### SPECIAL DISTRICT LOCAL LAWS CODE

### TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3953. TELFAIR TRACT 5 COMMERCIAL MANAGEMENT DISTRICT

### SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3953.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Sugar Land.
- (3) "Director" means a board member.
- (4) "District" means the Telfair Tract 5 Commercial Management District.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.002. NATURE OF DISTRICT. The district is a special district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

- Sec. 3953.003. PURPOSE; LEGISLATIVE FINDINGS. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.
- (b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district.
- (c) This chapter and the creation of the district may not be interpreted to relieve the city from providing the level of

services provided as of the effective date of the Act enacting this chapter. The district is created to supplement and not to supplant city services provided in the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.004. 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 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; and
- (3) developing or expanding transportation and commerce.
  - (d) 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.
- (e) 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.
  - (f) 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.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

- Sec. 3953.005. 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 issue any type of bonds for the purposes for which the district is created or to pay the principal of and interest on the bonds;
  - (3) right to impose or collect an assessment or tax; or
  - (4) legality or operation.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.006. 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;
- (2) a tax abatement reinvestment zone created under Chapter 312, Tax Code;
- (3) an enterprise zone created under Chapter 2303, Government Code; or
- (4) an industrial district created under Chapter 42, Local Government Code.
- (b) If the city creates a tax increment reinvestment zone described by Subsection (a), the city and the board of directors of the zone, by contract with the district, may grant money deposited in the tax increment fund to the district to be used by the district for the purposes permitted for money granted to a corporation under

Section 380.002(b), Local Government Code, including the right to pledge the money as security for any bonds issued by the district for an improvement project. A project may not receive public funds under Section 380.002(b), Local Government Code, unless the project has been approved by the governing body of the city.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.008. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

## SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3953.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of nine voting directors appointed by the governing body of the city under Section 3953.052 who serve staggered terms of four years with four or five directors' terms expiring June 1 of each odd-numbered year.

- (b) The board by resolution may increase or decrease the number of voting directors on the board if the board determines the change is in the best interest of the district. The board may not:
- $\hspace{1.5cm} \hbox{(1)} \hspace{0.5cm} \hbox{increase the number of voting directors to more } \\ \hbox{than 20; or } \\$
- $\mbox{(2)} \quad \mbox{decrease the number of voting directors to fewer} \\ \mbox{than nine.}$

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

- Sec. 3953.052. APPOINTMENT OF VOTING DIRECTORS; QUALIFICATIONS. (a) In this section, "city stakeholder" means:
  - (1) a person who owns property in the city;
- (2) an owner of stock or of a partnership interest or membership interest, whether beneficial or otherwise, of a corporation, corporate partnership, limited liability company, or other entity that owns a direct or indirect interest in property in the city;
- (3) an owner of a beneficial interest in a trust that owns a direct or indirect interest in property in the city; or
- (4) an agent, employee, or tenant of a person described by Subdivision (1), (2), or (3).
- (b) The governing body of the city shall appoint to serve as voting directors the appropriate number of qualified persons. In appointing voting directors, the governing body shall ensure that the resulting board has city stakeholders serving in at least two-thirds of the voting director positions.
- (c) In determining persons to serve as voting directors, the governing body shall consider for appointment:
  - (1) persons recommended by the board; and
- (2) a number of persons recommended by any city stakeholder who makes a recommendation and who owns at least seven acres of land inside the district's boundaries, except that the number of persons recommended for consideration by the city stakeholder may not exceed a total of one person for the first seven acres of land the city stakeholder owns and not more than one additional person for each additional 15 acres the city stakeholder owns.
- (d) The governing body is not bound by the recommendations of the board or a city stakeholder and may appoint as a voting director any qualified person.

Sec. 3953.053. NONVOTING DIRECTORS. The board may appoint nonvoting directors to serve on the board.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1,

eff. June 12, 2017.

eff. June 12, 2017.

Sec. 3953.054. REMOVAL OF DIRECTORS. (a) The board shall remove a director if the director has missed at least half the meetings scheduled during the preceding 12 months.

(b) A director removed under this section may file a written appeal with the governing body of the city. The governing body may reinstate the director if the body finds that the removal was unwarranted under the circumstances after considering the reasons for the absences.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.055. QUORUM. For purposes of determining the requirements for a quorum of the board, the following are not counted:

- (1) a board position vacant for any reason, including death, resignation, or disqualification;
- (2) a director who is abstaining from participation in a vote because of a conflict of interest; or
- (3) a nonvoting director.

  Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1,

# SUBCHAPTER C. POWERS AND DUTIES

Sec. 3953.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.102. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any 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 372 or 375, Local Government Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.103. LOCATION OF IMPROVEMENT PROJECT. An improvement project described by Section 3953.102 may be located:

- (1) in the district; or
- (2) in an area outside the district if the project is for the purpose of extending a public infrastructure improvement beyond the district's boundaries to a logical terminus.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.104. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.105. MUNICIPAL MANAGEMENT DISTRICT POWERS. The district has the powers provided by Chapter 375, Local Government Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.106. DEVELOPMENT CORPORATION POWERS. The district, using money available to the district, may exercise the powers given to a development corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, or maintain a project under that chapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.107. NONPROFIT CORPORATION. (a) The board by

resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

- (b) The nonprofit corporation:
- (1) has each power of and is considered to be a local government corporation created under Subchapter D, Chapter 431, Transportation Code; and
- (2) may implement any project and provide any service authorized by this chapter.
- (c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as the board of directors of a local government corporation created under Subchapter D, Chapter 431, Transportation Code, except that a board member is not required to reside in the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.108. AGREEMENTS; GRANTS. (a) As provided by Chapter 375, Local Government Code, the district may make an agreement with or accept a gift, grant, or loan from any person.

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

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.109. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party to provide law enforcement services for a fee.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.110. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a district purpose.

- Sec. 3953.111. ECONOMIC DEVELOPMENT. (a) The district may engage in activities that accomplish the economic development purposes of the district.
- (b) The district may establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity, including programs to:
  - (1) make loans and grants of public money; and
- (2) provide district personnel and services, including for the management of recreational facilities.
- (c) The district may create economic development programs and exercise the economic development powers provided to municipalities by:
  - (1) Chapter 380, Local Government Code; and
- (2) Subchapter A, Chapter 1509, Government Code.

  Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.
- Sec. 3953.112. 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 parts of and 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.

  Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1,

eff. June 12, 2017.

Sec. 3953.113. ANNEXATION OR EXCLUSION OF LAND. (a) The district may annex land as provided by Subchapter J, Chapter 49, Water Code.

(b) The district may exclude land as provided by Subchapter J, Chapter 49, Water Code. Section 375.044(b), Local Government Code, does not apply to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.114. APPROVAL BY CITY. (a) Except as provided by Subsection (b), the district must obtain the approval of the city for:

- (1) the issuance of bonds for an improvement project financed by the bonds if any part of the project is carried out in the corporate limits of the city; and
- (2) the plans and specifications of the improvement project financed by the bonds.
- (b) If the district obtains the approval of the city's governing body of a capital improvements budget for a period not to exceed five years, the district may finance the capital improvements and issue bonds specified in the budget without further approval from the city.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.115. CONCURRENCE ON ADDITIONAL POWERS. If the legislature grants the district a power that is in addition to the powers approved by the initial resolution of the governing body of the city consenting to the creation of the district, the district may not exercise that power unless the governing body of the city by resolution consents to that change.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.116. NO EMINENT DOMAIN POWER. The district may

not exercise the power of eminent domain.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3953.151. 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 district money.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code, using any money available to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.153. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) The petition must be signed by the owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for the county.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.154. ASSESSMENTS; LIENS FOR ASSESSMENTS.

(a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter in all or any part of 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, 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;
- (2) are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes; and
- (3) are the personal liability of and a charge against the owners of the property even if the owners are not named in the assessment proceedings.
- (c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.
- (d) 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.

Sec. 3953.155. RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to a tax authorized or approved by the voters of the district or a required payment for a service provided by the district, including water and sewer services.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.156. TAX AND ASSESSMENT ABATEMENTS. The district

may designate reinvestment zones and may grant abatements of district taxes or assessments on property in the zones.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

### SUBCHAPTER E. TAXES AND BONDS

Sec. 3953.201. TAX ABATEMENT. The district may enter into a tax abatement agreement in accordance with the general laws of this state authorizing and applicable to a tax abatement agreement by a municipality.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

- Sec. 3953.202. ELECTIONS REGARDING TAXES AND BONDS.

  (a) The district may issue, without an election, bonds, notes, and other obligations secured by:
  - (1) revenue other than ad valorem taxes; or
  - (2) contract payments described by Section 3953.204.
- (b) The district must hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.
- (c) Section 375.243, Local Government Code, does not apply to the district.
- (d) All or any part of any facilities or improvements that may be acquired by a district by the issuance of its bonds may be submitted as a single proposition or as several propositions to be voted on at the election.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.203. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3953.202, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code, for any

district purpose, including to:

- (1) maintain and operate the district;
- (2) construct or acquire improvements; or
- (3) provide a service.
- (b) The board shall determine the tax rate. The rate may not exceed the rate approved at the election.
- (c) Section 49.107(h), Water Code, does not apply to the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

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

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.205. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board. Section 375.205, Local Government Code, does not apply to a loan, line of credit, or other borrowing from a bank or financial institution secured by revenue other than ad valorem taxes.

- (b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, impact fees, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.
- (c) The limitation on the outstanding principal amount of bonds, notes, and other obligations provided by Section 49.4645, Water Code, does not apply to the district.

Sec. 3953.206. TAXES FOR BONDS. At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

### SUBCHAPTER F. DISSOLUTION

- Sec. 3953.251. DISSOLUTION BY CITY ORDINANCE. (a) The city by ordinance may dissolve the district.
- (b) The city may not dissolve the district until the district's outstanding debt or contractual obligations that are payable from ad valorem taxes have been repaid or discharged, or the city has affirmatively assumed the obligation to pay the outstanding debt from city revenue.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.252. 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, other than ad valorem taxes, 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 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.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.

Sec. 3953.253. 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) After the district is dissolved, the board shall transfer ownership of all district property to the city.

Added by Acts 2017, 85th Leg., R.S., Ch. 630 (H.B. 4297), Sec. 1, eff. June 12, 2017.