

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 4. DEVELOPMENT AND IMPROVEMENT
SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT
CHAPTER 3974. WRIGHT FARM MUNICIPAL MANAGEMENT DISTRICT OF JOHNSON
COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3974.0101. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Cleburne, Texas.
- (3) "Commission" means the Texas Commission on Environmental Quality.
- (4) "Director" means a board member.
- (5) "District" means the Wright Farm Municipal Management District of Johnson County.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0102. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0103. 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. 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 from providing the level of services provided to the area in the district as of the effective date of the Act enacting this chapter. The district is created to supplement and not to supplant the city services provided in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0104. 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 district is created to accomplish the purposes of a municipal management district as provided by general law and Sections [52](#) and [52-a](#), Article III, and Section [59](#), Article XVI, Texas Constitution.

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

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

(2) eliminate unemployment and underemployment;

(3) develop or expand transportation and commerce; and

(4) provide quality residential housing.

(e) 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; and

(3) promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways and by landscaping and

developing certain areas in the district, which are necessary for the restoration, preservation, and enhancement of scenic beauty.

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

(g) The district will not act as the agent or instrumentality of any private interest even though the district will benefit many private interests as well as the public.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0105. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 2 of the Act enacting this chapter, as that territory may have been modified under other law.

(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 [3974.0601](#) 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter [375](#), Local Government Code, applies to the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0107. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0108. CONFLICTS OF LAW. This chapter prevails over any provision of Chapter 375, Local Government Code, that is in conflict or inconsistent with this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0109. CONSENT OF MUNICIPALITY AND DEVELOPMENT AGREEMENT REQUIRED. (a) The board may not hold an election to authorize the issuance of bonds until:

(1) the governing body of the city by ordinance or resolution consents to the creation of the district and to the inclusion of land in the district; and

(2) the district, the city, and the owner or owners of a majority of the assessed value of real property in the district negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations imposed by the city.

(b) The city's consent under Subsection (a) must be granted in the manner provided by Section 54.016, Water Code, for including land within the corporate limits or extraterritorial jurisdiction of a city.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0110. CONCURRENCE ON ADDITIONAL POWERS. If the territory of the district is located in the corporate boundaries or the extraterritorial jurisdiction of a municipality, the district may not exercise a power granted to the district after the date the district was created unless the governing body of the municipality by resolution consents to the district's exercise of the power.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3974.0201. 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 June 1 of each even-numbered year. Five directors are appointed by the commission as provided by Section [3974.0202](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0202. APPOINTMENT BY COMMISSION. (a) Before the term of a director expires, the board shall recommend to the commission the appropriate number of persons to serve as successor directors and may recommend additional persons to serve as successor directors. The commission shall appoint as directors the appropriate number of persons from the persons recommended by the board.

(b) A person recommended by the board under Subsection (a) must be:

- (1) at least 18 years of age;
- (2) an owner of property in the district;
- (3) an owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district;
- (4) an owner of a beneficial interest in a trust that owns property in the district; or
- (5) an agent, employee, or tenant of a person described by Subdivision (2), (3), or (4).

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0203. VACANCY. If a vacancy occurs on the board, the remaining directors shall appoint a director for the remainder of the unexpired term.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1,

eff. September 1, 2019.

Sec. 3974.0204. DIRECTOR'S OATH OR AFFIRMATION. (a) 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.

(b) A director shall file a copy of the director's oath or affirmation with the secretary of the city.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0205. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0206. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$150 for each board meeting. The total amount of compensation a director may receive each year may not exceed \$7,200.

(b) 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0207. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0208. NO EXECUTIVE COMMITTEE. The board may not create an executive committee to exercise the powers of the board.
Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0209. BOARD MEETINGS. The board shall hold meetings at a place that is accessible to the public and located in the district or in the city.
Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3974.0301. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0302. IMPROVEMENT PROJECTS AND SERVICES.
(a) Subject to Subsection (b), 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.

(b) The district may not construct or finance an improvement project, other than a water, sewer, or drainage facility or road, unless the governing body of the city by ordinance or resolution consents to the construction or financing.
Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0303. LOCATION OF IMPROVEMENT PROJECT. A district improvement project may be located inside or outside of the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0304. ADDING TERRITORY. The district may add territory only if the governing body of the city by ordinance or resolution consents to the addition.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0305. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3974.0401. DIVISION OF DISTRICT; PREREQUISITES. The district, including territory added to the district under Section 3974.0306, may be divided into two or more new districts only if the district has no outstanding bonded debt. Territory previously added to the district under Section 3974.0306 may be included in a new district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0402. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0403. 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) If the board decides to divide the district, the board shall:

(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 five initial directors for each new district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0404. CONTRACT AUTHORITY OF NEW DISTRICTS. The new districts may contract with each other for any matter the boards of the new districts consider appropriate, including the joint construction or financing of a utility improvement.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0405. POWERS SUBJECT TO DEVELOPMENT AND OPERATING AGREEMENT. In addition to the other limitations provided by this chapter, the district's authority to exercise its powers is subject to the terms of the development and operating agreement required under Section [3974.0109](#), including the district's authority to:

(1) acquire, construct, or finance an improvement project or service under Section [3974.0502](#); and

(2) issue bonds, notes, certificates of participation, or other obligations under Section [3974.0601](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3974.0501. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0502. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, or finance an improvement project or service authorized by this chapter or Chapter 375, Local Government Code, using any money available to the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0503. METHOD OF NOTICE FOR HEARING. The district may mail the notice required by Section 375.115(c), Local Government Code, by certified or first class United States mail. The board shall determine the method of notice.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.0504. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a) The board by resolution may impose and collect an assessment for any purpose authorized by this chapter in all or any part of the district.

(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 are:

(1) a first and prior lien against the property assessed;

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

(3) 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 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) The district may not impose an assessment on a municipality, county, or other political subdivision.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.0505. NOTICE OF ASSESSMENTS. Annually, the board shall file with the secretary of the city written notice 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.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

SUBCHAPTER F. TAXES AND BONDS

Sec. 3974.0601. BONDS AND OTHER OBLIGATIONS. (a) The district may issue, by public or private sale, 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. Sections [375.207](#)(a) and (b), Local Government Code, do not apply to the district.

(b) In exercising the district's borrowing power, the district may issue a bond or other obligation in the form of a bond, note, certificate of participation or other instrument evidencing a proportionate interest in payments to be made by the district, or 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 improvement revenue or from any other source. Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

SUBCHAPTER J. SPECIAL BOND PROVISIONS

Sec. 3974.1001. APPLICABILITY. This subchapter applies only to bonds payable wholly or partly from revenue derived from assessments on real property in the district. Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.1002. CONFLICT OF LAWS. In the event of a conflict between this subchapter and any other law, this subchapter prevails. Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.1003. 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 2019, 86th Leg., R.S., Ch. 1013 (H.B. 4744), Sec. 1, eff. September 1, 2019.

Sec. 3974.1004. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A district may not advertise for an issuance of bonds until the completion of at least 25 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.

Sec. 3974.1005. REQUIREMENTS FOR BOND ISSUE. The district may not issue bonds until:

(1) the district submits to the commission:

(A) an engineer's report describing the project for which the bonds will provide funding, including data, profiles, maps, plans, and specifications related to the project; and

(B) a cash flow analysis to determine the projected rate of assessment, which includes the following assumptions:

(i) each ending balance for debt service in the analysis is not less than 25 percent of the following year's debt service requirement;

(ii) interest income is only shown on the ending balance for debt service for the first two years; and

(iii) the projected rate of assessment is level or decreasing for the life of the bonds issued by the district;

(2) the completion of at least 75 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds; and

(3) the district has obtained an independent market study from a firm recognized in the area of real estate market analysis supporting the development projects for the real property that is liable for district assessments and necessary to support the district bonds.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1,

eff. September 1, 2019.

Sec. 3974.1006. REQUIREMENTS FOR COLLECTION OF REVENUE TO PAY BONDS. The district may not collect an assessment to be used for the payment of bonds until:

(1) the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed from bond proceeds that are necessary to serve the projected build-out, as certified by the district's engineer;

(2) the district or other appropriate party has secured the groundwater, surface water, and water discharge permits that are necessary to secure capacity to support the projected build-out;

(3) the completion of at least 95 percent of lift station, water plant, and sewage treatment plant capacity sufficient to serve the connections constructed in the project for a period of not less than 18 months, as certified by the district's engineer; and

(4) the completion of at least 95 percent of the streets and roads that are necessary to provide access to the areas served by utilities and financed by the proceeds of bonds issued by the district, as certified by the district's engineer and constructed in accordance with municipal or county standards.

Added by Acts 2019, 86th Leg., R.S., Ch. 1013 (H.B. [4744](#)), Sec. 1, eff. September 1, 2019.