

BILL ANALYSIS

C.S.H.B. 3136
By: Wray
Special Purpose Districts
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that land located within the city of Midlothian would benefit from the creation of a municipal management district. C.S.H.B. 3136 seeks to provide for the creation of such a district.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3136 amends the Special District Local Laws Code to create the Windsor Hills Municipal Management District No. 1, subject to voter approval at a confirmation election, to provide certain improvements, projects, and services for public use and benefit. The bill prohibits the district from exercising any powers under the bill's provisions until a specified development agreement and finance plan are executed and provides for the expiration of the bill's provisions on September 1, 2019, if such an agreement and plan are not executed by that date. The bill grants the district certain rulemaking authority and provides for, among other provisions, a district name change, terms of employment and compensation of district employees, and dissolution of the district by ordinance of the City of Midlothian. The bill sets out the district's powers and duties, which include, subject to certain requirements, general contract powers and the authority to borrow money, issue obligations, impose assessments, and exercise any power of an issuer under Government Code provisions relating to specific authority for the state or local government to issue obligations for certain public improvements. The bill expressly prohibits the district from exercising the power of eminent domain and from imposing an impact fee or a property tax. The bill sets out certain provisions regarding improvement projects and services applicable to the district and exempts the district from Local Government Code provisions generally applicable to municipal management districts that exempt certain residential property from certain district fees, assessments, and taxes.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3136 may differ from the original in minor or nonsubstantive ways, the

following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3946 to read as follows:

CHAPTER 3946. WINDSOR HILLS MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3946.001. DEFINITIONS. In this chapter:

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

(2) "City" means the City of Midlothian, Texas.

(3) "Development agreement" means a development agreement between the city and One Windsor Hills, L.P., that establishes the standards that apply to development in the district, in addition to those contained in zoning, subdivision, and other applicable ordinances of the city.

(4) "Director" means a board member.

(5) "District" means the Windsor Hills Municipal Management District No. 1.

(6) "Finance plan" means a finance plan between the city and the district that includes a general description of improvement projects or services that will be financed by the district, an estimate of the costs for the improvement projects or services, an estimate of the amount of the costs for the improvement projects or services that the district will pay directly or that will be reimbursed to the developer, and the means of financing costs related to the planning, design, construction, improvement, maintenance, and operation of the improvement projects or services.

Sec. 3946.002. PRECONDITION; EXPIRATION. (a) The district may not exercise any powers under this chapter until the development agreement is executed.

(b) This chapter, including Section 3946.061, expires September 1, 2019, if the development agreement and finance plan are not executed by that date.

Sec. 3946.003. CREATION AND

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3946 to read as follows:

CHAPTER 3946. WINDSOR HILLS MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3946.001. DEFINITIONS. In this chapter:

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

(2) "City" means the City of Midlothian, Texas.

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

(4) "Development agreement" means a development agreement between the city and One Windsor Hills, L.P., that establishes the standards that apply to development in the district and includes zoning provisions for the district that allow a maximum of 545 residential units.

(5) "Director" means a board member.

(6) "District" means the Windsor Hills Municipal Management District No. 1.

(7) "Finance plan" means a finance plan between the city and the district that includes a general description of proposed improvement projects that will be financed by the district, an estimate of the costs for the proposed improvement projects, and the means of financing costs related to the planning, design, construction, and improvement of the proposed improvement projects.

Sec. 3946.002. PRECONDITION; EXPIRATION. (a) The district may not exercise any powers under this chapter until the development agreement and finance plan are executed.

(b) This chapter, including Section 3946.052, expires September 1, 2019, if the development agreement and finance plan are not executed by that date.

Sec. 3946.003. CREATION AND

NATURE OF DISTRICT. The district is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 3946.004. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3946.005. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

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

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

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

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

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

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

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

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

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a

NATURE OF DISTRICT. The district is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3946.004. PURPOSE; LEGISLATIVE FINDINGS.

Sec. 3946.005. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

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

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

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

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

(2) eliminating unemployment and underemployment;

(3) providing quality residential housing; and

(4) developing or expanding transportation and commerce.

(e) The district will:

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

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

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

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a

street and are considered to be a street or road improvement.

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

Sec. 3946.006. DISTRICT TERRITORY.

(a) The district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under other law.

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

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue bonds or other obligations described by Section 3946.201 or to pay the principal and interest of the bonds or other obligations;
- (4) right to impose or collect an assessment, or collect other revenue; or
- (5) legality or operation.

Sec. 3946.007. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

(a) All or any part of the area of the district is eligible to be included in:

- (1) a tax increment reinvestment zone created under Chapter 311, Tax Code; or
- (2) a tax abatement reinvestment zone created under Chapter 312, Tax Code.

(b) A tax increment reinvestment zone created by the city in the district is not subject to the limitations provided by Section 311.006, Tax Code.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3946.051. GOVERNING BODY; TERMS. The district is governed by a board of five voting directors who serve staggered terms of four years, with two or

street and are considered to be a street or road improvement.

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

Sec. 3946.006. INITIAL DISTRICT TERRITORY.

(a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

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

- (1) organization, existence, or validity;
- (2) right to contract;
- (3) authority to borrow money or issue any type of bonds or other obligations for a purpose for which the district is created;
- (4) right to impose or collect an assessment, or collect other revenue; or
- (5) legality or operation.

Sec. 3946.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3946.008. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED.

The initial directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3946.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors.

(b) Except as provided by Section

three directors' terms expiring May 31 of each even-numbered year.

(See Sec. 3946.061 below.)

Sec. 3946.052. QUALIFICATIONS. (a) To be qualified to serve as a director appointed by the governing body of the city, a person must be:

- (1) a resident of the city who is also a registered voter of the city;
- (2) an owner of property in the district; or
- (3) an agent, employee, or tenant of a person described by Subdivision (2).

(b) Section 49.052, Water Code, does not apply to the district.

Sec. 3946.053. APPOINTMENT OF DIRECTORS. The governing body of the city shall appoint directors.

Sec. 3946.054. EX OFFICIO DIRECTORS.

Sec. 3946.055. VACANCY. The governing body of the city shall fill a vacancy on the board by appointing a person

3946.052, directors serve staggered four-year terms, with two or three directors' terms expiring May 31 of each even-numbered year.

Sec. 3946.052. INITIAL DIRECTORS. (a) The initial board consists of:

- (1) John Malloy;
- (2) Jon Hendrickson;
- (3) Suzanne Disette;
- (4) Katie Martin Brown; and
- (5) Christopher Alan Cain.

(b) Initial directors serve until the earlier of:

- (1) the date permanent directors are elected under Section 3946.008; or
- (2) June 1, 2021.

(c) If permanent directors have not been elected and the terms of the initial directors have expired, successor directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

- (1) the date permanent directors are elected under Section 3946.008; or
- (2) the fourth anniversary of the date of the appointment or reappointment.

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the commission requesting that the commission appoint as successor directors the five persons named in the petition. The commission shall appoint as successor directors the five persons named in the petition.

Sec. 3946.053. ELIGIBILITY. To be qualified to serve as a director, a person must meet the qualifications prescribed by Section 375.063, Local Government Code.

Sec. 3946.054. EX OFFICIO DIRECTORS.

Sec. 3946.055. VACANCY. A vacancy on the board shall be filled by the remaining members of the board for the unexpired

who meets the qualifications prescribed by Section 3946.052.

Sec. 3946.056. DIRECTOR'S OATH OR AFFIRMATION.

Sec. 3946.057. OFFICERS.

Sec. 3946.058. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$75 for each board meeting. The total amount of compensation for each director in a calendar year may not exceed \$3,000.

(b) The governing body of the city, by resolution or ordinance, may increase:

(1) the compensation for each director to an amount not to exceed \$150 for each board meeting; and

(2) the total compensation for each director to an amount not to exceed \$6,000 in a calendar year.

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

Sec. 3946.059. LIABILITY INSURANCE.

Sec. 3946.060. BOARD MEETINGS. The board shall hold meetings at a place accessible to the public.

Sec. 3946.061. INITIAL DIRECTORS. (a) The governing body of the city shall appoint the initial directors immediately after the effective date of the Act enacting this chapter.

(b) The governing body shall stagger the terms, with two or three directors' terms expiring May 31, 2018, and the remaining directors' terms expiring May 31, 2020.

(c) The term of an initial director does not begin until the development agreement and finance plan are executed.

(d) This section expires September 1, 2022.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3946.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes

term.

Sec. 3946.056. DIRECTOR'S OATH OR AFFIRMATION.

Sec. 3946.057. OFFICERS.

Sec. 3946.058. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$75 for each board meeting. The total amount of compensation for each director in a calendar year may not exceed \$3,000.

(b) The governing body of the city, by resolution or ordinance, may increase:

(1) the compensation for each director to an amount not to exceed \$150 for each board meeting; and

(2) the total compensation for each director to an amount not to exceed \$7,200 in a calendar year.

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

Sec. 3946.059. LIABILITY INSURANCE.

Sec. 3946.060. CONFLICTS OF INTEREST. Chapter 171, Local Government Code, governs conflicts of interest of directors.

(See Sec. 3946.052 above.)

SUBCHAPTER C. POWERS AND DUTIES

for which the district is created.

Sec. 3946.102. IMPROVEMENT PROJECTS. The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter C-1 or activities in support of or incidental to those projects.

Sec. 3946.101. IMPROVEMENT PROJECTS. (a) The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter D.

(b) An improvement project authorized under this chapter may be located inside or outside the district.

Sec. 3946.102. RULES; ENFORCEMENT.

(a) The district may adopt rules:

(1) to administer or operate the district; or

(2) for the use, enjoyment, availability, protection, security, and maintenance of the district's property and facilities.

(b) The district may enforce its rules by injunctive relief.

Sec. 3946.103. NAME CHANGE;

NOTICE. (a) The board by resolution may change the district's name.

(b) The board shall give written notice of a name change to the city.

Sec. 3946.104. TERMS OF EMPLOYMENT; COMPENSATION. The

board may employ and establish the terms of employment and compensation of an executive director or general manager and any other district employees the board considers necessary.

Sec. 3946.103. WATER DISTRICT POWERS. The district has the powers provided by the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including Chapters 49 and 54, Water Code.

Sec. 3946.104. ROAD DISTRICT POWERS. The district has the powers provided by the general laws relating to road districts and road utility districts created under Section 52(b), Article III, Texas Constitution, including Chapters 365 and 441, Transportation Code.

Sec. 3946.105. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Sec. 3946.106. MUNICIPAL MANAGEMENT DISTRICT POWERS. The district has the powers provided by Chapter 375, Local Government Code.

Sec. 3946.107. CONTRACT POWERS. The district may contract with a

governmental or private entity, on terms determined by the board, to carry out a power or duty authorized by this chapter or to accomplish a purpose for which the district is created.

Sec. 3946.108. 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 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. 3946.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Sec. 3946.110. NO TOLL ROADS. The district may not construct, acquire, maintain, or operate a toll road.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3946.151. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

Sec. 3946.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project or service unless the board determines the project or service:

- (1) is necessary to accomplish a public purpose of the district; and
- (2) complies with the development agreement or the parties to the development

Sec. 3946.105. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

SUBCHAPTER D. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3946.151. IMPROVEMENT PROJECTS AND SERVICES. Except as otherwise provided by this chapter, the district may provide, or contract with a governmental or private entity to provide, water, wastewater, drainage, or roadway projects, or related projects and services.

Sec. 3946.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project unless the board determines the project is necessary to accomplish a public purpose of the district.

agreement agree to the project or service, in writing.

Sec. 3946.153. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE AREA. The district may undertake an improvement project or service that confers a special benefit on a definable area in the district and levy and collect a special assessment on benefited property in the district in accordance with:

- (1) Chapter 372, Local Government Code;
- (2) Chapter 375, Local Government Code;
- or
- (3) both chapters.

Sec. 3946.154. CONTRACTS. A contract to design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project is considered a contract for a good or service under Subchapter I, Chapter 271, Local Government Code.

Sec. 3946.153. CITY REQUIREMENTS.

(a) An improvement project must comply with any applicable city construction codes and construction ordinances.

(b) The district may not provide, conduct, or authorize any improvement project on the city's streets, highways, rights-of-way, or easements without the consent of the city.

Sec. 3946.154. ADDITIONAL CITY POWERS REGARDING IMPROVEMENT PROJECTS. (a) Except as otherwise provided by an agreement between the district and the city, the city may:

(1) by ordinance, order, resolution, or other directive require that title to all or any portion of an improvement project vest in the city; or

(2) by ordinance, order, resolution, or other directive authorize the district to own, encumber, maintain, and operate an improvement project or convey the project to the city at a later date.

(b) The district shall immediately comply with any city ordinance or resolution adopted under this section.

SUBCHAPTER E. CONTRACTS

Sec. 3946.201. GENERAL CONTRACT POWERS. The district may contract with any person to accomplish any district purpose.

Sec. 3946.202. CONTRACT TERMS. A contract the district enters into to carry out a purpose of this chapter may be on any terms and for any period the board determines, including an obligation to issue a negotiable or nonnegotiable note or warrant payable to the city or any other person.

Sec. 3946.203. REIMBURSEMENT OF COSTS. The district may contract with any person for the payment, repayment, or reimbursement of costs incurred by that

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3946.201. BORROWING MONEY; OBLIGATIONS. (a) The district may borrow money for a district purpose by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract payable wholly or partly from an assessment, a contract payment, a grant, district revenue, or a combination of these sources.

(b) An obligation described by Subsection (a):

(1) may bear interest at a rate determined by the board; and

(2) may include a term or condition as determined by the board.

person on behalf of the district, including all or part of the costs of an improvement project and interest on the reimbursed cost.
Sec. 3946.204. CONTRACT FOR IMPROVEMENT PROJECT. (a) The district may contract with any person for the use, occupancy, lease, rental, operation, maintenance, or management of all or part of a proposed or existing improvement project.

(b) The district may apply for and contract with any person to receive, administer, and perform a duty or obligation of the district under a federal, state, local, or private gift, grant, loan, conveyance, transfer, bequest, or other financial assistance arrangement relating to the investigation, planning, analysis, study, design, acquisition, construction, improvement, completion, implementation, or operation by the district or others of a proposed or existing improvement project.

Sec. 3946.205. NO FURTHER CONTRACT AUTHORIZATION REQUIRED. Any person, including the city, may contract with the district to carry out the purposes of this chapter without further statutory or other kind of authorization.

SUBCHAPTER F. GENERAL FINANCIAL PROVISIONS

Sec. 3946.252. BORROWING MONEY. The district may borrow money for a district purpose by issuing or executing bonds, notes, credit agreements, or other obligations of any kind found by the board to be necessary or appropriate for a district purpose. The bond, note, credit agreement, or other obligation must be secured by and payable from assessments or any other district revenue.

Sec. 3946.253. BONDS AND OTHER OBLIGATIONS. (a) The district may issue, by public or private sale, bonds, notes, or other obligations payable wholly or partly from assessments in the manner provided by Subchapter J, Chapter 375, Local

Sec. 3946.202. COMPLIANCE WITH DEVELOPMENT AGREEMENT AND FINANCE PLAN. Before the district issues, enters into, or pays an obligation under Section 3946.201:

(1) the obligation must be authorized by the finance plan; and

(2) the city must provide written notice to the district that no party to the development agreement is in default as of the date the district is authorized to issue or enter into the obligation.

Sec. 3946.203. ISSUER POWERS FOR CERTAIN PUBLIC IMPROVEMENTS.

Government Code.

(b) If the improvements financed by an obligation will be conveyed to or operated and maintained by a municipality or retail utility provider pursuant to an agreement between the district and the municipality or retail utility provider entered into before the issuance of the obligation, the obligation may be issued in the manner provided by Subchapter A, Chapter 372, Local Government Code.

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

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

Sec. 3946.254. BOND MATURITY. Bonds may mature not more than 40 years from their date of issue.

Sec. 3946.251. DEVELOPMENT AGREEMENT REQUIRED TO BORROW MONEY OR IMPOSE ASSESSMENTS. Before the district may issue bonds, impose assessments, or borrow money, the district must obtain from the city confirmation that no defaults under the development agreement are known.

Sec. 3946.255. ISSUER POWERS FOR CERTAIN PUBLIC IMPROVEMENTS.

Sec. 3946.256. GENERAL POWERS REGARDING PAYMENT OF DISTRICT BONDS, OBLIGATIONS, OR OTHER COSTS. The district may provide or secure the payment or repayment of any bond, note, or other temporary or permanent obligation or reimbursement or other contract with any person and the costs and expenses of the establishment, administration, and operation of the district and the district's costs or share of the costs

Sec. 3946.204. ASSESSMENTS. The district may impose an assessment on property in the district to pay for an obligation described by Section 3946.201 in the manner provided for:

- (1) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or
- (2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

Sec. 3946.205. TAX AND ASSESSMENT ABATEMENTS. The district may designate reinvestment zones and may grant

or revenue of an improvement project or district contractual obligation or debt by:

- (1) a lease, installment purchase contract, or other agreement; or
- (2) any other revenue or resources of the district or other revenue authorized by the city, including revenue from a tax increment reinvestment zone created by the city.

Sec. 3946.257. ASSESSMENTS. (a) The district may impose an assessment on property in the district to pay the cost of any authorized district improvement or to pay the costs of establishing and operating the district in the manner provided for:

- (1) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or
- (2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

(b) An assessment may not exceed the equivalent of 43 cents per \$100 of valuation on the average residential lot in the district.

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

- (1) are a first and prior lien against the property assessed; and
- (2) are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes.

(d) The lien of an assessment against property runs with the land. The portion of an assessment payment obligation that has not yet come due is not eliminated by the foreclosure of an ad valorem tax lien, and any purchaser of property in a foreclosure of an ad valorem tax lien takes the property subject to the assessment payment obligations that have not yet come due and to the lien and terms of the lien's payment under the applicable assessment ordinance or order.

(e) The board may make a correction to or deletion from the 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.

abatements of a tax or assessment on property in the zones.

Sec. 3946.206. 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 the district's money.

Sec. 3946.207. RESIDENTIAL PROPERTY NOT EXEMPT.

Sec. 3946.208. NO AD VALOREM TAX.

SUBCHAPTER E. DISSOLUTION

Sec. 3946.251. DISSOLUTION BY CITY ORDINANCE. (a) The governing body of the city may dissolve the district by ordinance.

(b) The governing body may not dissolve the district until:

(1) the district's outstanding debt or other obligations have been repaid, assumed, or discharged, including the defeasance of any outstanding bonds or other obligations through the issuance of debt by the city; and
(2) each party to the development agreement and the finance plan fulfills the party's obligations under the agreement and the plan, including a district obligation to reimburse a developer or owner for the costs of an improvement project or service.

Sec. 3946.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE. If the governing body of the city dissolves the district and assumes the outstanding bonds or other obligations of the district secured by and payable from assessments or other revenue:

(1) the city shall, in the same manner as the district, enforce and collect the assessments

Sec. 3946.258. COSTS FOR IMPROVEMENT PROJECTS. The district may undertake separately or jointly with other persons, including the city, all or part of the cost of an improvement project, including an improvement project that confers a general benefit on the entire district or a special benefit on a definable part of the district.

Sec. 3946.259. RESIDENTIAL PROPERTY NOT EXEMPT

Sec. 3946.260. NO IMPACT FEES. The district may not impose an impact fee.

Sec. 3946.261. NO AD VALOREM TAX.

SUBCHAPTER G. DISSOLUTION

Sec. 3946.301. DISSOLUTION BY CITY ORDINANCE. (a) The city by ordinance may dissolve the district.

(b) The city may not dissolve the district until:

(1) the district's outstanding debt or other obligations have been repaid, assumed, or discharged, including the defeasance of any outstanding bonds or other obligations through the issuance of debt by the city; and
(2) each party to the development agreement fulfills the party's obligations under the agreement and the plan, including a district obligation to reimburse a developer or owner for the costs of an improvement project or service.

Sec. 3946.302. COLLECTION OF ASSESSMENTS AND OTHER REVENUE. (a) If the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, the city shall succeed to the rights and obligations of the district regarding enforcement and collection of the assessments or other revenue.

(b) The city shall have and exercise all district powers to enforce and collect the

or other revenue to pay:

(A) the bonds or other obligations when due and payable; or

(B) special revenue or assessment bonds or other obligations issued by the city to refund the outstanding bonds or obligations of the district; and

(2) the board shall transfer ownership of all district property to the city.

SECTION 2. Sets out the metes and bounds of the district.

SECTION 3. (a) The legislature finds that the Windsor Hills Municipal Management District No. 1 created under Chapter 3907, Special District Local Laws Code, as added by Chapter 858 (H.B. 3836), Acts of the 82nd Legislature, Regular Session, 2011, did not execute a development agreement and finance plan by September 1, 2012. Therefore, Chapter 3907, Special District Local Laws Code, expired by operation of Section 3907.002(b), Special District Local Laws Code, on September 1, 2012.

(b) The legislature finds that the Windsor Hills Municipal Management District No. 1 created under Chapter 3907A, Special District Local Laws Code, as added by Chapter 253 (H.B. 518), Acts of the 83rd Legislature, Regular Session, 2013, did not execute a development agreement and finance plan by September 1, 2015. Therefore, Chapter 3907A, Special District Local Laws Code, expired by operation of Section 3907A.002(b), Special District Local Laws Code, on September 1, 2015.

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

assessments or other revenue to pay:

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

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

Sec. 3946.303. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the city dissolves the district, the city assumes, subject to the appropriation and availability of funds, the obligations of the district, including any bonds or other debt payable from assessments or other district revenue.

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

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

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

SECTION 5. This Act takes effect September 1, 2017.

SECTION 5. Same as introduced version.