

1-1 By: Oliverson (Senate Sponsor - Kolthorst) H.B. No. 4283  
 1-2 (In the Senate - Received from the House May 10, 2017;  
 1-3 May 10, 2017, read first time and referred to Committee on  
 1-4 Administration; May 23, 2017, reported favorably by the following  
 1-5 vote: Yeas 7, Nays 0; May 23, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			

1-15 A BILL TO BE ENTITLED  
 1-16 AN ACT

1-17 relating to the conversion of the Grand Northwest Municipal Utility  
 1-18 District to the Grand Northwest Municipal Management District;  
 1-19 providing authority to issue bonds; providing authority to impose  
 1-20 assessments, fees, or taxes.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. The Grand Northwest Municipal Utility District  
 1-23 is converted to the Grand Northwest Municipal Management District  
 1-24 and is governed by Chapter 3949, Special District Local Laws Code,  
 1-25 as added by this Act.

1-26 SECTION 2. Subtitle C, Title 4, Special District Local Laws  
 1-27 Code, is amended by adding Chapter 3949 to read as follows:

1-28 CHAPTER 3949. GRAND NORTHWEST MUNICIPAL MANAGEMENT DISTRICT

1-29 SUBCHAPTER A. GENERAL PROVISIONS

1-30 Sec. 3949.001. DEFINITIONS. In this chapter:

1-31 (1) "Board" means the district's board of directors.

1-32 (2) "County" means Harris County.

1-33 (3) "Director" means a board member.

1-34 (4) "District" means the Grand Northwest Municipal  
 1-35 Management District, formerly the Grand Northwest Municipal  
 1-36 Utility District.

1-37 Sec. 3949.002. NATURE OF DISTRICT; CONVERSION. The Grand  
 1-38 Northwest Municipal Management District is a special district  
 1-39 created under Section 59, Article XVI, Texas Constitution, as the  
 1-40 Grand Northwest Municipal Utility District. The district is  
 1-41 converted to a municipal management district known as the Grand  
 1-42 Northwest Municipal Management District under the same  
 1-43 constitutional authority.

1-44 Sec. 3949.003. PURPOSE; DECLARATION OF INTENT. (a) The  
 1-45 conversion and operation of the district are essential to  
 1-46 accomplish the purposes of Sections 52 and 52-a, Article III, and  
 1-47 Section 59, Article XVI, Texas Constitution, and other public  
 1-48 purposes stated in this chapter. By converting the district to a  
 1-49 municipal management district and in authorizing the county and  
 1-50 other political subdivisions to contract with the district, the  
 1-51 legislature has established a program to accomplish the public  
 1-52 purposes set out in Section 52-a, Article III, Texas Constitution.

1-53 (b) The conversion and operation of the district are  
 1-54 necessary to promote, develop, encourage, and maintain employment,  
 1-55 commerce, transportation, housing, tourism, recreation, the arts,  
 1-56 entertainment, economic development, safety, and the public  
 1-57 welfare in the district.

1-58 (c) This chapter and the conversion or operation of the  
 1-59 district may not be interpreted to relieve the county from  
 1-60 providing the level of services provided as of the effective date of  
 1-61 the Act enacting this chapter to the area in the district. The

2-1 district is created to supplement and not to supplant county  
2-2 services provided in the district.

2-3 Sec. 3949.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a)  
2-4 The district is converted to a municipal management district to  
2-5 serve a public use and benefit.

2-6 (b) All land and other property included in the district  
2-7 will benefit from the improvements and services to be provided by  
2-8 the district under powers conferred by Sections 52 and 52-a,  
2-9 Article III, and Section 59, Article XVI, Texas Constitution, and  
2-10 other powers granted under this chapter.

2-11 (c) The operation of the district is in the public interest  
2-12 and is essential to further the public purposes of:

2-13 (1) developing and diversifying the economy of the  
2-14 state;

2-15 (2) eliminating unemployment and underemployment; and

2-16 (3) developing or expanding transportation and  
2-17 commerce.

2-18 (d) The district will:

2-19 (1) promote the health, safety, and general welfare of  
2-20 residents, employers, potential employees, employees, visitors,  
2-21 and consumers in the district, and of the public;

2-22 (2) provide needed funding for the district to  
2-23 preserve, maintain, and enhance the economic health and vitality of  
2-24 the district territory as a community and business center;

2-25 (3) promote the health, safety, welfare, and enjoyment  
2-26 of the public by providing pedestrian ways and by landscaping and  
2-27 developing certain areas in the district, which are necessary for  
2-28 the restoration, preservation, and enhancement of scenic beauty;  
2-29 and

2-30 (4) provide for water, wastewater, drainage, road, and  
2-31 recreational facilities for the district.

2-32 (e) Pedestrian ways along or across a street, whether at  
2-33 grade or above or below the surface, and street lighting, street  
2-34 landscaping, parking, and street art objects are parts of and  
2-35 necessary components of a street and are considered to be a street  
2-36 or road improvement.

2-37 (f) The district will not act as the agent or  
2-38 instrumentality of any private interest even though the district  
2-39 will benefit many private interests as well as the public.

2-40 Sec. 3949.005. INITIAL DISTRICT TERRITORY. The district is  
2-41 initially composed of the territory of the former Grand Northwest  
2-42 Municipal Utility District as that territory existed on March 1,  
2-43 2017.

2-44 Sec. 3949.006. APPLICABILITY OF MUNICIPAL MANAGEMENT  
2-45 DISTRICTS LAW. Except as otherwise provided by this chapter,  
2-46 Chapter 375, Local Government Code, applies to the district.

2-47 Sec. 3949.007. CONSTRUCTION OF CHAPTER. This chapter shall  
2-48 be liberally construed in conformity with the findings and purposes  
2-49 stated in this chapter.

2-50 SUBCHAPTER B. BOARD OF DIRECTORS

2-51 Sec. 3949.051. GOVERNING BODY; TERMS. (a) The district is  
2-52 governed by a board of five directors elected in the manner provided  
2-53 by Sections 49.102 and 49.103, Water Code.

2-54 (b) Directors serve staggered four-year terms.

2-55 Sec. 3949.052. QUORUM. For purposes of determining the  
2-56 requirements for a quorum of the board, the following are not  
2-57 counted:

2-58 (1) a board position vacant for any reason, including  
2-59 death, resignation, or disqualification; or

2-60 (2) a director who is abstaining from participation in  
2-61 a vote because of a conflict of interest.

2-62 Sec. 3949.053. COMPENSATION. A director is entitled to  
2-63 receive fees of office and reimbursement for actual expenses as  
2-64 provided by Section 49.060, Water Code. Sections 375.069 and  
2-65 375.070, Local Government Code, do not apply to the board.

2-66 Sec. 3949.054. INITIAL DIRECTORS ON CONVERSION TO  
2-67 MANAGEMENT DISTRICT. (a) Notwithstanding Section 3949.051, on the  
2-68 conversion of the district to a management district the initial  
2-69 board consists of the following directors:

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

3-7 (b) Of the initial directors, the terms of directors  
 3-8 appointed for positions one, two, and three expire May 14, 2018, and  
 3-9 the terms of directors appointed for positions four and five expire  
 3-10 May 12, 2020.

3-11 (c) This section expires September 1, 2020.

3-12 SUBCHAPTER C. POWERS AND DUTIES

3-13 Sec. 3949.101. GENERAL POWERS AND DUTIES. The district has  
 3-14 the powers and duties necessary to accomplish the purposes  
 3-15 described by this chapter.

3-16 Sec. 3949.102. IMPROVEMENT PROJECTS AND SERVICES. The  
 3-17 district may provide, design, construct, acquire, improve,  
 3-18 relocate, operate, maintain, or finance an improvement project or  
 3-19 service using any money available to the district, or contract with  
 3-20 a governmental or private entity to provide, design, construct,  
 3-21 acquire, improve, relocate, operate, maintain, or finance an  
 3-22 improvement project or service authorized under this chapter or  
 3-23 Chapter 375, Local Government Code.

3-24 Sec. 3949.103. MUNICIPAL UTILITY DISTRICT POWERS AND  
 3-25 DUTIES. The district has the powers and duties provided by the  
 3-26 general law of this state, including Chapters 49 and 54, Water Code,  
 3-27 applicable to municipal utility districts created under Section 59,  
 3-28 Article XVI, Texas Constitution.

3-29 Sec. 3949.104. AGREEMENTS; GRANTS. (a) As provided by  
 3-30 Chapter 375, Local Government Code, the district may make an  
 3-31 agreement with or accept a gift, grant, or loan from any person.

3-32 (b) The implementation of a project is a governmental  
 3-33 function or service for the purposes of Chapter 791, Government  
 3-34 Code.

3-35 Sec. 3949.105. LAW ENFORCEMENT SERVICES. To protect the  
 3-36 public interest, the district may contract with a qualified party,  
 3-37 including the county, to provide law enforcement services in the  
 3-38 district for a fee.

3-39 Sec. 3949.106. ECONOMIC DEVELOPMENT. (a) The district may  
 3-40 engage in activities that accomplish the economic development  
 3-41 purposes of the district.

3-42 (b) The district may establish and provide for the  
 3-43 administration of one or more programs to promote state or local  
 3-44 economic development and to stimulate business and commercial  
 3-45 activity in the district, including programs to:

- 3-46 (1) make loans and grants of public money; and
- 3-47 (2) provide district personnel and services.

3-48 (c) The district may create economic development programs  
 3-49 and exercise the economic development powers provided to  
 3-50 municipalities by:

- 3-51 (1) Chapter 380, Local Government Code; and
- 3-52 (2) Subchapter A, Chapter 1509, Government Code.

3-53 Sec. 3949.107. PARKING FACILITIES. (a) The district may  
 3-54 acquire, lease as lessor or lessee, construct, develop, own,  
 3-55 operate, and maintain parking facilities or a system of parking  
 3-56 facilities, including lots, garages, parking terminals, or other  
 3-57 structures or accommodations for parking motor vehicles off the  
 3-58 streets and related appurtenances.

3-59 (b) The district's parking facilities serve the public  
 3-60 purposes of the district and are owned, used, and held for a public  
 3-61 purpose even if leased or operated by a private entity for a term of  
 3-62 years.

3-63 (c) The district's parking facilities are parts of and  
 3-64 necessary components of a street and are considered to be a street  
 3-65 or road improvement.

3-66 (d) The development and operation of the district's parking  
 3-67 facilities may be considered an economic development program.

3-68 Sec. 3949.108. ANNEXATION OF LAND. The district may annex  
 3-69 land as provided by Subchapter J, Chapter 49, Water Code.

4-1 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

4-2 Sec. 3949.151. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
 4-3 board by resolution shall establish the number of directors'  
 4-4 signatures and the procedure required for a disbursement or  
 4-5 transfer of district money.

4-6 Sec. 3949.152. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
 4-7 The district may acquire, construct, finance, operate, or maintain  
 4-8 any improvement or service authorized under this chapter or Chapter  
 4-9 375, Local Government Code, using any money available to the  
 4-10 district.

4-11 Sec. 3949.153. PETITION REQUIRED FOR FINANCING SERVICES AND  
 4-12 IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a  
 4-13 service or improvement project with assessments under this chapter  
 4-14 unless a written petition requesting that service or improvement  
 4-15 has been filed with the board.

4-16 (b) A petition filed under Subsection (a) must be signed by  
 4-17 the owners of a majority of the assessed value of real property in  
 4-18 the district subject to assessment according to the most recent  
 4-19 certified tax appraisal roll for the county.

4-20 Sec. 3949.154. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)  
 4-21 The board by resolution may impose and collect an assessment for any  
 4-22 purpose authorized by this chapter in all or any part of the  
 4-23 district.

4-24 (b) An assessment, a reassessment, or an assessment  
 4-25 resulting from an addition to or correction of the assessment roll  
 4-26 by the district, penalties and interest on an assessment or  
 4-27 reassessment, an expense of collection, and reasonable attorney's  
 4-28 fees incurred by the district:

4-29 (1) are a first and prior lien against the property  
 4-30 assessed;

4-31 (2) are superior to any other lien or claim other than  
 4-32 a lien or claim for county, school district, or municipal ad valorem  
 4-33 taxes; and

4-34 (3) are the personal liability of and a charge against  
 4-35 the owners of the property even if the owners are not named in the  
 4-36 assessment proceedings.

4-37 (c) The lien is effective from the date of the board's  
 4-38 resolution imposing the assessment until the date the assessment is  
 4-39 paid. The board may enforce the lien in the same manner that the  
 4-40 board may enforce an ad valorem tax lien against real property.

4-41 (d) The board may make a correction to or deletion from the  
 4-42 assessment roll that does not increase the amount of assessment of  
 4-43 any parcel of land without providing notice and holding a hearing in  
 4-44 the manner required for additional assessments.

4-45 SUBCHAPTER E. TAXES AND BONDS

4-46 Sec. 3949.201. ELECTIONS REGARDING TAXES AND BONDS. (a)  
 4-47 The district may issue, without an election, bonds, notes, and  
 4-48 other obligations secured by:

4-49 (1) revenue other than ad valorem taxes; or

4-50 (2) contract payments described by Section 3949.203.

4-51 (b) The district must hold an election in the manner  
 4-52 provided by Subchapter L, Chapter 375, Local Government Code, to  
 4-53 obtain voter approval before the district may impose an ad valorem  
 4-54 tax or issue bonds payable from ad valorem taxes.

4-55 (c) Section 375.243, Local Government Code, does not apply  
 4-56 to the district.

4-57 (d) All or any part of any facilities or improvements that  
 4-58 may be acquired by a district by the issuance of its bonds may be  
 4-59 submitted as a single proposition or as several propositions to be  
 4-60 voted on at the election.

4-61 Sec. 3949.202. OPERATION AND MAINTENANCE TAX. (a) If  
 4-62 authorized by a majority of the district voters voting at an  
 4-63 election held in accordance with Section 3949.201, the district may  
 4-64 impose an operation and maintenance tax on taxable property in the  
 4-65 district in accordance with Section 49.107, Water Code, for any  
 4-66 district purpose, including to:

4-67 (1) maintain and operate the district;

4-68 (2) construct or acquire improvements; or

4-69 (3) provide a service.

5-1 (b) The board shall determine the tax rate. The rate may not  
5-2 exceed the rate approved at the election.

5-3 (c) Section 49.107(h), Water Code, does not apply to the  
5-4 district.

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

5-11 (b) A contract approved by the district voters may contain a  
5-12 provision stating that the contract may be modified or amended by  
5-13 the board without further voter approval.

5-14 Sec. 3949.204. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS  
5-15 AND OTHER OBLIGATIONS. (a) The district may borrow money on terms  
5-16 determined by the board. Section 375.205, Local Government Code,  
5-17 does not apply to a loan, line of credit, or other borrowing from a  
5-18 bank or financial institution secured by revenue other than ad  
5-19 valorem taxes.

5-20 (b) The district may issue bonds, notes, or other  
5-21 obligations payable wholly or partly from ad valorem taxes,  
5-22 assessments, impact fees, revenue, contract payments, grants, or  
5-23 other district money, or any combination of those sources of money,  
5-24 to pay for any authorized district purpose.

5-25 (c) The limitation on the outstanding principal amount of  
5-26 bonds, notes, and other obligations provided by Section 49.4645,  
5-27 Water Code, does not apply to the district.

5-28 Sec. 3949.205. TAXES FOR BONDS. At the time the district  
5-29 issues bonds payable wholly or partly from ad valorem taxes, the  
5-30 board shall provide for the annual imposition of a continuing  
5-31 direct annual ad valorem tax, without limit as to rate or amount,  
5-32 for each year that all or part of the bonds are outstanding as  
5-33 required and in the manner provided by Sections 54.601 and 54.602,  
5-34 Water Code.

#### 5-35 SUBCHAPTER F. DISSOLUTION AND MUNICIPAL ANNEXATION

5-36 Sec. 3949.251. MUNICIPAL ANNEXATION; DISSOLUTION. (a) The  
5-37 district is a "water or sewer district" under Section 43.071, Local  
5-38 Government Code.

5-39 (b) Section 43.075, Local Government Code, applies to the  
5-40 district.

5-41 (c) Section 375.264, Local Government Code, does not apply  
5-42 to the dissolution of the district by a municipality.

5-43 SECTION 3. The Grand Northwest Municipal Management  
5-44 District retains all rights, powers, privileges, authority,  
5-45 duties, and functions that the Grand Northwest Municipal Utility  
5-46 District had before the effective date of this Act, except as  
5-47 otherwise expressly provided by Chapter 3949, Special District  
5-48 Local Laws Code, as added by this Act.

5-49 SECTION 4. (a) The legislature validates and confirms all  
5-50 governmental acts and proceedings of the Grand Northwest Municipal  
5-51 Utility District that were taken before the effective date of this  
5-52 Act.

5-53 (b) This section does not apply to any matter that on the  
5-54 effective date of this Act:

5-55 (1) is involved in litigation if the litigation  
5-56 ultimately results in the matter being held invalid by a final court  
5-57 judgment; or

5-58 (2) has been held invalid by a final court judgment.

5-59 SECTION 5. (a) The legal notice of the intention to  
5-60 introduce this Act, setting forth the general substance of this  
5-61 Act, has been published as provided by law, and the notice and a  
5-62 copy of this Act have been furnished to all persons, agencies,  
5-63 officials, or entities to which they are required to be furnished  
5-64 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
5-65 Government Code.

5-66 (b) The governor, one of the required recipients, has  
5-67 submitted the notice and Act to the Texas Commission on  
5-68 Environmental Quality.

5-69 (c) The Texas Commission on Environmental Quality has filed

6-1 its recommendations relating to this Act with the governor,  
6-2 lieutenant governor, and speaker of the house of representatives  
6-3 within the required time.

6-4 (d) The general law relating to consent by political  
6-5 subdivisions to the creation of districts with conservation,  
6-6 reclamation, and road powers and the inclusion of land in those  
6-7 districts has been complied with.

6-8 (e) All requirements of the constitution and laws of this  
6-9 state and the rules and procedures of the legislature with respect  
6-10 to the notice, introduction, and passage of this Act have been  
6-11 fulfilled and accomplished.

6-12 SECTION 6. This Act takes effect immediately if it receives  
6-13 a vote of two-thirds of all the members elected to each house, as  
6-14 provided by Section 39, Article III, Texas Constitution. If this  
6-15 Act does not receive the vote necessary for immediate effect, this  
6-16 Act takes effect September 1, 2017.

6-17

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