

1-1 By: Smith (Senate Sponsor - Fallon) H.B. No. 4709  
1-2 (In the Senate - Received from the House May 6, 2019;  
1-3 May 6, 2019, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 20, 2019, reported favorably by  
1-5 the following vote: Yeas 7, Nays 0; May 20, 2019, 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 creation of the Grayson County Municipal Utility  
1-18 District No. 1; granting a limited power of eminent domain;  
1-19 providing authority to issue bonds; providing authority to impose  
1-20 assessments, fees, and taxes.

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

1-22 SECTION 1. Subtitle F, Title 6, Special District Local Laws  
1-23 Code, is amended by adding Chapter 8041 to read as follows:

1-24 CHAPTER 8041. GRAYSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

1-25 SUBCHAPTER A. GENERAL PROVISIONS

1-26 Sec. 8041.0101. DEFINITIONS. In this chapter:

1-27 (1) "Board" means the district's board of directors.

1-28 (2) "City" means the City of Gunter, Texas.

1-29 (3) "Commission" means the Texas Commission on  
1-30 Environmental Quality.

1-31 (4) "Director" means a board member.

1-32 (5) "District" means the Grayson County Municipal  
1-33 Utility District No. 1.

1-34 Sec. 8041.0102. NATURE OF DISTRICT. The district is a  
1-35 municipal utility district created under Section 59, Article XVI,  
1-36 Texas Constitution.

1-37 Sec. 8041.0103. CONFIRMATION AND DIRECTOR ELECTION  
1-38 REQUIRED. The temporary directors shall hold an election to  
1-39 confirm the creation of the district and to elect five permanent  
1-40 directors as provided by Section 49.102, Water Code.

1-41 Sec. 8041.0104. CONSENT OF MUNICIPALITY REQUIRED. The  
1-42 temporary directors may not hold an election under Section  
1-43 8041.0103 until each municipality in whose corporate limits or  
1-44 extraterritorial jurisdiction the district is located has  
1-45 consented by ordinance or resolution to the creation of the  
1-46 district and to the inclusion of land in the district.

1-47 Sec. 8041.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

1-48 (a) The district is created to serve a public purpose and benefit.

1-49 (b) The district is created to accomplish the purposes of:

1-50 (1) a municipal utility district as provided by  
1-51 general law and Section 59, Article XVI, Texas Constitution; and

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

1-56 Sec. 8041.0106. INITIAL DISTRICT TERRITORY. (a) The  
1-57 district is initially composed of the territory described by  
1-58 Section 2 of the Act enacting this chapter.

1-59 (b) The boundaries and field notes contained in Section 2 of  
1-60 the Act enacting this chapter form a closure. A mistake made in the  
1-61 field notes or in copying the field notes in the legislative process

2-1 does not affect the district's:

2-2 (1) organization, existence, or validity;

2-3 (2) right to issue any type of bond for the purposes  
 2-4 for which the district is created or to pay the principal of and  
 2-5 interest on a bond;

2-6 (3) right to impose a tax; or

2-7 (4) legality or operation.

2-8 Sec. 8041.0107. EFFECT OF ANNEXATION. Notwithstanding any  
 2-9 other law, if all of the territory of the district is annexed by the  
 2-10 city into the city's corporate limits, the district:

2-11 (1) retains all of the district's outstanding debt and  
 2-12 obligations; and

2-13 (2) is not dissolved.

2-14 SUBCHAPTER B. BOARD OF DIRECTORS

2-15 Sec. 8041.0201. GOVERNING BODY; TERMS. (a) The district is  
 2-16 governed by a board of five elected directors.

2-17 (b) Except as provided by Section 8041.0202, directors  
 2-18 serve staggered four-year terms.

2-19 Sec. 8041.0202. TEMPORARY DIRECTORS. (a) On or after  
 2-20 September 1, 2019, the owner or owners of a majority of the assessed  
 2-21 value of the real property in the district may submit a petition to  
 2-22 the commission requesting that the commission appoint as temporary  
 2-23 directors the five persons named in the petition. The commission  
 2-24 shall appoint as temporary directors the five persons named in the  
 2-25 petition.

2-26 (b) Temporary directors serve until the earlier of:

2-27 (1) the date permanent directors are elected under  
 2-28 Section 8041.0103; or

2-29 (2) September 1, 2023.

2-30 (c) If permanent directors have not been elected under  
 2-31 Section 8041.0103 and the terms of the temporary directors have  
 2-32 expired, successor temporary directors shall be appointed or  
 2-33 reappointed as provided by Subsection (d) to serve terms that  
 2-34 expire on the earlier of:

2-35 (1) the date permanent directors are elected under  
 2-36 Section 8041.0103; or

2-37 (2) the fourth anniversary of the date of the  
 2-38 appointment or reappointment.

2-39 (d) If Subsection (c) applies, the owner or owners of a  
 2-40 majority of the assessed value of the real property in the district  
 2-41 may submit a petition to the commission requesting that the  
 2-42 commission appoint as successor temporary directors the five  
 2-43 persons named in the petition. The commission shall appoint as  
 2-44 successor temporary directors the five persons named in the  
 2-45 petition.

2-46 SUBCHAPTER C. POWERS AND DUTIES

2-47 Sec. 8041.0301. GENERAL POWERS AND DUTIES. The district  
 2-48 has the powers and duties necessary to accomplish the purposes for  
 2-49 which the district is created.

2-50 Sec. 8041.0302. MUNICIPAL UTILITY DISTRICT POWERS AND  
 2-51 DUTIES. (a) The district has the powers and duties provided by the  
 2-52 general law of this state, including Chapters 49 and 54, Water Code,  
 2-53 applicable to municipal utility districts created under Section 59,  
 2-54 Article XVI, Texas Constitution.

2-55 (b) Notwithstanding Subsection (a), the district may not  
 2-56 act as a retail provider of water or wastewater service.

2-57 (c) The district shall make the district's water and  
 2-58 wastewater facilities available to an entity holding the applicable  
 2-59 certificate of public convenience and necessity.

2-60 Sec. 8041.0303. AUTHORITY FOR ROAD PROJECTS. Under Section  
 2-61 52, Article III, Texas Constitution, the district may design,  
 2-62 acquire, construct, finance, issue bonds for, improve, operate,  
 2-63 maintain, and convey to this state, a county, or a municipality for  
 2-64 operation and maintenance macadamized, graveled, or paved roads, or  
 2-65 improvements, including storm drainage, in aid of those roads.

2-66 Sec. 8041.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A  
 2-67 road project must meet all applicable construction standards,  
 2-68 zoning and subdivision requirements, and regulations of each  
 2-69 municipality in whose corporate limits or extraterritorial

3-1 jurisdiction the road project is located.

3-2 (b) If a road project is not located in the corporate limits  
 3-3 or extraterritorial jurisdiction of a municipality, the road  
 3-4 project must meet all applicable construction standards,  
 3-5 subdivision requirements, and regulations of each county in which  
 3-6 the road project is located.

3-7 (c) If the state will maintain and operate the road, the  
 3-8 Texas Transportation Commission must approve the plans and  
 3-9 specifications of the road project.

3-10 Sec. 8041.0305. COMPLIANCE WITH MUNICIPAL CONSENT  
 3-11 ORDINANCE OR RESOLUTION. The district shall comply with all  
 3-12 applicable requirements of any ordinance or resolution that is  
 3-13 adopted under Section 54.016 or 54.0165, Water Code, and that  
 3-14 consents to the creation of the district or to the inclusion of land  
 3-15 in the district.

3-16 Sec. 8041.0306. DIVISION OF DISTRICT. (a) The district may  
 3-17 be divided into two or more new districts only if the district:

3-18 (1) has no outstanding bonded debt; and

3-19 (2) is not imposing ad valorem taxes.

3-20 (b) This chapter applies to any new district created by the  
 3-21 division of the district, and a new district has all the powers and  
 3-22 duties of the district.

3-23 (c) Any new district created by the division of the district  
 3-24 may not, at the time the new district is created, contain any land  
 3-25 outside the area described by Section 2 of the Act enacting this  
 3-26 chapter.

3-27 (d) The board, on its own motion or on receipt of a petition  
 3-28 signed by the owner or owners of a majority of the assessed value of  
 3-29 the real property in the district, may adopt an order dividing the  
 3-30 district.

3-31 (e) The board may adopt an order dividing the district  
 3-32 before or after the date the board holds an election under Section  
 3-33 8041.0103 to confirm the district's creation.

3-34 (f) An order dividing the district shall:

3-35 (1) name each new district;

3-36 (2) include the metes and bounds description of the  
 3-37 territory of each new district;

3-38 (3) appoint temporary directors for each new district;

3-39 and

3-40 (4) provide for the division of assets and liabilities  
 3-41 between or among the new districts.

3-42 (g) On or before the 30th day after the date of adoption of  
 3-43 an order dividing the district, the district shall file the order  
 3-44 with the commission and record the order in the real property  
 3-45 records of each county in which the district is located.

3-46 (h) Any new district created by the division of the district  
 3-47 shall hold a confirmation and directors' election as required by  
 3-48 Section 8041.0103. If the voters of a new district do not confirm  
 3-49 the creation of the new district, the assets, obligations,  
 3-50 territory, and governance of the new district revert to the  
 3-51 original district.

3-52 (i) Municipal consent to the creation of the district and to  
 3-53 the inclusion of land in the district granted under Section  
 3-54 8041.0104 acts as municipal consent to the creation of any new  
 3-55 district created by the division of the district and to the  
 3-56 inclusion of land in the new district.

3-57 (j) Any new district created by the division of the district  
 3-58 must hold an election as required by this chapter to obtain voter  
 3-59 approval before the district may impose a maintenance tax or issue  
 3-60 bonds payable wholly or partly from ad valorem taxes.

3-61 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

3-62 Sec. 8041.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)  
 3-63 The district may issue, without an election, bonds and other  
 3-64 obligations secured by:

3-65 (1) revenue other than ad valorem taxes; or

3-66 (2) contract payments described by Section 8041.0403.

3-67 (b) The district must hold an election in the manner  
 3-68 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
 3-69 before the district may impose an ad valorem tax or issue bonds

4-1 payable from ad valorem taxes.

4-2 (c) The district may not issue bonds payable from ad valorem  
 4-3 taxes to finance a road project unless the issuance is approved by a  
 4-4 vote of a two-thirds majority of the district voters voting at an  
 4-5 election held for that purpose.

4-6 Sec. 8041.0402. OPERATION AND MAINTENANCE TAX. (a) If  
 4-7 authorized at an election held under Section 8041.0401, the  
 4-8 district may impose an operation and maintenance tax on taxable  
 4-9 property in the district in accordance with Section 49.107, Water  
 4-10 Code.

4-11 (b) The board shall determine the tax rate. The rate may not  
 4-12 exceed the rate approved at the election.

4-13 Sec. 8041.0403. CONTRACT TAXES. (a) In accordance with  
 4-14 Section 49.108, Water Code, the district may impose a tax other than  
 4-15 an operation and maintenance tax and use the revenue derived from  
 4-16 the tax to make payments under a contract after the provisions of  
 4-17 the contract have been approved by a majority of the district voters  
 4-18 voting at an election held for that purpose.

4-19 (b) A contract approved by the district voters may contain a  
 4-20 provision stating that the contract may be modified or amended by  
 4-21 the board without further voter approval.

4-22 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

4-23 Sec. 8041.0501. AUTHORITY TO ISSUE BONDS AND OTHER  
 4-24 OBLIGATIONS. The district may issue bonds or other obligations  
 4-25 payable wholly or partly from ad valorem taxes, impact fees,  
 4-26 revenue, contract payments, grants, or other district money, or any  
 4-27 combination of those sources, to pay for any authorized district  
 4-28 purpose.

4-29 Sec. 8041.0502. TAXES FOR BONDS. At the time the district  
 4-30 issues bonds payable wholly or partly from ad valorem taxes, the  
 4-31 board shall provide for the annual imposition of a continuing  
 4-32 direct ad valorem tax, without limit as to rate or amount, while all  
 4-33 or part of the bonds are outstanding as required and in the manner  
 4-34 provided by Sections 54.601 and 54.602, Water Code.

4-35 Sec. 8041.0503. BONDS FOR ROAD PROJECTS. At the time of  
 4-36 issuance, the total principal amount of bonds or other obligations  
 4-37 issued or incurred to finance road projects and payable from ad  
 4-38 valorem taxes may not exceed one-fourth of the assessed value of the  
 4-39 real property in the district.

4-40 SECTION 2. The Grayson County Municipal Utility District  
 4-41 No. 1 initially includes all the territory contained in the  
 4-42 following area:

4-43 BEING a tract of land situated in the S. Shoto Survey,  
 4-44 Abstract No. 1079, Grayson County, Texas, the subject tract being  
 4-45 all of a tract conveyed to Donald Martinek, Trustee, and described  
 4-46 by the deed recorded in Volume 2562, Page 196 of the Deed Records,  
 4-47 Grayson County, Texas (DRGCT), with the subject tract being more  
 4-48 particularly described as follows:

4-49 BEGINNING at a 5/8" iron rod found in the intersection of  
 4-50 Kimberlin Road, a prescriptive right-of-way (county maintained)  
 4-51 and Vaughan Road, a prescriptive right-of-way (county maintained);

4-52 THENCE S 87°51'51" E, 2027.03 feet along Kimberlin Road to a  
 4-53 5/8" iron rod found for the northwest corner of a tract conveyed to  
 4-54 Brian Wang by deed recorded in Document No. 2012-00025304, Official  
 4-55 Public Records, Grayson County, Texas (OPRGCT), and from which a  
 4-56 1/2" iron rod found in Kimberlin road for the northeast corner  
 4-57 thereof bears S 87°52'56" E, 1988.00 feet;

4-58 THENCE S 01°20'35" W, 2279.78 feet along the west line of said  
 4-59 Wang tract to a point for the southwest corner thereof;

4-60 THENCE S 87°57'32" E, 1745.92 feet to a point for corner;

4-61 THENCE S 01°37'51" W, 4292.48 feet to a point on the north line  
 4-62 of a tract conveyed to JBJ/Calder Fund IV Joint Venture by deed  
 4-63 recorded in Document No. 2006-00017998 OPRGCT;

4-64 THENCE N 88°19'34" W, 3786.12 feet along the north line of  
 4-65 said JBJ/Calder Fund IV Joint Venture tract, and of a tract conveyed  
 4-66 to Kent Vaughan by deed recorded in Volume 1277, Page 543 DRGCT, to  
 4-67 a Mag nail found in Vaughan Road for the northwest corner of said  
 4-68 Vaughan tract;

4-69 THENCE N 01°38'49" E, 6599.76 feet along Vaughan Road to the

5-1 POINT OF BEGINNING with the subject tract containing 20,933,145  
5-2 square feet or 480.559 acres of land.

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

5-10 (b) The governor, one of the required recipients, has  
5-11 submitted the notice and Act to the Texas Commission on  
5-12 Environmental Quality.

5-13 (c) The Texas Commission on Environmental Quality has filed  
5-14 its recommendations relating to this Act with the governor, the  
5-15 lieutenant governor, and the speaker of the house of  
5-16 representatives within the required time.

5-17 (d) All requirements of the constitution and laws of this  
5-18 state and the rules and procedures of the legislature with respect  
5-19 to the notice, introduction, and passage of this Act are fulfilled  
5-20 and accomplished.

5-21 SECTION 4. (a) If this Act does not receive a two-thirds  
5-22 vote of all the members elected to each house, Subchapter C, Chapter  
5-23 8041, Special District Local Laws Code, as added by Section 1 of  
5-24 this Act, is amended by adding Section 8041.0307 to read as follows:

5-25 Sec. 8041.0307. NO EMINENT DOMAIN POWER. The district may  
5-26 not exercise the power of eminent domain.

5-27 (b) This section is not intended to be an expression of a  
5-28 legislative interpretation of the requirements of Section 17(c),  
5-29 Article I, Texas Constitution.

5-30 SECTION 5. This Act takes effect September 1, 2019.

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