

BILL ANALYSIS

Senate Research Center
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S.B. 2466
By: Harris
Intergovernmental Relations
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the land located within the boundaries of the proposed Cypress Waters Management District (district) is undeveloped.

As proposed, S.B. 2466 creates the district. The territory of the district will lie over approximately 935 acres of land in north Dallas. The bill provides for the district's administration, powers, duties, operation and financing and appointment of the district's board of directors. The bill also provides for the district to have the power to levy ad valorem taxes and to impose and levy assessments on property within its boundaries, to impose and collect other revenues for its public purposes, and to issue bonds and other obligations that are secured by such ad valorem taxes if such bonds are approved by the voters of the district at elections called for that purpose after receipt of required petitions. The bill forbids the district to exercise the power of eminent domain.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Cypress Waters Municipal Management District in SECTION 1 (Section 3874.104, Special District Local Laws Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 4, Special District Local Laws Code, by adding Chapter 3874, as follows:

CHAPTER 3874. CYPRESS WATERS MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3874.001. DEFINITIONS. Defines "board," "city," "district," and "improvement project."

Sec. 3874.002. CREATION AND NATURE OF DISTRICT. Provides that the Cypress Waters Municipal Management District (district) is a special district created under Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution.

Sec. 3874.003. PURPOSE; LEGISLATIVE FINDINGS. (a) Provides that the creation of the district is essential to accomplish the purposes of Sections 52 (Counties, Cities or Other Political Corporations or Subdivisions; Lending Credit; Grants; Bonds) and 52-a (Loan or Grant of Public Money for Economic Development), Article III (Legislative Department), and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. Provides that 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) Provides that 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) Provides that the district is created to supplement and not to supplant city services provided in the district.

Sec. 3874.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) Provides that the district is created to serve a public use and benefit.

(b) Provides that 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) Provides that the creation of the district is in the public interest and is essential to further the public purposes of developing and diversifying the economy of the state, eliminating unemployment and underemployment, developing or expanding transportation and commerce, and providing quality residential housing.

(d) Provides that the district will promote the health, safety, and general welfare of residents, employers, potential employees, employees, visitors, and consumers in the district, and of the public; 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 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) Provides that pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, vehicle parking, and street art objects are parts of and necessary components of a street and are considered to be an improvement project that includes a street or road improvement.

(f) Provides that 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. 3874.005. DISTRICT TERRITORY. (a) Provides that 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 Section 3874.106, or other law.

(b) Provides that a mistake in the field notes of the district contained in Section 2 of the Act enacting this chapter or in copying the field notes in the legislative process does not in any way affect the district's organization, existence, or validity; the district's right to contract, including the right to issue any type of bond or other obligation for a purpose for which the district is created; the district's right to impose or collect assessment, tax, or any other revenue, or the legality or operation of the board.

Sec. 3874.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) Provides that all or any part of the area of the district is eligible to be included in a tax increment reinvestment zone created by the city under Chapter 311 (Tax Increment Financing Act), Tax Code; a tax abatement reinvestment zone created by the city under Chapter 312 (Property Redevelopment and Tax Abatement Act), Tax Code; or an enterprise zone created by the city under Chapter 2303 (Enterprise Zones), Government Code.

(b) Authorizes the city of Dallas (city) and the board of directors (board) of the zone, by contract with the district, if the city creates a tax increment reinvestment zone described by Subsection (a), to 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) (relating to a home rule municipality having the authorization to grant public money to a corporation for developing and diversifying certain functions of the state), Local Government Code, including the right to pledge the money as security for any bonds issued by the district for an improvement project. Prohibits a project from receiving public funds under Section 380.002(b), Local Government Code, unless the project has been approved by the governing body of the city by the adoption of a resolution.

(c) Provides that a tax increment reinvestment zone created by the city in the district is not subject to the limitations provided by Section 311.006(b) (relating to a municipality being prohibited from changing the boundaries of an existing reinvestment zone for certain purposes), Tax Code.

[Reserves Sections 3874.007-3874.050 for expansion.]

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3874.051. GOVERNING BODY; TERMS. (a) Sets forth the composition of the governing board.

(b) Provides that directors serve staggered terms of four years, with four or five directors' terms expiring July 1 of each odd-numbered year.

Sec. 3874.052. APPOINTMENT OF DIRECTORS: BOARD MEETINGS. (a) Requires that directors appointed by the governing body of the city meet at least one of the qualifications prescribed by Section 3874.053.

(b) Prohibits a person from being appointed to the board by the governing body of the city if the appointment of that person would result in fewer than three of the directors being residents of the city and meeting the qualifications prescribed by Section 3874.053(a)(2), (3), (4), (5), or (6).

(c) Authorizes the governing body of the city to remove a member of the board with or without cause at any time by a majority vote.

(d) Requires the board to hold meetings at a place accessible to the public. Requires the board to file a copy of the notice of a meeting with the city's secretary. Requires the city's secretary to post the notice at Dallas City Hall.

(e) Prohibits the board from creating an executive committee to exercise the powers of the board.

(f) Authorizes the governing body of the city, if an office described in Section 3874.051(a) is renamed, changed, or abolished, to appoint another city officer or employee who performs duties comparable to those performed by the officer described by that subsection.

Sec. 3874.053. QUALIFICATIONS OF DIRECTORS APPOINTED BY CITY. (a) Requires that a person, to be qualified to serve as a director appointed by the governing body of the city, be at least 18 years old and be:

(1) a resident of the district who is also a registered voter of the district;

(2) an owner of property in the district;

(3) an owner of stock or a partnership or membership interest, whether beneficial or otherwise, of a corporate partnership, limited liability company, or other entity owner of a direct or indirect interest in property in the district;

(4) an owner of a beneficial interest in a trust, or a trustee in a trust, that directly or indirectly owns property in the district;

(5) an agent, employee, or tenant of a person covered by Subdivision (2), (3), or (4); or

(6) an initial director.

(b) Provides that Section 49.052 (Disqualification of Directors), Water Code, does not apply to the district.

Sec. 3874.054. VACANCY. Requires the governing body of the city to fill a vacancy on the board by appointing a person who meets the qualifications prescribed by Section 3874.051(a) or 3874.053 to serve for the remainder of the unexpired term.

Sec. 3874.055. DIRECTOR'S OATH OR AFFIRMATION. Requires a director's oath or affirmation of office to be filed with the district and requires the district to retain the oath or affirmation in the district records. Requires that a copy of each director's oath or affirmation of office be filed with the city's secretary.

Sec. 3874.056. OFFICERS. Requires the board to elect from among the directors a chair, a vice chair, and a secretary. Prohibits the offices of chair and secretary from being held by the same person concurrently.

Sec. 3874.057. COMPENSATION; EXPENSES; LIABILITY INSURANCE FOR DIRECTORS. (a) Authorizes the district to compensate each director in an amount not to exceed \$50 for each board meeting. Prohibits the total amount of compensation for each director in one year from exceeding \$2,000.

(b) Entitles directors to reimbursement for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of the board.

(c) Authorizes the district to obtain and pay for comprehensive general liability insurance coverage from a commercial insurance company or other source that protects and insures a director against personal liability and from any and all claims relating to actions taken by the director in the director's capacity as a member of the board; actions and activities taken by the district; or the actions of others acting on behalf of the district.

Sec. 3874.058. CONFLICTS OF INTEREST. (a) Authorizes a director, including a director who qualifies under Section 3874.053(a)(2)-(5), to participate in all board votes and decisions if the director complies with the requirements of Subsection (b).

(b) Requires a director to comply with Section 171.004 (Affidavit and Abstention From Voting Required), Local Government Code, including the disclosure and abstention requirements of that section. Requires a director to file a copy of the director's disclosure affidavit required by Section 171.004, Local Government Code, with the city's secretary before participating in a board discussion or vote.

Sec. 3874.059. INITIAL DIRECTORS. (a) Provides that the initial board consists of the following directors:

(1) Place 1 Lucy Billingsley;

(2) Place 2 Mario Canizares;

(3) Place 3 Sid Grant;

(4) Place 4 Joel Overton, Jr.;

(5) Place 5 Henry Billingsley;

- (6) Place 6 Lucilo Pena;
- (7) Place 7 City of Dallas Assistant City Manager A.C. Gonzales;
- (8) Place 8 City of Dallas Chief Financial Officer David Cook; and
- (9) Place 9 City of Dallas Office of Economic Development Director Karl Zavitkovsky.

(b) Provides that the terms of the initial directors expire on the 180th day after the date on which the Act enacting this chapter takes effect.

(c) Provides that the terms of the directors appointed to succeed the initial directors appointed for places 1-4 expire July 1, 2011, and the terms of the directors appointed to succeed the initial directors appointed for places 5-9 expire July 1, 2013.

(d) Provides that this section expires December 31, 2009.

[Reserves Sections 3874.060-3874.100 for expansion.]

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3874.101. GENERAL POWERS AND DUTIES. Provides that the district has the powers and duties provided by this chapter and by:

- (1) the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including Chapter 49 (Provisions Applicable to All Districts) and 54 (Municipal Utility Districts), Water Code, except that the district's bonds and other securities are not subject to the jurisdiction or supervision of the Texas Commission on Environmental Quality under Chapter 49, Water Code, or other law;
- (2) the general laws relating to road districts and road utility districts created under Section 52(b) (relating to the authorization for any county, political subdivision of a county, number of adjoining counties, political subdivisions of the state, or defined district to issue bonds or lend credit for certain infrastructure development), Article III, Texas Constitution, including Chapter 441 (Road Utility Districts), Transportation Code, except that the district is authorized to exercise any power granted by this chapter without regard to any provision or requirement of or procedure described by Chapter 441, Transportation Code;
- (3) Subchapter A (Public Improvement Districts), Chapter 372 (Improvement Districts in Municipalities and Counties), Local Government Code, in the same manner as a municipality or a county;
- (4) Chapter 1371 (Obligations for Certain Public Improvements), Government Code;
- (5) Chapter 375 (Municipal Management Districts in General), Local Government Code; and
- (6) Chapter 311 (Tax Increment Financing Act), Tax Code.

Sec. 3874.102. IMPROVEMENT PROJECTS. (a) Authorizes the district to provide, or to enter into contracts with a governmental or private entity to provide, certain types of infrastructure improvement projects located in the district or activities in support of or incidental to those projects.

(b) Prohibits the district from undertaking an improvement project under this section unless the board determines the project to be necessary to accomplish a public purpose of the district and has received the approval of the city under Section 3874.160.

(c) Requires that an improvement project comply with any applicable codes and ordinances of the city.

(d) Prohibits the district from providing, conducting, or authorizing an improvement project on the city streets, highways, rights-of-way, or easements without the consent of the governing body of the city.

(e) Authorizes the city, subject to an agreement between the district and the city, by ordinance, order, or resolution to require that title to all or any portion of an improvement project vest in the city; or unless prohibited by Subsection (h), by ordinance, order, resolution, or other directive, to authorize the district to own, encumber, maintain, and operate an improvement project, subject to the right of the city to order a conveyance of the improvement project to the city on a date determined by the city.

(f) Requires the district to immediately comply with any city ordinance, order, or resolution adopted under Subsection (e).

(g) Provides that for the purposes of this section, planning, design, construction, improvement, and maintenance of a lake includes work done for drainage, reclamation, or recreation.

(h) Authorizes waterworks and sanitary improvements to be undertaken by the district inside or outside the boundaries of the district, subject to certain conditions.

Sec. 3874.103. GENERAL POWERS REGARDING CONTRACTS. Sets forth the powers and duties of the district.

Sec. 3874.104. RULES; ENFORCEMENT. (a) Authorizes the district to adopt rules to administer or operate the district; for the use, enjoyment, availability, protection, security, and maintenance of the district's property and facilities; or to provide for public safety and security in the district.

(b) Authorizes the district to enforce its rules by injunctive relief.

(c) Provides that to the extent a district rule conflicts with a city rule, order, or regulation, the city rule, order, or regulation controls.

(d) Requires the district to provide the city with written notice not later than the 30th day before the date of a meeting at which the board will adopt rules. Prohibits the district from adopting a rule affecting the use of a municipally owned asset, such as a public park, street, sidewalk, transit facility, or public right-of-way, unless the governing body of the city has approved the rule by ordinance, order, or resolution.

Sec. 3874.105. NAME CHANGE. Authorizes the board by resolution to change the district's name. Requires the board to give written notice of the change to the city.

Sec. 3874.106. ADDING OR REMOVING TERRITORY. Authorizes the board to add or remove territory under Subchapter J (Annexation or Exclusion of Land), Chapter 49 (Provisions Applicable to All Districts), Water Code, and Section 54.016 (Consent of City), Water Code, except that the addition or removal of the territory is required to be approved by the governing body of the city by ordinance, order, or resolution and the owners of the territory being added or removed; a reference to a tax in Subchapter J,

Chapter 49, Water Code, or Section 54.016, Water Code, means an ad valorem tax; and territory is prohibited from being removed from the district if bonds or other obligations of the district payable wholly or partly from ad valorem taxes or assessments levied or assessed on the territory are outstanding.

Sec. 3874.107. ECONOMIC DEVELOPMENT. (a) Authorizes the district to create economic development and other programs under Section 52-a, Article III, Texas Constitution, and to impose and collect ad valorem taxes for those purposes. Provides that the district has the economic development powers that Chapter 380, Local Government Code, provides to a municipality with a population of more than 100,000. Requires that each economic development program and each project that will receive public funds under an economic development program be approved by the governing body of the city by ordinance, order, or resolution.

(b) Requires the district to provide the city written notice not later than the 30th day before the date of a meeting at which the board will adopt terms of an economic development program. Prohibits the district from adopting an economic development program or improvement project to be funded under an economic development program unless the governing body of the city has approved the program or improvement project by ordinance, order, or resolution.

Sec. 3874.108. NO EMINENT DOMAIN POWER. Prohibits district from exercising the power of eminent domain.

Sec. 3874.109. TERMS OF EMPLOYMENT; COMPENSATION. Authorizes the board to 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. Prohibits an employee from receiving annual compensation of more than \$150,000 from public funds of the district.

Sec. 3874.110. NOTICE TO PROPERTY OWNERS. (a) Requires the board to annually provide owners of real property in the district written notice that specifies the tax of the district for the district's next fiscal year in sufficient clarity to describe the tax rate for the operation and maintenance of the district and the tax rate for the payment of debt service of obligations issued or incurred by the district. Requires that the written notice be sent by first class United States mail, postage prepaid, to the current address of the property owner as reflected on the tax rolls of the appraisal district.

(b) Requires that the notice clearly state that the tax rates on real property imposed in the district are in addition to the ad valorem taxes imposed by other taxing units that tax real property in the boundaries of the district.

(c) Requires the district to generate and implement a program to provide notification to a prospective purchaser of property in the district of the rates of tax and assessments that have been approved and are imposed by the district.

[Reserves Sections 3874.111-3874.150 for expansion.]

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3874.151. GENERAL POWERS REGARDING FINANCIAL MATTERS. (a) Authorizes the district, except as provided by Section 3874.160, to:

(1) impose an ad valorem tax on all taxable property in the district to pay for any improvement projects of the types authorized by Section 52(b), Article III, and Section 59, Article XVI, Texas Constitution, and to secure the payment of bonds issued for those purposes;

(2) impose an assessment on property in the district to pay the cost of any authorized improvement project and the cost of the maintenance of the project in the manner provided for a district under Subchapters A (General

Provisions), E (Powers and Duties), and F (Assessments), Chapter 375 (Municipal Management Districts in General), Local Government Code; or a municipality or county under Subchapter A, Chapter 372, Local Government Code;

(3) 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, the costs and expenses of the establishment, administration, and operation of the district, and the district's costs or share of the costs or revenue of an improvement project or district contractual obligation or indebtedness by or through the imposition of an ad valorem tax, assessment, user fee, concession fee, or rental charge; and 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 under applicable law;

(4) establish user charges related to the operation of storm-water facilities, including the regulation of storm water for the protection of water quality in the district;

(5) establish user charges for the use of nonpotable water for irrigation purposes, subject to the approval of the governing body of the city;

(6) undertake separately or jointly with other persons, including the city or Dallas County, all or part of the cost of any improvement project, including an improvement project for improving, enhancing, and supporting public safety and security, fire protection and emergency medical services, and law enforcement in and adjacent to the district; or that confers a general benefit on the entire district or a special benefit on a definable part of the district; and

(7) enter into a tax abatement agreement in accordance with the general laws of this state authorizing and applicable to tax abatement agreements by municipalities.

(b) Prohibits the district from imposing an ad valorem tax to pay for an improvement project under this chapter unless the imposition is approved by the voters of the district voting at an election held for that purpose. Authorizes the board to call an election to approve the imposition of an ad valorem tax to pay for an improvement project under this chapter only if the board receives a petition requesting the election signed by more than 65 percent of the record owners of real property in the district subject to taxation; or owners representing more than 65 percent of the appraised value of real property in the district subject to taxation, as determined by the tax rolls of the appraisal district.

Sec. 3874.152. **BORROWING MONEY.** (a) Authorizes the district to 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 any district purpose. Authorizes the bond, note, credit agreement, or other obligation to be secured by and payable from ad valorem taxes, assessments, a combination of ad valorem taxes and assessments, or other district revenue. Requires that the governing body of the city approve the issuance of bonds, notes, credit agreements, or other obligations of the district, in general terms before the preparation of preliminary official statements or loan closing documents, as provided by the development and operating agreement approved by the city in accordance with Section 3874.160, or by separate action.

(b) Requires that the governing body of the city approve the final terms of the bond issuance, note, or credit facility, including the principal amount, note amount, interest rate or rates, redemption provisions, and other terms and conditions relating to the issuance.

(c) Requires the district to file annual audited financial statements with the city's secretary.

Sec. 3874.153. ASSESSMENTS; EXEMPTION. (a) Authorizes the district to impose an assessment on property in the district, including an assessment on residential or commercial property, only in the manner provided by Subchapter A, Chapter 372, Local Government Code, or Subchapter F, Chapter 375, Local Government Code, for a municipality, county, or public improvement district, according to the benefit received by the property.

(b) Requires that an assessment on property be for the limited purpose of providing capital funding for certain facilities.

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

(d) Provides that a lien of an assessment against property under this chapter runs with the land, and 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. Provides that 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 payment under the applicable assessment ordinance or order.

(e) Authorizes the board to 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.

(f) Requires the district to file notice of any tax or assessment imposed by the district with the county clerk of Dallas County and post the notice on the district's Internet website.

Sec. 3874.154. RESIDENTIAL PROPERTY EXEMPT. Provides that Section 375.161 (Certain Residential Property Exempt), Local Government Code, does not apply to the district.

Sec. 3874.155. MAINTENANCE AND OPERATION TAX; ELECTION. (a) Authorizes the district to impose a tax for maintenance and operation purposes, including for planning, constructing, acquiring, maintaining, repairing, and operating all improvement projects, including land, plants, works, facilities, improvements, appliances, and equipment of the district; and paying costs of services, engineering and legal fees, and organization and administrative expenses, including expenses of the city payable under the terms of the project development agreement described by Section 3874.160.

(b) Prohibits the district from imposing a maintenance and operation tax for improvement projects under this chapter unless the imposition of the tax is approved by the voters of the district voting at an election held for that purpose. Authorizes an election to be called only on receipt of a petition as provided by Section 3874.151(b).

(c) Authorizes a maintenance and operation tax election to be held at the same time and in conjunction with any other district election. Authorizes the election to be called by a separate election order or as part of any other election order.

Sec. 3874.156. USE OF SURPLUS MAINTENANCE AND OPERATION MONEY. Authorizes the money to be used for any authorized purpose if the district has surplus

maintenance and operation tax money that is not needed for the purposes for which it was collected.

Sec. 3874.157. BONDS AND OTHER OBLIGATIONS. (a) Authorizes the district, subject to the requirements of Sections 3874.159 and 3874.160, to issue by public or private sale bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, or by assessments in the manner provided by Subchapter A, Chapter 372, Local Government Code, or Subchapter J, Chapter 375, Local Government Code.

(b) Authorizes the district, in exercising the district's borrowing power, to 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 any other type of obligation.

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

Sec. 3874.158. BOND MATURITY. Provides that bonds may mature not more than 40 years from their date of issue.

Sec. 3874.159. TAXES FOR BONDS AND OTHER OBLIGATIONS. Requires the board, at the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued, to impose a continuing direct annual ad valorem tax for each year that all or part of the bonds are outstanding; and the district annually is required to impose an ad valorem tax on all taxable property in the district in an amount sufficient to pay the interest on the bonds or other obligations as the interest becomes due; and create a sinking fund for the payment of the principal of the bonds or other obligations when due or the redemption price at any earlier required redemption date.

Sec. 3874.160. DEVELOPMENT AND OPERATING AGREEMENT REQUIRED. (a) Requires the district and the city, after the district's board is organized, but before the district is authorized to undertake any improvement project, issue bonds, impose taxes, levy assessments or fees, or borrow money, to negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations imposed by the city, regarding the plans and rules for the exercise of the powers granted to the district under this chapter, including the organization, development, and operation of the district; the selection and description of improvement projects that are authorized to be undertaken and financed by the district and the ownership, operation, and maintenance of those projects; the terms, conditions, methods, means, and amounts of financing authorized by this chapter that the district is authorized to use in providing improvement projects; and the amounts, methods, and times of reimbursement to the city for costs and expenses, if any, incurred by the city with respect to the development and operation of the district and the financing of improvement projects by the district.

(b) Provides that an agreement authorized by this section is not effective until its terms and execution are approved by the board and the governing body of the city by resolution.

[Reserves Sections 3874.161-3874.250 for expansion.]

SUBCHAPTER E. DISSOLUTION

Sec. 3874.251. DISSOLUTION BY CITY ORDINANCE. (a) Authorizes the city by ordinance to dissolve the district.

(b) Prohibits the city from dissolving the district until the district's outstanding indebtedness 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 indebtedness from the city's lawfully available revenue.

(c) Prohibits the city from dissolving the district until the agreement under Section 3874.160 has been executed and the district's performance under the agreement has been fulfilled, including any right or obligation the district has to reimburse a developer or owner for the costs of improvement projects.

Sec. 3874.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE. (a) Requires the city, if the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, other than ad valorem taxes, to succeed to the rights and obligations of the district regarding enforcement and collection of the assessments or other revenue.

(b) Requires the city to have and exercise all district powers to enforce and collect the assessments or other revenue to pay the bonds or other obligations when due and payable according to their terms, or special revenue or assessment bonds or other obligations issued by the city to refund the outstanding bonds or obligations.

Sec. 3874.253. CONCURRENCE ON ADDITIONAL POWERS. Prohibits the district, 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, from exercising that power unless the governing body of the city consents to that change by resolution.

Sec. 3874.254. ASSUMPTION OF ASSETS AND LIABILITIES. (a) Provides that, after the city dissolves the district, the city assumes, subject to the appropriate and availability of funds, the obligations of the district, including any bonds or other indebtedness payable from assessments or other district revenue.

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

SECTION 2. Sets forth the initial boundaries of the district.

SECTION 3. Provides that 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 are fulfilled and accomplished.

SECTION 4. Effective date: upon passage or September 1, 2009.