

AN ACT

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

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

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

CHAPTER 7992. LAKEWOOD MUNICIPAL UTILITY DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7992.001. DEFINITIONS. In this chapter:

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

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

(3) "Director" means a board member.

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

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

Sec. 7992.003. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. The temporary 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.

1       Sec. 7992.004. CONSENT OF MUNICIPALITY REQUIRED. The  
2 temporary directors may not hold an election under Section 7992.003  
3 until each municipality in whose corporate limits or  
4 extraterritorial jurisdiction the district is located has  
5 consented by ordinance or resolution to the creation of the  
6 district and to the inclusion of land in the district.

7       Sec. 7992.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

8       (a) The district is created to serve a public purpose and benefit.

9       (b) The district is created to accomplish the purposes of:

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

12           (2) Section 52, Article III, Texas Constitution, that  
13 relate to the construction, acquisition, improvement, operation,  
14 or maintenance of macadamized, graveled, or paved roads, or  
15 improvements, including storm drainage, in aid of those roads.

16       Sec. 7992.006. INITIAL DISTRICT TERRITORY. (a) The  
17 district is initially composed of the territory described by  
18 Section 2 of the Act enacting this chapter.

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

23           (1) organization, existence, or validity;

24           (2) right to issue any type of bond for the purposes  
25 for which the district is created or to pay the principal of and  
26 interest on a bond;

27           (3) right to impose a tax; or

1           (4) legality or operation.

2                   SUBCHAPTER B. BOARD OF DIRECTORS

3           Sec. 7992.051. GOVERNING BODY; TERMS. (a) The district is  
4 governed by a board of five elected directors.

5           (b) Except as provided by Section 7992.052, directors serve  
6 staggered four-year terms.

7           Sec. 7992.052. TEMPORARY DIRECTORS. (a) On or after  
8 September 1, 2017, the owner or owners of a majority of the assessed  
9 value of the real property in the district may submit a petition to  
10 the commission requesting that the commission appoint as temporary  
11 directors the five persons named in the petition. The commission  
12 shall appoint as temporary directors the five persons named in the  
13 petition.

14           (b) Temporary directors serve until the earlier of:

15                   (1) the date permanent directors are elected under  
16 Section 7992.003; or

17                   (2) September 1, 2021.

18           (c) If permanent directors have not been elected under  
19 Section 7992.003 and the terms of the temporary directors have  
20 expired, successor temporary directors shall be appointed or  
21 reappointed as provided by Subsection (d) to serve terms that  
22 expire on the earlier of:

23                   (1) the date permanent directors are elected under  
24 Section 7992.003; or

25                   (2) the fourth anniversary of the date of the  
26 appointment or reappointment.

27           (d) If Subsection (c) applies, the owner or owners of a

1 majority of the assessed value of the real property in the district  
2 may submit a petition to the commission requesting that the  
3 commission appoint as successor temporary directors the five  
4 persons named in the petition. The commission shall appoint as  
5 successor temporary directors the five persons named in the  
6 petition.

7 SUBCHAPTER C. POWERS AND DUTIES

8 Sec. 7992.101. GENERAL POWERS AND DUTIES. The district has  
9 the powers and duties necessary to accomplish the purposes for  
10 which the district is created.

11 Sec. 7992.102. MUNICIPAL UTILITY DISTRICT POWERS AND  
12 DUTIES. The district has the powers and duties provided by the  
13 general law of this state, including Chapters 49 and 54, Water Code,  
14 applicable to municipal utility districts created under Section 59,  
15 Article XVI, Texas Constitution.

16 Sec. 7992.103. AUTHORITY FOR ROAD PROJECTS. Under Section  
17 52, Article III, Texas Constitution, the district may design,  
18 acquire, construct, finance, issue bonds for, improve, operate,  
19 maintain, and convey to this state, a county, or a municipality for  
20 operation and maintenance macadamized, graveled, or paved roads, or  
21 improvements, including storm drainage, in aid of those roads.

22 Sec. 7992.104. ROAD STANDARDS AND REQUIREMENTS. (a) A  
23 road project must meet all applicable construction standards,  
24 zoning and subdivision requirements, and regulations of each  
25 municipality in whose corporate limits or extraterritorial  
26 jurisdiction the road project is located.

27 (b) If a road project is not located in the corporate limits

1 or extraterritorial jurisdiction of a municipality, the road  
2 project must meet all applicable construction standards,  
3 subdivision requirements, and regulations of each county in which  
4 the road project is located.

5 (c) If the state will maintain and operate the road, the  
6 Texas Transportation Commission must approve the plans and  
7 specifications of the road project.

8 Sec. 7992.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE  
9 OR RESOLUTION. The district shall comply with all applicable  
10 requirements of any ordinance or resolution that is adopted under  
11 Section 54.016 or 54.0165, Water Code, and that consents to the  
12 creation of the district or to the inclusion of land in the  
13 district.

14 Sec. 7992.106. DIVISION OF DISTRICT. (a) The district may  
15 be divided into two or more districts only if:

- 16 (1) the district has no outstanding bonded debt;  
17 (2) the district is not imposing ad valorem taxes; and  
18 (3) the requirements of Subsection (i), as applicable,  
19 are satisfied.

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

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

27 (d) The board, on its own motion or on receipt of a petition

1 signed by the owner or owners of a majority of the assessed value of  
2 the real property in the district, may adopt an order dividing the  
3 district.

4 (e) The board may adopt an order dividing the district  
5 before or after the date the board holds an election under Section  
6 7992.003 to confirm the district's creation.

7 (f) An order dividing the district shall:

8 (1) name the new district;

9 (2) include the metes and bounds of each new district;

10 (3) appoint temporary directors for each new district;

11 and

12 (4) provide for the division of assets and liabilities  
13 between the district and each new district.

14 (g) On or before the 30th day after the date of adoption of  
15 an order dividing the district, the district shall file the order  
16 with the commission and record the order in the real property  
17 records of each county in which the district is located.

18 (h) A new district created by the division of the district  
19 shall hold a confirmation and directors' election as required by  
20 Section 7992.003.

21 (i) If the district is located wholly or partly in the  
22 corporate limits or the extraterritorial jurisdiction of a  
23 municipality, the district may not divide under this section unless  
24 the municipality by resolution or ordinance consents to the  
25 division of the district. If the district is not located wholly or  
26 partly in the corporate limits or extraterritorial jurisdiction of  
27 a municipality, the district may not divide under this section

1 unless the commissioners court of each county in which the district  
2 is wholly or partly located first adopts a resolution or order in  
3 support of the division of the district.

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

8 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

9 Sec. 7992.151. ELECTIONS REGARDING TAXES OR BONDS.

10 (a) The district may issue, without an election, bonds and other  
11 obligations secured by revenue other than ad valorem taxes.

12 (b) The district must hold an election in the manner  
13 provided by Chapters 49 and 54, Water Code, to obtain voter approval  
14 before the district may impose an ad valorem tax or issue bonds  
15 payable from ad valorem taxes.

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

20 Sec. 7992.152. OPERATION AND MAINTENANCE TAX. (a) If  
21 authorized at an election held under Section 7992.151, the district  
22 may impose an operation and maintenance tax on taxable property in  
23 the district in accordance with Section 49.107, Water Code.

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

26 Sec. 7992.153. WATER AND SEWER RATES. Notwithstanding any  
27 other law, the district shall establish the same rates for

1 residential and commercial classes of customers for the provision  
2 of water and sewer services. For purposes of this section, the  
3 commercial class may not include apartment complexes or other  
4 multifamily dwellings.

5 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

6 Sec. 7992.201. AUTHORITY TO ISSUE BONDS AND OTHER  
7 OBLIGATIONS. The district may issue bonds or other obligations  
8 payable wholly or partly from ad valorem taxes, impact fees,  
9 revenue, contract payments, grants, or other district money, or any  
10 combination of those sources, to pay for any authorized district  
11 purpose.

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

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

23 SECTION 2. The Lakewood Municipal Utility District No. 1  
24 initially includes all the territory contained in the following  
25 area:

26 All bearings, distance and acreages are grid and are  
27 referenced to the State Plane Coordinate System, Texas South

1 Central Zone, NAD83, U. S. survey feet. Mapping angle is +01°54'04"  
2 and the scale factor is 0.999915022.  
3 BEGINNING at a 1/2 inch iron rod found in the north line of said  
4 Humphrey Jackson Survey, Abstract 37 and the south line of said  
5 William Wilson Survey, Abstract 838, in the west line of said  
6 1942.08 acre tract and in the east line of the San Jacinto River  
7 Authority East Canal, and the east line of a called 589.27 acre  
8 tract known as Lake Houston, recorded in Volume 1458, Page 1, Deed  
9 Records of Harris County, Texas. Said 1/2 inch iron rod has a State  
10 Plane coordinate value of N: 13902618.77 and E: 3196709.93.  
11 THENCE N 24° 23' 35" W along an east line of said San Jacinto River  
12 Authority East Canal and a west line of this tract, a distance of  
13 375.95 feet to a 1" iron pipe found.  
14 THENCE continuing along an east line of said San Jacinto River  
15 Authority East Canal and a west line of this tract, with the arc of a  
16 curve to the right having a radius of 174.87 feet and a central  
17 angle of 37° 53' 54", a distance of 115.67 feet to a 1 1/4" iron pipe  
18 found.  
19 THENCE N 14° 24' 42" E continuing along an east line of said San  
20 Jacinto River Authority East Canal and a west line of this tract, a  
21 distance of 74.82 feet to a 1 1/4" iron pipe found.  
22 THENCE continuing along an east line of said San Jacinto River  
23 Authority East Canal and a west line of this tract, with the arc of a  
24 curve to the right having a radius of 661.43 feet and a central  
25 angle of 07° 01' 58", a distance of 81.19 feet to a 1 1/4" iron pipe  
26 found.  
27 THENCE N 12°17' 19" E continuing along the east line of said San

1 Jacinto River Authority East Canal and a west line of this tract, a  
2 distance of 436.82 feet to a 5/8" iron rod found at a northeast  
3 corner of said San Jacinto River Authority East Canal, in the south  
4 line of a called 39.88 acre tract recorded in File No. T525349, Deed  
5 Records of Harris County, Texas and at an interior corner of this  
6 tract, from which a 1 1/4" iron pipe found in a north line of said  
7 San Jacinto River Authority East Canal tract and the south line of  
8 said called 39.88 acre tract bears N 77° 36' 49" W, a distance of  
9 621.39 feet.

10 THENCE S 77° 42' 29" E with the south line of said called 39.88 acre  
11 tract and a north line of this tract, a distance of 294.05 feet to a  
12 5/8" iron rod found at the southeast corner of said called 39.88  
13 acre tract.

14 THENCE N 09° 46' 40" E with the east line of said called 39.88 acre  
15 tract and a west line of this tract, a distance of 950.00 feet to a  
16 1/2" iron rod found.

17 THENCE N 10° 53' 20" W continuing with the east line of said called  
18 39.88 acre tract, and the west line of this tract, a distance of  
19 394.97 feet to a 1/2" iron rod found at the northeast corner of said  
20 called 39.88 acre tract.

21 THENCE N 80°21' 03" W with the north line of said called 39.88 acre  
22 tract and a south line of this tract, a distance of 1,359.57 feet to  
23 a point in an east line of said called 589.27 acre tract (Lake  
24 Houston) and a west line of this tract. Volume 1458, Page 1  
25 describes this point as being the waterline of the proposed  
26 reservoir when at normal pool level at elevation 44.5 feet above  
27 mean sea level.

1 THENCE with the west line of this tract and an east line of said  
2 called 589.27 acre tract (Lake Houston), the following bearings and  
3 distances:

- 4           N 30° 53' 29" E           376.74 feet
- 5           N 21° 32' 39" E           300.00 feet
- 6           N 06° 45' 39" E           864.00 feet
- 7           N 19° 56' 19" W           882.88 feet
- 8           N 07° 44' 21" W           184.00 feet

9 THENCE N 52° 28' 21" W continuing with the west line of this tract  
10 and the east line of said called 589.27 acre tract (Lake Houston), a  
11 distance of 508.00 feet to a point from which a 12"x12" concrete  
12 monument found with Aluminum Disc marked "Corp of Engineers U.S.  
13 Boundary Mark SL-1 Y1977" bears N 25° 14' 05" W a distance of 59.32  
14 feet. Said concrete monument has a State Plane coordinate value of  
15 N: 13907978.68 and E: 3195354.41

16 THENCE continuing with the west line of this tract and an east line  
17 of said called 589.27 acre tract (Lake Houston), the following  
18 bearings and distances:

- 19           N 65° 40' 21" W           422.00 feet
- 20           N 80° 22' 21" W           300.00 feet
- 21           N 62° 47' 53" W           641.05 feet
- 22           N 60° 37' 21" W           600.00 feet
- 23           N 88° 15' 21" W           540.00 feet
- 24           S 84° 47' 39" W           568.00 feet
- 25           S 69° 42' 54" W           633.02 feet
- 26           S 83° 28' 39" W           332.00 feet
- 27           N 77° 42' 21" W           270.00 feet

1           N 13° 14' 21" W           739.00 feet  
2           N 28° 22' 21" W           402.00 feet  
3   THENCE N 21° 29' 39" E continuing with the west line of this tract  
4   and an east line of said called 589.27 acre tract (Lake Houston), a  
5   distance of 394.76 feet to a point in the south line of Lake Shadows  
6   Section Four, a subdivision recorded in File No. D620201, Map  
7   Records of Harris County, Texas, and at the northwest corner of this  
8   tract.  
9   THENCE N 86 32' 15" E with the south line of said Lake Shadows  
10   Section Four and the north line of this tract, at a distance of  
11   204.97 feet pass a 1/2" iron rod found, and continuing a total  
12   distance of 689.12 feet to a point in a concrete slab at the  
13   southeast corner of said Lake Shadows Section Four, the southwest  
14   corner of a called 447.0498 acre tract recorded in File  
15   No. D759681, Deed Records of Harris County, Texas, and an interior  
16   corner of this tract from which a 1/2 " iron rod with cap marked  
17   "SHINE 5502" set for reference bears S 04° 44' 22" W a distance of  
18   1.88 feet, a 1" iron pipe found bears N 79° 27' 48" E a distance of  
19   101.22 feet, and a 1/2" iron rod found in the east line of said Lake  
20   Shadows Section Four bears  
21   N 33° 33' 38" E a distance of 254.84 feet.  
22   THENCE N 86° 43' 31" E (Called N 86° 47' 57" E) with the south line of  
23   said called 447.0498 acre tract and a north line of this tract, a  
24   distance of 6,718.76 feet to a point at the northeast corner of this  
25   tract.  
26   THENCE S 01° 36' 18" E across said 1942.08 acre tract, a distance of  
27   7,695.76 feet to a point in the south line of said Abstract 838, and

1 the north line of the Humphrey Jackson Survey, Abstract 37.  
2 THENCE S 88° 23' 54" W with the south line of said Abstract 838, and  
3 the north line of said Abstract 37, a distance of 2000.00 feet to  
4 the PLACE OF BEGINNING, containing 602.65 acres of land.

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

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

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

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

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

27 Sec. 7992.107. NO EMINENT DOMAIN POWER. The district may

1 not exercise the power of eminent domain.

2 (b) This section is not intended to be an expression of a  
3 legislative interpretation of the requirements of Section 17(c),  
4 Article I, Texas Constitution.

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

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 2274 passed the Senate on  
May 11, 2017, by the following vote: Yeas 30, Nays 1.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 2274 passed the House on  
May 24, 2017, by the following vote: Yeas 137, Nays 9, two  
present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor