

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3874. CYPRESS WATERS MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3874.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Dallas.
- (3) "District" means the Cypress Waters Municipal Management District.
- (4) "Improvement project" means a project authorized by Section [3874.102](#):

- (A) inside the boundaries of the district; and
- (B) in areas outside but adjacent to the boundaries of the district if the project is for the purpose of extending public infrastructure improvements beyond the district's boundaries to a logical terminus.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.002. CREATION AND NATURE OF DISTRICT. The district is a special district created under Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.003. 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) The district is created to supplement and not to supplant city services provided in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.004. 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) developing or expanding transportation and commerce; and

(4) providing quality residential housing.

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

(f) 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 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.005. 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 [3874.106](#); 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 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.006. 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. A project may not receive public funds under Section 380.002(b), Local Government Code, unless the project has been approved by the governing body of the city by the adoption of a resolution.

(c) A tax increment reinvestment zone created by the city in the district is not subject to the limitations provided by Section 311.006(b), Tax Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3874.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of nine directors composed of:

- (1) six directors appointed by the governing body of the city;
- (2) one assistant city manager of the city, appointed by the city manager;
- (3) the chief financial officer of the city; and
- (4) the economic director of the city.

(b) Directors serve staggered terms of four years, with four or five directors' terms expiring July 1 of each odd-numbered year. Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

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

(b) A person may not be appointed to the board by the

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

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

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

(e) The board may not create an executive committee to exercise the powers of the board.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

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

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

(2) an owner of property in the district;

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

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

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

(6) an initial director.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.055. 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. A copy of each director's oath or affirmation of office shall be filed with the city's secretary.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.056. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary. The offices of chair and secretary may not be held by the same person concurrently.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

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

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

(c) The district may obtain and pay for comprehensive general liability insurance coverage from a commercial insurance company or other source that protects and insures a director

against personal liability and from any and all claims relating to:

- (1) actions taken by the director in the director's capacity as a member of the board;
- (2) actions and activities taken by the district; or
- (3) the actions of others acting on behalf of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.058. CONFLICTS OF INTEREST. (a) A director, including a director who qualifies under Section 3874.053(a)(2), (3), (4), or (5), may participate in all board votes and decisions if the director complies with the requirements of Subsection (b).

(b) A director shall comply with Section 171.004, Local Government Code, including the disclosure and abstention requirements of that section. A director must file a copy of the director's disclosure affidavit required by Section 171.004, Local Government Code, with the city's secretary before participating in a board discussion or vote.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

SUBCHAPTER C. POWERS AND DUTIES

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

- (1) the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including 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, except that the district may exercise any power granted by this chapter without regard to any provision or requirement of or

procedure prescribed by Chapter 441, Transportation Code;

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

(4) Chapter 1371, Government Code;

(5) Chapter 375, Local Government Code; and

(6) Chapter 311, Tax Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.102. 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 located in the district or activities in support of or incidental to those projects:

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

(2) a paved, macadamized, or graveled road, street, or turnpike, inside and outside the district, to the full 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, community activities center, dock, wharf, 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 facility, and a 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 improvement projects;

(9) the acquisition and improvement of land or other property for the mitigation of the environmental effects of an improvement project if those costs are incurred in accordance with a development agreement and reimbursement of those costs is conditioned on the completion of substantial vertical development, or the costs are related to a transit or mobility project;

(10) the acquisition of property or an interest in property in connection with one or more authorized improvement projects, including a project authorized by Subchapter [A](#), Chapter [372](#), Local Government Code;

(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) elimination of traffic congestion, including by use of rail services; and

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

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

(b) The district may not undertake an improvement project under this section unless the board determines the project to be necessary to accomplish a public purpose of the district and has received the approval of the city under Section [3874.160](#).

(c) An improvement project must comply with any applicable codes and ordinances of the city.

(d) The district may not provide, conduct, or authorize an 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 an 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) unless prohibited by Subsection (h), by ordinance, order, 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 improvement 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.

(h) Waterworks and sanitary sewer improvements may be undertaken by the district inside or outside the boundaries of the district, subject to the following conditions:

(1) the city shall request that waterworks or sanitary sewer improvements be funded by the district;

(2) the city shall construct, own, operate, and maintain the improvements; and

(3) the district shall comply with Sections [3874.152](#), [3874.157](#), and [3874.160](#) as a condition for the district to fund the improvements.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.103. 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 any 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, Dallas County, or 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.104. 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.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.105. 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 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.106. ADDING OR REMOVING TERRITORY. The board may add or remove territory under Subchapter J, Chapter 49, Water Code, 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 by ordinance, order, or resolution; and

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

(2) a reference to a tax in Subchapter J, Chapter 49, Water Code, 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 or assessments levied or assessed on the territory are outstanding.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

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

(b) The district shall provide the city written notice not later than the 30th day before the date of a meeting at which the board will adopt terms of an economic development program. The district may not adopt an economic development program or improvement project to be funded under an economic development program unless the governing body of the city has approved the program or improvement project by ordinance, order, or resolution. Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

Sec. 3874.108. NO EMINENT DOMAIN POWER. The district may

not exercise the power of eminent domain.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.109. 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. An employee may not receive annual compensation of more than \$150,000 from public funds of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

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

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

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3874.151. GENERAL POWERS REGARDING FINANCIAL MATTERS.

(a) Except as provided by Section 3874.160, the district may:

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

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

(A) 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 any bond, note, or other temporary or permanent obligation or reimbursement or other contract with any person, the costs and expenses of the establishment, administration, and operation of the district, and the district's costs or share of the costs or revenue of an improvement project or district contractual obligation or indebtedness by or through:

(A) the imposition of an ad valorem tax, assessment, user fee, concession fee, or rental charge; and

(B) any other revenue or resources of the district, or other revenue authorized by the city, including revenue from a tax increment reinvestment zone created by the city under applicable law;

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

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

(6) undertake separately or jointly with other persons, including the city or Dallas County, all or part of the cost of any improvement project, including an improvement project:

(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.

(b) The district may not impose an ad valorem tax to pay for an improvement project under this chapter unless the imposition is approved by the voters of the district voting at an election held for that purpose. The board may call an election to approve the imposition of an ad valorem tax to pay for an improvement project under this chapter only if the board receives a petition requesting the election signed by:

(A) more than 65 percent of the record owners of real property in the district subject to taxation; or

(B) owners representing more than 65 percent of the appraised value of real property in the district subject to taxation, as determined by the tax rolls of the appraisal district. Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

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

(b) The governing body of the city must approve the final terms of the bond issuance, note, or credit facility, including the

principal amount, note amount, interest rate or rates, redemption provisions, and other terms and conditions relating to the issuance.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. 2466), Sec. 1, eff. June 19, 2009.

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

(b) An assessment on property must be for the limited purpose of providing capital funding for:

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

(4) any authorized project under Chapter 372, Local Government Code.

(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) A lien of an assessment against property under this chapter runs with the land, and the portion of an assessment payment obligation that has not yet come due is not eliminated by the foreclosure of an ad valorem tax lien. Any purchaser of property in a foreclosure of an ad valorem tax lien takes the property

subject to the assessment payment obligations that have not yet come due and to the lien and terms of payment under the applicable assessment ordinance or order.

(e) 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.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.154. RESIDENTIAL PROPERTY EXEMPT. Section [375.161](#), Local Government Code, does not apply to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.155. MAINTENANCE AND OPERATION TAX; ELECTION.

(a) 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, including expenses of the city payable under the terms of the project development agreement described by Section [3874.160](#).

(b) The district may not impose a maintenance and operation tax for improvement projects under this chapter unless the imposition of the tax is approved by the voters of the district voting at an election held for that purpose. An election may be called only on receipt of a petition as provided by Section [3874.151](#)(b).

(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.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.156. 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 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

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

(b) 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 any other type of obligation.

(c) In addition to the sources of money described by Subchapter [A](#), Chapter [372](#), Local Government Code, 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 money the district receives from system or improvement project revenue or from any other source.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.159. TAXES FOR BONDS AND OTHER OBLIGATIONS. 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 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; and

(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.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.160. DEVELOPMENT AND OPERATING AGREEMENT REQUIRED. (a) After the district's board is organized, but before the district may undertake any improvement project, issue bonds, impose taxes, levy assessments or fees, or borrow money, the district and the city must negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations imposed by the city, regarding the plans and rules for:

(1) the exercise of the powers granted to the district under this chapter, including the organization, development, and operation of the district;

(2) the selection and description of improvement projects that may be undertaken and financed by the district and the ownership, operation, and maintenance of those projects;

(3) the terms, conditions, methods, means, and amounts of financing authorized by this chapter that the district may use in providing improvement projects; and

(4) the amounts, methods, and times of reimbursement to the city for costs and expenses, if any, incurred by the city

with respect to the development and operation of the district and the financing of improvement projects by the district.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

SUBCHAPTER E. DISSOLUTION

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

(b) The city may not dissolve the district until the district's outstanding indebtedness or contractual obligations that are payable from ad valorem taxes have been repaid or discharged, or the city has affirmatively assumed the obligation to pay the outstanding indebtedness from the city's lawfully available revenue.

(c) The city may not dissolve the district until the agreement under Section [3874.160](#) has been executed and the district's performance under the agreement has been fulfilled, including any right or obligation the district has to reimburse a developer or owner for the costs of improvement projects.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.252. 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 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.253. CONCURRENCE ON ADDITIONAL POWERS. If the legislature grants the district a power that is in addition to the powers approved by the initial resolution of the governing body of the city consenting to the creation of the district, the district may not exercise that power unless the governing body of the city consents to that change by resolution.

Added by Acts 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.

Sec. 3874.254. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the city dissolves the district, the city assumes, subject to the appropriation and availability of funds, the obligations of the district, including any bonds or other 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 2009, 81st Leg., R.S., Ch. 586 (S.B. [2466](#)), Sec. 1, eff. June 19, 2009.