

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3886. PROSPER MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3886.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "Director" means a board member.
- (3) "District" means the Prosper Management District No. 1.
- (4) "Improvement project" means any program or project authorized by Section [3886.103](#), inside or outside the district.
- (5) "Town" means the Town of Prosper, Texas.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.002. NATURE OF DISTRICT. The district is a special district created under Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.003. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a) The district is created to serve a public purpose 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 district is created to accomplish the purposes of a municipal management district as provided by general law and Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution.

(d) The creation of the district is in the public interest and is essential to:

(1) further the public purposes of developing and diversifying the economy of the state;

(2) eliminate unemployment and underemployment; and

(3) develop or expand transportation and commerce.

(e) The district will:

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

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

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

(f) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

(g) 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.

(h) This chapter and the creation of the district may not be interpreted to relieve the town, Collin County, or Denton County from providing the level of services provided as of the effective date of the Act creating this chapter to the area in the district. The district is created to supplement and not to supplant the town and county services provided in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.004. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act creating this chapter.

(b) The boundaries and field notes contained in Section 2 of the Act creating this chapter form a closure. A mistake made in the

field notes or in copying the field notes in the legislative process does not affect the district's:

- (1) organization, existence, or validity;
- (2) right to issue any type of bond for the purposes for which the district is created or to pay the principal of and interest on a bond;
- (3) right to impose a tax; or
- (4) legality or operation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.005. 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 town under Chapter [311](#), Tax Code;
- (2) a tax abatement reinvestment zone created by the town under Chapter [312](#), Tax Code; or
- (3) an enterprise zone created by the town under Chapter [2303](#), Government Code.

(b) If the town creates a tax increment reinvestment zone, tax abatement reinvestment zone, or enterprise zone under Subsection (a), the town 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 described by Section [380.002](#)(b), Local Government Code, for money granted to a corporation under that section, including the right to pledge the money as security for any bonds issued by the district for an improvement project.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3886.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five directors.

(b) Directors serve staggered four-year terms, with the

terms of two or three directors expiring on June 1 of each odd-numbered year.

(c) The governing body of the town, by a majority vote, shall appoint one member of the board.

(d) The board shall recommend to the governing body of the town persons to serve in the other four positions. The board shall recommend to the governing body of the town the appropriate number of successor directors before the terms of directors appointed under this subsection expire. After reviewing the recommendations, the governing body shall approve or disapprove the directors recommended by the board. If the governing body is not satisfied with the recommendations submitted by the board, the board, on the request of the governing body, shall submit additional recommendations.

(e) Board members may serve successive terms.

(f) If any provision of Subsection (c), (d), or (e) is found to be invalid, the Texas Commission on Environmental Quality shall appoint the board from recommendations submitted by the preceding board.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.052. ELIGIBILITY. Except for a director appointed as provided by Section [3886.051\(c\)](#) or 3886.056(a), to be eligible to serve as a director a person must own land in the district. Section [49.052](#), Water Code, applies to the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.053. VACANCY. (a) The remaining directors shall fill a vacancy on the board by appointing a person who is eligible under Section [3886.052](#).

(b) If there are fewer than three directors, the governing body of the town shall appoint the necessary number of directors to fill all board vacancies.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.054. DIRECTOR'S OATH AND AFFIRMATION. A director's oath and affirmation of office shall be filed with the district, and the district shall retain the oath and affirmation in the district records.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.055. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3886.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.102. MUNICIPAL MANAGEMENT DISTRICT POWERS AND DUTIES. (a) The district has the powers and duties provided by the general laws of this state, including Chapter 375, Local Government Code, as applicable to municipal management districts created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

(b) The district shall make available a district water or wastewater facility to each person who holds a certificate of convenience and necessity under Chapter 13, Water Code, for land in the district.

(c) The district may not provide retail water or wastewater services.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.103. IMPROVEMENT PROJECTS. (a) Subject to

Sections 3886.102(b) and (c), 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 town-approved nonpotable water to the residents and businesses of the district, including a wastewater collection facility;

(2) a paved road, 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 improvement projects;

(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) Subject to Section [3886.104](#), 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.

(c) An improvement project must comply with any applicable town requirements, including codes and ordinances and any planned development ordinance applicable to land in the district.

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

(e) Subject to an agreement between the district and the town, the town may:

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

(2) 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 town to order a conveyance of the improvement project to the town on a date determined by the town, provided, however, that if an improvement project is conveyed to the town, the improvement project will continue to be used to serve land in the district.

(f) The district shall immediately comply with any town 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 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.104. PROJECT DEVELOPMENT AGREEMENT REQUIRED. Before the district may issue bonds, impose taxes, or borrow money, the district and the town must negotiate and execute a mutually approved and accepted interlocal project development agreement regarding the district's development plans and rules for:

- (1) the development and operation of the district; and
- (2) the financing of improvement projects.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.105. 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 town, Collin County, Denton 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.

(d) The governing body of the town must approve a contract payable from ad valorem taxes for a period longer than one year.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. [4752](#)), Sec. 1, eff. September 1, 2009.

Sec. 3886.106. 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 town rule, order, or regulation, the town rule, order, or regulation controls.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.107. NAME CHANGE. The board by resolution may change the district's name. The board shall give written notice of the change to the town.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.108. 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 town; 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 on the territory are outstanding.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.109. ECONOMIC DEVELOPMENT. The district may

create economic development programs and exercise the economic development powers that Chapter 1509, Government Code, provides for a municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.110. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.111. 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 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3886.151. ELECTIONS REGARDING TAXES OR BONDS. (a) The district may issue, without an election, bonds and other obligations secured by revenue or contract payments from any source other than ad valorem taxes.

(b) The district must hold an election in the manner provided by Chapters 49 and 54, Water Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

(c) The district may not issue bonds payable from ad valorem taxes to finance a road project unless the issuance is approved by a vote of a two-thirds majority of the district voters voting at an election held for that purpose.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.152. 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 a district purpose. A note, bond, credit agreement, or other obligation must be secured by and payable from ad valorem taxes, assessments, or any other district revenue.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.153. OPERATION AND MAINTENANCE TAX. (a) If authorized at an election held under Section 3886.151, the district may impose an operation and maintenance tax on taxable property in the district in accordance with Section 49.107, Water Code.

(b) Except as provided by Subsection (c), the district may impose the tax for operation and maintenance 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.

(c) The district may not impose an operation and maintenance tax unless the maximum rate of the tax is approved by the governing body of the town and a majority of the voters of the district 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.

(d) An operation and maintenance 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. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.154. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may make payments under a contract from taxes other than operation and maintenance taxes

after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

Sec. 3886.201. AUTHORITY TO ISSUE BONDS AND OTHER OBLIGATIONS. The district may issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, contract payments, grants, sales and use taxes, revenue from a zone created under Chapter 311 or 312, Tax Code, or Chapter 2303, Government Code, other district money, or any combination of those sources, to pay for any authorized district purpose.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.202. TAXES FOR BONDS. (a) At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of an ad valorem tax, without limit as to rate or amount, as required by Section 54.601, Water Code.

(b) The board shall annually impose the tax while all or part of the bonds are outstanding. Sections 54.601 and 54.602, Water Code, govern the amount and rate of the tax.

(c) The district annually shall impose the tax on all taxable property in the district in an amount sufficient to:

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

(2) 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

(3) pay the expenses of imposing the tax.

(d) The district may not issue bonds or other obligations that are secured by and payable from ad valorem taxes unless the bonds and the imposition of taxes are approved by:

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

(2) the governing body of the town.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.203. BOND ISSUANCE PLAN REQUIRED BEFORE ISSUING BONDS. The district may not issue bonds until the governing body of the town approves a bond issuance plan authorizing and prescribing the limitations on the issuance of the bonds.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.204. BOND MATURITY. Bonds must mature not more than 40 years from their date of issuance.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.205. BONDS FOR ROAD PROJECTS. At the time of issuance, the total principal amount of bonds or other obligations issued or incurred to finance road projects may not exceed one-fourth of the assessed value of the real property in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

SUBCHAPTER F. DISSOLUTION

Sec. 3886.251. DISSOLUTION BY TOWN ORDINANCE. (a) The town by ordinance may dissolve the district.

(b) The town 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.

(c) The town may not dissolve the district until the agreement under Section 3886.104 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.

(d) The town may not dissolve the district before December 31, 2016.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.252. 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 town shall succeed to the rights and obligations of the district regarding enforcement and collection of the assessments or other revenue.

(b) The town 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 town to refund the outstanding bonds or obligations.

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.

Sec. 3886.253. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the town dissolves the district, the town assumes the obligations of the district, including any bonds or other indebtedness payable from assessments or other district revenue.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1077 (H.B. 4752), Sec. 1, eff. September 1, 2009.