

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

CHAPTER 3861. VIRIDIAN MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3861.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Arlington.
- (3) "District" means the Viridian Municipal Management District.

(4) "Improvement project" means any program or project authorized by Section [3861.102](#), inside or outside the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.002. CREATION AND NATURE OF DISTRICT. The district is a special district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.003. PURPOSE; LEGISLATIVE FINDINGS. (a) The creation of the district is essential to accomplish the purposes of Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section [52-a](#), Article III, Texas Constitution.

(b) The creation of the district is necessary to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the district.

(c) This chapter and the creation of the district may not be

interpreted to relieve the city or Tarrant County from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant the city and county services provided in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (a) The district is created to serve a public use and benefit.

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

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

- (1) developing and diversifying the economy of the state;
- (2) eliminating unemployment and underemployment;
- (3) providing quality residential housing; and
- (4) developing or expanding transportation and commerce.

(d) The district will:

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

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

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

(e) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street

landscaping, parking, and street art objects are parts of and necessary components of a street and are considered to be an improvement project that includes a street or road improvement.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.005. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under:

- (1) Section [3861.107](#); or
- (2) other law.

(b) 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:

- (1) the district's organization, existence, or validity;
- (2) 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;
- (3) the district's right to impose or collect an assessment, tax, or any other revenue; or
- (4) the legality or operation of the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) All or any part of the area of the district is eligible to be included in:

- (1) a tax increment reinvestment zone created by the city under Chapter [311](#), Tax Code;
- (2) a tax abatement reinvestment zone created by the city under Chapter [312](#), Tax Code; or
- (3) an enterprise zone created by the city under Chapter [2303](#), Government Code.

(b) If the city creates a tax increment reinvestment zone described by Subsection (a), the city and the board of directors of the zone, by contract with the district, may grant money deposited in the tax increment fund to the district to be used by the district for the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code, including the right to pledge the money as security for any bonds issued by the district for an improvement project.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3861.051. GOVERNING BODY; TERMS. (a) Except as provided by Section 3861.0521, the district is governed by a board of five directors as follows:

(1) three directors appointed by the mayor and the governing body of the city as provided by Section 3861.052(a); and

(2) two directors elected from the district at large as provided by Section 3861.052(b).

(b) Directors serve staggered terms of four years.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 439 (H.B. 648), Sec. 1, eff. September 1, 2015.

Sec. 3861.052. APPOINTMENT OR ELECTION OF DIRECTORS.

(a) The mayor and members of the governing body of the city shall appoint three of the directors from persons recommended by the board. A person is appointed if a majority of members and the mayor vote to appoint that person.

(b) The board shall hold an election to elect one director on the uniform election date in May in each even-numbered year.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 439 (H.B. 648), Sec. 2, eff. September 1, 2015.

Sec. 3861.0521. REQUIREMENT TO ELECT ALL DIRECTORS.

(a) Not later than January 1 of each year, the board shall conduct a review to determine what percentage of the developable acreage in the district has been developed. The board by rule shall establish criteria for determining whether certain acreage is developable.

(b) If the board determines on conclusion of a review conducted under Subsection (a) that at least 90 percent of the developable acreage in the district has been developed, Section 3861.052 does not apply to the district and all five directors shall be selected by elections held on the uniform election date in May in even-numbered years.

(c) If the board makes the determination described by Subsection (b), a director appointed to the board before the board makes that determination is entitled to serve the remainder of the director's unexpired term.

(d) A vacancy on the board that occurs on or after the date the board makes the determination described by Subsection (b) shall be filled in the manner prescribed by Section 3861.054(b).

Added by Acts 2015, 84th Leg., R.S., Ch. 439 (H.B. 648), Sec. 3, eff. September 1, 2015.

Sec. 3861.053. ELIGIBILITY. (a) To be qualified to serve as a director, a person must own land in the district.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.054. VACANCY. (a) If a vacancy occurs in the office of an appointed director, the mayor and members of the governing body of the city shall fill the vacancy for the remainder of the director's unexpired term in the same manner as the original appointment.

(b) If a vacancy occurs in the office of an elected

director, the remaining directors shall fill the vacancy by appointing a person who meets the qualifications prescribed by Section 3861.053. If there are fewer than three directors, the mayor and members of the governing body of the city shall appoint the necessary number of directors who meet the qualifications prescribed by Section 3861.053 to fill all board vacancies, regardless of whether the vacating directors were appointed or elected.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 439 (H.B. 648), Sec. 4, eff. September 1, 2015.

Sec. 3861.055. DIRECTOR'S OATH OR AFFIRMATION. A director's oath or affirmation of office shall be filed with the district and the district shall retain the oath or affirmation in the district records.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.056. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.057. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$50 for each board meeting. The total amount of compensation per director per year may not exceed \$2,000.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3861.101. GENERAL POWERS AND DUTIES. The district has the powers and duties provided by:

(1) the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including Chapters 49 and 54, 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), Article III, Texas Constitution, including Chapter 441, Transportation Code;

(3) Subchapter A, Chapter 372, Local Government Code, in the same manner as a municipality or a county; and

(4) Chapters 375 and 505, Local Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 21.048, eff. September 1, 2009.

Sec. 3861.102. IMPROVEMENT PROJECTS. (a) The district may provide, or it may enter into contracts with a governmental or private entity to provide, the following types of improvement projects or activities in support of or incidental to those projects:

(1) a supply and distribution facility or system to provide potable and city-approved nonpotable water to the residents and businesses of the district, including a wastewater collection facility;

(2) a paved road or street, or turnpike, inside and outside the district to the extent authorized by Section 52, Article III, Texas Constitution;

(3) the planning, design, construction, improvement, and maintenance of:

(A) landscaping;

(B) highway right-of-way or transit corridor beautification and improvement;

(C) lighting, banners, and signs;

(D) a street or sidewalk;

(E) a hiking and cycling path or trail;

(F) a pedestrian walkway, skywalk, crosswalk, or tunnel;

(G) a park, lake, garden, recreational facility, sports facility, open space, scenic area, or related exhibit or preserve;

(H) a fountain, plaza, or pedestrian mall; or

(I) a drainage or storm-water detention improvement;

(4) protection and improvement of the quality of storm water that flows through the district;

(5) the planning, design, construction, improvement, maintenance, and operation of:

(A) a water or sewer facility; or

(B) an off-street parking facility or heliport;

(6) the planning and acquisition of:

(A) public art and sculpture and related exhibits and facilities; or

(B) an educational and cultural exhibit or facility;

(7) the planning, design, construction, acquisition, lease, rental, improvement, maintenance, installation, and management of and provision of furnishings for a facility for:

(A) a conference, convention, or exhibition;

(B) a manufacturer, consumer, or trade show;

(C) a civic, community, or institutional event;

or

(D) an exhibit, display, attraction, special event, or seasonal or cultural celebration or holiday;

(8) the removal, razing, demolition, or clearing of land or improvements in connection with an improvement project;

(9) the acquisition and improvement of land or other property for the mitigation of the environmental effects of an

improvement project;

(10) the acquisition of property or an interest in property in connection with an authorized improvement project;

(11) a special or supplemental service for the improvement and promotion of the district or an area adjacent to the district or for the protection of public health and safety in or adjacent to the district, including:

(A) advertising;

(B) promotion;

(C) tourism;

(D) health and sanitation;

(E) public safety;

(F) security;

(G) fire protection or emergency medical services;

(H) business recruitment;

(I) development;

(J) elimination of traffic congestion; and

(K) recreational, educational, or cultural improvements, enhancements, and services; or

(12) any similar public improvement, facility, or service.

(b) The district may not undertake a project under this section unless the board determines the project to be necessary to accomplish a public purpose of the district.

(c) An improvement project must comply with any applicable city requirements, including codes and ordinances.

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

(e) Subject to any agreement between the district and the city, the city may:

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

(2) by ordinance, order, or resolution or other directive 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 project to the city on a date determined by the city.

(f) The district shall immediately comply with any city ordinance, order, or resolution adopted under Subsection (e).

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.103. GENERAL POWERS REGARDING CONTRACTS. (a) The district may:

(1) contract with any person to accomplish any district purpose, including a contract for:

(A) the payment, repayment, or reimbursement of costs incurred by that person on behalf of the district, including all or part of the costs of an improvement project and interest on the reimbursed cost; or

(B) the use, occupancy, lease, rental, operation, maintenance, or management of all or part of a proposed or existing improvement project; and

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

(b) A contract the district enters into to carry out a purpose of this chapter may be on any terms and for any period the board determines, including a negotiable or nonnegotiable note or warrant payable to the city, Tarrant County, and any other person.

(c) Any person may contract with the district to carry out the purposes of this chapter without further statutory or other authorization.

(d) A contract payable from ad valorem taxes for a period longer than one year must be approved by the governing body of the city.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.104. RULES; ENFORCEMENT. (a) The district may adopt rules:

- (1) to administer or operate the district;
- (2) for the use, enjoyment, availability, protection, security, and maintenance of the district's property and facilities; or
- (3) to provide for public safety and security in the district.

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.105. NAME CHANGE. The board by resolution may change the district's name. The board shall give written notice of the change to the city.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.106. USE OF ROADWAY, PARK, OR OTHER PUBLIC AREA OF THE DISTRICT. (a) The board by rule may regulate the private use of a public roadway, open space, park, sidewalk, or similar public area in the district. To the extent the district rules conflict with a rule, order, or regulation of the city, the rule, order, or regulation of the city controls. A rule may provide for the safe and orderly use of public roadways, open spaces, parks, sidewalks, and similar public areas or facilities.

(b) The board may require a permit for a parade, demonstration, celebration, entertainment event, or similar

nongovernmental activity in or on a public roadway, open space, park, sidewalk, or similar public area or facility. The board may charge a fee for the permit application or for public safety or security services in an amount the board considers necessary.

(c) The board may require a permit or franchise agreement with a vendor, concessionaire, exhibitor, or similar private or commercial person or organization for the limited use of the area or facility on terms and on payment of a permit or franchise fee the board may impose.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.107. ADDING OR REMOVING TERRITORY. The board may add or remove territory under Subchapter J, Chapter 49, and Section 54.016, Water Code, except that:

(1) the addition or removal of the territory must be approved by:

(A) the governing body of the city; and

(B) the owners of the territory being added or removed;

(2) a reference to a tax in Subchapter J, Chapter 49, or Section 54.016, Water Code, means an ad valorem tax; and

(3) territory may not be removed from the district if bonds or other obligations of the district payable, wholly or partly, from ad valorem taxes on the territory are outstanding.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.108. ECONOMIC DEVELOPMENT. The district may create economic development programs and exercise the economic development powers that:

(1) Chapter 380, Local Government Code, provides to a municipality with a population of more than 100,000; and

(2) Chapter 1509, Government Code, provides to any municipality.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.109. TERMS OF EMPLOYMENT; COMPENSATION. The board may employ and establish the terms of employment and compensation of an executive director or general manager and any other district employees the board considers necessary. Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.110. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain. Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3861.151. GENERAL POWERS REGARDING FINANCIAL MATTERS. Except as provided by Section 3861.161, the district may:

(1) impose an ad valorem tax on all taxable property in the district, including industrial, commercial, and residential property, to pay for an improvement project;

(2) impose an assessment on property in the district in the manner provided for:

(A) a district under Subchapters A, E, and F, Chapter 375, Local Government Code; or

(B) a municipality or county under Subchapter A, Chapter 372, Local Government Code;

(3) provide or secure the payment or repayment of 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:

(A) a lease, installment purchase contract, or other agreement with any person;

(B) the imposition of a tax, assessment, user fee, concession fee, or rental charge; or

(C) any other revenue or resources of the district;

(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 Tarrant County, all or part of the cost of an improvement project, including an improvement project:

(A) 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

(B) 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.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.152. BORROWING MONEY. The district may borrow money for a district purpose by issuing or executing bonds, notes, credit agreements, or other obligations of any kind found by the board to be necessary or appropriate for the district purpose. The bond, note, credit agreement, or other obligation must be secured by and payable from ad valorem taxes, assessments, or any other district revenue.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.153. IMPACT FEES AND ASSESSMENTS; EXEMPTION. (a) The district may impose an impact fee or assessment on property in the district, including an impact fee or assessment on residential or commercial property, only in the manner provided by Subchapter A, Chapter 372 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) An impact fee for residential property must be for the limited purpose of providing capital funding for:

- (1) public water and wastewater facilities;
- (2) drainage and storm-water facilities; and
- (3) streets and alleys.

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

(1) are a first and prior lien against the property assessed; and

(2) are superior to any other lien or claim other than a lien or claim for county, school district, or municipal ad valorem taxes.

(d) The board may make a correction to or deletion from the assessment roll that does not increase the amount of assessment of any parcel of land without providing notice and holding a hearing in the manner required for additional assessments.

(e) The district may not impose an impact fee on the property, including equipment and facilities, of a public utility provider in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.154. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.155. MAINTENANCE AND OPERATION TAX; ELECTION.

(a) Except as provided by Section 3861.161, the district may impose a tax for maintenance and operation purposes, including for:

(1) planning, constructing, acquiring, maintaining, repairing, and operating all improvement projects, including land,

plants, works, facilities, improvements, appliances, and equipment of the district; and

(2) paying costs of services, engineering and legal fees, and organization and administrative expenses.

(b) The district may not impose a maintenance and operation tax unless the maximum tax rate is approved by the governing body of the city and a majority of the district voters voting at an election held for that purpose. If the maximum tax rate is approved, the board may impose the tax at any rate that does not exceed the approved rate.

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

(d) The proposition in a maintenance and operation tax election may be for a specific maximum rate or for an unlimited rate.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.156. USE OF SURPLUS MAINTENANCE AND OPERATION MONEY. If the district has surplus maintenance and operation tax money that is not needed for the purposes for which it was collected, the money may be used for any authorized purpose.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.157. BOND ISSUANCE PLAN REQUIRED BEFORE ISSUING BONDS. The district may not issue bonds until the governing body of the city approves a bond issuance plan authorizing and setting forth the limitations on the issuance of the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.158. BONDS AND OTHER OBLIGATIONS; MUNICIPAL APPROVAL. (a) Except as provided by Sections [3861.157](#) and [3861.161](#), the district may issue by competitive bid or negotiated

sale bonds, notes, or other obligations payable wholly or partly from ad valorem taxes or assessments in the manner provided by Subchapter A, Chapter 372 or Subchapter J, Chapter 375, Local Government Code.

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.159. BOND MATURITY. Bonds may mature not more than 40 years from their date of issue.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.160. TAXES FOR BONDS AND OTHER OBLIGATIONS. (a) At the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued:

(1) the board shall impose a continuing direct annual ad valorem tax, without limit as to rate or amount, for each year that all or part of the bonds are outstanding; and

(2) the district annually shall impose an ad valorem tax on all taxable property in the district in an amount sufficient to:

(A) pay the interest on the bonds or other obligations as the interest becomes due;

(B) 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; and

(C) pay the expenses of imposing the taxes.

(b) Bonds or other obligations that are secured by and payable from ad valorem taxes may not be issued unless the bonds and the imposition of the taxes are approved by:

(1) a majority of the district voters voting at an election held for that purpose; and

(2) the governing body of the city.

(c) The district shall hold an election required by this section in the manner provided by Chapter 54, Water Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.161. PROJECT DEVELOPMENT AGREEMENT REQUIRED TO IMPOSE TAXES OR BORROW MONEY, INCLUDING BONDS. Before the district may issue bonds, impose taxes, or borrow money, the district and the city must negotiate and execute a mutually approved and accepted interlocal project development agreement regarding the development plans and rules for:

(1) the development and operation of the district; and

(2) the financing of improvement projects.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

SUBCHAPTER E. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3861.201. DIVISION OF DISTRICT; REQUIREMENTS. (a) At any time before the district issues indebtedness secured by ad valorem taxes, the district may be divided into two or more new districts.

(b) A new district created by division of the district must be at least 100 acres.

(c) Any new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2 of the Act creating this chapter.

(d) The board may consider a proposal to divide the district on:

(1) a petition of a landowner in the district; or

(2) a motion by the board.

(e) The board may not divide the district unless the division is approved by the governing body of the city by resolution. The resolution may set terms for the division under Subsection (f).

(f) If the board decides to divide the district, the board shall, subject to the city's resolution:

(1) set the terms of the division, including names for the new districts and a plan for the payment or performance of any outstanding district obligations; and

(2) prepare a metes and bounds description for each proposed district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.202. ELECTION FOR DIVISION OF DISTRICT. (a) After the board has complied with Section 3861.201, the board shall hold an election in the district to determine whether the district should be divided as proposed.

(b) The board shall give notice of the election not later than the 35th day before the date of the election. The notice must state:

(1) the date and location of the election; and

(2) the proposition to be voted on.

(c) If a majority of the votes cast are in favor of the division:

(1) the district is divided; and

(2) not later than the 30th day after the date of the election, the district shall provide written notice of the division to:

(A) the Texas Commission on Environmental Quality; and

(B) the city.

(d) If a majority of the votes cast are not in favor of the division, the district is not divided.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.203. APPOINTMENT OF DIRECTORS OF NEW DISTRICTS.

(a) Not later than the 90th day after the date of an election in favor of the division of the district, the mayor and members of the governing body of the city shall:

(1) appoint the board of the original district as the board of one of the new districts; and

(2) appoint five directors for each of the other new districts in the manner prescribed by Section 3861.052(a).

(b) Directors appointed under Subsection (a)(1) serve the remainder of the terms to which they were appointed or elected in the original district. Notwithstanding Section 3861.053, a director appointed under Subsection (a)(1) is eligible to serve only if the director owns land inside the area described by the boundaries of the original district. Directors appointed under Subsection (a)(2) serve until May 31 of the first even-numbered year after the year in which the directors are appointed.

(c) On the uniform election date in May of the first even-numbered year after the year in which the directors are appointed, the appointed board shall hold an election to elect two directors and the mayor and members of the governing body of the city shall appoint three directors in the manner prescribed by Section 3861.052(a) in each district for which directors were appointed under Subsection (a)(2).

(d) Section 3861.0521 applies to a new district in the same manner as that section applies to the original district.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 439 (H.B. 648), Sec. 5, eff. September 1, 2015.

Sec. 3861.204. CONTINUING POWERS AND OBLIGATIONS OF NEW DISTRICTS. (a) Each new district may incur and pay debts and has all powers of the original district created by this chapter.

(b) Each new district has the same limitations or other provisions concerning the city that apply to the original district.

(c) If the district is divided as provided by this subchapter, the current obligations and any bond authorizations of the district are not impaired. Debts shall be paid by revenue or by taxes or assessments imposed on real property in the district as if the district had not been divided or by contributions from each new district as stated in the terms set by the board under Section [3861.201](#)(f).

(d) Any other district obligation is divided pro rata among the new districts on an acreage basis or on other terms that are satisfactory to the new districts.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.205. CONTRACT AUTHORITY OF NEW DISTRICTS. (a) Except as provided by Subsection (b), the new districts may contract with each other for any matter the boards of the new districts consider appropriate.

(b) The new districts may not contract with each other for water and wastewater services.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

SUBCHAPTER F. DISSOLUTION

Sec. 3861.251. DISSOLUTION BY CITY ORDINANCE. (a) The city by ordinance may dissolve the district and any additional districts created under Subchapter E.

(b) The city may not dissolve a district until the district's outstanding indebtedness or contractual obligations payable from ad valorem taxes have been repaid or discharged.

(c) The city may not dissolve a district until the agreement under Section [3861.161](#) 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.

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. [919](#)), Sec. 1, eff. June 16, 2007.

Sec. 3861.252. COLLECTION OF ASSESSMENTS AND OTHER REVENUE.

(a) If the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, other than ad valorem taxes, the city shall succeed to the rights and obligations of the district regarding enforcement and collection of the assessments or other revenue.

(b) The city shall have and exercise all district powers to enforce and collect the assessments or other revenue to pay:

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.

Sec. 3861.253. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the city dissolves the district, the city assumes the obligations of the district, including any bonds or other indebtedness payable from assessments or other district revenue.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 531 (S.B. 919), Sec. 1, eff. June 16, 2007.