

By: Kolkhorst

S.B. No. 2258

A BILL TO BE ENTITLED

AN ACT

relating to the conversion of the Grand Northwest Municipal Utility District to the Grand Northwest Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.

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

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

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

CHAPTER 3949. GRAND NORTHWEST MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3949.001. DEFINITIONS. In this chapter:

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

(2) "County" means Harris County.

(3) "Director" means a board member.

(4) "District" means the Grand Northwest Municipal Management District.

Sec. 3949.002. NATURE OF DISTRICT; CONVERSION. The Grand Northwest Municipal Management District is a special district created under Section 59, Article XVI, Texas Constitution, as the Grand Northwest Municipal Utility District. The district is

1 converted to a municipal management district known as the Grand
2 Northwest Municipal Management District under the same
3 constitutional authority.

4 Sec. 3949.003. PURPOSE; DECLARATION OF INTENT. (a) The
5 conversion and operation of the district are essential to
6 accomplish the purposes of Sections 52 and 52-a, Article III, and
7 Section 59, Article XVI, Texas Constitution, and other public
8 purposes stated in this chapter. By converting the district to a
9 municipal management district and in authorizing the county and
10 other political subdivisions to contract with the district, the
11 legislature has established a program to accomplish the public
12 purposes set out in Section 52-a, Article III, Texas Constitution.

13 (b) The conversion and operation of the district are
14 necessary to promote, develop, encourage, and maintain employment,
15 commerce, transportation, housing, tourism, recreation, the arts,
16 entertainment, economic development, safety, and the public
17 welfare in the district.

18 (c) This chapter and the conversion or operation of the
19 district may not be interpreted to relieve the county from
20 providing the level of services provided as of the effective date of
21 the Act enacting this chapter to the area in the district. The
22 district is created to supplement and not to supplant county
23 services provided in the district.

24 Sec. 3949.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)
25 The district is converted to a municipal management district to
26 serve a public use and benefit.

27 (b) All land and other property included in the district

1 will benefit from the improvements and services to be provided by
2 the district under powers conferred by Sections 52 and 52-a,
3 Article III, and Section 59, Article XVI, Texas Constitution, and
4 other powers granted under this chapter.

5 (c) The operation of the district is in the public interest
6 and is essential to further the public purposes of:

7 (1) developing and diversifying the economy of the
8 state;

9 (2) eliminating unemployment and underemployment; and

10 (3) developing or expanding transportation and
11 commerce.

12 (d) The district will:

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

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

19 (3) promote the health, safety, welfare, and enjoyment
20 of the public by providing pedestrian ways and by landscaping and
21 developing certain areas in the district, which are necessary for
22 the restoration, preservation, and enhancement of scenic beauty;
23 and

24 (4) provide for water, wastewater, drainage, road, and
25 recreational facilities for the district.

26 (e) Pedestrian ways along or across a street, whether at
27 grade or above or below the surface, and street lighting, street

1 landscaping, parking, and street art objects are parts of and
2 necessary components of a street and are considered to be a street
3 or road improvement.

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

7 Sec. 3949.005. INITIAL DISTRICT TERRITORY. The district is
8 initially composed of the territory of the former Grand Northwest
9 Municipal Utility District as that territory existed on March 1,
10 2017.

11 Sec. 3949.006. APPLICABILITY OF MUNICIPAL MANAGEMENT
12 DISTRICTS LAW. Except as otherwise provided by this chapter,
13 Chapter 375, Local Government Code, applies to the district.

14 Sec. 3949.007. CONSTRUCTION OF CHAPTER. This chapter shall
15 be liberally construed in conformity with the findings and purposes
16 stated in this chapter.

17 SUBCHAPTER B. BOARD OF DIRECTORS

18 Sec. 3949.051. GOVERNING BODY; TERMS. (a) The district is
19 governed by a board of five voting directors who serve staggered
20 terms of four years, with two or three directors' terms expiring May
21 1 of each even-numbered year.

22 (b) The board by resolution may change the number of voting
23 directors on the board only if the board determines that the change
24 is in the best interest of the district. The board may not consist
25 of fewer than 5 or more than 11 voting directors.

26 Sec. 3949.052. APPOINTMENT OF VOTING DIRECTORS. The Texas
27 Commission on Environmental Quality shall appoint voting directors

from persons recommended by the board.

Sec. 3949.053. NONVOTING DIRECTORS. The board may appoint nonvoting directors to serve at the pleasure of the voting directors.

Sec. 3949.054. QUORUM. For purposes of determining the requirements for a quorum of the board, the following are not counted:

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

(2) a director who is abstaining from participation in a vote because of a conflict of interest; or

(3) a nonvoting director.

Sec. 3949.055. COMPENSATION. A director is entitled to receive fees of office and reimbursement for actual expenses as provided by Section 49.060, Water Code. Sections 375.069 and 375.070, Local Government Code, do not apply to the board.

Sec. 3949.056. INITIAL VOTING DIRECTORS ON CONVERSION TO MANAGEMENT DISTRICT. (a) On the conversion of the district to a management district, the initial board consists of the following directors:

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

(b) Of the initial directors, the terms of directors

1 appointed for positions one, two, and three expire May 14, 2018, and
2 the terms of directors appointed for positions four and five expire
3 May 12, 2020.

4 (c) Sections 3949.051 and 3949.052 do not apply to the
5 appointment or terms of directors appointed by Subsection (a). A
6 director appointed to succeed a director appointed by Subsection
7 (a) serves until May 1 of the appropriate year.

8 (d) This section expires September 1, 2020.

9 SUBCHAPTER C. POWERS AND DUTIES

10 Sec. 3949.101. GENERAL POWERS AND DUTIES. The district has
11 the powers and duties necessary to accomplish the purposes
12 described by this chapter.

13 Sec. 3949.102. IMPROVEMENT PROJECTS AND SERVICES. The
14 district may provide, design, construct, acquire, improve,
15 relocate, operate, maintain, or finance an improvement project or
16 service using any money available to the district, or contract with
17 a governmental or private entity to provide, design, construct,
18 acquire, improve, relocate, operate, maintain, or finance an
19 improvement project or service authorized under this chapter or
20 Chapter 375, Local Government Code.

21 Sec. 3949.103. MUNICIPAL UTILITY DISTRICT POWERS AND
22 DUTIES. The district has the powers and duties provided by the
23 general law of this state, including Chapters 49 and 54, Water Code,
24 applicable to municipal utility districts created under Section 59,
25 Article XVI, Texas Constitution.

26 Sec. 3949.104. AGREEMENTS; GRANTS. (a) As provided by
27 Chapter 375, Local Government Code, the district may make an

agreement with or accept a gift, grant, or loan from any person.

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

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

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

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

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

(2) provide district personnel and services.

(c) The district may create economic development programs and exercise the economic development powers provided to municipalities by:

(1) Chapter 380, Local Government Code; and

(2) Subchapter A, Chapter 1509, Government Code.

Sec. 3949.107. PARKING FACILITIES. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the

streets and related appurtenances.

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

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

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

Sec. 3949.108. ANNEXATION OF LAND. The district may annex land as provided by Subchapter J, Chapter 49, Water Code.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

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

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

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

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

5 Sec. 3949.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
6 The board by resolution may impose and collect an assessment for any
7 purpose authorized by this chapter in all or any part of the
8 district.

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

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

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

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

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

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

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

SUBCHAPTER E. TAXES AND BONDS

Sec. 3949.201. 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 3949.203.

(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. 3949.202. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3949.201, 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.

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

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

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

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

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

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

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

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

8 SUBCHAPTER F. DISSOLUTION AND MUNICIPAL ANNEXATION

9 Sec. 3949.251. MUNICIPAL ANNEXATION; DISSOLUTION. (a) The
10 district is a "water or sewer district" under Section 43.071, Local
11 Government Code.

12 (b) Section 43.075, Local Government Code, applies to the
13 district.

14 (c) Section 375.264, Local Government Code, does not apply
15 to the dissolution of the district by a municipality.

16 SECTION 3. The Grand Northwest Municipal Management
17 District retains all rights, powers, privileges, authority,
18 duties, and functions that the Grand Northwest Municipal Utility
19 District had before the effective date of this Act, except as
20 otherwise expressly provided by Chapter 3949, Special District
21 Local Laws Code, as added by this Act.

22 SECTION 4. (a) The legislature validates and confirms all
23 governmental acts and proceedings of the Grand Northwest Municipal
24 Utility District that were taken before the effective date of this
25 Act.

26 (b) This section does not apply to any matter that on the
27 effective date of this Act:

1 (1) is involved in litigation if the litigation
2 ultimately results in the matter being held invalid by a final court
3 judgment; or

4 (2) has been held invalid by a final court judgment.

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

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

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

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

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

27 SECTION 6. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2017.