

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

For contingent expiration of this chapter, see Section 3911.002.

CHAPTER 3911. MIDLOTHIAN MUNICIPAL MANAGEMENT DISTRICT NO. 2

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3911.001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Midlothian, Texas.
- (3) "County" means Ellis County, Texas.
- (4) "Development agreement" means the development agreement between the city and ECOM Real Estate Management, Inc., Trustee.
- (5) "Director" means a board member.
- (6) "District" means the Midlothian Municipal Management District No. 2.
- (7) "Improvement project" means a project authorized by Subchapter C-1.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.002. PRECONDITION; EXPIRATION. (a) In this section, "finance plan" means a finance plan between the city and the district that includes a general description of improvement projects that will be financed by the district, an estimate of the costs for the improvement projects, an estimate of the amount of the costs for the improvement projects that the district will pay directly or that will be reimbursed to the developer, and the means of financing costs related to the planning, design, construction, improvement, maintenance, and operation of the improvement projects.

(b) The district may not exercise any powers under this chapter until the development agreement and finance plan are executed.

(c) This chapter, including Section 3911.062, expires

September 1, 2015, if the development agreement and finance plan are not executed by that date.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.003. CREATION AND NATURE OF DISTRICT. The district is a special district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.004. PURPOSE; LEGISLATIVE FINDINGS. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter. By creating the district and in authorizing the city and other political subdivisions to contract with the district, the legislature has established a program to accomplish the public purposes set out in Section 52-a, Article III, Texas Constitution.

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

(c) This chapter and the creation of the district may not be interpreted to relieve the city or county from providing the level of services provided as of the effective date of the Act enacting this chapter to the area in the district. The district is created to supplement and not to supplant city and county services provided in the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.005. 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 further the public purposes of:

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

(d) The district will:

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

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

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

(e) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.006. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

(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, ad valorem taxes, or any other revenue; or

(4) the legality or operation of the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.007. 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 by the city under Chapter [311](#), Tax Code;

(2) a tax abatement reinvestment zone created by the city under Chapter [312](#), Tax Code; or

(3) an enterprise zone created by the city under Chapter [2303](#), Government Code.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3911.051. GOVERNING BODY; TERMS. The district is

governed by a board of five voting 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. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.052. QUALIFICATIONS. (a) To be qualified to serve as a director appointed by the governing body of the city, a person must be:

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

(2) an owner of property in the district; or

(3) an agent, employee, or tenant of a person described by Subdivision (2).

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.053. APPOINTMENT OF DIRECTORS. The governing body of the city shall appoint directors from a list of names recommended by a majority of the board. The governing body may request one additional list of names from the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.054. EX OFFICIO DIRECTORS. (a) The following persons serve ex officio as nonvoting directors:

(1) the city manager of the city; and

(2) the chief financial officer of the city.

(b) An ex officio director is entitled to notice of board meetings and to speak on a matter before the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.055. VACANCY. The governing body of the city shall fill a vacancy on the board for the remainder of the unexpired

term in the same manner as the original appointment.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.056. DIRECTOR'S OATH OR AFFIRMATION. A director shall file the director's oath or affirmation of office with the district, and the district shall retain the oath or affirmation in the district records.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.057. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.058. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$75 for each board meeting. The total amount of compensation for each director in a calendar year may not exceed \$3,000.

(b) The governing body of the city, by resolution or ordinance, may increase:

(1) the compensation for each director to an amount not to exceed \$150 for each board meeting; and

(2) the total compensation for each director to an amount not to exceed \$6,000 in a calendar year.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.059. LIABILITY INSURANCE. 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 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.060. BOARD MEETINGS. The board shall hold meetings at a place accessible to the public.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.061. CONFLICTS OF INTEREST. Chapter [171](#), Local Government Code, governs conflicts of interest of directors.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3911.101. 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. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.102. 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. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.103. ROAD DISTRICT POWERS; EXCEPTION.
(a) Except as provided by Subsection (b), 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 Chapter 441, Transportation Code.

(b) The district may exercise any power granted by this chapter and by Chapter 441, Transportation Code, without regard to any provision or requirement of, or procedure or maintenance tax rate limitation prescribed by, Chapter 441, Transportation Code. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.104. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Subchapter A, Chapter 372, Local Government Code, to a municipality or county. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.105. MUNICIPAL MANAGEMENT DISTRICT POWERS. The district has the powers provided by Chapter 375, Local Government Code. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.106. RULES; ENFORCEMENT. (a) The district may adopt rules:

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

(b) The district may enforce its rules by injunctive relief. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.107. NOTICE OF NAME CHANGE. The board shall give written notice of any name change to the city. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.108. 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.109. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain. Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS

Sec. 3911.151. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project or service unless the board determines the project or service:

(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 or service, in writing.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.152. CITY REQUIREMENTS. (a) An improvement project must comply with any applicable city construction codes and construction ordinances.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.153. ADDITIONAL CITY POWERS REGARDING IMPROVEMENT PROJECTS. (a) Unless the district and the city agree otherwise, the city may:

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

(2) by ordinance, order, or resolution or other directive authorize the district to own, encumber, maintain, and operate an improvement project or convey the project to the city at a later date.

(b) The district shall immediately comply with any city ordinance, order, or resolution adopted under this section.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.154. LAKE. For the purposes of this subchapter, planning, design, construction, improvement, or maintenance of a lake includes work done for drainage, reclamation, or recreation.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.155. WATER; EXCEPTION. (a) Except as provided by Subsection (b), an improvement project may include 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.

(b) The district may not engage in the business of wholesale or retail sale of potable water or the wholesale or retail collection and treatment of wastewater.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.156. ROADS. An improvement project may include a paved, macadamized, or graveled road or street inside and outside the district, to the full extent authorized by Section [52](#), Article III, Texas Constitution.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.157. STORM WATER. An improvement project may

include protection and improvement of the quality of storm water that flows through the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.158. PARKING OR HELIPORT. An improvement project may include the planning, design, construction, improvement, maintenance, and operation of an off-street parking facility or heliport.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.159. EDUCATION AND CULTURE. An improvement project may include the planning and acquisition of:

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

(2) an educational facility and a cultural exhibit or facility.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.160. CONVENTION CENTER. An improvement project may include the planning, design, construction, acquisition, lease, rental, improvement, maintenance, installation, and management of and provision of furnishings for a facility for:

(1) a conference, convention, or exhibition;

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

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

(4) an exhibit, display, attraction, special event, or seasonal or cultural celebration or holiday.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.161. DEMOLITION. An improvement project may include the removal, razing, demolition, or clearing of land or improvements in connection with an improvement project.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1,

eff. June 17, 2011.

Sec. 3911.162. MITIGATION OF ENVIRONMENTAL EFFECTS. An improvement project may include the acquisition and improvement of land or other property for the mitigation of the environmental effects of an improvement project.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.163. ACQUISITION OF PROPERTY. An improvement project may include the acquisition of property or an interest in property in connection with an improvement project, including a project authorized by Subchapter A, Chapter 372, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.164. SPECIAL OR SUPPLEMENTAL SERVICES. An improvement project may include 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:

- (1) tourism;
- (2) fire protection or emergency medical services; and
- (3) educational improvements, enhancements, and services.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.165. MISCELLANEOUS DESIGN, CONSTRUCTION, AND MAINTENANCE. An improvement project may include the planning, design, construction, improvement, and maintenance of:

- (1) highway right-of-way or transit corridor beautification and improvement;
- (2) a hiking and cycling path or trail;
- (3) a pedestrian walkway; or
- (4) a garden, recreational facility, community

activity center, dock, wharf, sports facility, open space, scenic area, or related exhibit or preserve.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.166. SIMILAR IMPROVEMENT PROJECTS. An improvement project may include a public improvement, facility, or service similar to a project described by this subchapter.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

SUBCHAPTER C-2. CONTRACTS

Sec. 3911.201. GENERAL CONTRACT POWERS. The district may contract with any person to accomplish any district purpose.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.202. CONTRACT TERMS. 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 an obligation to issue a negotiable or nonnegotiable note or warrant payable to the city, the county, or any other person.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.203. REIMBURSEMENT OF COSTS. The district may contract with any person for the payment, repayment, or reimbursement of costs incurred by that person on behalf of the district, including all or part of the costs of an improvement project and interest on the reimbursed cost.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.204. CONTRACT FOR IMPROVEMENT PROJECT. (a) The district may contract with any person for the use, occupancy, lease, rental, operation, maintenance, or management of all or part

of a proposed or existing improvement project.

(b) The district may 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.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.205. NO FURTHER CONTRACT AUTHORIZATION REQUIRED. Except as provided by Section 3911.206, any person, including the city, may contract with the district to carry out the purposes of this chapter without further statutory or other authorization.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.206. CITY APPROVAL OF CERTAIN CONTRACTS. A contract payable from ad valorem taxes for a period longer than one year must be approved by the governing body of the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 3911.251. DEVELOPMENT AGREEMENT REQUIRED TO BORROW MONEY OR IMPOSE TAXES OR ASSESSMENTS, INCLUDING BONDS. Before the district may issue bonds, impose taxes or assessments, or borrow money, the district and the city must negotiate and execute a development agreement regarding the development plans and rules for:

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1,

eff. June 17, 2011.

Sec. 3911.252. 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. The bond, note, credit agreement, or other obligation must be secured by and payable from any combination of ad valorem taxes, assessments, or any other district revenue.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.253. GENERAL POWERS REGARDING PAYMENT OF DISTRICT BONDS, OBLIGATIONS, OR OTHER COSTS. The district may 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 and 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 debt by:

(1) the imposition of a tax or an assessment, user fee, or rental charge;

(2) a lease, installment purchase contract, or other agreement; or

(3) 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.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.254. ASSESSMENTS. (a) The district may impose an assessment on property in the district to pay the cost or the cost of maintenance of any authorized district improvement in the manner provided for:

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

(2) a municipality or county under Subchapter [A](#),

Chapter 372, Local Government Code.

(b) 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.

(c) The lien of an assessment against property runs with the land. 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, and 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 the lien's payment under the applicable assessment ordinance or order.

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

(e) Section 372.023(e), Local Government Code, does not apply to the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.255. IMPACT FEES; EXEMPTION. (a) The district may impose an impact fee on property in the district, including an impact fee on residential or commercial property, only in the manner provided by Subchapter A, Chapter 372, or Subchapter F, Chapter 375, Local Government Code, for a municipality, county, or public improvement district.

(b) An impact fee for residential property must be for the limited purpose of providing capital funding for:

(1) public water and wastewater facilities;

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

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.256. NONPOTABLE WATER USER CHARGES; CITY APPROVAL. The district may establish user charges for the use of nonpotable water for irrigation purposes, subject to approval of the governing body of the city.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.257. COSTS FOR IMPROVEMENT PROJECTS. The district may undertake separately or jointly with other persons, including the city or county, all or part of the cost of an improvement project, including an improvement project:

(1) 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

(2) that confers a general benefit on the entire district or a special benefit on a definable part of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.258. 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. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3911.301. PROPERTY TAX AUTHORIZED. The district may impose an ad valorem tax on all taxable property in the district, including industrial, commercial, and residential property, to pay

for an improvement project.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.302. 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.

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

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.303. USE OF SURPLUS MAINTENANCE AND OPERATION MONEY. If the district has 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.304. TAX ABATEMENT. The district may enter into a tax abatement agreement regarding the district's ad valorem taxes in accordance with the general laws of this state authorizing and

applicable to a tax abatement agreement by a municipality.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.305. BONDS AND OTHER OBLIGATIONS; MUNICIPAL APPROVAL. (a) The district by competitive bid or negotiated sale may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes or assessments in the manner provided by Subchapter A, Chapter 372, or Subchapter J, Chapter 375, Local Government Code.

(b) In exercising the district's borrowing power, the district may issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument 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, 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 revenue or from any other source.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.306. BOND MATURITY. Bonds may mature not more than 40 years from their date of issue.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.307. TAXES FOR BONDS AND OTHER OBLIGATIONS; ELECTION. (a) At the time bonds or other obligations payable wholly or partly from ad valorem taxes are issued:

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

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

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

(B) create a sinking fund for the payment of the principal of the bonds or other obligations when due or the redemption price at any earlier required redemption date; and

(C) pay the expenses of imposing the taxes.

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

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

(2) the governing body of the city.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

Sec. 3911.308. ISSUER POWERS FOR CERTAIN PUBLIC IMPROVEMENTS. The district may exercise any power of an issuer under Chapter 1371, Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 587 (H.B. 3852), Sec. 1, eff. June 17, 2011.

SUBCHAPTER F. DISSOLUTION

Sec. 3911.351. 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 debt or contractual obligations have been repaid or discharged, including the defeasance of any outstanding debt issued by the city.

(c) The city may not dissolve the district until the development agreement under Section 3911.251 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.352. 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.

Sec. 3911.353. ASSUMPTION OF ASSETS AND LIABILITIES.

(a) After the city dissolves the district, the city assumes the obligations of the district, including any bonds or other debt 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 2011, 82nd Leg., R.S., Ch. 587 (H.B. [3852](#)), Sec. 1, eff. June 17, 2011.