

CHAPTER 1026

H.B. No. 2565

AN ACT

relating to the creation, administration, powers, duties, operation, financing, and dissolution of the Harris County Improvement District No. 1 and the power of certain entities to contract with the district; granting authority to issue bonds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. CREATION; LEGISLATIVE DECLARATION. (A) There is hereby created and established within the State of Texas, in the form and manner as herein set forth, a special district, to be known as "Harris County Improvement District No. 1," which shall be a governmental agency, a body politic and corporate, and a political subdivision of the state. The name of the district may be changed by resolution of the board of directors of the district at any time.

(B) The creation of the district is declared to be essential to the accomplishment of the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution and to the accomplishment of the several other public purposes as more fully set forth in this Act.

SECTION 2. DEFINITION. In this Act, "district" means Harris County Improvement District No. 1.

SECTION 3. BOUNDARIES. The district shall include all of the territory contained within the following described area:

BEGINNING at an iron rod marking the southwest corner of Azalea Terrace (Azalea Terrace Subdivision) as reflected by plat recorded in Volume 33, Page 38 of the map Records of Harris County, Texas, on the west line of Lot 6 of the R. B. Gaut Subdivision (R. B. Gaut Subdivision), a subdivision reflected by plat recorded in Volume 1, Page 29 of the Map Records of Harris County, Texas,

Thence in a southerly direction along the west line of said Lot 6 of the R. B. Gaut Subdivision, approximately 521.5 feet to an iron rod, being also the northwest corner of a tract (condominium tract) as reflected by plat recorded in Volume 5, Page 1, Condominium Records of Harris County, Texas

Thence South 89°18' East along the north line of the condominium tract approximately 260.17 feet to the northeast corner of the condominium tract;

Thence South 00°42' West along the east line of the condominium tract and a southerly projection thereof approximately 360 feet to the intersection thereof with the south right of way line of Ambassador Way (a private street), as reflected by plat recorded in Volume 121, Page 1, Clerk's File No. B953995, of the Map Records of Harris County, Texas; said south line also being the north line of a 5.4578 acre tract (5.4578 acre tract) described in Deed of Trust and Security Agreement dated September 1, 1977 from Post Oak Central II LTD., as grantor, in favor of Lloyd L. Bolton, Trustee, for the use and benefit of Texas Commerce Bank National Association, as beneficiary, recorded under Clerk's File No. F299975, Film Code No. 175-14-0730 of the Official Public Records of Real Property of Harris County, Texas;

Thence in a westerly direction along the north line of the 5.4578 acre tract approximately 280 feet to the northwest corner of the 5.4578 acre tract;

Thence in a southerly direction along the west line of said 5.4578 acre tract approximately 303.19 feet to the southwest corner of the 5.4578 acre tract also being the northwest corner of a 3.677 acre tract (3.677 acre tract) described by a Memorandum of Ground Lease Agreement dated June 23, 1980 between Raymond Brochstein, Joel Brochstein, Branard Brochstein and Robert Brochstein, as Lessor, and B & H LTD., a Texas limited partnership, as lessee, and recorded under Clerk's File No. G584126 of the Official Records of Real Property of Harris County, Texas; thence continuing in a southerly direction with the westerly line of the 3.677 acre tract approximately 274.05 feet to the southwest corner of the 3.677 acre tract, also being the northwest corner a 6.156 acre tract (6.156 acre tract) described in Exhibit "A" to Short Form Lease Agreement dated January 1, 1974, from Raymond Brochstein, Joel Brochstein, Bernard Brochstein and Robert Brochstein, as lessor, to B. and H. Ltd., as lessee, recorded under Clerk's File Number E079378, Film Code 174-23-2187, of the Official Public Records of Real Property of Harris County, Texas; thence continuing in a southerly direction with the west line of the 6.156 acre tract along the following approximate courses and distances: South 00°11'22" East 130.56 feet to a point; North 89°17'56" West 14.72 feet to a point; South 00°48'52" West 150.06 feet to the southwest corner of the 6.156 acre tract, also being in the east line of McCue Street and also being the northwest corner of a 0.8529 acre tract (0.8529 acre tract) described in Exhibit "A" to a Special Warranty Deed dated January 31, 1983 from Canam Texas, Inc., a Texas Corporation, as grantor, and St. Lauren Ltd, a Texas limited partnership, as grantee, recorded under Clerk's File No. H801933, Film Code 037-84-0656 of the Official Public Records of Real Property of Harris County, Texas;

Thence in an easterly direction with the south line of the 6.156 acre tract, also being north line of the 0.8529 acre tract a distance of approximately 282.52 feet to a point in the south line of the 6.156 acre tract, also being the northeast corner of the 0.8529 acre tract;

Thence in a southerly direction along the east line of the the 0.8529 acre tract approximately 131.5 feet to the southeast corner of the 0.8529 acre tract, also being the north east corner of a 2.85 acre tract (the DeBakey tract) described by deed dated October 13, 1965 from Charles L. Meador and wife, Dorothy M. Meador, as grantor, in favor of Alfred DeBakey, as grantee, recorded under Clerk's File No. C182119 in Volume 6111, Page 331 of the Deed Records of Harris County, Texas; thence in an southerly direction along the east line of the DeBakey tract approximately 438.12 feet to the southeast corner of the DeBakey tract;

Thence in a westerly direction along the south line of the DeBakey tract and a westerly projection thereof approximately 311.08 feet to the intersection thereof with the center right of way line of McCue Street;

Thence in a southerly direction along the center right of way line of McCue Street to the intersection thereof with the westerly projection of the north line of a 0.9209 acre tract (0.9209 acre tract) described in deed dated February 28, 1975 from James E. Canton, Trustee, as grantor, in favor of Country Squire Apartment Venture, as grantee, and recorded under Clerk's File No. E378154, Film Code 117-06-1247 of the Official Public Records of Real Property of Harris County, Texas;

Thence in an easterly direction along the north line of the 0.9209 acre tract and a westerly projection thereof approximately 310.5 feet to the northeast corner of the 0.9209 acre tract;

Thence in a southerly direction along the east line of the 0.9209 acre tract approximately 143.15 feet to the southeast corner of the 0.9209 acre tract;

Thence in a westerly direction along the south line of the 0.9209 acre tract approximately 279.95 feet to the intersection thereof with the east right of way line of McCue Street;

Thence in a westerly direction across the right of way of McCue Street, approximately 60 feet to the intersection of the west right of way line of McCue Street with the north line of 2.147 acres, more or less, (2.147 acre tract) described in lease agreement dated February 11, 1966 from Louise and Bertha Aydam, as lessors, to Gerald Hines, as lessee, recorded under Clerk's File No. D475601, Film Code 137-31-0088 of the Official Public Records of Real Property of Harris County, Texas;

Thence in a westerly direction along the north line of the 2.147 acre tract along the following approximate courses and distances: South 89°17' West a distance of approximately 307.6 feet to a corner in the north line of the 2.147 acre tract; North 0°09' West a distance of 22.56 feet to a corner in the north line of the 2.147 acre tract; and North 89°37' West 140.79 feet to the northwest corner of the 2.147 acre tract, being also the northeast corner of a 0.952 acre tract (0.952 acre tract) described in deed dated June 15, 1967 from Abbey Rents, as grantor, in favor of Consolidated Foods Corporation, as grantee, recorded under Clerk's File No. C523785 Film Code 075-35-0816 in Volume 6814, Page 367, of the Official Public Records of Real Property of Harris County, Texas;

Thence North 89°55' West following the north line of the 0.952 acre tract, at 137.18 feet passing the northwest corner of the 0.952 acre, also being the northeast corner of a 0.9553 acre tract (0.9553 acre tract) described in deed dated August 13, 1974, from James P. Woodson, Trustee, as grantor, in favor of Joseph S. Javor, as grantee, recorded under Clerk's File No. E230896, Film Code 108-09-0145 of the Official Public Records of Real Property; thence continuing North 89°56' West with the north line of the 0.9553 acre tract approximately 133.69 feet to the northwest corner of the 0.9553 acre tract, also being the northeast corner of a 0.1795 acre tract (0.1795 acre tract) described in deed dated March 9, 1959, from Richmond Lumber and Building Company, as grantor, in favor of Paul E. Gilliam, as grantee, recorded under Clerk's File No. 118523A, Volume 3658 Page 63, of the Official Public Records of Real Property of Harris County, Texas; thence continuing in westerly direction with the north line of the 0.1795 acre tract and a westerly projection thereof approximately 160.33 feet to the intersection of a westerly projection thereof with the center right of way line of Sage Road (based on a 60' right of way);

Thence in a southerly direction along the center right of way line of Sage Road approximately 385 feet to its intersection with an easterly projection of the center right of way line of Brownway Street;

Thence in a westerly direction along the center right of way line of Brownway Street and a westerly projection thereof approximately 1240 feet to the intersection thereof with the center right of way line of Yorktown Road;

Thence in a southerly direction with the center right of way line of Yorktown Road, crossing the center right of way line of Westheimer and continuing a total of approximately 895.65 feet to the intersection thereof with the center right of way line of West Alabama;

Thence in an easterly direction with the center right of way lines of West Alabama, at approximately 1196.77 feet crossing the center right of way line of Sage Road, and continuing along the center lines thereof a total of approximately 1871.67 feet to a northerly projection of the east line of a tract (Berachah Church tract) described in Exhibit "B" of a deed dated April 21, 1970, from Berachah Church, a Texas Corporation, as grantor in favor of Gerald D. Hines, as grantee, recorded in Volume 8001, Page 30 of the Official Public Records of Real Property of Harris County, Texas;

Thence in a southerly direction along the east line of the Berachah Church tract South 00° 32'30" East a distance of approximately 396.01 feet to a point, being also a corner in the north line of a 6.1771 acre tract (6.1771 acre tract) described as tract IV in Exhibit "A" of

a Special Warranty Deed, dated March 26, 1964, between Robert C. Lanier, as grantor, and Bland McReynolds, as grantee, recorded under Volume 5840, Page 564, Clerk's File No. C047869, Film Code 026-24-1220, of the Official Public Records of Real Property of Harris County, Texas; thence continuing with the east line of Berachah Church Tract and a west line of the 6.1771 acre tract, South 01°50' West a distance of approximately 17.1 feet to the southeast corner of the Berachah Church tract; thence along the south line of the Berachah Church tract and a north line of the 6.1771 acre tract North 89°41' West a distance of approximately 53.86 feet to a point for a northwest corner of the 6.1771 acre tract; thence leaving the south line of the Berachah Church tract and following the west line of the 6.1771 acre tract with the following courses and distances: South 00°15'00" West a distance of 60.00 feet to a point; South 89°45'00" East a distance of 15.00 feet to a point; South 00°15'00" West a distance of 395.74 feet to a point; South 44°45'00" East a distance of 44.60 feet to a point; South 00°15'00" West a distance of 70 feet to a point on the south right of way line of Hidalgo Street, also being in the north line of a 28.38 acre tract, more or less (28.38 acre tract) described in deed dated July 1, 1970 from William P. Hobby, Jr. et al, as grantors, in favor of West Oak Venture, as grantee, recorded under Clerk's File No. D242042, Film Code No. 124-21-0073, in Volume 8264, Page 376, of the Official Public Records of Real Property of Harris County, Texas;

Thence in a westerly direction along the south right of way line of Hidalgo Street and the north line of the 28.38 acre tract, following a line and then a curve to the right and then a curve to the left, approximately 325 feet to a point in the south line of Hidalgo, being the northwest corner of the 28.38 acre tract;

Thence in a southerly direction with the west line of the 28.38 acre tract approximately 796.3 feet to the southwest corner of the 28.38 acre tract;

Thence South 89°42' East with the south line of the 28.38 acre tract approximately 916.11 feet to a point thereon, being the northwest corner of 5.807 acres, more or less (5.807 acre tract) described in an Amendment of Lease and Amendment of Option and Preferential Right to Purchase Agreement, recorded on July 24, 1974 between Windsor Properties, Inc., as lessor, in favor of West Oaks Venture, as lessee, recorded under Clerk's File No. E212053, Film Code 107-06-1196 of the Official Public Records of Real Property of Harris County, Texas;

Thence in a southerly direction with the westerly line of the 5.807 acre tract with the following approximate courses and distances: South 00°00'03" West a distance of 129.56 feet to a point; South 00°51'09" West a distance of 70.00 feet to a point; North 89°59'54" West a distance of 8.63 feet to a point and South 00°00'03" West a distance of 209.86 feet to a point in the south line of the 5.807 acre tract, being in the north right of way line of Richmond Road (120 feet wide);

Thence in an easterly direction with the south line of the 5.807 acre tract and the north right of way line of Richmond Road along the following approximate courses and distances: approximately 251.40 feet along the arc of a curve to the right; thence continuing with such north right of way line South 89°33'31" East 332.47 feet to the intersection of the north right of way line of Richmond Road and the west right of way line of West Loop 610, as engineered and depicted by the map records of the Texas State Department of Highways and Public Transportation;

Thence in a northerly direction along the west right of way line of West Loop 610 with the following approximate courses and distances: North 50°38'49" East a distance of 30.71 feet to a point; North 10°49'34" East a distance of 94.15 feet to the beginning of a curve to the left; 201.34 feet along the arc of a curve to the left to a point; and North 00°31'15" East a distance of 87.51 feet to the northeast corner of the 5.807 acre tract, being also in the west right of way line of West Loop 610;

Thence North 58°20'57" East with the west right of way line of West Loop 610 approximately 127.43 feet to the intersection thereof with the east right of way line of South Post Oak Road, being also the southwest corner of a 1.039 acre tract (Stelzig tract) described in deed dated September 15, 1983 from Russo Properties, Inc., as grantor, to Stelzig Saddlery Co., Inc., as grantee, recorded under Clerk's File No. J142487, Film Code 058-00-0573 of the Official Records of Real Property of Harris County, Texas;

Thence North 87°10'40" East with south line of the Stelzig tract and the west right of way line of West Loop 610 approximately 69.14 feet to the southeast corner of the Stelzig tract, being also in the west right of way line of West Loop 610;

Thence North 9°21'30" East with the west right of way line of West Loop 610 approximately 1232.15 feet to the southeast corner of a 1.2012 acre tract (Hampton tract) comprised of three parcels described in: 1) Deed dated December 27, 1977 from Hines-Post Oak Inc., as grantor, to Post Oak East Hotel Associates, as grantee, recorded under Clerk's File No. F426617 and Film Code 184-01-2568 of the Official Public Records of Real Property of Harris County, Texas; 2) Easement Grant and Agreement dated December 29, 1977 between Hines Post Oak East No. 1 Limited, as grantor, and Post Oak East Hotel Associates, as grantee, recorded under Clerk's File No. F506646, Film Code 189-04-1864 of the Official Public Records of Real Property of Harris County, Texas; 3) Special Warranty Deed dated January 10, 1979, from Hines-Post Oak, Inc., a Texas Corporation, as grantor, and Post Oak East Hotel Associates, as grantee, recorded under Clerk's File No. F925383, Film Code 117-87-1171 of the Official Public Records of Real Property of Harris County, Texas;

Thence in a westerly direction along the south line of the Hampton tract and a westerly projection thereof with the following approximate courses and distances: South 87°21'15" West a distance of 41.04 feet to a point; South 2°39'14" East a distance of 5.87 feet to a point; South 87°12'43" West a distance of 64.05 feet to a point; North 2°39'14" West a distance of 6.03 feet to a point; South 87°21'15" West a distance of 124.15 feet to a point; South 2°38'45" East distance of 2 feet to a point and South 87°21'15" West a distance of 149.00 feet to the intersection of a westerly projection of the south line of the Hampton tract and the center right of way line of South Post Oak Road (100 feet wide);

Thence North 2°38'41" along the center of right of way line of South Post Oak Road approximately 152 feet to the intersection thereof with a westerly projection of the north line of the Hampton tract;

Thence North 87°21'15" East along the north line of the Hampton tract and a westerly projection thereof approximately 410.25 feet to the intersection thereof with the west right of way line of West Loop 610;

Thence in a northerly direction along the west right of way line of West Loop 610 with the following approximate courses and distances: North 9°21'30" East a distance of 226.86 feet to a point; North 2°45'20" West a distance of 50.64 feet to the point of intersection of the west right of way line in West Loop 610 with the south right of way line of West Alabama; North 10°48'28" East a distance of approximately 56.37 feet crossing West Alabama to the point of intersection of the west right of way line of West Loop 610 with the north right of way line of West Alabama; North 2°36'16" East a distance of 308.96 feet to a point and North 5°58'6" East a distance of 404.54 feet to a point in the west right of way line as West Loop 610;

Thence continuing in a northerly direction along the west right of way line of West Loop 610 with the following approximate courses and distances: North 87°23' East a distance of 6.15 feet; North 2°56'55" West a distance of 46.06 feet to a point; thence along an arc to the right a distance of 216.35 feet to a point; thence along an arc to the left a distance of 63.17 feet to a point; thence North 2°56'55" West a distance of 20.5 feet to the intersection of the west right of way line of West Loop 610 with the south right of way line of Westheimer (80' wide);

Thence continuing along the west right of way line of West Loop 610 North 26°17'50" East a distance of 94.65 feet to the intersection thereof with the north right of way line of Westheimer;

Thence continuing in a northerly direction along the west right of way line of West Loop 610 with the following approximate courses and distances: North 53°00'40" East a distance of 27.91 feet to a point; along a curve to the right a distance of 173.88 feet to a point and North 10°55'17" East a distance of 682.19 feet to the southeast corner of a 2.243 acre tract (Holiday Inn tract) described in deed dated May 20, 1980 from Vivian Leatherberry Smith, individually and as independent executrix of the Estate of R. E. Bob Smith, as grantor, in favor of Holiday Inns, Inc., a Tennessee corporation, recorded under

Clerk's File No. G555336, Film Code 158-99-0610 of the Official Public Records of Real Property of Harris County, Texas;

Thence South 87°26'36" West with the south line of the Holiday Inn tract approximately 452.77 feet to the southwest corner of the Holiday Inn tract;

Thence North 2°16'53" West with the west line of the Holiday Inn tract approximately 204.93 feet to the northwest corner of the Holiday Inn tract;

Thence North 87°26'21" East with the north line of the Holiday Inn tract approximately 500.91 feet to the intersection thereof with the west right of way line of West Loop 610;

Thence North 10°55'17" East along the west right of way line of West Loop 610 approximately 1398.07 feet to the intersection thereof with the south right of way line of San Felipe Road, being also the easterly most point of a 20.2950 acre tract (20.2950 tract) described in Exhibit "A" of a Notice of Master Lease Agreement dated June 1, 1969 between R. E. Smith and wife, Vivian Leatherberry Smith, as lessors, and Gerald D. Hines, as lessee, recorded in Volume 2247, Page 65 of the Contract Records of Harris County, Texas and Clerk's File No. C976348, Film Code 108-38-0765, of the Official Public Records of Real Property of Harris County, Texas;

Thence in a northwesterly direction along the south right of way line of San Felipe Road with the following approximate courses and distances: along a curve to the right 266.19 feet to a point; thence North 32°17'59" West a distance of 125.76 feet to the northern most corner of the 20.2950 tract;

Thence South 32°17'57" West along a northwesterly line of the 20.2950 acre tract approximately 411.55 feet to an inside northwest corner of the 20.2950 acre tract;

Thence South 87°00'57" West along a northerly line of the 20.2950 acre tract a distance of approximately 271.08 feet to a point, being the southeast corner of a 11.2597 acre tract (11.2597 acre tract) described by lease dated January 26, 1962 from Vincent C. Martino, et al, as lessor, in favor of Baldwin Properties, Inc., as lessee, recorded in Volume 1412, Page 1 of the Contract Records of Harris County, Texas, and Clerk's File No. B451694, Film Code 064-13-1041 of the Official Records of Real Property of Harris County, Texas;

Thence in a northerly direction along the east line of the 11.2597 acre tract the following approximate courses and distances: North 1°3'30" East a distance of approximately 137.52 feet to a point; North 1°53' East a distance of approximately 633.75 feet to a point; North 3°59'50" East a distance of approximately 68.14 feet to the intersection thereof with the south right of way line of San Felipe Road;

Thence in a westerly direction along the north line of the 11.2597 acre tract also being the south right of way of San Felipe Road with the following approximate courses and distances: along a curve to the left a distance of 305.76 feet; thence west a distance of 184.31 feet to a northwest corner of the 11.2597 acre tract, being also the northeast corner of a 0.2889 acre tract (0.2889 acre tract) described in Exhibit "A" to a lease agreement dated January 26, 1978, from Vincent C. Martino, et al, as lessor, in favor of Moody-Rambin Number Three, a Texas General Partnership and U.S.A. II, Lehndorff Vermoögensverwaltung, GmbH & Cie, a West German limited partnership, as lessee; thence west 100 feet with a the north line of the 0.2889 acre tract and a westerly projection thereof, being also the south right of way line of San Felipe road, to the intersection thereof with the projected east right of way line of South Post Oak Road;

Thence in a northerly direction along a northerly projection of the east right of way line of South Post Oak Road approximately 80 feet to the intersection thereof with the westerly projection of the north right of way line of San Felipe Road;

Thence in a northerly direction along a curve to the right following the southeasterly right of way line of South Post Oak Road approximately 905 feet to the intersection thereof with a northerly projection of the east right of way line of Garretson Street;

Thence in a northwesterly direction, crossing the dedicated right of way for South Post Oak Road, a distance of approximately 140 feet to the intersection of the northwesterly line of South Post Oak Road and the east line of an 18.8546 acre tract (18.8546 acre tract), described in Exhibit "A" of a Deed of Trust and Security Agreement recorded March 2, 1984 from Briar Oaks N.V., grantor, in favor of James H. Albert, Trustee, as beneficiary,

recorded under Clerk's File No. J394780, Film Code of the 074-00-1116 of the Official Public Records of Real Property of Harris County, Texas;

Thence North 00°18'28" West with the east line of the 18.8546 acre tract approximately 535.58 feet to the northeast corner of the 18.8546 acre tract;

Thence in a westerly direction along the north line of the 18.8546 acre tract with the following approximate courses and distances: South 86°37'55" West a distance of 251.4 feet to a point; South 86°53'19" West a distance of 81.8 feet to a point; South 87°29'25" West a distance of 332.97 feet to a point; South 88°25'55" West a distance of 335.98 feet to a point on the east right of way line of South Post Oak Lane being also to the northwest corner of said 18.8546 acre tract;

Thence in a southerly direction along the east right of way line of South Post Oak Lane, being also the west line of the 18.8546 acre tract, with the following approximate courses and distances: South 1°35'58" East a distance of 257.97 feet and South 1°36'56" East a distance of 628.15 feet to the intersection of the east right of way line of South Post Oak Lane and the north right of way line of West Briar Lane (60 feet wide), the dedication of this segment being recorded under Clerk's File Number H704964 of the Official Public Records of Real Property of Harris County, Texas;

Thence in an easterly direction along the north right of way line of West Briar lane with the following approximate courses and distances: North 88°24'33" East a distance of 326.46 feet to a point; South 1°10'39" East a distance of 9.96 feet to a point; North 88°54'16" East a distance of 179.34 feet to a point; North 88°37'29" East a distance of 84.7 feet to a point and North 88°37'10" East a distance of 64.58 feet to the intersection of the north right of way line of West Briar Lane with the west right of way line of South Post Oak Road;

Thence in a southerly direction with the west right of way line of South Post Oak Road along a curve to the left having a radius of 1444.43 a distance of approximately 180 feet to the intersection thereof with the south line of a 0.5961 acre tract (Gap tract) shown by plat as Block 1, Commercial Reserve, of the Gap Subdivision, recorded in Volume 126, Page 52, of the Map Records of Harris County, Texas;

Thence South 89°24' West with the south line of the Gap tract approximately 216.37 feet to the southwest corner of the Gap tract, being also in the east line of a 30 foot wide private roadway easement (30' private easement) as recorded in Volume 1044, Page 164 and Volume 7437, Page 435 of the Deed Records of Harris County, Texas;

Thence North 00°2'00" West along the west line of the Gap tract, being also the east line of the 30' private easement, approximately 108.01 feet to a point on the south right of way line of West Briar Lane;

Thence South 88°54'16" West along the south right of way line of West Briar Lane, being also the north line of the 30' private easement approximately 30 feet to the intersection thereof with the west line of the 30' private easement;

Thence South 1°10'39" East along the west line of the 30' private roadway easement and a southerly projection thereof approximately 472.43 feet to the intersection thereof with the north right of way line of San Felipe Road;

Thence in a westerly direction along the north right of way line of San Felipe Road approximately 325 feet to the intersection thereof with easterly right of way line of South Post Oak Lane;

Thence along a southerly projection of the east right of way line of South Post Oak Lane approximately 80 feet to a point in the south right of way line of San Felipe Road, being also in west line of Azalea Terrace Annex (Azalea Terrace Annex) as reflected by instrument recorded in Volume 34, Page 61 of the Map Records of Harris County, Texas; thence continuing along the west line of the Azalea Terrace Annex, South 00°11' East a distance of 484.94 feet to the southwest corner of the Azalea Terrace Annex;

Thence North 89°18' West 60 feet across the right of way for South Post Oak Lane to a point in the west line of South Post Oak Lane, being also the southeast corner of the Azalea Terrace Subdivision; thence along the south line of the Azalea Terrace Subdivision

North 89°18' West a distance of approximately 395.45 feet to the southwest corner of the Azalea Terrace Subdivision, being also the Point of Beginning.

SECTION 4. FINDINGS RELATING TO BOUNDARIES. The legislature finds that the boundaries and field notes of the district form a closure. If any mistake is made in the field notes or in copying the field notes in the legislative process, it in no way affects the organization, existence, and validity of the district, or the right of the district to issue any type of bonds or refunding bonds for the purposes for which the district is created or to pay the principal of and interest on the bonds, or the right of the district to levy and collect assessments or taxes, or in any other manner affects the legality or operation of the district or its governing body.

SECTION 5. FINDING OF BENEFIT AND PUBLIC PURPOSE. (A) The legislature finds that all of the land and other property included within the boundaries of the district will be benefited by the works and projects that are to be accomplished by the district under powers conferred by Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, Vernon's Texas Civil Statutes, and other powers granted hereunder, and that the district is created to serve a public use and benefit.

(B) The legislature hereby finds that the creation of the district is essential to the economic diversification of the state, the elimination of unemployment and underemployment and the stimulation of transportation and commerce, is in the public interest, and will promote the health, safety, and general welfare of its residents and the general public. The present and prospective traffic congestion in the district and the safety of pedestrians and the limited availability of funds require the promotion and development of public transportation and pedestrian facilities and systems by new and alternative means, and the district will serve the public purpose of securing expanded and improved transportation and pedestrian facilities and systems. The district will promote the health, safety, welfare, morals, convenience, and enjoyment of the public by landscaping and developing certain areas within the district, which are necessary for the restoration, preservation, and enhancement of scenic and aesthetic beauty. The district will not act as the agent or instrumentality of any private interests even though many private interests will be benefited by the district, as will the general public.

(C) This Act shall be liberally construed in conformance with the legislative findings and purposes set forth herein.

SECTION 6. POWERS. (A) The district has all of the rights, powers, privileges, authority, and functions conferred by the general laws of this state applicable to conservation and reclamation districts created under Article XVI, Section 59, of the Texas Constitution and road districts and road utility districts created pursuant to Article III, Section 52, of the Texas Constitution, including those conferred by Chapter 54 of the Water Code and Chapter 13, Acts of the 68th Legislature, 2nd Called Session, 1984 (Article 6674r-1, Vernon's Texas Civil Statutes), together with the additional rights, powers, privileges, authority, and functions contained in this Act.

(B) If any provision of the general law is in conflict or inconsistent with this Act, this Act prevails. Any general law not in conflict or inconsistent with this Act is adopted and incorporated by reference.

SECTION 7. ADDITIONAL SPECIFIC POWERS AND DUTIES. (A) In addition to the powers set forth in Section 6 of this Act, the board of directors of the district may undertake improvement projects and/or services that confer a special benefit on a definable part of the district, which may be the entire district or any part thereof. The board of directors may levy and collect special assessments on property in the area, based on the benefit conferred by the improvement project and/or services, to pay all or part of its cost. Each and all of the improvement projects and/or services authorized by this Act are hereby found and declared to carry out a public purpose.

(B) An improvement project may include the construction, acquisition, improvement, relocation, operation, or maintenance of:

(1) landscaping; lighting, banners and signs; streets or sidewalks; pedestrian skywalks, crosswalks, or tunnels; drainage improvements; pedestrian malls; solid waste, water, sewer or power facilities, including, but not limited to, electrical, gas, steam,

cogeneration, and chilled water facilities; parks, lakes, recreation, and scenic areas; fountains; articles of art; off-street parking facilities, bus terminals, heliports, mass-transit and people-mover systems; and the cost of any demolition in connection with providing any such improvement project;

- (2) other improvements similar to those described in Subdivision (1) of this subsection;
- (3) the acquisition of real property or any interest therein in connection with an authorized improvement in any manner authorized by Chapter 54 of the Water Code; provided, however, the district shall not have the power of eminent domain;
- (4) special supplemental services for improvement and promotion of the district, including but not limited to advertising, promotion, health and sanitation, public safety, security, business recruitment, development, elimination of traffic congestion, recreation, and cultural enhancements; and
- (5) expenses incurred in the establishment, administration, and operation of the district.

(C) An improvement project on two or more streets or two or more types of improvements may be included in one proceeding and financed as one improvement project.

(D) Services and/or improvement projects may be financed under this Act after notice of the hearing has been given as required by this section and the board of directors of the district holds a public hearing on the advisability of the improvements and/or services and the proposed assessments. The board of directors of the district may not finance services and/or improvement projects under this Act unless a written petition requesting such improvements and/or services signed by (1) the owners of 50 percent of the assessed value of the property in the district based on the most recent certified county property tax rolls, or (2) the owners of 50 percent or more of the surface area of the district (excluding roads, streets, highways, and utility rights-of-way) based on the most recent certified county property tax rolls has been filed with the board of directors.

(E) Notice of the hearing shall be given in a newspaper of general circulation in the county or counties in which the district is located. The final publication must be at least 15 days before the date of the hearing. The notice shall include the following information:

- (i) the time and place of the hearing;
- (ii) the general nature of the proposed improvement project and/or services;
- (iii) the estimated cost of the improvement, which may include interest during construction and financing costs associated therewith; and
- (iv) the proposed method of assessment.

(1) Written notice containing the information required in this section shall be mailed (registered or certified with a return receipt requested) at least 15 days before the hearing to each property owner in the district proposed to be assessed to the current address of the subject property as reflected on the tax rolls.

(2) The hearing may be adjourned from time to time until the board of directors makes findings by resolution or order as to the advisability of the improvement project and/or services, the nature of the improvement and/or services, the estimated cost, the area benefited, and the method of assessment.

(3) The area of the district to be assessed according to the findings of the board of directors may be the entire district or any part thereof and may be less than the area proposed in the notice of the hearing, but it may not include any property not within the original proposed boundaries unless there is an additional hearing, preceded by the required notice.

(4) At the hearing on proposed assessments or at any adjournment of the hearing, the board of directors shall hear and pass on all objections to each proposed assessment. The board of directors may amend the proposed assessments as to any parcel. When all objections have been heard and action has been taken with regard to them, the board of directors by order or resolution shall levy the assessments as special assessments on the

property. The board of directors by order or resolution shall specify the method of payment of the assessments and may provide that they be payable in periodic installments, including interest, which shall meet annual costs for services and improvements as set forth in Subsection (F) of this section and shall continue for the number of years required to retire indebtedness or pay for the services to be rendered. The board may provide interest charges or penalties for untimely payment and may also levy any amount to cover delinquencies and expenses of collection. The board of directors shall also set forth a procedure for the distribution or use of any assessments, if any, in excess of those needed to finance the improvement project for which such assessments were collected.

(F) The portion of the cost of an improvement project and/or services to be assessed against the property in the district shall be apportioned by the board of directors based on the special benefits accruing to the property because of the improvement and/or services. The cost may be assessed equally per front foot or per square foot of land area against all property within the district; it may be assessed against property according to the value of the property as determined by the board of directors, with or without regard to structures or other improvements on the property; or it may be assessed on the basis of any other reasonable assessment plan that results in imposing equal shares of the cost on property similarly benefited.

(G) Payment of assessments by exempt jurisdictions, if any, shall be established by contract.

(H) When the total cost of an improvement and/or services is determined, the board of directors shall cause the assessments against each parcel of land within the district. In case of an assessment for services the board may levy an annual assessment that may be lower but not higher than the initial assessment. The board of directors shall also cause an assessment roll to be prepared showing the assessments against each property and the board's basis for the assessment. The assessment roll shall be filed with the secretary of the board or other officer who performs the function of secretary and be open for public inspection.

(I) All assessments bear interest at a rate specified by the board of directors, if any, which may not exceed the interest rate permitted by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes). Any interest on the assessment between the effective date of the order or resolution levying the assessment and the date the first installment is payable shall be added to the first installment. The interest for one year on all unpaid installments shall be added to each subsequent installment until paid. An assessment or any reassessment and any interest and penalties thereon is a lien against the property until it is paid. The owner of any property assessed may pay the entire assessment against any lot or parcel with accrued interest to the date of the payment at any time.

(J) After notice and hearing in the manner required for original assessments, the board of directors may make supplemental assessments to correct omissions or mistakes in the assessment relating to the total cost of the improvement and/or services or to cover delinquencies or costs of collection.

(K) If an assessment against a parcel of land is set aside by a court of competent jurisdiction, found excessive by the board of directors, or determined to be invalid by the board of directors on the written advice of counsel, the board of directors may make a reassessment or new assessment as to the parcel.

(L) The cost of any improvement project and/or services (including interest during construction and costs of issuance) made under the authority of this Act may be paid from general or available funds, from assessments, or from the proceeds of bonds payable from taxes, revenues, assessments, grants, gifts, contracts, leases, or any combination thereof.

(M) During the progress of an improvement project and/or services the board of directors may issue temporary notes to pay the costs of the improvements and/or services and, on completion of the work, may issue bonds.

(N) The costs of more than one improvement and/or services may be paid from a single issue and sale of bonds without other consolidation proceedings prior to the bond issue.

(O) For the payment of all or part of the costs of an improvement project and/or services, the board of directors may issue bonds from time to time in one or more series to be payable from and secured by ad valorem taxes, assessments, revenues, grants, gifts, contracts, leases, or any combination thereof. Bonds may be liens on all or part of the revenue derived from improvements authorized under this Act, including installment payments of special assessments or from any other source pledged to their payment.

(P) Bonds may be issued to mature serially or otherwise within not more than 40 years from their date. Provision may be made for the subsequent issuance of additional parity bonds or subordinate lien bonds under any terms or conditions that may be set forth in the order or resolution authorizing the issuance of the bonds.

(Q) The bonds and any interest coupons appertaining thereto are negotiable instruments within the meaning and for all purposes of the Business & Commerce Code. The bonds may be issued registrable as to principal alone or as to both principal and interest, and shall be executed, and may be made redeemable prior to maturity, and may be issued in such form, denominations, and manner, and under such terms, conditions, and details, and may be sold in such manner, at such price, and under such terms, and said bonds shall bear interest at such rates, all as shall be determined and provided in the order or resolution authorizing the issuance of the bonds. Bonds may bear interest and may be issued in accordance with the provisions of Chapter 503, Acts of the 54th Legislature, Regular Session, 1955 (Article 717k, Vernon's Texas Civil Statutes), Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes), the Bond Procedures Act of 1981 (Article 717k-6, Vernon's Texas Civil Statutes), and Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes).

(R) If so provided in the bond order or resolution, the proceeds from the sale of the bonds may be used for paying interest on the bonds during and after the period of the acquisition or construction of any improvement to be provided through the issuance of the bonds, for creating a reserve fund for the payment of the principal of and interest on the bonds, and for creating any other funds. The proceeds of the bonds may be placed on time deposit or invested, until needed, all to the extent, in such securities and in the manner provided, in the bond order or resolution.

(S) The board of directors may pledge all or any part of the income or assessments from improvements financed under this Act or from any other source, to the payment of the bonds, including the payment of principal, interest, and any other amounts required or permitted in connection with the bonds. The pledged income shall be fixed and collected in amounts that will be at least sufficient, together with any other pledged resources, to provide for all payments of principal, interest, and any other amounts required in connection with the bonds, and, to the extent required by the order or resolution authorizing the issuance of the bonds, to provide for the payment of expenses in connection with the bonds, and for the payment of operation, maintenance, and other expenses in connection with the improvement projects authorized under this Act.

(T) The bonds may be additionally secured by mortgages or deeds of trust on any real property relating to the facilities authorized under this Act owned or to be acquired by the district and by chattel mortgages, liens, or security interests on any personal property appurtenant to that real property. The board of directors may authorize the execution of trust indentures, mortgages, deeds of trust, or other form of encumbrances to evidence the indebtedness.

(U) The board of directors may also pledge to the payment of the bonds all or any part of any grant, donation, revenues, or income received or to be received from the United States government or any other public or private source, whether pursuant to an agreement or otherwise.

(V) Any bonds issued pursuant to this Act may be refunded or otherwise refinanced by the issuance of refunding bonds for that purpose, under any terms or conditions, as are determined by order or resolution of the governing body of the district. Refunding

bonds may be issued in amounts necessary to pay the principal, interest, and redemption premium, if any, of bonds to be refunded, at maturity or on any redemption date, and to provide for the payment of all costs incurred in connection therewith, and such refunding bonds shall be issued in the manner provided in this Act for other bonds.

(W) All bonds of the district and the appropriate proceedings authorizing their issuance shall be submitted to the attorney general for examination. If the bonds recite that they are secured by a pledge of assessments, revenues, or rentals from a contract, or lease, a copy of the assessment procedures, contract, or lease and the proceedings relating to it shall be submitted to the attorney general also. If he finds that the bonds have been authorized and any assessment, contract, or lease has been made in accordance with law, he shall approve the bonds and the assessment, contract, or lease, and thereupon the bonds shall be registered by the comptroller of public accounts. After approval and registration the bonds and any assessment, contract, or lease relating to them are incontestable in any court or other forum for any reason and are valid and binding obligations for all purposes in accordance with their terms.

(X) All bonds of the district are legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, trustees, and guardians, and for all interest and sinking funds and other public funds of the state and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic. The bonds also are eligible and lawful security for all deposits of public counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, when accompanied by any unmatured interest coupons appurtenant thereto.

SECTION 8. BOARD OF DIRECTORS. (A) The district is governed by a board of 11 directors who shall serve for staggered terms of four years.

(B) At the time this Act takes effect, the following persons shall constitute the initial board of directors of the district and shall serve as provided herein:

- (1) Giorgio Borlenghi
- (2) John Breeding
- (3) Raymond Brochstein
- (4) Jose A. Gross
- (5) Wm. James Miller
- (6) Mrs. Jerry J. Moore
- (7) J. Howard Rambin III
- (8) Robert T. Sakowitz
- (9) Louis S. Sklar
- (10) John P. Sutherland
- (11) Tim Throckmorton

(C) Of the initial directors, two directors shall serve until June 1, 1988, three directors shall serve until June 1, 1989, three directors shall serve until June 1, 1990, and three directors shall serve until June 1, 1991. The board of directors of the corporation shall determine the terms of the initial directors by lot. Subsequent directors shall be appointed by the Texas Water Commission for four-year terms.

(D) To be qualified to serve as a director a person must be: (i) at least 18 years old; (ii) a resident; (iii) an owner of property in the district; (iv) an owner of stock (whether beneficial or otherwise) or a corporate owner of property in the district; (v) an owner of a beneficial interest in a trust that owns property in the district; or (vi) an agent or employee of (iii) through (v) above. A person or entity that owns a partnership interest (whether general or limited) or who has a lease with a remaining term of 30 years or more (excluding options) shall be deemed to be an owner of land for purposes of the Act.

(E) A vacancy in the office of director shall be filled by appointment of the commission. The commission shall attempt to appoint directors to represent all geographical areas and business interests in the district and shall solicit input from the existing board

concerning persons who would be eligible to represent the various interests in the district. The commission may remove a director for misconduct or failure to carry out his duties upon petition by a majority of the remaining directors.

(F) As soon as practicable after a director is appointed, he shall execute a bond for \$10,000 payable to the district and conditioned on the faithful performance of his duties. All bonds of the directors shall be approved by the board, and each director shall take the oath of office prescribed by the constitution for public officers. The bond and oath shall be filed with the district and retained in its records.

(G) After the directors have been appointed and have qualified by executing a bond and taking the proper oath, they shall organize by electing a president, a vice-president, a secretary, and any other officers as in the judgment of the board are considered necessary.

(H) Six directors shall constitute a quorum for the consideration of matters pertaining to the purposes of the district, and a concurrence of six directors shall be required for any official action of the district; however, a concurrence of seven directors is required to authorize the issuance of bonds, and to levy assessments or taxes.

(I) A person that qualifies to serve on the board of directors under Subsection (D) of this section shall be qualified to serve as a director and participate in all votes pertaining to the business of the district regardless of any statutory provision to the contrary.

SECTION 9. CITY OF HOUSTON APPROVAL. The district must obtain the approval of the director of public works of the issuance of bonds for any improvement project. In lieu of approval of bonds by the director of public works of the city of Houston, the district may obtain approval from the governing body of the city of Houston of a capital improvements budget, for a period not to exceed five years. In the event the district obtains approval of a capital improvements budget, it may finance any capital improvements and issue bonds specified in the budget without further approval from the city of Houston. The district must obtain approval from the governing body of the city of Houston and the department of planning of the city of Houston of the plans and specifications of any improvement project that involves the use of the rights-of-ways of streets, roads, or highways or the use of municipal land. The city of Houston shall never be obligated to pay any bonds, notes, or other obligations of the district, except as provided by Subsection (C) of Section 15 of this Act.

SECTION 10. EXCLUDING TERRITORY. (A) At any time, the board may on its own motion call a hearing on the question of the exclusion of land from the district as provided in Chapter 54 of the Water Code, if the exclusions are practicable, just, or desirable.

(B) The board must call a hearing on the exclusion of land or other property from the district on the written petition of any landowner or property owner in the district filed with the secretary of the board before the issuance of bonds has been authorized.

SECTION 11. CONFIRMATION ELECTION. (A) An election shall be called and held to confirm establishment of the district as provided by Chapter 54, Water Code. In the event a majority of the votes cast at a confirmation election are against the creation of the district, the board of directors of the district shall not call another confirmation election for six months after the date the former confirmation election is held. Prior to a successful confirmation election the district may not issue bonds or levy taxes or assessments; however, the district has the power to carry on such other business as the board of directors may determine.

(B) A bond election, maintenance tax election, and any other election held within the district may be held at the same time and in conjunction with a confirmation election.

(C) Elections held within the district are not required to be held on the uniform election dates specified in Section 41.001 of the Election Code.

(D) The board of directors may not call a bond election unless a written petition requesting such an election signed by the owners of 50 percent of the assessed value of the property in the district based on the most recent certified county property tax rolls at the time has been filed with the board of directors or the owners of 50 percent or more of

the surface area of the district (excluding roads, streets, highways, and utility rights-of-way) based on the most recent certified county property tax rolls.

(E) Bonds payable in whole or in part from taxes or assessments shall not be issued unless approved at an election held for such purpose by a majority of the qualified voters in the district voting in the election or such larger percentage as may be required by the constitution. Bonds payable from other sources may be issued by the board without their approval at an election.

SECTION 12. BOND APPROVAL AND DEBT LIMIT. (A) The district shall obtain approval of the Texas Water Commission in the event it issues bonds to provide water, sewage, or drainage facilities pursuant to Chapter 54, Water Code. Except as expressly provided by this section, the district is not subject to the jurisdiction of the commission.

(B) The board of directors of the district may not issue bonds or levy assessments in excess of 10 percent of the assessed value of the property in the district based on the most recent certified county property tax rolls at the time.

SECTION 13. ANNEXATION. The district may annex land in accordance with Chapter 54, Water Code, subject to the approval of the governing body of the city of Houston, Texas.

SECTION 14. CONTRACTS WITH DISTRICT. The district is authorized to contract with a city, county, other political subdivision, corporation, or other persons to carry out the purposes of this Act upon such terms and conditions and for such period of time as the governing body may determine. A state agency, city, county, other political subdivision, corporation, individual, or other entity may contract with the district to carry out the purposes of this Act without any further authorization, notwithstanding any other law or charter provisions to the contrary.

SECTION 15. DISSOLUTION. (A) The board of directors of the district may elect by majority vote to dissolve the district at any time; provided, however, the district may not be dissolved by the board of directors if the district has any outstanding bonded indebtedness until such bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds.

(B) The board of directors shall dissolve the district upon written petition filed with the board by the owners of 75 percent of the assessed value of the property in the district based on the most recent certified county property tax rolls at the time or the owners of 75 percent or more of the surface area of the district (excluding roads, streets, highways, and utility rights-of-way) based on the most recent certified county property tax rolls; provided, however, the district may not be dissolved by the board of directors if the district has any outstanding bonded indebtedness until such bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds.

(C) The governing body of the city of Houston, Texas shall be authorized, by a vote of not less than two-thirds of the entire membership, to adopt an ordinance dissolving the district. Upon the adoption of such an ordinance the district shall be dissolved, and, in accordance with Chapter 128, Acts of the 50th Legislature, 1947 (Article 1182c-1, Vernon's Texas Civil Statutes), the city of Houston, Texas shall (1) succeed to the property and assets of the district; and (2) assume all debts, obligations and liabilities of the district.

SECTION 16. NOTICE AND CONSENT. The legislature finds that proper and 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 by the constitution and laws of this state, including the governor of Texas, who has submitted the notice and Act to the Texas Water Commission. Also the legislature finds that the Texas Water Commission has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time. The general law relating to consent by political subdivisions to the creation of conservation and reclamation districts and the inclusion of land in those districts has been complied with, and 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 17. SEVERABILITY. The provisions of this Act are severable. If any word, phrase, clause, sentence, section, provision, or part of this Act should be held to be invalid or unconstitutional, it shall not affect the validity of the remaining portions, and it is hereby declared to be the legislative intent that this Act would have been passed as to the remaining portions, regardless of the invalidity of any part.

SECTION 18. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 15, 1987, by the following vote: Yeas 144, Nays 0, 1 present, not voting; and, pursuant to the provisions of Article XVI, Section 59(d) of the Constitution of Texas, a copy of H.B. No. 2565 was transmitted to the Governor on April 24, 1987, and the recommendation of the Texas Water Commission was filed with the Speaker of the House on May 26, 1987. Passed by the Senate on May 28, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 19, 1987.

Effective June 19, 1987.