

1-1 By: Creighton S.B. No. 2274  
 1-2 (In the Senate - Filed April 12, 2017; April 18, 2017, read  
 1-3 first time and referred to Committee on Intergovernmental  
 1-4 Relations; May 3, 2017, reported adversely, with favorable  
 1-5 Committee Substitute by the following vote: Yeas 6, Nays 0;  
 1-6 May 3, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Lucio	X			
1-9 Bettencourt	X			
1-10 Campbell			X	
1-11 Garcia	X			
1-12 Huffines	X			
1-13 Menéndez	X			
1-14 Taylor of Collin	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 2274 By: Garcia

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

1-19 relating to the creation of the Lakewood Municipal Utility District  
 1-20 No. 1; granting a limited power of eminent domain; providing  
 1-21 authority to issue bonds; providing authority to impose  
 1-22 assessments, fees, and taxes.

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

1-24 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
 1-25 Code, is amended by adding Chapter 7992 to read as follows:

1-26 CHAPTER 7992. LAKEWOOD MUNICIPAL UTILITY DISTRICT NO. 1

1-27 SUBCHAPTER A. GENERAL PROVISIONS

1-28 Sec. 7992.001. DEFINITIONS. In this chapter:

1-29 (1) "Board" means the district's board of directors.

1-30 (2) "Commission" means the Texas Commission on  
 1-31 Environmental Quality.

1-32 (3) "Director" means a board member.

1-33 (4) "District" means the Lakewood Municipal Utility  
 1-34 District No. 1.

1-35 Sec. 7992.002. NATURE OF DISTRICT. The district is a  
 1-36 municipal utility district created under Section 59, Article XVI,  
 1-37 Texas Constitution.

1-38 Sec. 7992.003. CONFIRMATION AND DIRECTORS' ELECTION  
 1-39 REQUIRED. The temporary directors shall hold an election to  
 1-40 confirm the creation of the district and to elect five permanent  
 1-41 directors as provided by Section 49.102, Water Code.

1-42 Sec. 7992.004. CONSENT OF MUNICIPALITY REQUIRED. The  
 1-43 temporary directors may not hold an election under Section 7992.003  
 1-44 until each municipality in whose corporate limits or  
 1-45 extraterritorial jurisdiction the district is located has  
 1-46 consented by ordinance or resolution to the creation of the  
 1-47 district and to the inclusion of land in the district.

1-48 Sec. 7992.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

1-49 (a) The district is created to serve a public purpose and benefit.

1-50 (b) The district is created to accomplish the purposes of:

1-51 (1) a municipal utility district as provided by  
 1-52 general law and Section 59, Article XVI, Texas Constitution; and

1-53 (2) Section 52, Article III, Texas Constitution, that  
 1-54 relate to the construction, acquisition, improvement, operation,  
 1-55 or maintenance of macadamized, graveled, or paved roads, or  
 1-56 improvements, including storm drainage, in aid of those roads.

1-57 Sec. 7992.006. INITIAL DISTRICT TERRITORY. (a) The  
 1-58 district is initially composed of the territory described by  
 1-59 Section 2 of the Act enacting this chapter.

1-60 (b) The boundaries and field notes contained in Section 2 of

2-1 the Act enacting this chapter form a closure. A mistake made in the  
2-2 field notes or in copying the field notes in the legislative process  
2-3 does not affect the district's:

- 2-4 (1) organization, existence, or validity;
- 2-5 (2) right to issue any type of bond for the purposes  
2-6 for which the district is created or to pay the principal of and  
2-7 interest on a bond;
- 2-8 (3) right to impose a tax; or
- 2-9 (4) legality or operation.

2-10 SUBCHAPTER B. BOARD OF DIRECTORS

2-11 Sec. 7992.051. GOVERNING BODY; TERMS. (a) The district is  
2-12 governed by a board of five elected directors.

2-13 (b) Except as provided by Section 7992.052, directors serve  
2-14 staggered four-year terms.

2-15 Sec. 7992.052. TEMPORARY DIRECTORS. (a) On or after  
2-16 September 1, 2017, the owner or owners of a majority of the assessed  
2-17 value of the real property in the district may submit a petition to  
2-18 the commission requesting that the commission appoint as temporary  
2-19 directors the five persons named in the petition. The commission  
2-20 shall appoint as temporary directors the five persons named in the  
2-21 petition.

2-22 (b) Temporary directors serve until the earlier of:

- 2-23 (1) the date permanent directors are elected under  
2-24 Section 7992.003; or
- 2-25 (2) September 1, 2021.

2-26 (c) If permanent directors have not been elected under  
2-27 Section 7992.003 and the terms of the temporary directors have  
2-28 expired, successor temporary directors shall be appointed or  
2-29 reappointed as provided by Subsection (d) to serve terms that  
2-30 expire on the earlier of:

- 2-31 (1) the date permanent directors are elected under  
2-32 Section 7992.003; or
- 2-33 (2) the fourth anniversary of the date of the  
2-34 appointment or reappointment.

2-35 (d) If Subsection (c) applies, the owner or owners of a  
2-36 majority of the assessed value of the real property in the district  
2-37 may submit a petition to the commission requesting that the  
2-38 commission appoint as successor temporary directors the five  
2-39 persons named in the petition. The commission shall appoint as  
2-40 successor temporary directors the five persons named in the  
2-41 petition.

2-42 SUBCHAPTER C. POWERS AND DUTIES

2-43 Sec. 7992.101. GENERAL POWERS AND DUTIES. The district has  
2-44 the powers and duties necessary to accomplish the purposes for  
2-45 which the district is created.

2-46 Sec. 7992.102. MUNICIPAL UTILITY DISTRICT POWERS AND  
2-47 DUTIES. The district has the powers and duties provided by the  
2-48 general law of this state, including Chapters 49 and 54, Water Code,  
2-49 applicable to municipal utility districts created under Section 59,  
2-50 Article XVI, Texas Constitution.

2-51 Sec. 7992.103. AUTHORITY FOR ROAD PROJECTS. Under Section  
2-52 52, Article III, Texas Constitution, the district may design,  
2-53 acquire, construct, finance, issue bonds for, improve, operate,  
2-54 maintain, and convey to this state, a county, or a municipality for  
2-55 operation and maintenance macadamized, graveled, or paved roads, or  
2-56 improvements, including storm drainage, in aid of those roads.

2-57 Sec. 7992.104. ROAD STANDARDS AND REQUIREMENTS. (a) A  
2-58 road project must meet all applicable construction standards,  
2-59 zoning and subdivision requirements, and regulations of each  
2-60 municipality in whose corporate limits or extraterritorial  
2-61 jurisdiction the road project is located.

2-62 (b) If a road project is not located in the corporate limits  
2-63 or extraterritorial jurisdiction of a municipality, the road  
2-64 project must meet all applicable construction standards,  
2-65 subdivision requirements, and regulations of each county in which  
2-66 the road project is located.

2-67 (c) If the state will maintain and operate the road, the  
2-68 Texas Transportation Commission must approve the plans and  
2-69 specifications of the road project.

3-1 Sec. 7992.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE  
3-2 OR RESOLUTION. The district shall comply with all applicable  
3-3 requirements of any ordinance or resolution that is adopted under  
3-4 Section 54.016 or 54.0165, Water Code, and that consents to the  
3-5 creation of the district or to the inclusion of land in the  
3-6 district.

3-7 Sec. 7992.106. DIVISION OF DISTRICT. (a) The district may  
3-8 be divided into two or more districts only if:

- 3-9 (1) the district has no outstanding bonded debt;
- 3-10 (2) the district is not imposing ad valorem taxes; and
- 3-11 (3) the requirements of Subsection (i), as applicable,  
3-12 are satisfied.

3-13 (b) This chapter applies to any new district created by the  
3-14 division of the district, and a new district has all the powers and  
3-15 duties of the district.

3-16 (c) A new district created by the division of the district  
3-17 may not, at the time the new district is created, contain any land  
3-18 outside the area described by Section 2 of the Act enacting this  
3-19 chapter.

3-20 (d) The board, on its own motion or on receipt of a petition  
3-21 signed by the owner or owners of a majority of the assessed value of  
3-22 the real property in the district, may adopt an order dividing the  
3-23 district.

3-24 (e) The board may adopt an order dividing the district  
3-25 before or after the date the board holds an election under Section  
3-26 7992.003 to confirm the district's creation.

3-27 (f) An order dividing the district shall:  
3-28 (1) name the new district;  
3-29 (2) include the metes and bounds of each new district;  
3-30 (3) appoint temporary directors for each new district;

3-31 and  
3-32 (4) provide for the division of assets and liabilities  
3-33 between the district and each new district.

3-34 (g) On or before the 30th day after the date of adoption of  
3-35 an order dividing the district, the district shall file the order  
3-36 with the commission and record the order in the real property  
3-37 records of each county in which the district is located.

3-38 (h) A new district created by the division of the district  
3-39 shall hold a confirmation and directors' election as required by  
3-40 Section 7992.003.

3-41 (i) If the district is located wholly or partly in the  
3-42 corporate limits or the extraterritorial jurisdiction of a  
3-43 municipality, the district may not divide under this section unless  
3-44 the municipality by resolution or ordinance consents to the  
3-45 division of the district. If the district is not located wholly or  
3-46 partly in the corporate limits or extraterritorial jurisdiction of  
3-47 a municipality, the district may not divide under this section  
3-48 unless the commissioners court of each county in which the district  
3-49 is wholly or partly located first adopts a resolution or order in  
3-50 support of the division of the district.

3-51 (j) Any new district created by the division of the district  
3-52 must hold an election as required by this chapter to obtain voter  
3-53 approval before the district may impose a maintenance tax or issue  
3-54 bonds payable wholly or partly from ad valorem taxes.

3-55 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

3-56 Sec. 7992.151. ELECTIONS REGARDING TAXES OR BONDS.

3-57 (a) The district may issue, without an election, bonds and other  
3-58 obligations secured by revenue other than ad valorem taxes.

3-59 (b) The district must hold an election in the manner  
3-60 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
3-61 before the district may impose an ad valorem tax or issue bonds  
3-62 payable from ad valorem taxes.

3-63 (c) The district may not issue bonds payable from ad valorem  
3-64 taxes to finance a road project unless the issuance is approved by a  
3-65 vote of a two-thirds majority of the district voters voting at an  
3-66 election held for that purpose.

3-67 Sec. 7992.152. OPERATION AND MAINTENANCE TAX. (a) If  
3-68 authorized at an election held under Section 7992.151, the district  
3-69 may impose an operation and maintenance tax on taxable property in

4-1 the district in accordance with Section 49.107, Water Code.

4-2 (b) The board shall determine the tax rate. The rate may not  
4-3 exceed the rate approved at the election.

4-4 Sec. 7992.153. WATER AND SEWER RATES. Notwithstanding any  
4-5 other law, the district shall establish the same rates for  
4-6 residential and commercial classes of customers for the provision  
4-7 of water and sewer services. For purposes of this section, the  
4-8 commercial class may not include apartment complexes or other  
4-9 multifamily dwellings.

4-10 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

4-11 Sec. 7992.201. AUTHORITY TO ISSUE BONDS AND OTHER  
4-12 OBLIGATIONS. The district may issue bonds or other obligations  
4-13 payable wholly or partly from ad valorem taxes, impact fees,  
4-14 revenue, contract payments, grants, or other district money, or any  
4-15 combination of those sources, to pay for any authorized district  
4-16 purpose.

4-17 Sec. 7992.202. TAXES FOR BONDS. At the time the district  
4-18 issues bonds payable wholly or partly from ad valorem taxes, the  
4-19 board shall provide for the annual imposition of a continuing  
4-20 direct ad valorem tax, without limit as to rate or amount, while all  
4-21 or part of the bonds are outstanding as required and in the manner  
4-22 provided by Sections 54.601 and 54.602, Water Code.

4-23 Sec. 7992.203. BONDS FOR ROAD PROJECTS. At the time of  
4-24 issuance, the total principal amount of bonds or other obligations  
4-25 issued or incurred to finance road projects and payable from ad  
4-26 valorem taxes may not exceed one-fourth of the assessed value of the  
4-27 real property in the district.

4-28 SECTION 2. The Lakewood Municipal Utility District No. 1  
4-29 initially includes all the territory contained in the following  
4-30 area:

4-31 All bearings, distance and acreages are grid and are  
4-32 referenced to the State Plane Coordinate System, Texas South  
4-33 Central Zone, NAD83, U. S. survey feet. Mapping angle is +01°54'04"  
4-34 and the scale factor is 0.999915022.

4-35 BEGINNING at a 1/2 inch iron rod found in the north line of said  
4-36 Humphrey Jackson Survey, Abstract 37 and the south line of said  
4-37 William Wilson Survey, Abstract 838, in the west line of said  
4-38 1942.08 acre tract and in the east line of the San Jacinto River  
4-39 Authority East Canal, and the east line of a called 589.27 acre  
4-40 tract known as Lake Houston, recorded in Volume 1458, Page 1, Deed  
4-41 Records of Harris County, Texas. Said 1/2 inch iron rod has a State  
4-42 Plane coordinate value of N: 13902618.77 and E: 3196709.93.

4-43 THENCE N 24° 23' 35" W along an east line of said San Jacinto River  
4-44 Authority East Canal and a west line of this tract, a distance of  
4-45 375.95 feet to a 1" iron pipe found.

4-46 THENCE continuing along an east line of said San Jacinto River  
4-47 Authority East Canal and a west line of this tract, with the arc of a  
4-48 curve to the right having a radius of 174.87 feet and a central  
4-49 angle of 37° 53' 54", a distance of 115.67 feet to a 1 1/4" iron pipe  
4-50 found.

4-51 THENCE N 14° 24' 42" E continuing along an east line of said San  
4-52 Jacinto River Authority East Canal and a west line of this tract, a  
4-53 distance of 74.82 feet to a 1 1/4" iron pipe found.

4-54 THENCE continuing along an east line of said San Jacinto River  
4-55 Authority East Canal and a west line of this tract, with the arc of a  
4-56 curve to the right having a radius of 661.43 feet and a central  
4-57 angle of 07° 01' 58", a distance of 81.19 feet to a 1 1/4" iron pipe  
4-58 found.

4-59 THENCE N 12°17' 19" E continuing along the east line of said San  
4-60 Jacinto River Authority East Canal and a west line of this tract, a  
4-61 distance of 436.82 feet to a 5/8" iron rod found at a northeast  
4-62 corner of said San Jacinto River Authority East Canal, in the south  
4-63 line of a called 39.88 acre tract recorded in File No. T525349, Deed  
4-64 Records of Harris County, Texas and at an interior corner of this  
4-65 tract, from which a 1 1/4" iron pipe found in a north line of said  
4-66 San Jacinto River Authority East Canal tract and the south line of  
4-67 said called 39.88 acre tract bears N 77° 36' 49" W, a distance of  
4-68 621.39 feet.

4-69 THENCE S 77° 42' 29" E with the south line of said called 39.88 acre

5-1 tract and a north line of this tract, a distance of 294.05 feet to a  
5-2 5/8" iron rod found at the southeast corner of said called 39.88  
5-3 acre tract.  
5-4 THENCE N 09° 46' 40" E with the east line of said called 39.88 acre  
5-5 tract and a west line of this tract, a distance of 950.00 feet to a  
5-6 1/2" iron rod found.  
5-7 THENCE N 10° 53' 20" W continuing with the east line of said called  
5-8 39.88 acre tract, and the west line of this tract, a distance of  
5-9 394.97 feet to a 1/2" iron rod found at the northeast corner of said  
5-10 called 39.88 acre tract.  
5-11 THENCE N 80°21' 03" W with the north line of said called 39.88 acre  
5-12 tract and a south line of this tract, a distance of 1,359.57 feet to  
5-13 a point in an east line of said called 589.27 acre tract (Lake  
5-14 Houston) and a west line of this tract. Volume 1458, Page 1  
5-15 describes this point as being the waterline of the proposed  
5-16 reservoir when at normal pool level at elevation 44.5 feet above  
5-17 mean sea level.  
5-18 THENCE with the west line of this tract and an east line of said  
5-19 called 589.27 acre tract (Lake Houston), the following bearings and  
5-20 distances:  
5-21 N 30° 53' 29" E 376.74 feet  
5-22 N 21° 32' 39" E 300.00 feet  
5-23 N 06° 45' 39" E 864.00 feet  
5-24 N 19° 56' 19" W 882.88 feet  
5-25 N 07° 44' 21" W 184.00 feet  
5-26 THENCE N 52° 28' 21" W continuing with the west line of this tract  
5-27 and the east line of said called 589.27 acre tract (Lake Houston),  
5-28 a distance of 508.00 feet to a point from which a 12"x12" concrete  
5-29 monument found with Aluminum Disc marked "Corp of Engineers U.S.  
5-30 Boundary Mark SL-1 Y1977" bears N 25° 14' 05" W a distance of 59.32  
5-31 feet. Said concrete monument has a State Plane coordinate value of  
5-32 N: 13907978.68 and E: 3195354.41  
5-33 THENCE continuing with the west line of this tract and an east line  
5-34 of said called 589.27 acre tract (Lake Houston), the following  
5-35 bearings and distances:  
5-36 N 65° 40' 21" W 422.00 feet  
5-37 N 80° 22' 21" W 300.00 feet  
5-38 N 62° 47' 53" W 641.05 feet  
5-39 N 60° 37' 21" W 600.00 feet  
5-40 N 88° 15' 21" W 540.00 feet  
5-41 S 84° 47' 39" W 568.00 feet  
5-42 S 69° 42' 54" W 633.02 feet  
5-43 S 83° 28' 39" W 332.00 feet  
5-44 N 77° 42' 21" W 270.00 feet  
5-45 N 13° 14' 21" W 739.00 feet  
5-46 N 28° 22' 21" W 402.00 feet  
5-47 THENCE N 21° 29' 39" E continuing with the west line of this tract  
5-48 and an east line of said called 589.27 acre tract (Lake Houston),  
5-49 a distance of 394.76 feet to a point in the south line of Lake Shadows  
5-50 Section Four, a subdivision recorded in File No. D620201, Map  
5-51 Records of Harris County, Texas, and at the northwest corner of this  
5-52 tract.  
5-53 THENCE N 86 32' 15" E with the south line of said Lake Shadows  
5-54 Section Four and the north line of this tract, at a distance of  
5-55 204.97 feet pass a 1/2" iron rod found, and continuing a total  
5-56 distance of 689.12 feet to a point in a concrete slab at the  
5-57 southeast corner of said Lake Shadows Section Four, the southwest  
5-58 corner of a called 447.0498 acre tract recorded in File  
5-59 No. D759681, Deed Records of Harris County, Texas, and an interior  
5-60 corner of this tract from which a 1/2 " iron rod with cap marked  
5-61 "SHINE 5502" set for reference bears S 04° 44' 22" W a distance of  
5-62 1.88 feet, a 1" iron pipe found bears N 79° 27' 48" E a distance of  
5-63 101.22 feet, and a 1/2" iron rod found in the east line of said Lake  
5-64 Shadows Section Four bears  
5-65 N 33° 33' 38" E a distance of 254.84 feet.  
5-66 THENCE N 86° 43' 31" E (Called N 86° 47' 57" E) with the south line of  
5-67 said called 447.0498 acre tract and a north line of this tract, a  
5-68 distance of 6,718.76 feet to a point at the northeast corner of this  
5-69 tract.

6-1 THENCE S 01° 36' 18" E across said 1942.08 acre tract, a distance of  
6-2 7,695.76 feet to a point in the south line of said Abstract 838, and  
6-3 the north line of the Humphrey Jackson Survey, Abstract 37.

6-4 THENCE S 88° 23' 54" W with the south line of said Abstract 838, and  
6-5 the north line of said Abstract 37, a distance of 2000.00 feet to  
6-6 the PLACE OF BEGINNING, containing 602.65 acres of land.

6-7 SECTION 3. (a) The legal notice of the intention to  
6-8 introduce this Act, setting forth the general substance of this  
6-9 Act, has been published as provided by law, and the notice and a  
6-10 copy of this Act have been furnished to all persons, agencies,  
6-11 officials, or entities to which they are required to be furnished  
6-12 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
6-13 Government Code.

6-14 (b) The governor, one of the required recipients, has  
6-15 submitted the notice and Act to the Texas Commission on  
6-16 Environmental Quality.

6-17 (c) The Texas Commission on Environmental Quality has filed  
6-18 its recommendations relating to this Act with the governor, the  
6-19 lieutenant governor, and the speaker of the house of  
6-20 representatives within the required time.

6-21 (d) All requirements of the constitution and laws of this  
6-22 state and the rules and procedures of the legislature with respect  
6-23 to the notice, introduction, and passage of this Act are fulfilled  
6-24 and accomplished.

6-25 SECTION 4. (a) If this Act does not receive a two-thirds  
6-26 vote of all the members elected to each house, Subchapter C, Chapter  
6-27 7992, Special District Local Laws Code, as added by Section 1 of  
6-28 this Act, is amended by adding Section 7992.107 to read as follows:

6-29 Sec. 7992.107. NO EMINENT DOMAIN POWER. The district may  
6-30 not exercise the power of eminent domain.

6-31 (b) This section is not intended to be an expression of a  
6-32 legislative interpretation of the requirements of Section 17(c),  
6-33 Article I, Texas Constitution.

6-34 SECTION 5. This Act takes effect September 1, 2017.

6-35 \* \* \* \* \*