

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

For contingent expiration of this chapter, see Section 3918.0302.

CHAPTER 3918. LEANDER MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3918.0101. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means Leander.
- (3) "Director" means a board member.
- (4) "District" means the Leander Municipal Management

District No. 1.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0102. CREATION AND NATURE OF DISTRICT. The Leander Municipal Management District No. 1 is a special district created under Section 59, Article XVI, Texas Constitution.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0103. 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.

(b) 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.

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

(d) This chapter and the creation of the district may not be interpreted to relieve the city 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 services provided in the district.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0104. FINDINGS OF BENEFIT AND PUBLIC USE.

(a) 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.

(b) The district is created to serve a public use and benefit.

(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; and

(3) 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 community and business center;

(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;

(4) provide for water, wastewater, drainage, road, and recreational facilities for the district; and

(5) promote and secure expanded and improved transportation and pedestrian facilities and systems designed to benefit the land and property in the district, the employees, employers, and consumers in the district, and the general public.

(e) Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, parking, and street art objects are parts of and necessary components of road, transportation, and pedestrian facilities and systems and are considered to be a street, transportation, or pedestrian 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 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0105. 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 issue any type of bonds for the purposes for which the district is created or to pay the principal of and interest on the bonds;

(3) right to impose or collect an assessment or tax; or

(4) legality or operation.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0106. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. 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; or

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

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0107. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0108. LIMITED WAIVER OF SOVEREIGN IMMUNITY. The district is considered to have waived sovereign immunity to suit by the city for the purpose of adjudicating a claim for breach of the development agreement described by Section 3918.0302.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0109. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0110. CONFLICT OF LAWS. In the event of a conflict between this chapter and any other law, this chapter prevails.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3918.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of five directors who serve staggered terms of four years with two or three directors' terms expiring June 1

after the fourth anniversary of the date of the directors' appointment.

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

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0202. QUALIFICATIONS OF DIRECTORS. To be qualified to serve as a director, a person must be:

(1) an owner of property in the district;

(2) an owner of stock or a partnership or membership interest, whether beneficial or otherwise, of a corporate owner of an interest in property in the district;

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

(4) an agent, employee, or tenant of a person described by Subdivision (1), (2), or (3).

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0203. APPOINTMENT OF DIRECTORS. The governing body of the city shall appoint directors from persons recommended by the board.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0204. VACANCY. (a) If a vacancy occurs on the board, the remaining directors shall appoint a director for the remainder of the unexpired term.

(b) A director may resign from the board at any time.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0205. OFFICERS. The board shall elect from among the directors a chair, a vice chair, and a secretary. The offices of chair and secretary may not be held by the same person.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0206. COMPENSATION; EXPENSES. (a) A director may not receive compensation for service on the board.

(b) A director is entitled to reimbursement for necessary and reasonable expenses incurred in carrying out the duties and responsibilities of the board. The total amount of expenses for each director in one year may not exceed the amount approved by the board and may not exceed the amount of expenses budgeted for a member of the governing body of the city.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0207. 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 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0208. BOARD MEETINGS. (a) The board shall hold meetings at a place accessible to the public.

(b) The board must post notice of each meeting with the city secretary not later than 72 hours before the scheduled time of the meeting.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

For expiration of this section, see Subsection (e).

Sec. 3918.0209. INITIAL DIRECTORS. (a) On or after

January 1, 2022, the owner or owners of a majority of the assessed value of real property in the district may submit a petition to the governing body of the city requesting that the governing body appoint five persons as initial directors from a list of persons in the district.

(b) A petition must name more than five qualified persons.

(c) The governing body shall appoint as initial directors five persons listed in the petition who are qualified to serve as directors.

(d) The initial directors shall determine by lot which three positions expire June 1 following the second anniversary of the date of the appointment and which two positions expire June 1 following the fourth anniversary of the date of the appointment.

(e) This section expires September 1, 2027.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3918.0301. GENERAL POWERS AND DUTIES. (a) The district has the powers and duties necessary to accomplish the purposes for which the district is created.

(b) The board may not take any action or exercise any power granted under this chapter other than to hold an initial organizational meeting until the development agreement described by Section [3918.0302](#) is approved by the city and executed by the parties to the agreement.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. [4638](#)), Sec. 1, eff. January 1, 2022.

Sec. 3918.0302. DEVELOPMENT AGREEMENT. (a) The city, the district, the owner of the majority of the land in the district, and any other entities the city determines are necessary to the agreement may execute a development agreement if approved by the city.

(b) This chapter expires on the fourth anniversary of the effective date of the Act enacting this chapter if the development

agreement under Subsection (a) is not executed before that date.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0303. IMPROVEMENT PROJECTS AND SERVICES. (a) The district, using any money available to the district for the purpose, may 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.

(b) The district may contract with a governmental or private entity to carry out an action under Subsection (a).

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

(d) A district improvement project or service must comply with:

- (1) any city zoning and subdivision requirements; and
- (2) city codes and ordinances.

(e) The district may not provide, conduct, or authorize an improvement project on any street, highway, right-of-way, or easement owned or controlled by the city unless the governing body of the city by resolution consents to the improvement.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0304. IMPROVEMENT PROJECT AND SERVICE IN DEFINABLE AREA; BENEFIT BASIS. The district may undertake an improvement project or service that confers a special benefit on a definable area in the district and levy and collect a special assessment on benefited property in the district in accordance with Chapter 375, Local Government Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0305. LAW ENFORCEMENT SERVICES. To protect the public interest, with the consent of the city by resolution, the

district may contract with a qualified party, including the city, to provide supplemental and enhanced law enforcement and security services in the district for a fee.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0306. ECONOMIC DEVELOPMENT PROGRAMS. (a) The district, in coordination with the city, may engage in activities that accomplish the economic development purposes of the district.

(b) The district may establish and provide for the administration of one or more programs with the prior consent of the governing body of the city in accordance with the development agreement to promote state or local economic development and to stimulate business and commercial activity in the district, including programs to:

- (1) make loans and grants of public money; and
- (2) provide district personnel and services.

(c) The district may create economic development programs and exercise the economic development powers that Chapter 380, Local Government Code, and Subchapter A, Chapter 1509, Government Code, provide to a municipality.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0307. 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 parts of and 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 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0308. ADDING OR REMOVING TERRITORY. (a) The board may add or remove territory as provided by Subchapter J, Chapter 49, Water Code.

(b) The district may add or remove territory as described by Subsection (a) only if the governing body of the city by ordinance or resolution consents to the addition or removal.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0309. EXEMPT PROPERTY. The district may not impose an impact fee, assessment, tax, or other charge on property owned by the city, the county, or other political subdivision or on property exempted under this section except as provided by Subchapter H, Chapter 375, Local Government Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0310. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3918.0401. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution with the prior consent of the governing body of the city in accordance with the development agreement shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of district money.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0402. ASSESSMENTS; LIENS FOR ASSESSMENTS.

(a) The board by resolution may impose and collect an assessment to finance improvement projects and services authorized by this chapter in all or any definable part of the district in the manner provided by Subchapter F, Chapter 375, 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;

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

(3) are the personal liability of and a charge against the owners of the property even if the owners are not named in the assessment proceedings.

(c) The lien is effective from the date of the board's resolution imposing the assessment until the date the assessment is paid. The board may enforce the lien in the same manner that the board may enforce an ad valorem tax lien against real property.

(d) The board may make a correction to or deletion from the assessment roll after providing notice and holding a hearing as provided by Subchapter F, Chapter 375, Local Government Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0403. USE OF ELECTRICAL OR OPTICAL LINES.

(a) The district may impose an assessment to pay the cost of:

(1) burying, relocating, or removing electrical power lines, telephone lines, cable or fiber-optic lines, or any other type of electrical or optical line;

(2) removing poles and any elevated lines using the poles; and

(3) reconnecting the lines described by Subdivision (2) to the buildings or other improvements to which the lines were

connected.

(b) The assessment under Subsection (a) may not be imposed on the property, including the equipment, rights-of-way, easements, facilities, or improvements, of a telecommunications provider as defined by Section 51.002, Utilities Code, or a cable service provider or video service provider as defined by Section 66.002, Utilities Code, unless in accordance with an agreement with the city.

(c) The district may acquire, operate, or charge fees for the use of the district conduits for:

(1) another person's:

(A) telecommunications network;

(B) fiber-optic cable; or

(C) electronic transmission line; or

(2) any other type of transmission line or supporting facility.

(d) The district may not require a person to use a district conduit.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3918.0501. BONDS AND OTHER OBLIGATIONS. With the consent of the governing body of the city by resolution in accordance with Section 375.207, Local Government Code, the district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes or assessments in the manner provided by Chapter 375, Local Government Code.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0502. TAX ELECTION REQUIRED. The district must hold an election in the manner provided by Chapter 49, Water Code, or, if applicable, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1,

eff. January 1, 2022.

Sec. 3918.0503. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election under Section 3918.0502, the district may impose an operation and maintenance tax on taxable property in the district in the manner provided by Section 49.107, Water Code, for any district purpose, including to:

- (1) maintain and operate the district;
- (2) construct or acquire improvements; or
- (3) provide a service.

(b) The board shall determine the operation and maintenance tax rate. The rate may not exceed the rate approved at the election.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0504. BONDS SECURED BY REVENUE OR CONTRACT PAYMENTS. The district may issue, without an election, bonds secured by:

(1) revenue other than ad valorem taxes, including contract revenues; or

(2) contract payments, provided that the requirements of Section 49.108, Water Code, have been met.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0505. BONDS SECURED BY AD VALOREM TAXES; ELECTIONS. (a) If authorized at an election under Section 3918.0502, the district may issue bonds payable from ad valorem taxes.

(b) Section 375.243, Local Government Code, does not apply to the district.

(c) At the time the district issues bonds payable wholly or partly from ad valorem taxes, the board shall provide for the annual imposition of 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 as required and in the manner provided by Sections 54.601 and 54.602, Water Code.

(d) All or any part of any facilities or improvements that may be acquired by a district by the issuance of its bonds may be submitted as a single proposition or as several propositions to be voted on at the election.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0506. WRITTEN AGREEMENT REGARDING SPECIAL APPRAISALS. Before the district may issue bonds, the district and any person to whom the board intends that proceeds of the bonds be distributed, including the developer, another owner of land in the district, and any entity acting as a lender to the developer or other landowner for the purpose of a project relating to the district, must enter into a written agreement that:

(1) waives for the term of the agreement the right to a special appraisal with respect to taxation by the district under Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

(2) remains in effect for 30 years and is binding on the parties, on entities related to or affiliated with the parties, and on their successors and assignees.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

Sec. 3918.0507. EXEMPTION FROM CERTAIN SUPERVISION AND APPROVAL REQUIREMENTS. Section 375.208, Local Government Code, does not apply to the district.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.

SUBCHAPTER J. DISSOLUTION

Sec. 3918.0901. DISSOLUTION BY CITY. (a) The city may dissolve the district in the manner provided by Section 375.263, Local Government Code, only if the city also complies with any dissolution procedures in the development agreement described by

Section 3918.0302.

(b) In the case of a conflict between Section 375.263, Local Government Code, and the development agreement, the development agreement controls.

Added by Acts 2021, 87th Leg., R.S., Ch. 990 (H.B. 4638), Sec. 1, eff. January 1, 2022.