 enforce and collect the assessments or other revenue to pay:

18 (1) the bonds or other obligations when due and
19 payable according to their terms; or

20 (2) special revenue or assessment bonds or other
21 obligations issued by the city to refund the outstanding bonds or
22 obligations.

23 Sec. 3976.0603. ASSUMPTION OF ASSETS AND LIABILITIES. (a)
24 After the city dissolves the district, the city assumes, subject to
25 the appropriation and availability of funds, the obligations of the
26 district, including any bonds or other debt payable from
27 assessments or other district revenue.

1 (b) If the city dissolves the district, the board shall
2 transfer ownership of all district property to the city.

3 SUBCHAPTER G. SPECIAL BOND PROVISIONS

4 Sec. 3976.0701. APPLICABILITY. This subchapter applies
5 only to bonds payable wholly or partly from revenue derived from
6 assessments on real property in the district.

7 Sec. 3976.0702. CONFLICT OF LAWS. In the event of a
8 conflict between this subchapter and any other law, this subchapter
9 prevails.

10 Sec. 3976.0703. WRITTEN AGREEMENT REGARDING SPECIAL
11 APPRAISALS. Before the district may issue bonds, the district and
12 any person to whom the board intends that proceeds of the bonds be
13 distributed, including the developer, another owner of land in the
14 district, and any entity acting as a lender to the developer or
15 other landowner for the purpose of a project relating to the
16 district, must enter into a written agreement that:

17 (1) waives for the term of the agreement the right to a
18 special appraisal with respect to taxation by the district under
19 Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

20 (2) remains in effect for 30 years and is binding on
21 the parties, on entities related to or affiliated with the parties,
22 and on their successors and assignees.

23 Sec. 3976.0704. REQUIREMENTS FOR ADVERTISING BOND ISSUE.
24 The district may not advertise for an issuance of bonds until the
25 completion of at least 25 percent of the projected value of the
26 improvements, including houses and other buildings, that are liable
27 for district assessments and necessary to support the district

1 bonds.

2 Sec. 3976.0705. REQUIREMENTS FOR BOND ISSUE. The district
3 may not issue bonds until:

4 (1) the district submits to the commission:

5 (A) an engineer's report describing the project
6 for which the bonds will provide funding, including data, profiles,
7 maps, plans, and specifications related to the project; and

8 (B) a cash flow analysis to determine the
9 projected rate of assessment, which includes the following
10 assumptions:

11 (i) each ending balance for debt service in
12 the analysis is not less than 25 percent of the following year's
13 debt service requirement;

14 (ii) interest income is only shown on the
15 ending balance for debt service for the first two years; and

16 (iii) the projected rate of assessment is
17 level or decreasing for the life of the bonds issued by the
18 district;

19 (2) the completion of at least 75 percent of the
20 projected value of the improvements, including houses and other
21 buildings, that are liable for district assessments and necessary
22 to support the district bonds; and

23 (3) the district has obtained an independent market
24 study from a firm recognized in the area of real estate market
25 analysis supporting the development projects for the real property
26 that is liable for district assessments and necessary to support
27 the district bonds.

1 Sec. 3976.0706. REQUIREMENTS FOR COLLECTION OF REVENUE TO
2 PAY BONDS. The district may not collect an assessment to be used
3 for the payment of bonds until:

4 (1) the completion of at least 95 percent of the
5 underground water, wastewater, and drainage facilities financed
6 from bond proceeds that are necessary to serve the projected
7 build-out, as certified by the district's engineer;

8 (2) the district or other appropriate party has
9 secured the groundwater, surface water, and water discharge permits
10 that are necessary to secure capacity to support the projected
11 build-out;

12 (3) the completion of at least 95 percent of lift
13 station, water plant, and sewage treatment plant capacity
14 sufficient to serve the connections constructed in the project for
15 a period of not less than 18 months, as certified by the district's
16 engineer; and

17 (4) the completion of at least 95 percent of the
18 streets and roads that are necessary to provide access to the areas
19 served by utilities and financed by the proceeds of bonds issued by
20 the district, as certified by the district's engineer and
21 constructed in accordance with municipal or county standards.

22 SECTION 2. The City of Kemah Municipal Management District
23 No. 1 initially includes all the territory contained in the
24 following area:

25 Metes and Bounds Description

26 61.7448 Acres

27 (2,689,603 Square Feet)

1 All that certain 61.7448 acre (2,689,603 square foot) tract
2 of land situated in the Miguel Muldoon 2 League Grant, Abstract
3 Number 18, Galveston County, Texas, and being out of a part of that
4 certain call 93 acre tract described in a deed to Solomen J. Gordy
5 in Volume 485, Page 475, of the Galveston County Deed Records
6 (G.C.D.R.), said 61,7448 acre tract being more particularly
7 described by metes and bounds as follows: (All bearings are based
8 on the Texas State Plane Coordinate System, South Central Zone

9 Commencing at a 5/8 inch iron rod with plastic cap stamped
10 "BENCHMARK ENGR." Set in the recognized southerly line of the said
11 Muldoon 2, League Grant and said 93 acre tract for the southwest
12 corner of that certain call 101.709 acre tract described in a deed
13 to Houston Lighting and Power (H.L.&P.) Company in Volume 1563,
14 Page 669, of the GC.D.R., same being in the northerly line of a call
15 639.740 acre tract described in a deed to Weems, Kelsey Management
16 Company No. 2 LTD. in Volume 2252, Page 880, of the G.C.D.R., for
17 the southeast corner of the herein described tract;

18 Thence, with the northerly line of said 639.740 acre tract
19 and the southerly line of said 93 acre tract and the herein
20 described tract, South 47 Degrees 33 Minutes 12 Seconds West, a
21 distance of 1175.93 feet to a 5/8 inch iron rod with plastic cap
22 stamped "BENCHMARK ENGR." set for the most southerly southeast
23 corner and Point of Beginning of the herein described tract;

24 Thence, continuing along the northerly line of said 639.740
25 acre tract and southerly line of said 93 acre tract an the herein
26 described tract, South 47 Degrees 33 Minutes 12 Seconds West, at
27 522.87 feet pass a 5/8 inch iron rod with a Texas Department of

1 Transportation (TXDOT) aluminum disk found for the intersection of
2 the southerly line of said 93 acre tract with the northerly
3 right-of-way (R.O.W.) line and point of curvature of State Highway
4 Number 96 (SH96), and continue, in all, a distance of 1145.99 feet
5 to a 5/8 inch iron rod with plastic cap stamp "BENCHMARK ENGR." set
6 in the northerly R.O.W. line of said SH96 for the southwest corner
7 of said 93 acre tract and the herein described tract;

8 Thence, departing at the northerly R.O.W. line of said SH96,
9 and with the westerly line of said 93 acre tract and the herein
10 described tract, North 42 Degrees 25 Minutes 43 Seconds West, a
11 distance for 1501.14 feet to a 5/8 inch iron rod with plastic cap
12 stamped "BENCHMARK ENGR." set for the southwest corner of a call
13 57,1644 acre tract described in a deed to Galveston County, Texas in
14 Galveston County Clerk's File (G.C.C.F.) Number 9041097 and the
15 northwest corner of said 93 acre tract and the herein described
16 tract;

17 Thence, with the southerly line of said 57.1644 acre tract
18 and the northerly line of said 93 acre tract and the herein
19 described tract, North 47 Degrees 34 Minutes 46 Seconds East, at
20 1792.35 feet pass a 1/2 inch iron rod found for the southeast corner
21 of said 57.1644 acre tract and the southwest corner of a call 43.41
22 acre tract described in a partition deed to E.T. Roberts by Susan L.
23 Roberts, et al, in Vol. 269, Page 581, of the G.C.D.R., and continue,
24 in all, a distance of 2677.36 feet to a 5/8 inch iron rod with
25 plastic stamped "BENCHMARK ENGR." Set for the northwest corner of
26 said 10.709 acre tract, same being the southwest corner of a call
27 9.742 acre tract described in a deed to H.L.&P. Company in Volume

1 1587, Page 258, of the G.C.D.R., and the northeast corner of the
2 herein described tract;

3 Thence, through and across said 93 acre tract the following
4 (5) courses:

5 (1) South 29 Degrees 05 Minutes 53 Seconds East, a
6 distance of 753.67 feet to a 5/8 inch iron rod with plastic cap
7 stamped "BENCHMARK ENGR." set in the westerly line of said 10.709
8 acre tract for the most easterly southeast corner;

9 (2) South 60 Degrees 54 Minutes 07 Second West, a
10 distance of 800.09 feet to a 5/8 inch iron rod with plastic cap
11 stamped "BENCHMARK ENGR." set for an interior corner;

12 (3) South 29 Degrees 05 Minutes 53 Seconds East, a
13 distance of 129.82 feet a 5/8 inch iron rod with plastic cap stamped
14 "BENCHMARK ENGR." set for an interior corner;

15 (4) South 52 Degrees 02 Minutes 24 Seconds West, a
16 distance of 483.16 feet to a 5/8 inch iron rod with plastic cap
17 stamped "BENCHMARK ENGR." set for an interior corner;

18 (5) South 37 Degrees 57 Minutes 36 Seconds East, a
19 distance of 865.47 feet to the Point of Beginning and containing
20 61.7448 acres of land.

21 Metes and Bounds Description

22 0.0818 Acres

23 (3562Square Feet)

24 All that certain 0.0818 acre (3562 square foot) tract of land
25 situated in the Rafael Basque Survey, Abstract Number 32, Galveston
26 County, Texas, and being out of a part of that certain call 639.740
27 acre tract described in a deed to Weems & Kelsey Management Company

1 No. 2, LTD. in Volume 2253, Page 880 of the Galveston County Deed
2 Records (G.C.D.R.), said 0.0818 acre tract being more particularly
3 described by metes and bounds as follows: (All bearings are based
4 on the Texas State Plane Coordinate System, South Central Zone)

5 Commencing at a 5/8 inch iron rod with ah "Texas Department of
6 Transportation (TXDOT) aluminum disk found at the intersection of
7 the northerly right-of-way (R.O.W.) line of State Highway 96
8 (SH96), as described in Galveston County Clerk's File (G.C.C.F.)
9 Number 2003036995, with the westerly R.O.W. line of a 100 feet wide
10 Southern Pacific Railroad R.O.W. line, and also being in the
11 easterly line of said 639.74 acre tract and the easterly line of a
12 300 foot wide Houston Lighting and Power (H.L.&P.) Company easement
13 recorded in Volume 1579, Page 594, of the G.C.D.R.;

14 Thence, with the northerly R.O.W. line of said SH96, South 60
15 Degrees 51 Minutes 34 Seconds West, at 300.00 feet pass a 5/8 inch
16 iron rod with plastic cap stamped "BENECHMARK ENGR." set at the
17 intersection of the westerly R.O.W. line of said 300 foot H.L.&P.
18 easement with the northerly R.O.W. line of said SH96, and continue,
19 in all, a distance of 419.45 to a 5/8 inch iron rod with plastic cap
20 stamped "BENCHMARK ENGR." set for the beginning of a curve to the
21 left, and from which a 5/8 inch iron rod with a TXDOT aluminum disk
22 found bears South 81 Degrees 54 Minutes 10 Seconds West, a distance
23 of 0.44 feet;

24 Thence, 1025.66 feet along the arc of said curve to the left
25 having a radius of 6663.37 feet, a central angle of 08 Degrees 49
26 Minutes 09 Seconds, and a chord that bears South 56 Degrees 26
27 Minutes 59 Seconds West, a distance of 1024.65 to a 5/8 inch iron

1 rod with plastic cap stamped "BENECHMARK ENGR." set for the
2 southwest corner and Point of Beginning for the herein described
3 tract;

4 Thence, 521.80 feet continuing along the arc of said curve to
5 the left having a radius of 6663.37 feet, a central angle of 04
6 Degrees 29 Minutes 12 Seconds, and a chord that bears South 49
7 Degrees 47 Minutes 48 Seconds West, a distance of 521,66 feet to a
8 5/8 inch iron rod with a TXDOT aluminum disk found in the northerly
9 line of said 639.740 acre tract, the southerly line of a call 93 acre
10 tract described in a deed to Solomon J. Gardy in Volume 485, Page
11 75, of the G.C.D.R., and the recognized common line of the said
12 Basquez Survey and the Michael Muldon 2 League Grant, Abstract
13 Number 18, for the end of said curve and the west corner of the
14 herein described tract.

15 Thence, with a said common survey line, the northerly line of
16 said 639.740 acre tract and the southerly line of said 93 acre
17 tract, North 47 Degrees 33 Minutes 12 Seconds East, a distance of
18 522.87 feet to a 5/8 inch iron rod with plastic cap stamped
19 "BENECHMARK ENGR." set for the northeast corner of the herein
20 described tract;

21 Thence, through and across said 639.740 acre tract, South 37
22 Degrees 57 Minutes 36 Seconds East, a distance of 20.48 feet to the
23 Point of Beginning.

24 Metes and Bounds Description

25 27.0000 Acres

26 (1,176,121 Square Feet)

27 All that certain 27.0000 acre (1,176,121 square foot) tract

H.B. No. 4637

1 of land situated in the Miguel Muldoon 2 League Grant, Abstract
2 Number 18, and the Rafael Basquez Survey, Abstract Number 32, both
3 in Galveston County, Texas, and being out of a part of that certain
4 call 93 acre tract described in a deed to Solomon J. Gordy in Volume
5 485, Page 475, of the Galveston County Deed Records (G.C.D.R.), and
6 further cited in a Special Warranty Deed dated March 5, 2001 and
7 recorded in Galveston County Clerk's File (G.C.C.F.) Number
8 2001010526, said 27.0000 acre tract being more particularly
9 described by metes and bounds as follows: (All bearings are based
10 on the Texas State Plane Coordinate System, South Central Zone)

11 Commencing at a 5/8 inch iron rod with a Texas Department of
12 Transportation (TXDOT) aluminum disk found at the intersection of
13 the north right-of-way (R.O.W.) line of State Highway 96 with the
14 west R.O.W. line of a 100 foot wide Southern Pacific Railroad R.O.W.
15 line, and also being in the east line of that certain call 639.74
16 acre tract described in a deed to Weems & Kelsey Management Company
17 No. 2, LTD. in Volume 2253, Page 880 of the G.C.D.R., and the east
18 line of a 388 foot wide Houston Lighting and Power (H.L.&P.) Company
19 easement recorded in Volume 1579, Page 594, of the G.C.D.R.;

20 Thence, with the north R.O.W. line of said State Highway 96,
21 South 60 Degrees 51 Minutes 34 Seconds West, a distance of 300.00
22 feet to a 5/8 inch iron rod with plastic cap stamped "BENCHMARK
23 ENGR." set in the west R.O.W. line of said 300 foot H.L.&P. easement
24 for the southeast corner and Point of Beginning of the herein
25 described tract;

26 Thence, continuing with the north R.O.W. line of said State
27 Highway 96 and the south line of the herein described tract, South

1 60 Degrees 51 Minutes 34 Seconds West, a distance of 119.45 feet to
2 a 5/8 inch iron rod with plastic cap stamped "BENCHMARK ENGR." set
3 for the beginning of a curve to the left and from which a 5/8 inch
4 rod with a TXDOT aluminum disk found bears South 81 Degrees 54
5 Minutes 10 Seconds West, a distance of 0.44 feet;

6 Thence, 1025.66 feet along the arc of said curve to the left
7 having a radius of 6663.37 feet, a central angle of 08 Degrees 49
8 Minutes 09 Seconds, and a chord that bears South 56 Degrees 26
9 Minutes 59 Seconds West, a distance of 1024.65 feet to a 5/8 inch
10 iron rod with plastic cap stamped "BENCHMARK ENGR." set for the
11 southwest corner of the herein described tract;

12 Thence, departing the north R.O.W. line of said State Highway
13 96, and through and across said 93 acre tract, the following four (4)
14 courses:

15 1) North 37 Degrees 57 Minutes 36 Seconds West, a
16 distance of 885.96 feet to a 5/8 inch iron rod with plastic cap
17 stamped "BENCHMARK ENGR." set for the northwest corner;

18 2) North 52 Degrees 02 Minutes 24 Seconds East, a
19 distance of 483.16 feet to a 5/8 inch iron rod with plastic cap
20 stamped "BENCHMARK ENGR." set for an interior corner;

21 3) North 29 Degrees 05 Minutes 53 Seconds West, a
22 distance of 129.82 feet to 5/8 inch iron rod with plastic cap
23 stamped "BENCHMARK ENGR." set for an interior corner;

24 4) North 60 Degrees 54 Minutes 07 Secnds East, a
25 distance of 800.09 feet to a 5/8 inch iron rod with plastic cap
26 stamped "BENCHMARK ENGR." set in the west line of a call 10.709
27 Houston Power and Light (H.L.&P.) acre fee strip for the northeast

1 corner of the herein described tract;

2 Thence, with the west line of said H.L.&P. Fee strip and the
3 east line of the herein described tract, South 29 Degrees 05 Minutes
4 53 Seconds East, at 787.90 feet pass the southwest corner of said
5 10.709 acre tract and the northwest corner of said H.L.&P. 330 foot
6 wide easement and continue, in all, a distance of 1000.00 feet to
7 the Point of Beginning and containing 27.0000 acres of land.

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

15 (b) The governor, one of the required recipients, has
16 submitted the notice and Act to the Texas Commission on
17 Environmental Quality.

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

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

26 SECTION 4. (a) Section 3976.0307, Special District Local
27 Laws Code, as added by Section 1 of this Act, takes effect only if

1 this Act receives a two-thirds vote of all the members elected to
2 each house.

3 (b) If this Act does not receive a two-thirds vote of all the
4 members elected to each house, Subchapter C, Chapter 3976, Special
5 District Local Laws Code, as added by Section 1 of this Act, is
6 amended by adding Section 3976.0307 to read as follows:

7 Sec. 3976.0307. NO EMINENT DOMAIN POWER. The district may
8 not exercise the power of eminent domain.

9 (c) This section is not intended to be an expression of a
10 legislative interpretation of the requirements of Section 17(c),
11 Article I, Texas Constitution.

12 SECTION 5. This Act takes effect September 1, 2019.

ADOPTED

MAY 21 2019

Leta Spaw
Secretary of the Senate

By: Bonnen/Taylor

H.B. No. 4637

Substitute the following for H.B. No. 4637:

By: *[Signature]*

C.S. ___ .B. No. ___

A BILL TO BE ENTITLED

AN ACT

1

2 relating to the creation of the City of Kemah Municipal Management
3 District No. 1; providing authority to issue bonds and impose
4 assessments, fees, and taxes.

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

6 SECTION 1. Subtitle C, Title 4, Special District Local Laws
7 Code, is amended by adding Chapter 3976 to read as follows:

8 CHAPTER 3976. CITY OF KEMAH MUNICIPAL MANAGEMENT DISTRICT NO. 1

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 3976.0101. DEFINITIONS. In this chapter:

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

12 (2) "City" means the City of Kemah, Texas.

13 (3) "Commission" means the Texas Commission on
14 Environmental Quality.

15 (4) "Director" means a board member.

16 (5) "District" means the City of Kemah Municipal
17 Management District No. 1.

18 Sec. 3976.0102. CREATION AND NATURE OF DISTRICT. The
19 district is a special district created under Sections 52 and 52-a,
20 Article III, and Section 59, Article XVI, Texas Constitution.

21 Sec. 3976.0103. PURPOSE; LEGISLATIVE FINDINGS. (a) The
22 creation of the district is essential to accomplish the purposes of
23 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
24 Texas Constitution, and other public purposes stated in this

1 chapter. By creating the district and in authorizing the city and
2 other political subdivisions to contract with the district, the
3 legislature has established a program to accomplish the public
4 purposes set out in Section 52-a, Article III, Texas Constitution.

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

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

16 Sec. 3976.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

17 (a) 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) The district is created to accomplish the purposes of a
24 municipal management district as provided by general law and
25 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
26 Texas Constitution.

27 (d) The creation of the district is in the public interest

1 and is essential to:

2 (1) further the public purposes of developing and
3 diversifying the economy of the state;

4 (2) eliminate unemployment and underemployment;

5 (3) develop or expand transportation and commerce; and

6 (4) provide quality residential housing.

7 (e) The district will:

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

11 (2) provide needed funding for the district to
12 preserve, maintain, and enhance the economic health and vitality of
13 the district territory as a community and business center; and

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

18 (f) Pedestrian ways along or across a street, whether at
19 grade or above or below the surface, and street lighting, street
20 landscaping, parking, and street art objects are parts of and
21 necessary components of a street and are considered to be a street
22 or road improvement.

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

26 Sec. 3976.0105. DISTRICT TERRITORY. (a) The district is
27 composed of the territory described by Section 2 of the Act enacting

1 this chapter, as that territory may have been modified under other
2 law.

3 (b) The boundaries and field notes contained in Section 2 of
4 the Act enacting this chapter form a closure. A mistake in the
5 field notes or in copying the field notes in the legislative process
6 does not affect the district's:

7 (1) organization, existence, or validity;

8 (2) right to contract;

9 (3) authority to borrow money or issue bonds or other
10 obligations described by Section 3976.0501 or to pay the principal
11 and interest of the bonds or other obligations;

12 (4) right to impose or collect an assessment, or
13 collect other revenue; or

14 (5) legality or operation.

15 Sec. 3976.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT
16 DISTRICTS LAW. Except as otherwise provided by this chapter,
17 Chapter 375, Local Government Code, applies to the district.

18 Sec. 3976.0107. CONSTRUCTION OF CHAPTER. This chapter
19 shall be liberally construed in conformity with the findings and
20 purposes stated in this chapter.

21 Sec. 3976.0108. CONFLICTS OF LAW. This chapter prevails
22 over any provision of Chapter 375, Local Government Code, that is in
23 conflict or inconsistent with this chapter.

24 Sec. 3976.0109. CONSENT OF MUNICIPALITY REQUIRED. The
25 board may not hold an election to authorize the issuance of bonds
26 until the governing body of the city by ordinance or resolution
27 consents to the creation of the district and to the inclusion of

1 land in the district. The city's consent must be granted in the
2 manner provided by Section 54.016, Water Code, for including land
3 within the corporate limits or extraterritorial jurisdiction of a
4 city.

5 SUBCHAPTER B. BOARD OF DIRECTORS

6 Sec. 3976.0201. GOVERNING BODY; TERMS. The district is
7 governed by a board of five directors who serve staggered terms of
8 four years, with two or three directors' terms expiring June 1 of
9 each odd-numbered year. One director is appointed by the city, and
10 four directors are appointed by the commission as provided by
11 Sections 3976.0202 and 3976.0203, respectively.

12 Sec. 3976.0202. APPOINTMENT AND REMOVAL OF DIRECTOR
13 APPOINTED BY CITY. (a) The governing body of the city shall
14 appoint one director who must be:

15 (1) at least 18 years of age; and

16 (2) a resident of the city.

17 (b) At any time the governing body of the city may remove the
18 director appointed by the city and appoint a director to serve the
19 remainder of the removed director's term.

20 Sec. 3976.0203. APPOINTMENT BY COMMISSION. (a) Before the
21 term of a director other than a director appointed under Section
22 3976.0202 expires, the board shall recommend to the commission the
23 appropriate number of persons to serve as successor directors. The
24 commission shall appoint as directors the persons recommended by
25 the board.

26 (b) A person recommended by the board under Subsection (a)
27 must be:

- 1 (1) at least 18 years of age;
2 (2) an owner of property in the district;
3 (3) an owner of stock, whether beneficial or
4 otherwise, of a corporate owner of property in the district;
5 (4) an owner of a beneficial interest in a trust that
6 owns property in the district; or
7 (5) an agent, employee, or tenant of a person
8 described by Subdivision (2), (3), or (4).

9 Sec. 3976.0204. VACANCY. (a) Except as provided by
10 Subsection (b), if a vacancy occurs on the board, the remaining
11 directors shall appoint a director for the remainder of the
12 unexpired term.

13 (b) If a vacancy occurs in the office of the director
14 appointed by the city, the city shall appoint a director for the
15 remainder of the unexpired term.

16 Sec. 3976.0205. DIRECTOR'S OATH OR AFFIRMATION. (a) A
17 director shall file the director's oath or affirmation of office
18 with the district, and the district shall retain the oath or
19 affirmation in the district records.

20 (b) A director shall file a copy of the director's oath or
21 affirmation with the secretary of the city.

22 Sec. 3976.0206. OFFICERS. The board shall elect from among
23 the directors a chair, a vice chair, and a secretary. The offices
24 of chair and secretary may not be held by the same person.

25 Sec. 3976.0207. COMPENSATION; EXPENSES. (a) The district
26 may compensate each director in an amount not to exceed \$150 for
27 each board meeting. The total amount of compensation a director may

1 receive each year may not exceed \$7,200.

2 (b) A director is entitled to reimbursement for necessary
3 and reasonable expenses incurred in carrying out the duties and
4 responsibilities of the board.

5 Sec. 3976.0208. INITIAL DIRECTORS. (a) On or after
6 September 1, 2019, the owner or owners of a majority of the assessed
7 value of the real property in the district according to the most
8 recent certified tax appraisal rolls for the county may submit a
9 petition to the commission requesting that the commission appoint
10 as initial directors the four persons named in the petition. The
11 commission shall appoint as initial directors the four persons
12 named in the petition.

13 (b) The governing body of the city shall appoint one initial
14 director.

15 (c) The initial directors shall determine by lot which three
16 positions expire June 1, 2021, and which two positions expire June
17 1, 2023.

18 (d) This section expires September 1, 2021.

19 SUBCHAPTER C. POWERS AND DUTIES

20 Sec. 3976.0301. GENERAL POWERS AND DUTIES. The district
21 has the powers and duties necessary to accomplish the purposes for
22 which the district is created.

23 Sec. 3976.0302. IMPROVEMENT PROJECTS AND SERVICES. The
24 district may provide, design, construct, acquire, improve,
25 relocate, operate, maintain, or finance an improvement project or
26 service using money available to the district, or contract with a
27 governmental or private entity to provide, design, construct,

1 acquire, improve, relocate, operate, maintain, or finance an
2 improvement project or service authorized under this chapter or
3 Chapter 375, Local Government Code.

4 Sec. 3976.0303. LOCATION OF IMPROVEMENT PROJECT. A
5 district improvement project may be located inside or outside of
6 the district.

7 Sec. 3976.0304. OWNERSHIP OF IMPROVEMENT PROJECTS. (a)
8 Before a district improvement project may be put into operation,
9 the district must transfer ownership of the project:

10 (1) if the project is a water and sewer improvement
11 project, to the Galveston County Water Control and Improvement
12 District No. 12; or

13 (2) if the project is not described by Subdivision
14 (1), to the city.

15 (b) The transfer of ownership is complete on the applicable
16 entity's acceptance of ownership.

17 Sec. 3976.0305. RETAIL WATER AND SEWER SERVICES PROHIBITED.
18 The district may not provide retail water or sewer services.

19 Sec. 3976.0306. ADDING OR REMOVING TERRITORY. (a) Subject
20 to Subsection (b), the board may add or remove territory as provided
21 by Subchapter J, Chapter 49, Water Code.

22 (b) The district may add territory as described by
23 Subsection (a) only if the governing body of the city by ordinance
24 or resolution consents to the addition.

25 Sec. 3976.0307. NO EMINENT DOMAIN POWER. The district may
26 not exercise the power of eminent domain.

1 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

2 Sec. 3976.0401. DISBURSEMENTS AND TRANSFERS OF MONEY. The
3 board by resolution shall establish the number of directors'
4 signatures and the procedure required for a disbursement or
5 transfer of the district's money.

6 Sec. 3976.0402. MONEY USED FOR IMPROVEMENTS OR SERVICES.
7 The district may acquire, construct, or finance an improvement
8 project or service authorized by this chapter or Chapter 375, Local
9 Government Code, using any money available to the district.

10 Sec. 3976.0403. METHOD OF NOTICE FOR HEARING. The district
11 may mail the notice required by Section 375.115(c), Local
12 Government Code, by certified or first class United States mail.
13 The board shall determine the method of notice.

14 Sec. 3976.0404. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
15 The board by resolution may impose and collect an assessment for any
16 purpose authorized by this chapter in all or any part of the
17 district.

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

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

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

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

4 (c) The lien is effective from the date of the board's
5 resolution imposing the assessment until the date the assessment is
6 paid.

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

11 (e) The district may not impose an assessment on a
12 municipality, county, or other political subdivision.

13 Sec. 3976.0405. NOTICE OF ASSESSMENTS. Annually, the board
14 shall file with the secretary of the city written notice that
15 specifies the assessments the district will impose in the
16 district's next fiscal year in sufficient clarity to describe the
17 assessments for the operation and maintenance of the district and
18 the assessments for the payment of debt service of obligations
19 issued or incurred by the district.

20 SUBCHAPTER E. TAXES AND BONDS

21 Sec. 3976.0501. BONDS AND OTHER OBLIGATIONS. (a) The
22 district may issue, by public or private sale, bonds, notes, or
23 other obligations payable wholly or partly from ad valorem taxes or
24 assessments in the manner provided by Subchapter A, Chapter 372, or
25 Subchapter J, Chapter 375, Local Government Code. Sections
26 375.207(a) and (b), Local Government Code, do not apply to the
27 district.

1 (b) In exercising the district's borrowing power, the
2 district may issue a bond or other obligation in the form of a bond,
3 note, certificate of participation or other instrument evidencing a
4 proportionate interest in payments to be made by the district, or
5 other type of obligation.

6 (c) In addition to the sources of money described by
7 Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local
8 Government Code, district bonds may be secured and made payable
9 wholly or partly by a pledge of any part of the money the district
10 receives from improvement revenue or from any other source.

11 (d) Not later than the 30th day before the date the district
12 holds a bond sale, the district shall provide the governing body of
13 the city written notice of the sale.

14 Sec. 3976.0502. TAXES FOR WATER, WASTEWATER, AND DRAINAGE
15 PURPOSES. Taxes the district imposes for water, wastewater, and
16 drainage facility construction, if any, are for the particular
17 benefit of the area inside the district, do not generally or
18 directly benefit the area inside the Galveston County Water Control
19 and Improvement District No. 12 as a whole, and do not duplicate a
20 tax imposed by the Galveston County Water Control and Improvement
21 District No. 12.

22 SUBCHAPTER F. DISSOLUTION

23 Sec. 3976.0601. DISSOLUTION BY CITY ORDINANCE. (a) The
24 governing body of the city may dissolve the district by ordinance.

25 (b) The governing body of the city may not dissolve the
26 district until water, sanitary, sewer, and drainage improvements
27 and roads have been constructed to serve at least 90 percent of the

1 developable territory of the district.

2 (c) Until the district is dissolved, the district is
3 responsible for all bonds and other obligations of the district.

4 Sec. 3976.0602. COLLECTION OF ASSESSMENTS AND OTHER
5 REVENUE. (a) If the dissolved district has bonds or other
6 obligations outstanding secured by and payable from assessments or
7 other revenue, other than revenue from ad valorem taxes, the city
8 shall succeed to the rights and obligations of the district
9 regarding enforcement and collection of the assessments or other
10 revenue.

11 (b) The city shall have and exercise all district powers to
12 enforce and collect the assessments or other revenue to pay:

13 (1) the bonds or other obligations when due and
14 payable according to their terms; or

15 (2) special revenue or assessment bonds or other
16 obligations issued by the city to refund the outstanding bonds or
17 obligations.

18 Sec. 3976.0603. ASSUMPTION OF ASSETS AND LIABILITIES. (a)
19 After the city dissolves the district, the city assumes, subject to
20 the appropriation and availability of funds, the obligations of the
21 district, including any bonds or other debt payable from
22 assessments or other district revenue.

23 (b) If the city dissolves the district, the board shall
24 transfer ownership of all district property to the city.

25 SUBCHAPTER G. SPECIAL BOND PROVISIONS

26 Sec. 3976.0701. APPLICABILITY. This subchapter applies
27 only to bonds payable wholly or partly from revenue derived from

1 assessments on real property in the district.

2 Sec. 3976.0702. CONFLICT OF LAWS. In the event of a
3 conflict between this subchapter and any other law, this subchapter
4 prevails.

5 Sec. 3976.0703. WRITTEN AGREEMENT REGARDING SPECIAL
6 APPRAISALS. Before the district may issue bonds, the district and
7 any person to whom the board intends that proceeds of the bonds be
8 distributed, including the developer, another owner of land in the
9 district, and any entity acting as a lender to the developer or
10 other landowner for the purpose of a project relating to the
11 district, must enter into a written agreement that:

12 (1) waives for the term of the agreement the right to a
13 special appraisal with respect to taxation by the district under
14 Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

15 (2) remains in effect for 30 years and is binding on
16 the parties, on entities related to or affiliated with the parties,
17 and on their successors and assignees.

18 Sec. 3976.0704. REQUIREMENTS FOR ADVERTISING BOND ISSUE.
19 The district may not advertise for an issuance of bonds until the
20 completion of at least 25 percent of the projected value of the
21 improvements, including houses and other buildings, that are liable
22 for district assessments and necessary to support the district
23 bonds.

24 Sec. 3976.0705. REQUIREMENTS FOR BOND ISSUE. The district
25 may not issue bonds until:

26 (1) the district submits to the commission:

27 (A) an engineer's report describing the project

1 for which the bonds will provide funding, including data, profiles,
2 maps, plans, and specifications related to the project; and

3 (B) a cash flow analysis to determine the
4 projected rate of assessment, which includes the following
5 assumptions:

6 (i) each ending balance for debt service in
7 the analysis is not less than 25 percent of the following year's
8 debt service requirement;

9 (ii) interest income is only shown on the
10 ending balance for debt service for the first two years; and

11 (iii) the projected rate of assessment is
12 level or decreasing for the life of the bonds issued by the
13 district;

14 (2) the completion of at least 75 percent of the
15 projected value of the improvements, including houses and other
16 buildings, that are liable for district assessments and necessary
17 to support the district bonds; and

18 (3) the district has obtained an independent market
19 study from a firm recognized in the area of real estate market
20 analysis supporting the development projects for the real property
21 that is liable for district assessments and necessary to support
22 the district bonds.

23 Sec. 3976.0706. REQUIREMENTS FOR COLLECTION OF REVENUE TO
24 PAY BONDS. The district may not collect an assessment to be used
25 for the payment of bonds until:

26 (1) the completion of at least 95 percent of the
27 underground water, wastewater, and drainage facilities financed

1 from bond proceeds that are necessary to serve the projected
2 build-out, as certified by the district's engineer;

3 (2) the district or other appropriate party has
4 secured the groundwater, surface water, and water discharge permits
5 that are necessary to secure capacity to support the projected
6 build-out;

7 (3) the completion of at least 95 percent of lift
8 station, water plant, and sewage treatment plant capacity
9 sufficient to serve the connections constructed in the project for
10 a period of not less than 18 months, as certified by the district's
11 engineer; and

12 (4) the completion of at least 95 percent of the
13 streets and roads that are necessary to provide access to the areas
14 served by utilities and financed by the proceeds of bonds issued by
15 the district, as certified by the district's engineer and
16 constructed in accordance with municipal or county standards.

17 SECTION 2. The City of Kemah Municipal Management District
18 No. 1 initially includes all the territory contained in the
19 following area:

20 Metes and Bounds Description

21 61.7448 Acres

22 (2,689,603 Square Feet)

23 All that certain 61.7448 acre (2,689,603 square foot) tract
24 of land situated in the Miguel Muldoon 2 League Grant, Abstract
25 Number 18, Galveston County, Texas, and being out of a part of that
26 certain call 93 acre tract described in a deed to Solomen J. Gordy
27 in Volume 485, Page 475, of the Galveston County Deed Records

1 (G.C.D.R.), said 61,7448 acre tract being more particularly
2 described by metes and bounds as follows: (All bearings are based
3 on the Texas State Plane Coordinate System, South Central Zone

4 Commencing at a 5/8 inch iron rod with plastic cap stamped
5 "BENCHMARK ENGR." Set in the recognized southerly line of the said
6 Muldoon 2, League Grant and said 93 acre tract for the southwest
7 corner of that certain call 101.709 acre tract described in a deed
8 to Houston Lighting and Power (H.L.&P.) Company in Volume 1563,
9 Page 669, of the G.C.D.R., same being in the northerly line of a call
10 639.740 acre tract described in a deed to Weems, Kelsey Management
11 Company No. 2 LTD. in Volume 2252, Page 880, of the G.C.D.R., for
12 the southeast corner of the herein described tract;

13 Thence, with the northerly line of said 639.740 acre tract
14 and the southerly line of said 93 acre tract and the herein
15 described tract, South 47 Degrees 33 Minutes 12 Seconds West, a
16 distance of 1175.93 feet to a 5/8 inch iron rod with plastic cap
17 stamped "BENCHMARK ENGR." set for the most southerly southeast
18 corner and Point of Beginning of the herein described tract;

19 Thence, continuing along the northerly line of said 639.740
20 acre tract and southerly line of said 93 acre tract an the herein
21 described tract, South 47 Degrees 33 Minutes 12 Seconds West, at
22 522.87 feet pass a 5/8 inch iron rod with a Texas Department of
23 Transportation (TXDOT) aluminum disk found for the intersection of
24 the southerly line of said 93 acre tract with the northerly
25 right-of-way (R.O.W.) line and point of curvature of State Highway
26 Number 96 (SH96), and continue, in all, a distance of 1145.99 feet
27 to a 5/8 inch iron rod with plastic cap stamp "BENCHMARK ENGR." set

1 in the northerly R.O.W. line of said SH96 for the southwest corner
2 of said 93 acre tract and the herein described tract;

3 Thence, departing at the northerly R.O.W. line of said SH96,
4 and with the westerly line of said 93 acre tract and the herein
5 described tract, North 42 Degrees 25 Minutes 43 Seconds West, a
6 distance for 1501.14 feet to a 5/8 inch iron rod with plastic cap
7 stamped "BENCHMARK ENGR." set for the southwest corner of a call
8 57,1644 acre tract described in a deed to Galveston County, Texas in
9 Galveston County Clerk's File (G.C.C.F.) Number 9041097 and the
10 northwest corner of said 93 acre tract and the herein described
11 tract;

12 Thence, with the southerly line of said 57.1644 acre tract
13 and the northerly line of said 93 acre tract and the herein
14 described tract, North 47 Degrees 34 Minutes 46 Seconds East, at
15 1792.35 feet pass a 1/2 inch iron rod found for the southeast corner
16 of said 57.1644 acre tract and the southwest corner of a call 43.41
17 acre tract described in a partition deed to E.T. Roberts by Susan L.
18 Roberts, et al, in Vol. 269, Page 581, of the G.C.D.R., and continue,
19 in all, a distance of 2677.36 feet to a 5/8 inch iron rod with
20 plastic stamped "BENCHMARK ENGR." Set for the northwest corner of
21 said 10.709 acre tract, same being the southwest corner of a call
22 9.742 acre tract described in a deed to H.L.&P. Company in Volume
23 1587, Page 258, of the G.C.D.R., and the northeast corner of the
24 herein described tract;

25 Thence, through and across said 93 acre tract the following
26 (5) courses:

27 (1) South 29 Degrees 05 Minutes 53 Seconds East, a

1 distance of 753.67 feet to a 5/8 inch iron rod with plastic cap
2 stamped "BENCHMARK ENGR." set in the westerly line of said 10.709
3 acre tract for the most easterly southeast corner;

4 (2) South 60 Degrees 54 Minutes 07 Second West, a
5 distance of 800.09 feet to a 5/8 inch iron rod with plastic cap
6 stamped "BENCHMARK ENGR." set for an interior corner;

7 (3) South 29 Degrees 05 Minutes 53 Seconds East, a
8 distance of 129.82 feet a 5/8 inch iron rod with plastic cap stamped
9 "BENCHMARK ENGR." set for an interior corner;

10 (4) South 52 Degrees 02 Minutes 24 Seconds West, a
11 distance of 483.16 feet to a 5/8 inch iron rod with plastic cap
12 stamped "BENCHMARK ENGR." set for an interior corner;

13 (5) South 37 Degrees 57 Minutes 36 Seconds East, a
14 distance of 865.47 feet to the Point of Beginning and containing
15 61.7448 acres of land.

16 Metes and Bounds Description

17 0.0818 Acres

18 (3562Square Feet)

19 All that certain 0.0818 acre (3562 square foot) tract of land
20 situated in the Rafael Basque Survey, Abstract Number 32, Galveston
21 County, Texas, and being out of a part of that certain call 639.740
22 acre tract described in a deed to Weems & Kelsey Management Company
23 No. 2, LTD. in Volume 2253, Page 880 of the Galveston County Deed
24 Records (G.C.D.R.), said 0.0818 acre tract being more particularly
25 described by metes and bounds as follows: (All bearings are based
26 on the Texas State Plane Coordinate System, South Central Zone)

27 Commencing at a 5/8 inch iron rod with ah "Texas Department of

1 Transportation (TXDOT) aluminum disk found at the intersection of
2 the northerly right-of-way (R.O.W.) line of State Highway 96
3 (SH96), as described in Galveston County Clerk's File (G.C.C.F.)
4 Number 2003036995, with the westerly R.O.W. line of a 100 feet wide
5 Southern Pacific Railroad R.O.W. line, and also being in the
6 easterly line of said 639.74 acre tract and the easterly line of a
7 300 foot wide Houston Lighting and Power (H.L.&P.) Company easement
8 recorded in Volume 1579, Page 594, of the G.C.D.R.;

9 Thence, with the northerly R.O.W. line of said SH96, South 60
10 Degrees 51 Minutes 34 Seconds West, at 300.00 feet pass a 5/8 inch
11 iron rod with plastic cap stamped "BENECHMARK ENGR." set at the
12 intersection of the westerly R.O.W. line of said 300 foot H.L.&P.
13 easement with the northerly R.O.W. line of said SH96, and continue,
14 in all, a distance of 419.45 to a 5/8 inch iron rod with plastic cap
15 stamped "BENCHMARK ENGR." set for the beginning of a curve to the
16 left, and from which a 5/8 inch iron rod with a TXDOT aluminum disk
17 found bears South 81 Degrees 54 Minutes 10 Seconds West, a distance
18 of 0.44 feet;

19 Thence, 1025.66 feet along the arc of said curve to the left
20 having a radius of 6663.37 feet, a central angle of 08 Degrees 49
21 Minutes 09 Seconds, and a chord that bears South 56 Degrees 26
22 Minutes 59 Seconds West, a distance of 1024.65 to a 5/8 inch iron
23 rod with plastic cap stamped "BENECHMARK ENGR." set for the
24 southwest corner and Point of Beginning for the herein described
25 tract;

26 Thence, 521.80 feet continuing along the arc of said curve to
27 the left having a radius of 6663.37 feet, a central angle of 04

1 Degrees 29 Minutes 12 Seconds, and a chord that bears South 49
2 Degrees 47 Minutes 48 Seconds West, a distance of 521,66 feet to a
3 5/8 inch iron rod with a TXDOT aluminum disk found in the northerly
4 line of said 639.740 acre tract, the southerly line of a call 93 acre
5 tract described in a deed to Solomon J. Gardy in Volume 485, Page
6 75, of the G.C.D.R., and the recognized common line of the said
7 Basquez Survey and the Michael Muldon 2 League Grant, Abstract
8 Number 18, for the end of said curve and the west corner of the
9 herein described tract.

10 Thence, with a said common survey line, the northerly line of
11 said 639.740 acre tract and the southerly line of said 93 acre
12 tract, North 47 Degrees 33 Minutes 12 Seconds East, a distance of
13 522.87 feet to a 5/8 inch iron rod with plastic cap stamped
14 "BENECHMARK ENGR." set for the northeast corner of the herein
15 described tract;

16 Thence, through and across said 639.740 acre tract, South 37
17 Degrees 57 Minutes 36 Seconds East, a distance of 20.48 feet to the
18 Point of Beginning.

19 Metes and Bounds Description

20 27.0000 Acres

21 (1,176,121 Square Feet)

22 All that certain 27.0000 acre (1,176,121 square foot) tract
23 of land situated in the Miguel Muldoon 2 League Grant, Abstract
24 Number 18, and the Rafael Basquez Survey, Abstract Number 32, both
25 in Galveston County, Texas, and being out of a part of that certain
26 call 93 acre tract described in a deed to Solomon J. Gordy in Volume
27 485, Page 475, of the Galveston County Deed Records (G.C.D.R.), and

1 further cited in a Special Warranty Deed dated March 5, 2001 and
2 recorded in Galveston County Clerk's File (G.C.C.F.) Number
3 2001010526, said 27.0000 acre tract being more particularly
4 described by metes and bounds as follows: (All bearings are based
5 on the Texas State Plane Coordinate System, South Central Zone)

6 Commencing at a 5/8 inch iron rod with a Texas Department of
7 Transportation (TXDOT) aluminum disk found at the intersection of
8 the north right-of-way (R.O.W.) line of State Highway 96 with the
9 west R.O.W. line of a 100 foot wide Southern Pacific Railroad R.O.W.
10 line, and also being in the east line of that certain call 639.74
11 acre tract described in a deed to Weems & Kelsey Management Company
12 No. 2, LTD. in Volume 2253, Page 880 of the G.C.D.R., and the east
13 line of a 388 foot wide Houston Lighting and Power (H.L.&P.) Company
14 easement recorded in Volume 1579, Page 594, of the G.C.D.R.;

15 Thence, with the north R.O.W. line of said State Highway 96,
16 South 60 Degrees 51 Minutes 34 Seconds West, a distance of 300.00
17 feet to a 5/8 inch iron rod with plastic cap stamped "BENCHMARK
18 ENGR." set in the west R.O.W. line of said 300 foot H.L.&P. easement
19 for the southeast corner and Point of Beginning of the herein
20 described tract;

21 Thence, continuing with the north R.O.W. line of said State
22 Highway 96 and the south line of the herein described tract, South
23 60 Degrees 51 Minutes 34 Seconds West, a distance of 119.45 feet to
24 a 5/8 inch iron rod with plastic cap stamped "BENCHMARK ENGR." set
25 for the beginning of a curve to the left and from which a 5/8 inch
26 rod with a TXDOT aluminum disk found bears South 81 Degrees 54
27 Minutes 10 Seconds West, a distance of 0.44 feet;

1 Thence, 1025.66 feet along the arc of said curve to the left
2 having a radius of 6663.37 feet, a central angle of 08 Degrees 49
3 Minutes 09 Seconds, and a chord that bears South 56 Degrees 26
4 Minutes 59 Seconds West, a distance of 1024.65 feet to a 5/8 inch
5 iron rod with plastic cap stamped "BENCHMARK ENGR." set for the
6 southwest corner of the herein described tract;

7 Thence, departing the north R.O.W. line of said State Highway
8 96, and through and across said 93 acre tract, the following four (4)
9 courses:

10 1) North 37 Degrees 57 Minutes 36 Seconds West, a
11 distance of 885.96 feet to a 5/8 inch iron rod with plastic cap
12 stamped "BENCHMARK ENGR." set for the northwest corner;

13 2) North 52 Degrees 02 Minutes 24 Seconds East, a
14 distance of 483.16 feet to a 5/8 inch iron rod with plastic cap
15 stamped "BENCHMARK ENGR." set for an interior corner;

16 3) North 29 Degrees 05 Minutes 53 Seconds West, a
17 distance of 129.82 feet to 5/8 inch iron rod with plastic cap
18 stamped "BENCHMARK ENGR." set for an interior corner;

19 4) North 60 Degrees 54 Minutes 07 Secnds East, a
20 distance of 800.09 feet to a 5/8 inch iron rod with plastic cap
21 stamped "BENCHMARK ENGR." set in the west line of a call 10.709
22 Houston Power and Light (H.L.&P.) acre fee strip for the northeast
23 corner of the herein described tract;

24 Thence, with the west line of said H.L.&P. Fee strip and the
25 east line of the herein described tract, South 29 Degrees 05 Minutes
26 53 Seconds Eat, at 787.90 feet pass the southwest corner of said
27 10.709 acre tract and the northwest corner of said H.L.&P. 330 foot

1 wide easement and continue, in all, a distance of 1000.00 feet to
2 the Point of Beginning and containing 27.0000 acres of land.

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

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

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

17 (d) All requirements of the constitution and laws of this
18 state and the rules and procedures of the legislature with respect
19 to the notice, introduction, and passage of this Act have been
20 fulfilled and accomplished.

21 SECTION 4. This Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 21, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB4637** by Bonnen, Greg (Relating to the creation of the City of Kemah Municipal Management District No. 1; providing authority to issue bonds and impose assessments, fees, and taxes.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create certain municipal management districts and establish their duties and powers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, SD, AF, GP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 13, 2019

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB4637** by Bonnen, Greg (Relating to the creation of the City of Kemah Municipal Management District No. 1; providing authority to issue bonds and impose assessments, fees, and taxes.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create certain municipal management districts and establish their duties and powers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, AF, GP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 10, 2019

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB4637** by Bonnen, Greg (Relating to the creation of the City of Kemah Municipal Management District No. 1; providing a limited authority of eminent domain; providing authority to issue bonds and impose assessments, fees, and taxes.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create certain municipal management districts and establish their duties and powers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, AF, GP

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Angie Chen Button, Chair, House Committee on Urban Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB4637 by Bonnen, Greg (Relating to the creation of the City of Kemah Municipal Management District No. 1; providing a limited authority of eminent domain; providing authority to issue bonds and impose assessments, fees, and taxes.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create certain municipal management districts and establish their duties and powers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, AF, GP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

TO: Honorable Angie Chen Button, Chair, House Committee on Urban Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB4637 by Bonnen, Greg (Relating to the creation of the City of Kemah Municipal Management District No. 1; providing a limited authority of eminent domain; providing authority to issue bonds and impose assessments, fees, and taxes.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create certain municipal management districts and establish their duties and powers.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, AF, GP