

**House Bill 3603**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3926 to read as follows:  
CHAPTER 3926. JOSHUA FARMS MUNICIPAL MANAGEMENT DISTRICT NO. 1  
SUBCHAPTER A. GENERAL PROVISIONS  
Sec. 3926.001. DEFINITIONS. In this chapter:  
(1) "Board" means the district's board of directors.  
(2) "City" means the City of Burleson, Texas.  
(3) "Commission" means the Texas Commission on Environmental Quality.  
(4) "County" means Johnson County, Texas.  
(5) "Director" means a board member.  
(6) "District" means the Joshua Farms Municipal Management District No. 1.  
Sec. 3926.002. CREATION AND NATURE OF DISTRICT. The Joshua Farms Municipal Management District No. 1 is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.  
Sec. 3926.003. 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.

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SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3926 to read as follows:  
CHAPTER 3926. JOSHUA FARMS MUNICIPAL MANAGEMENT DISTRICT NO. 1  
SUBCHAPTER A. GENERAL PROVISIONS  
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(1) "Board" means the district's board of directors.  
(2) "City" means the City of Burleson, Texas.  
(3) "Commission" means the Texas Commission on Environmental Quality.  
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(5) "Director" means a board member.  
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Sec. 3926.002. CREATION AND NATURE OF DISTRICT. The Joshua Farms Municipal Management District No. 1 is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.  
Sec. 3926.003. 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.

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Sec. 3926.004. 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; and

(3) develop or expand transportation and commerce.

(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

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Sec. 3926.004. 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; and

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(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.

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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.

Sec. 3926.005. INITIAL DISTRICT TERRITORY. (a) The district is initially composed of the territory described by Section 2 of the Act enacting this chapter.

(b) The boundaries and field notes contained in Section 2 of the Act enacting this chapter form a closure. A mistake in the field notes or in copying the field notes in the legislative process does not affect the district's:

(1) organization, existence, or validity;

(2) right to contract;

(3) authority to borrow money or issue bonds or other obligations described by Section 3926.253 or to pay the principal and interest of the bonds or other obligations;

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

(5) legality or operation.

Sec. 3926.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. (a) All or any part of the area of the district is eligible to be included in:

(1) a tax increment reinvestment zone created under Chapter 311, Tax Code;

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

(3) an enterprise zone created 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:

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(1) organization, existence, or validity;

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(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:

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(1) the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code; and  
(2) any other district purpose, including the right to pledge the money as security for any bonds or other obligations issued by the district under Section 3926.253.

(c) If the city creates a tax increment reinvestment zone described by Subsection (a), the city may determine the percentage of the property in the zone that may be used for residential purposes and is not subject to the limitations provided by Section 311.006, Tax Code.

Sec. 3926.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. The initial directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

Sec. 3926.008. DEVELOPMENT AND OPERATING AGREEMENT EXECUTION REQUIRED. (a) The initial directors may not hold an election under Section 3926.007 until the city has entered into a development and operating agreement under Section 3926.156.

(b) The district is dissolved and this chapter expires March 1, 2018, if the development and operating agreement is not entered into before that date.

Sec. 3926.009. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICT LAW. (a) Except as provided by this chapter, Chapter 375, Local Government Code, including Subchapters E and F, applies to the district.

(b) The following provisions of Chapter 375, Local Government Code, do not apply to the district:

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(1) the purposes permitted for money granted to a corporation under Section 380.002(b), Local Government Code; and  
(2) any other district purpose, including the right to pledge the money as security for any bonds or other obligations issued by the district under Section 3926.253.

(c) If the city creates a tax increment reinvestment zone described by Subsection (a), the city may determine the percentage of the property in the zone that may be used for residential purposes and is not subject to the limitations provided by Section 311.006, Tax Code.

Sec. 3926.007. CONFIRMATION AND DIRECTORS' ELECTION REQUIRED. On receipt of a petition signed by the owners of a majority of the acreage and the assessed value of real property in the district according to the most recent certified tax appraisal roll for the county, the initial directors shall hold an election to confirm the creation of the district and to elect five permanent directors as provided by Section 49.102, Water Code.

Sec. 3926.008. DEVELOPMENT AND OPERATING AGREEMENT EXECUTION REQUIRED. (a) The initial directors may not hold an election under Section 3926.007 until the city has entered into a development and operating agreement under Section 3926.156.

(b) The district is dissolved and this chapter expires March 1, 2018, if the development and operating agreement is not entered into before that date.

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(1) Sections 375.164 and 375.262; and  
(2) Subchapters B and O.

Sec. 3926.010. CONSTRUCTION OF CHAPTER. This chapter shall be construed in conformity with the findings and purposes stated in this chapter.

Sec. 3926.011. CONCURRENCE ON ADDITIONAL POWERS. If the legislature grants the district a power that is in addition to the powers approved by the initial resolution of the governing body of the city consenting to the creation of the district, the district may not exercise that power unless the governing body of the city consents to that change by ordinance or resolution.

Sec. 3926.012. CITY CONSENT TO CREATION OF DISTRICT. The city's consent to the creation of the district is not subject to the limitations on the conditions or other restrictions the city may place on its consent under Section 42.042, Local Government Code.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3926.051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors.

(b) Except as provided by Section 3926.054, directors serve staggered four-year terms, with two or three directors' terms expiring June 1 of each odd-numbered year.

Sec. 3926.052. BOARD MEETINGS. The board shall hold meetings at a place accessible to the public.

Sec. 3926.053. REMOVAL OF DIRECTORS. (a) The board may remove a director by unanimous vote of the other directors if the director has missed at least half of the meetings scheduled during the preceding 12 months.

(b) A director removed under this section may file a written appeal with the commission not later than the 30th day after the date the director receives written notice of the board

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action. The commission may reinstate the director if the commission finds that the removal was unwarranted under the circumstances after considering the reasons for the absences, the time and place of the meetings, the business conducted at the meetings missed, and any other relevant circumstances.

Sec. 3926.054. INITIAL DIRECTORS. (a) The initial board consists of:

Pos. No. Name of Director

1Ross Gatlin

2Trent Horton

3Pelham Smith

4Brian Hegi

5Nat Parker

(b) Initial directors serve until the earlier of:

(1) the date permanent directors are elected under Section 3926.007; or

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

(c) If permanent directors have not been elected under Section 3926.007 and the terms of the initial directors have expired, successor initial directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 3926.007; or

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

(d) If Subsection (c) applies, the owner or owners of a majority of the assessed value of the real property in the district according to the most recent certified tax appraisal rolls for the county may submit a petition to the commission requesting that the commission appoint as successor initial

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(b) Initial directors serve until the earlier of:

(1) the date permanent directors are elected under Section 3926.007; or

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

(c) If permanent directors have not been elected under Section 3926.007 and the terms of the initial directors have expired, successor initial directors shall be appointed or reappointed as provided by Subsection (d) to serve terms that expire on the earlier of:

(1) the date permanent directors are elected under Section 3926.007; or

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

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directors the five persons named in the petition. The commission shall appoint as successor initial directors the five persons named in the petition.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3926.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3926.102. IMPROVEMENT PROJECTS. The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter C-1 or activities in support of or incidental to those projects.

Sec. 3926.103. 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.

Sec. 3926.104. AUTHORITY FOR ROAD PROJECTS. Under Section 52, Article III, Texas Constitution, the district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads or improvements, including storm drainage, in aid of those roads.

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SUBCHAPTER C. POWERS AND DUTIES

Sec. 3926.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3926.102. IMPROVEMENT PROJECTS. The district may provide, or it may enter into contracts with a governmental or private entity to provide, the improvement projects described by Subchapter C-1 or activities in support of or incidental to those projects.

Sec. 3926.103. 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.

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Sec. 3926.105. ROAD STANDARDS AND REQUIREMENTS. (a) A road project must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located.

(b) If a road project is not located in the corporate limits or extraterritorial jurisdiction of a municipality, the road project

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Sec. 3926.105. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Sec. 3926.106. CONTRACT POWERS. The district may contract with a governmental or private entity, on terms determined by the board, to carry out a power or duty authorized by this chapter or to accomplish a purpose for which the district is created.

Sec. 3926.107. AD VALOREM TAXATION. The district may not impose an ad valorem tax.

Sec. 3926.108. LIMITATIONS ON EMERGENCY SERVICES POWERS. The district may not establish, operate, maintain, or finance a police or fire department without the consent of the city by ordinance or resolution.

Sec. 3926.109. ADDING OR REMOVING TERRITORY. As provided by Subchapter J, Chapter 49, Water Code, the board may add territory inside the extraterritorial jurisdiction of the city to the district or remove territory inside the extraterritorial jurisdiction of the city from the district, except that:

- (1) the addition or removal of the territory must be approved by the city;
- (2) the addition or removal may not occur without petition by the owners of the territory being added or removed; and
- (3) territory may not be removed from the district if bonds or other obligations of the district payable wholly or partly from

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must meet all applicable construction standards, subdivision requirements, and regulations of each county in which the road project is located.

(c) If the state will maintain and operate the road, the Texas Transportation Commission must approve the plans and specifications of the road project.

Sec. 3926.106. PUBLIC IMPROVEMENT DISTRICT POWERS. The district has the powers provided by Chapter 372, Local Government Code, to a municipality or county.

Sec. 3926.107. CONTRACT POWERS. The district may contract with a governmental or private entity, on terms determined by the board, to carry out a power or duty authorized by this chapter or to accomplish a purpose for which the district is created.

Sec. 3926.108. AD VALOREM TAXATION. The district may not impose an ad valorem tax.

Sec. 3926.109. LIMITATIONS ON EMERGENCY SERVICES POWERS. The district may not establish, operate, maintain, or finance a police or fire department without the consent of the city by ordinance or resolution.

Sec. 3926.110. ADDING OR REMOVING TERRITORY. As provided by Subchapter J, Chapter 49, Water Code, the board may add territory inside the extraterritorial jurisdiction of the city to the district or remove territory inside the extraterritorial jurisdiction of the city from the district, except that:

- (1) the addition or removal of the territory must be approved by the city;
- (2) the addition or removal may not occur without petition by the owners of the territory being added or removed; and
- (3) territory may not be removed from the district if bonds or other obligations of the district payable wholly or partly from

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assessments assessed on the territory are outstanding.

Sec. 3926.110. NO TOLL ROADS. The district may not construct, acquire, maintain, or operate a toll road.

Sec. 3926.111. EMINENT DOMAIN. (a) Section 375.094, Local Government Code, does not apply to the district.

(b) Subject to the consent of the city by ordinance or resolution, the district may exercise the right of eminent domain in the manner provided by Section 49.222, Water Code. The city may not unreasonably withhold consent under this section.

Sec. 3926.112. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS. The district may enforce a real property restriction in the manner provided by Section 54.237, Water Code, if, in the reasonable judgment of the board, the enforcement of the restriction is necessary.

Sec. 3926.113. 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 3926.156.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3926.151. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service, including water, wastewater, drainage, and roadway projects or services, using any money

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assessments assessed on the territory are outstanding.

Sec. 3926.111. NO TOLL ROADS. The district may not construct, acquire, maintain, or operate a toll road.

Sec. 3926.112. EMINENT DOMAIN. (a) Section 375.094, Local Government Code, does not apply to the district.

(b) Except as provided by Subsection (c), and subject to the consent of the city by ordinance or resolution, the district may exercise the right of eminent domain in the manner provided by Section 49.222, Water Code. The city may not unreasonably withhold consent under this section.

(c) The district may not exercise the power of eminent domain outside the district to acquire a site or easement for:

(1) a road project authorized by Section 3926.104; or

(2) a recreational facility as defined by Section 49.462, Water Code.

Sec. 3926.113. ENFORCEMENT OF REAL PROPERTY RESTRICTIONS. The district may enforce a real property restriction in the manner provided by Section 54.237, Water Code, if, in the reasonable judgment of the board, the enforcement of the restriction is necessary.

Sec. 3926.114. 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 3926.156.

SUBCHAPTER C-1. IMPROVEMENT PROJECTS AND SERVICES

Sec. 3926.151. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service, including water, wastewater, drainage, and roadway projects or services, using any money

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available to the district, or contract with a governmental or private entity and reimburse that entity for the provision, design, construction, acquisition, improvement, relocation, operation, maintenance, or financing of an improvement project, service, or cost, for the provision of credit enhancement, or for any cost of operating or maintaining the district or the issuance of district obligations authorized under this chapter, Chapter 372 or 375, Local Government Code, or Chapter 49 or 54, Water Code.

Sec. 3926.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project unless the board determines the project is necessary to accomplish a public purpose of the district.

Sec. 3926.153. LOCATION OF IMPROVEMENT PROJECT. An improvement project may be located or provide service inside or outside the district.

Sec. 3926.154. CITY REQUIREMENTS. An improvement project in the district must comply with any applicable requirements of the city, including codes and ordinances, unless specifically waived or superseded by the development and operating agreement entered into under Section 3926.156 or another agreement with the city.

Sec. 3926.155. 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:

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

Sec. 3926.156. DEVELOPMENT AND OPERATING AGREEMENT REQUIRED. (a) After the district's board is

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available to the district, or contract with a governmental or private entity and reimburse that entity for the provision, design, construction, acquisition, improvement, relocation, operation, maintenance, or financing of an improvement project, service, or cost, for the provision of credit enhancement, or for any cost of operating or maintaining the district or the issuance of district obligations authorized under this chapter, Chapter 372 or 375, Local Government Code, or Chapter 49 or 54, Water Code.

Sec. 3926.152. BOARD DETERMINATION REQUIRED. The district may not undertake an improvement project unless the board determines the project is necessary to accomplish a public purpose of the district.

Sec. 3926.153. LOCATION OF IMPROVEMENT PROJECT. An improvement project may be located or provide service inside or outside the district.

Sec. 3926.154. CITY REQUIREMENTS. An improvement project in the district must comply with any applicable requirements of the city, including codes and ordinances, unless specifically waived or superseded by the development and operating agreement entered into under Section 3926.156 or another agreement with the city.

Sec. 3926.155. 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:

- (1) Chapter 372, Local Government Code; or
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Sec. 3926.156. DEVELOPMENT AND OPERATING AGREEMENT REQUIRED. (a) After the district's board is

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organized, but before the district may undertake any improvement project, issue bonds, levy assessments or fees, or borrow money, the district, the city, and the owner of a majority of the assessed value of real property in the district according to the most recent certified tax rolls of the central appraisal district of the county must negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations imposed by the city.

(b) An agreement authorized by this section is not effective until its terms and execution are approved by the board, the governing body of the city by ordinance or resolution, and the owner described by Subsection (a).

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3926.201. DIVISION OF DISTRICT; PREREQUISITES. (a) Subject to Subsection (b), the district, including territory added to the district under Section 3926.109, 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 3926.109 may be included in a new district.

(b) If the board adds territory inside the extraterritorial jurisdiction of the city or any other municipality to the district under Section 3926.109, the district may be divided under Subsection (a) only with the consent by ordinance or resolution of the city and any other municipality whose extraterritorial jurisdiction is included in the district.

Sec. 3926.202. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

Sec. 3926.203. DIVISION PROCEDURES. (a) The board,

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organized, but before the district may undertake any improvement project, issue bonds, levy assessments or fees, or borrow money, the district, the city, and the owner of a majority of the assessed value of real property in the district according to the most recent certified tax rolls of the central appraisal district of the county must negotiate and execute a mutually approved and accepted development and operating agreement, including any limitations imposed by the city.

(b) An agreement authorized by this section is not effective until its terms and execution are approved by the board, the governing body of the city by ordinance or resolution, and the owner described by Subsection (a).

SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

Sec. 3926.201. DIVISION OF DISTRICT; PREREQUISITES. (a) Subject to Subsection (b), the district, including territory added to the district under Section 3926.110, 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 3926.110 may be included in a new district.

(b) If the board adds territory inside the extraterritorial jurisdiction of the city or any other municipality to the district under Section 3926.110, the district may be divided under Subsection (a) only with the consent by ordinance or resolution of the city and any other municipality whose extraterritorial jurisdiction is included in the district.

Sec. 3926.202. LAW APPLICABLE TO NEW DISTRICT. This chapter applies to any new district created by division of the district, and a new district has all the powers and duties of the district.

Sec. 3926.203. DIVISION PROCEDURES. (a) The board,

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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 initial directors for each new district.

Sec. 3926.204. NOTICE AND RECORDING OF ORDER. Not later than the 30th day after the date of an order dividing the district, the district shall:

(1) file the order with the commission; and

(2) record the order in the real property records of the county.

Sec. 3926.205. CONTRACT AUTHORITY OF NEW DISTRICTS. (a) Except as provided by Subsection (b), the new districts may contract with each other for any matter the boards of the new districts consider appropriate, including the joint construction or financing of a utility or roadway improvement and the joint financing of a maintenance obligation.

(b) The new districts may not contract with each other for water and wastewater services. This subsection does not affect the right to contract described by Subsection (a).

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3926.251. DISBURSEMENTS AND TRANSFERS OF MONEY. The board by resolution shall establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

Sec. 3926.252. MONEY USED FOR IMPROVEMENTS OR

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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.

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SERVICES. The district may undertake and provide an improvement project or service authorized by this chapter using any money available to the district.

Sec. 3926.253. BORROWING MONEY; OBLIGATIONS. (a) Subject to the terms of the development and operating agreement required under Section 3926.156, the district may borrow money for a district purpose, including the acquisition or construction of improvement projects authorized by this chapter and the reimbursement of a person who develops or owns an improvement project authorized by this chapter, by issuing bonds, notes, time warrants, or other obligations, or by entering into a contract or other agreement payable wholly or partly from an assessment, a contract payment, a grant, revenue from a zone created under Chapter 311 or 312, Tax Code, other district revenue, or a combination of these sources.

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

(1) may bear interest at a rate determined by the board; and  
(2) may include a term or condition as determined by the board.

(c) The board may issue an obligation under this section without an election.

Sec. 3926.254. CERTAIN OBLIGATIONS NOT SUBJECT TO APPROVAL OF COMMISSION. Section 375.208, Local Government Code, and Section 49.181, Water Code, do not apply to the district.

Sec. 3926.255. ASSESSMENTS. (a) Except as provided by Subsection (b), the district may impose an assessment on property in the district to pay for an obligation described by Section 3926.253 or an improvement project authorized by Section 3926.151 in the manner provided for:

(1) a district under Subchapters A, E, and F, Chapter 375,

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Local Government Code; or

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

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

Sec. 3926.256. RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to the district.

Sec. 3926.257. NO IMPACT FEES. The district may not impose an impact fee.

Sec. 3926.258. COLLECTION OF ASSESSMENTS. The district may contract as provided by Chapter 791, Government Code, with the commissioners court of the county for the assessment and collection of assessments imposed under this subchapter.

SUBCHAPTER F. DISSOLUTION

Sec. 3926.301. DISSOLUTION BY BOARD. The board may dissolve the district in the manner provided by Section 375.261, Local Government Code, subject to Section 375.264, Local Government Code.

Sec. 3926.302. DISSOLUTION BY CITY. (a) The city may dissolve the district by ordinance.

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

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

(2) the city agrees to succeed to the rights and obligations of the district, including an obligation described by Section 3926.304.

Sec. 3926.303. COLLECTION OF ASSESSMENTS AND OTHER REVENUE. (a) If the dissolved district has bonds or other obligations outstanding secured by and payable from assessments or other revenue, the city succeeds to the rights

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

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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) revenue or assessment bonds or other obligations issued by the city to refund the outstanding bonds or obligations of the district.

Sec. 3926.304. ASSUMPTION OF ASSETS AND LIABILITIES. (a) After the city dissolves the district, the city assumes the obligations of the district, including any contractual obligations or 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.

SECTION 2. The Joshua Farms Municipal Management District No. 1 initially includes all the territory contained in the following area:

BEING a tract of land situated in the B.B.B. & C.R.R. Co. Survey, Abstract Number 103, the A.J. Tucker Survey, Abstract Number 833, the R.H. Barrow Survey, Abstract Number 1149 and the McKinney & Williams Survey, Abstract Number 631, Johnson County, Texas and being a portion of that tract of land described by deed Joshua Land Farm LLC., recorded in Instrument Number 22522, County Records, Johnson County, Texas:

BEGINNING at the most southerly southeast corner of said Joshua Land Farm LLC. tract;

THENCE S 87°43'23"W, 1610.10 feet with said south line;

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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) revenue or assessment bonds or other obligations issued by the city to refund the outstanding bonds or obligations of the district.

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(b) If the city dissolves the district, the board shall transfer ownership of all district property to the city.

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THENCE N 89°16'22"W, 1067.28 feet with said south line;  
THENCE N 00°16'47"E, 3316.57 feet departing said south line, with the west line of said Joshua Land Farm tract to the south line of Cherry Ridge Phase One, an addition to Johnson County, as recorded in Cabinet C, Volume 8, said County Records;  
THENCE N 87°25'01"E, 1757.56 feet with said south line;  
THENCE N 01°24'23"W, 1023.82 feet with the east line of said Cherry Ridge Phase One;  
THENCE S 33°45'00"E, 3383.50 feet departing said east line;  
THENCE S 56°14'59"E, 442.41 feet;  
THENCE N 68°17'01"E, 1321.19 feet to the east line of said Joshua Land Farm tract;  
THENCE S 00°03'03"W, 669.58 feet with the east line of said Joshua Land Farm tract;  
THENCE N 89°55'29"W, 2552.86 feet continuing with said east line;  
THENCE S 00°23'03"E, 1132.41 feet to the Point of Beginning and containing 10,965,460 square feet or 252 acres of land more or less.

SECTION 3. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.  
(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

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(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, lieutenant governor, and speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 4. (a) Section 3926.111, Special District Local Laws Code, as added by Section 1 of this Act, takes effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 3926, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 3926.111 to read as follows:

Sec. 3926.111. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(c) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. This Act takes effect September 1, 2015.

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SECTION 4. (a) Section 3926.112, Special District Local Laws Code, as added by Section 1 of this Act, takes effect only if this Act receives a two-thirds vote of all the members elected to each house.

(b) If this Act does not receive a two-thirds vote of all the members elected to each house, Subchapter C, Chapter 3926, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 3926.112 to read as follows:

Sec. 3926.112. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

(c) This section is not intended to be an expression of a legislative interpretation of the requirements of Section 17(c), Article I, Texas Constitution.

SECTION 5. Same as House version.

CONFERENCE