

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

For contingent expiration of this chapter, see Section 3902.301.

CHAPTER 3902. CLUB MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3902.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "Capital improvement plan" means a plan created under Section [3902.110](#).
- (3) "City" means the City of Heath, Texas.
- (4) "Development agreement" means an agreement created under Section [3902.109](#).
- (5) "Director" means a board member.
- (6) "District" means the Club Municipal Management District No. 1.
- (7) "Financial plan" means a plan created under Section [3902.154](#).
- (8) "Improvement project" means a project authorized by Subchapter C-1.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.002. CREATION AND 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 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.003. PRIMARY PURPOSE; MIXED-USE RESIDENTIAL AND COMMERCIAL DEVELOPMENT. The primary purpose of the district is to facilitate the construction and continued maintenance of a quality mixed-use residential and commercial development to benefit city residents.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1,

eff. September 1, 2011.

Sec. 3902.004. ADDITIONAL PURPOSES; 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, Rockwall County, or Kaufman County from providing or requiring the city or the counties to provide the level of services provided as of the effective date of the Act enacting this chapter to the area in the district as the city or counties do to similarly situated property in the city. The district is created to supplement and not to supplant city and county services provided in the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.005. 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:

(1) further the public purposes of developing and

diversifying the economy of the state;

(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.

(d) 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.

(e) 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 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.006. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

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

(3) authority to borrow money or issue bonds or other obligations described by Section [3902.253](#) or to pay the principal and interest of the bonds or other obligations;

(4) right to impose or collect an assessment, or collect other revenue; or

(5) legality or operation.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.007. 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 under Chapter 311, Tax Code;

(2) a tax abatement reinvestment zone created under Chapter 312, Tax Code;

(3) an enterprise zone created under Chapter 2303, Government Code; or

(4) an industrial district created under Chapter 42, Local 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:

(1) the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code; and

(2) any other district purpose, including the right to pledge the money as security for any bonds or other obligations issued by the district under Section 3902.253.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.008. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW; PURPOSE. (a) Except as provided by this chapter, Chapter 375, Local Government Code, applies to the district.

(b) 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.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.009. LIBERAL CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.
Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3902.051. GOVERNING BODY; TERMS. The district is governed by a board of five directors who serve staggered terms of four years, with two or three directors' terms expiring May 31 of each even-numbered year.
Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.052. QUALIFICATIONS. (a) To be qualified to serve as a director, a person must:

(1) meet the qualifications prescribed by Section 375.063, Local Government Code;

(2) be a partner of a partnership that owns property in the district;

(3) be a shareholder, director, or officer of a corporation that owns property in the district;

(4) be a member, manager, or officer of a limited liability company that owns property in the district;

(5) be a member, manager, or officer of a limited liability company that is a partner of a partnership that owns property in the district; or

(6) reside in the city.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.053. APPOINTMENT OF DIRECTORS. (a) In this section, "homeowner" means a person who owns residential property in the district that is used for personal, family, or household

purposes.

(b) Before 500 residential units in the district are sold to homeowners, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the governing body of the city requesting that the governing body appoint as directors three persons from persons named in the petition.

(c) After 500 residential units in the district are sold to homeowners:

(1) a majority of the homeowners in the district may submit a petition to the governing body of the city requesting that the governing body appoint as directors two persons from persons named in the petition; and

(2) the owner or owners of a majority of the assessed value of the real property in the district that is not residential property may submit a petition to the governing body of the city requesting that the governing body appoint as director one person from persons named in the petition.

(d) The governing body of the city shall appoint five directors. The appointments may include one or more of the persons named in the petitions.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.054. EX OFFICIO DIRECTORS. (a) The governing body of the city may appoint up to three persons to serve ex officio as nonvoting directors.

(b) An ex officio director is not counted for purposes of determining a quorum.

(c) Section [3902.052](#) does not apply to this section.

(d) An ex officio director:

(1) is entitled to all notices and information given to and accessible to a director; and

(2) may attend any board meeting, regardless of whether the meeting is open or closed to the public.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.055. VACANCY. The remaining directors shall appoint a person to fill a vacancy for the remainder of the unexpired term.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.056. COMPENSATION; EXPENSES. (a) The board may compensate each director in an amount not to exceed \$50 for each board meeting. The total amount of compensation for each director in a calendar year may not exceed \$2,000.

(b) A director is entitled to reimbursement for actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the district under a policy established by the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3902.101. 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 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.102. IMPROVEMENT PROJECTS. The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter C-1 or activities in support of or incidental to those projects.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.103. DEVELOPMENT CORPORATION POWERS. If approved by the governing body of the city, the district, using money available to the district, may exercise the powers given to a

development corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, or maintain a project under that chapter.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.104. WATER DISTRICT POWERS. The district has the powers provided by the general laws relating to conservation and reclamation districts created under Section 59, Article XVI, Texas Constitution, including Chapters 49 and 54, Water Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.105. ROAD DISTRICT POWERS. The district has the powers provided by the general laws relating to road districts and road utility districts created under Section 52(b), Article III, Texas Constitution, including Chapters 365 and 441, Transportation Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.106. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.107. CONTRACT POWERS. The district may contract with a governmental or private entity, on terms determined by the board, to carry out a power or duty authorized by this chapter or to accomplish a purpose for which the district is created.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.108. AGREEMENTS; GRANTS. (a) As provided by Chapter 375, Local Government Code, the district may make an agreement with or accept a gift, grant, or loan from any person.

(b) The implementation of a project is a governmental function or service for the purposes of Chapter 791, Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.109. DEVELOPMENT AGREEMENT. The city may enter into an agreement with each person who owns land in the district at the time the agreement is executed that relates to any aspect of the development of property in or outside the district, including a provision agreed to by the city and an owner relating to:

- (1) a type of improvement;
- (2) density of development;
- (3) timing of construction of an improvement; and
- (4) aesthetics.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.110. CAPITAL IMPROVEMENT PLAN. (a) The district shall prepare a plan that includes:

- (1) a description of each improvement project to be constructed in the district;
- (2) the timing of construction for each improvement project to be constructed in the district;
- (3) the financing and general budget of each improvement project to be constructed in the district; and
- (4) any other information the city needs to make a decision on the plan.

(b) The district shall submit the plan to the city for approval.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.111. MEMBERSHIP IN CHARITABLE ORGANIZATIONS. The district may join and pay dues to a charitable or nonprofit organization that performs a service or provides an activity consistent with the furtherance of a district purpose.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.112. PARKING FACILITIES. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets and related appurtenances.

(b) The district's parking facilities serve the public purposes of the district and are owned, used, and held for a public purpose even if leased or operated by a private entity for a term of years.

(c) The district's parking facilities are necessary components of a street and are considered to be a street or road improvement.

(d) The development and operation of the district's parking facilities may be considered an economic development program.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.113. ADDING OR REMOVING TERRITORY; CITY APPROVAL. As provided by Subchapter J, Chapter 49, Water Code, the board may add territory to the district, subject to Section 54.016, Water Code, or remove territory from the district, except that:

(1) the addition or removal of the territory must be approved by three-fourths of all the members of the governing body of the city; and

(2) territory may not be removed from the district if bonds or other obligations of the district payable wholly or partly from assessments levied or assessed on the territory are outstanding.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.114. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.115. NO TOLL ROADS. The district may not construct, acquire, maintain, or operate a toll road.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3902.151. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the district, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under this chapter or Chapter 375, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project unless the board determines the project:

(1) is necessary to accomplish a public purpose of the district; and

(2) complies with the development agreement or the parties to the development agreement agree to the project, in writing.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.153. CITY APPROVAL REQUIRED. The district may not undertake an improvement project unless the district obtains approval from the governing body of the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.154. FINANCIAL PLAN. (a) The district shall prepare a financial plan that details the cost, method of financing, cost of financing, and feasibility of financing for each improvement to be constructed by the district.

(b) The district shall submit the plan to the city for approval.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.155. DEVELOPMENT AGREEMENT, CAPITAL IMPROVEMENT PLAN, AND FINANCIAL PLAN REQUIRED. The district may not undertake an improvement project or spend money for a project or service, including an economic development project or an expenditure for economic development incentives, unless the governing body of the city has approved:

(1) a development agreement; and

(2) a capital improvement plan and financial plan for the improvement project or expenditure.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.156. LOCATION OF IMPROVEMENT PROJECT OR SERVICE. An improvement project or service may be located:

(1) in the district; or

(2) outside the district if the project or service is necessary to extend, connect to, or increase the functionality of an improvement project or service in the district, including water and sewer utilities, a drainage improvement, and a road or street improvement.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.157. CITY REQUIREMENTS. (a) An improvement project in the city must comply with city ordinances and construction codes.

(b) The district may not provide, conduct, or authorize any

improvement project on the city's streets, highways, rights-of-way, or easements without the consent of the governing body of the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.158. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE AREA. The district may undertake an improvement project or service that confers a special benefit on a definable area in the district and impose a special assessment on benefited property in the district in accordance with:

- (1) Chapter 372, Local Government Code; or
- (2) Chapter 375, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.159. CONTRACTS. A contract to design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project is considered a contract for a good or service under Subchapter I, Chapter 271, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.160. CITY ORDINANCE, ORDER, OR RESOLUTION.
(a) Unless the district and city agree otherwise, the city may by ordinance, order, or resolution:

- (1) require that title to all or any portion of an improvement project vest in the city; or
- (2) authorize the district to:
 - (A) own, encumber, maintain, or operate an improvement project; or
 - (B) convey the project to the city at a later date.

(b) The district shall immediately comply with a city ordinance, order, or resolution described by this section.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3902.201. DIVISION OF DISTRICT; PREREQUISITES; CITY APPROVAL. The district may be divided into two or more new districts only if:

- (1) the district has no outstanding bonded debt; and
- (2) three-fourths of all members of the governing body of the city approve of each division.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.202. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.203. DIVISION PROCEDURES. (a) The board, on its own motion or on receipt of a petition signed by an owner of real property in the district, may adopt an order proposing to divide the district.

(b) 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 (c).

(c) 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;
- (2) prepare a metes and bounds description for each proposed district; and
- (3) appoint initial directors for each new district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.204. NOTICE AND RECORDING OF ORDER. Not later than the 30th day after the date of an order dividing the district, the district shall:

(1) file the order with the Texas Commission on Environmental Quality; and

(2) record the order in the real property records of the county in which the district is located.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.205. 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 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3902.251. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.252. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may undertake and provide an improvement project or service authorized by this chapter using any money available to the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.253. BORROWING MONEY; OBLIGATIONS. (a) The

district may borrow money for a district purpose without holding an election by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract or other agreement payable wholly or partly from an assessment, a contract payment, a grant, revenue from a zone created under Chapter 311 or 312, Tax Code, other district revenue, or a combination of these sources.

(b) An obligation described by Subsection (a):

(1) may bear interest at a rate determined by the board; and

(2) may include a term or condition as determined by the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.254. DEVELOPMENT AGREEMENT, CAPITAL IMPROVEMENT PLAN, AND FINANCIAL PLAN REQUIRED. (a) Before the district borrows money or issues an obligation under Section 3902.253, the district must submit and the governing body of the city must approve a capital improvement plan, a financial plan, and a development agreement that describe the method of:

(1) borrowing the money or issuing that type of obligation; and

(2) using the proceeds that result from borrowing the money or issuing the obligation.

(b) Before the district issues an obligation described in the capital improvement plan, financial plan, and development agreement, the district shall:

(1) provide the governing body of the city with the information required to make an informed decision relating to the obligation; and

(2) obtain approval from the governing body of the city for the obligation.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.255. QUARTERLY REPORTING. (a) After the district incurs an obligation described by Section 3902.253 and

until all obligations of the district are paid in full or otherwise satisfied, the district shall submit a quarterly financial report to the city.

(b) The report must be based on sound accounting methods and detail:

(1) the obligation incurred;

(2) the amount of the obligation that has been repaid;

and

(3) any other information the city requires.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.256. ASSESSMENTS. The district may impose an assessment on property in the district to pay for an obligation described by Section 3902.253 in the manner provided for:

(1) a district under Subchapter F, Chapter 375, Local Government Code; or

(2) a municipality or county under Subchapter A, Chapter 372, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.257. NOTICE OF ASSESSMENTS. (a) The board shall annually file written notice with the secretary of the city that specifies the assessments the district will impose in the district's next fiscal year in sufficient clarity to describe the assessments for the operation and maintenance of the district and the assessments for the payment of debt service of obligations issued or incurred by the district.

(b) The board shall annually record in the deed records of Rockwall County a current assessment roll approved by the governing body of the city.

(c) The assessment roll must clearly state that the assessments in the assessment roll are in addition to the ad valorem taxes imposed by other taxing units that tax real property in the district.

(d) The district shall generate and implement a program to

provide notification to a prospective purchaser of property in the district of the assessments that have been imposed by the district. Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.258. 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 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.259. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. The city is not obligated to pay bonds, notes, or any other obligation of the district, including bonds or debt payable from assessments or other district revenue, unless the city assumes the district's obligations by a vote of three-fourths of the governing body of the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.260. TAX AND ASSESSMENT ABATEMENTS. The district may designate reinvestment zones and may grant abatements of a tax or assessment on property in the zones.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.261. RESIDENTIAL PROPERTY NOT EXEMPT. Section [375.161](#), Local Government Code, does not apply to the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.262. NO IMPACT FEES. The district may not impose an impact fee.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.263. NO TAXATION POWER. The district may not impose a tax, including a sales tax and an ad valorem tax. Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

SUBCHAPTER F. DISSOLUTION

Sec. 3902.301. AUTOMATIC DISSOLUTION. The district dissolves and this chapter expires on September 1, 2018, if:

(1) the district does not have outstanding debt or other obligations; and

(2) a developer does not begin, on or before September 1, 2018, to construct a road or other improvement project in the district that is to be financed with district bonds or other obligations in accordance with a capital improvement plan or financial plan approved by the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.302. DISSOLUTION BY CITY. (a) The city may dissolve the district by ordinance.

(b) The city may not dissolve the district until:

(1) the district's outstanding debt or contractual obligations have been repaid or discharged; or

(2) the city agrees to succeed to the rights and obligations of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. 3859), Sec. 1, eff. September 1, 2011.

Sec. 3902.303. 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, the city succeeds 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 of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.

Sec. 3902.304. ASSUMPTION OF ASSETS AND LIABILITIES.

(a) After dissolution, the city assumes the obligations of the district, including any bonds or other debt payable from assessments or other district revenue.

(b) On or before dissolution, the board shall transfer ownership of all district property to the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1195 (H.B. [3859](#)), Sec. 1, eff. September 1, 2011.