

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 4. DEVELOPMENT AND IMPROVEMENT

SUBTITLE C. DEVELOPMENT, IMPROVEMENT, AND MANAGEMENT

For contingent expiration of this chapter, see Section 3981.0109.

CHAPTER 3981. COLE RANCH IMPROVEMENT DISTRICT NO. 1 OF DENTON
COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3981.0101. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Denton, Texas.
- (3) "County" means Denton County, Texas.
- (4) "Developer of property in the district" means a developer of property in the district as determined by the governing body of the city.
- (5) "Director" means a board member.
- (6) "District" means the Cole Ranch Improvement District No. 1 of Denton County, Texas.
- (7) "Operating agreement" means an agreement that provides for:
 - (A) a general description of the improvement projects that may be financed by the district; and
 - (B) the terms and conditions of:
 - (i) the financing of the improvement projects described by Paragraph (A); and
 - (ii) the operation of the district.
- (8) "Project agreement" means an agreement between the city and a developer of property in the district that relates to any aspect of the development of property in or outside the district. The governing body of the city may determine whether an agreement constitutes a project agreement for purposes of this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0102. NATURE OF DISTRICT. The Cole Ranch

Improvement District No. 1 of Denton County, Texas, is a special district created under Section 59, Article XVI, Texas Constitution. Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0103. PURPOSE; DECLARATION OF INTENT. (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, the county, 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, housing, 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 and the 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 or county services provided in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE. (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;

(3) promoting the affordability of 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 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; and

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

(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 a street and are considered to be 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0105. 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0106. 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 by the city under Chapter 311, Tax Code; or
- (2) a tax abatement reinvestment zone created by the city under Chapter 312, Tax Code.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0107. 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. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0108. 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. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0109. CITY CONSENT; OPERATING AGREEMENT AND PROJECT AGREEMENT REQUIRED. (a) Except as provided in Subsection (c), before the district may exercise any powers under this

chapter:

(1) the city must adopt an ordinance or resolution consenting to the creation of the district and to the inclusion of land in the district;

(2) the city and the district must negotiate and execute a mutually approved and accepted operating agreement; and

(3) the city and each developer of property in the district must negotiate and execute a project agreement.

(b) This chapter expires December 31, 2020, if:

(1) the city and the district have not executed the operating agreement required by Subsection (a)(2); or

(2) the city and each developer of property in the district have not executed a project agreement as required by Subsection (a)(3).

(c) The board has the powers necessary, convenient, or desirable to negotiate and execute a mutually approved and accepted operating agreement.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3981.0201. GOVERNING BODY; TERMS. (a) The district is governed by a board of directors as provided in this section.

(b) Five directors are elected in the manner provided by Subchapter [D](#), Chapter [49](#), Water Code.

(c) The city may appoint one additional director to the board.

(d) Section [375.063](#), Local Government Code, does not apply to a director appointed by the city.

(e) If the city exercises its right to appoint a director under Subsection (c), the board consists of six directors while the appointed director serves on the board. If the city does not exercise its right to appoint or reappoint a director under Subsection (c), the board consists of five directors.

(f) Except as provided by Section [3981.0204](#), directors serve staggered four-year terms.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0202. QUORUM. (a) Three members of the board constitute a quorum regardless of whether the board has five or six members.

(b) A majority vote of a quorum of the board is required for official action.

(c) For purposes of determining the requirements for a quorum of the board, the following are not counted:

(1) a board position vacant for any reason, including death, resignation, or disqualification; or

(2) a director who is abstaining from participation in a vote because of a conflict of interest.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0203. COMPENSATION. A director is entitled to receive fees of office and reimbursement for actual expenses as provided by Section [49.060](#), Water Code. Sections [375.069](#) and [375.070](#), Local Government Code, do not apply to the board.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0204. TEMPORARY DIRECTORS. (a) The temporary board consists of:

(1) Byron Campbell;

(2) Ryan Miller;

(3) Shawn Street;

(4) Russell Hickey;

(5) Warren Threadgill; and

(6) a temporary director appointed by the city if the city appoints a temporary director under Section [3981.0201\(c\)](#).

(b) The temporary or successor temporary directors shall hold an election as provided by Section [49.102](#), Water Code, to elect the five permanent elected directors.

(c) Except for a temporary director appointed by the city,

temporary directors serve until the earlier of:

(1) the date the permanent elected directors are elected under Subsection (b); or

(2) the fourth anniversary of the effective date of the Act enacting this chapter.

(d) If the permanent elected directors have not been elected under Subsection (b) and the terms of the temporary directors have expired, successor temporary directors, other than a temporary director appointed by the city, shall be appointed or reappointed as provided by Subsection (e) to serve terms that expire on the earlier of:

(1) the date the permanent elected directors are elected under Subsection (b); or

(2) the fourth anniversary of the date of the appointment or reappointment.

(e) If Subsection (d) applies, the owner or owners of a majority of the assessed value of the real property in the district may submit a petition to the Texas Commission on Environmental Quality requesting that the commission appoint as successor temporary directors the five persons named in the petition. The commission shall appoint as successor temporary directors the five persons named in the petition.

(f) A temporary director appointed by the city serves until the fourth anniversary of the effective date of the Act enacting this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3981.0301. 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. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0302. 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.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0303. 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0304. ADDING OR EXCLUDING LAND. (a) The district may add or exclude land in the manner provided by Subchapter J, Chapter 49, Water Code, or by Subchapter H, Chapter 54, Water Code.

(b) A district may not add or exclude land unless the city consents to the addition or exclusion.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0305. 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 district money.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0306. APPROVAL BY THE CITY. (a) The district

must obtain the approval of the city for:

(1) the plans and specifications of an improvement project financed by bonds, notes, or other obligations; and

(2) the plans and specifications of an improvement project related to the use of land owned by the city, an easement granted by the city, or a right-of-way of a street, road, or highway.

(b) City approval may be by an administrative process that does not involve the city's governing body, unless approval of the city's governing body is required by federal, state, or local law, ordinance, or regulation.

(c) Before issuing bonds, the district must:

(1) provide to the city the documents authorizing the bonds;

(2) provide to the city a certification from each developer of property in the district that the developer is in compliance with the terms and conditions of the developer's project agreement with the city; and

(3) certify that the district is in compliance with the terms and conditions of the ordinance or resolution consenting to the creation of the district under Section [3981.0109](#) and the operating agreement entered into under that section.

(d) The city must complete the city's review of the documents and certifications required by Subsection (c) not later than the 30th day after the date the city receives the documents and certifications. The city may object to the issuance of the bonds if the city determines that:

(1) the district is not in compliance with the terms and conditions of the ordinance or resolution consenting to the creation of the district under Section [3981.0109](#);

(2) the district is not in compliance with the operating agreement entered into under Section [3981.0109](#); or

(3) a developer of property in the district is not in compliance with the terms and conditions of a project agreement that applies to the developer.

(e) If the city objects to the district's issuance of bonds, the district must obtain the consent of the city's governing body to

the issuance of the bonds. The city's governing body may not unreasonably withhold consent to the issuance of bonds.

(f) Section 375.207, Local Government Code, does not apply to the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0307. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3981.0401. PETITION REQUIRED FOR FINANCING SERVICES AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a service or improvement project with assessments under this chapter unless a written petition requesting that service or improvement has been filed with the board.

(b) A petition filed under Subsection (a) must be signed by the owner or owners of a majority of the assessed value of real property in the district subject to assessment according to the most recent certified tax appraisal roll for the county.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0402. 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. Section 375.161, Local Government Code, does not apply to an assessment imposed by 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:

(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 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.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0403. IMPACT FEES PROHIBITED. The district may not adopt or impose an impact fee.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3981.0501. 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0502. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election under Section [3981.0501](#), 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see S.B. [3052](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 3981.0503. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board.

(b) The district may issue bonds, notes, or other obligations payable wholly or partly from ad valorem taxes, assessments, revenue, contract payments, grants, or other district money, or any combination of those sources of money, to pay for any authorized district purpose.

(c) The principal amount of bonds issued by the district in aggregate may not exceed 10 percent of the assessed value of all real property in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0504. 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0505. BONDS SECURED BY AD VALOREM TAXES; ELECTIONS. (a) If authorized at an election under Section [3981.0501](#), 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 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0506. CITY NOT REQUIRED TO PAY DISTRICT OBLIGATIONS. Except as provided by Section [375.263](#), Local Government Code, the city is not required to pay a bond, note, or other obligation of the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

SUBCHAPTER F. DEFINED AREAS

Sec. 3981.0601. AUTHORITY TO ESTABLISH DEFINED AREAS OR DESIGNATED PROPERTY. The district may define areas or designate certain property of the district to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the district as a whole.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0602. PROCEDURE FOR ELECTION. (a) Before the district may impose an ad valorem tax applicable only to the defined area or designated property or issue bonds payable from ad valorem taxes of the defined area or designated property, the board shall hold an election as provided by Section 3981.0501 in the defined area or designated property only.

(b) The board may submit the proposition to the voters on the same ballot to be used in another election.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0603. DECLARING RESULT AND ISSUING ORDER.

(a) If a majority of the voters voting at the election held under Section 3981.0602 approve the proposition or propositions, the board shall declare the results and, by order, shall establish the defined area or designated property and describe it by metes and bounds or designate the specific area or property.

(b) The board's order is not subject to judicial review except on the ground of fraud, palpable error, or arbitrary and confiscatory abuse of discretion.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0604. TAXES FOR SERVICES, IMPROVEMENTS, AND FACILITIES IN DEFINED AREAS OR DESIGNATED PROPERTY. On voter approval and adoption of the order described by Section 3981.0603, the district may apply separately, differently, equitably, and specifically its taxing power and lien authority to the defined area or designated property to provide money to construct, administer, maintain, and operate services, improvements, and facilities that primarily benefit the defined area or designated property.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0605. ISSUANCE OF BONDS FOR DEFINED AREA OR

DESIGNATED PROPERTY. After the order under Section 3981.0603 is adopted, the district may issue bonds to provide for any land, improvements, facilities, plants, equipment, and appliances for the defined area or designated property.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

SUBCHAPTER G. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3981.0701. DIVISION OF DISTRICT; PREREQUISITES. The district may be divided into two or more new districts only if the district:

- (1) has never issued any bonds; and
- (2) is not imposing ad valorem taxes.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0702. 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. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0703. LIMITATION ON AREA OF NEW DISTRICT. A new district created by the division of the district may not, at the time the new district is created, contain any land outside the area described by Section 2 of the Act enacting this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0704. DIVISION PROCEDURES. (a) The board, on its own motion or on receipt of a petition signed by the owner or owners of a majority of the assessed value of the real property in the district, may adopt an order dividing the district.

(b) An order dividing the district must:

- (1) name each new district;

(2) include the metes and bounds description of the territory of each new district;

(3) appoint temporary directors for each new district; and

(4) provide for the division of assets and liabilities between the new districts.

(c) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the Texas Commission on Environmental Quality and record the order in the real property records of each county in which the district is located.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0705. DIRECTORS' ELECTION FOR NEW DISTRICT. A new district created by the division of the district shall hold a directors' election in the manner provided by Section [3981.0201](#).

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0706. TAX OR BOND ELECTION. Before a new district created by the division of the district may impose an operation and maintenance tax under Section [3981.0502](#) or issue bonds payable wholly or partly from ad valorem taxes, the new district must hold an election as required by this chapter to obtain voter approval.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.

Sec. 3981.0707. CITY CONSENT. (a) City consent to the creation of the district and to the inclusion of land in the district granted under Section [3981.0109](#) acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

(b) A new district created by division of the district is subject to the terms and conditions contained in the ordinance or resolution consenting to the creation of the district under Section

3981.0109.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

Sec. 3981.0708. OPERATING AGREEMENT AND PROJECT AGREEMENT.

(a) Except as provided by Subsection (b), before a new district created by division of the district may exercise any powers under this chapter:

(1) the new district must enter into:

(A) a joinder to the existing operating agreement between the city and the district; or

(B) a separate operating agreement with the city; and

(2) each developer of property in the new district must enter into:

(A) a joinder to an existing project agreement between the city and a developer of property in the district applicable to the territory in the new district; or

(B) a separate project agreement with the city.

(b) A new district created by division of the district has the powers necessary, convenient, or desirable to negotiate and execute an agreement described by Subsection (a).

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. 4693), Sec. 1, eff. June 14, 2019.

SUBCHAPTER H. DISSOLUTION

Sec. 3981.0801. DISSOLUTION. (a) The board shall dissolve the district on written petition filed with the board by the owner or owners of:

(1) 66 percent or more of the assessed value of the property subject to assessment by the district based on the most recent certified county property tax rolls; or

(2) 66 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights-of-way, other public areas, and other property exempt from assessment by the district according to the most recent certified

county property tax rolls.

(b) The board by majority vote may dissolve the district at any time.

(c) The district may not be dissolved by its board under Subsection (a) or (b) if the district:

(1) has any outstanding bonded indebtedness until that bonded indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonds;

(2) has a contractual obligation to pay money until that obligation has been fully paid in accordance with the contract; or

(3) owns, operates, or maintains public works, facilities, or improvements unless the district contracts with another person for the ownership, operation, or maintenance of the public works, facilities, or improvements.

(d) Sections [375.261](#), [375.262](#), and [375.264](#), Local Government Code, do not apply to the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 1266 (H.B. [4693](#)), Sec. 1, eff. June 14, 2019.