Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3920 to read as follows:

CHAPTER 3920. HIGHWAY 380 MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3920.001. DEFINITIONS. In this chapter:
(1) "Board" means the district's board of directors.
(2) "City" means the Town of Little Elm.
(3) "County" means Denton County.
(4) "Director" means a board member.
(5) "District" means the Highway 380 Municipal Management District No. 1.

Sec. 3920.002. NATURE OF DISTRICT. The Highway 380 Municipal Management District No. 1 is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3920.003. 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. 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.

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

(c) This chapter and the creation of the district may not be interpreted to relieve the city or 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.

Sec. 3920.004. 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 creation of the district is in the public interest and is essential to further the public purposes of:
(1) developing and diversifying the economy of the state;
(2) eliminating unemployment and underemployment; and
(3) developing or expanding transportation and commerce.

(d) The district will:
(1) promote the health, safety, and general welfare of residents, employers, potential
employees, employers, 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.

Sec. 3920.005. INITIAL DISTRICT TERRITORY. (a) The district is initially com-
posed 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.

Sec. 3920.006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES. All or any part
of the area of the district is eligible to be included in:

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

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

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

(4) an industrial district created under Chapter 42, Local Government Code.

Sec. 3920.007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW.
Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies
to the district.

Sec. 3920.008. CONSTRUCTION OF CHAPTER. This chapter shall be liberally con-
strued in conformity with the findings and purposes stated in this chapter.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3920.051. GOVERNING BODY; TERMS. The district is governed by a board of
five voting directors who serve staggered terms of four years, with two or three directors'
terms expiring June 1 of each odd-numbered year.

Sec. 3920.052. APPOINTMENT OF VOTING DIRECTORS. The Texas Commission on
Environmental Quality shall appoint voting directors from persons recommended by the
board.

Sec. 3920.053. NONVOTING DIRECTORS. The board may appoint nonvoting directors
to serve at the pleasure of the voting directors.

Sec. 3920.054. QUORUM. 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 disqualifi-
cation;

(2) a director who is abstaining from participation in a vote because of a conflict of
interest; or
Sec. 3920.055. 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.

Sec. 3920.056. INITIAL VOTING DIRECTORS. (a) On or after the effective date of the Act creating this chapter, 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 roll for the county may submit a petition to the Texas Commission on Environmental Quality requesting that the commission appoint as initial voting directors the five persons named in the petition. The commission shall appoint the five persons named in the petition as initial directors by position.

(b) Of the initial directors, the terms of directors appointed for positions one through three expire June 1, 2015, and the terms of directors appointed for positions four and five expire June 1, 2017.

(c) Section 3920.052 does not apply to this section.

(d) This section expires September 1, 2017.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3920.101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3920.102. IMPROVEMENT PROJECTS AND SERVICES. The district may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using any 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.

Sec. 3920.103. DEVELOPMENT CORPORATION POWERS. The district, using money available to the district, may exercise the powers given to a development corporation under Chapter 505, Local Government Code, including the power to own, operate, acquire, construct, lease, improve, or maintain a project under that chapter.

Sec. 3920.104. NONPROFIT CORPORATION. (a) The board by resolution may authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter.

(b) The nonprofit corporation:

(1) has each power of and is considered to be a local government corporation created under Subchapter D, Chapter 431, Transportation Code, and

(2) may implement any project and provide any service authorized by this chapter.

(c) The board shall appoint the board of directors of the nonprofit corporation. The board of directors of the nonprofit corporation shall serve in the same manner as the board of directors of a local government corporation created under Subchapter D, Chapter 431, Transportation Code, except that a board member is not required to reside in the district.

Sec. 3920.105. AGREEMENTS; GRANTS. (a) As provided by Chapter 375, Local Government Code, the district may make an agreement with or accept a gift, grant, or loan from any person.

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

Sec. 3920.106. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with a qualified party, including the county or the city, to provide law enforcement services in the district for a fee.

Sec. 3920.107. 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.
Sec. 3920.108. ECONOMIC DEVELOPMENT. (a) The district may engage in activities that accomplish the economic development purposes of the district.

(b) The district may establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the district, including programs to:

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

(c) The district may create economic development programs and exercise the economic development powers provided to municipalities by:

(1) Chapter 380, Local Government Code; and
(2) Subchapter A, Chapter 1509, Government Code.

Sec. 3920.109. PARKING FACILITIES. (a) The district may acquire, lease as lessor or lessee, construct, develop, own, operate, and maintain parking facilities or a system of parking facilities, including lots, garages, parking terminals, or other structures or accommodations for parking motor vehicles off the streets and related appurtenances.

(b) The district’s parking facilities serve the public purposes of the district and are owned, used, and held for a public purpose even if leased or operated by a private entity for a term of years.

(c) The district’s parking facilities are parts of and necessary components of a street and are considered to be a street or road improvement.

(d) The development and operation of the district’s parking facilities may be considered an economic development program.

Sec. 3920.110. ANNEXATION OF LAND. The district may annex land as provided by Subchapter J, Chapter 49, Water Code.

Sec. 3920.111. NO EMINENT DOMAIN POWER. The district may not exercise the power of eminent domain.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

Sec. 3920.151. 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.

Sec. 3920.152. MONEY USED FOR IMPROVEMENTS OR SERVICES. The district may acquire, construct, finance, operate, or maintain any improvement or service authorized under this chapter or Chapter 375, Local Government Code, using any money available to the district.

Sec. 3920.153. 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 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.

Sec. 3920.154. 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:

(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
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(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.

Sec. 3920.155. RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to a tax authorized or approved by the voters of the district or a required payment for a service provided by the district, including water and sewer services.

Sec. 3920.156. TAX AND ASSESSMENT ABATEMENTS. The district may designate reinvestment zones and may grant abatements of district taxes or assessments on property in the zones.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3920.201. CONSENT OF CITY REQUIRED. The district may not impose a tax or issue a bond until the city has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district.

Sec. 3920.202. ELECTIONS REGARDING TAXES AND BONDS. (a) The district may issue, without an election, bonds, notes, and other obligations secured by:

(1) revenue other than ad valorem taxes; or

(2) contract payments described by Section 3920.204.

(b) The district must hold an election in the manner provided by Subchapter L, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax or issue bonds payable from ad valorem taxes.

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

(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.

Sec. 3920.203. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election held in accordance with Section 3920.202, the district may impose an operation and maintenance tax on taxable property in the district in accordance with 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 tax rate. The rate may not exceed the rate approved at the election.

(c) Section 49.107(h), Water Code, does not apply to the district.

Sec. 3920.204. CONTRACT TAXES. (a) In accordance with Section 49.108, Water Code, the district may impose a tax other than an operation and maintenance tax and use the revenue derived from the tax to make payments under a contract after the provisions of the contract have been approved by a majority of the district voters voting at an election held for that purpose.

(b) A contract approved by the district voters may contain a provision stating that the contract may be modified or amended by the board without further voter approval.

Sec. 3920.205. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board. Section 375.205, Local Government Code, does not apply to a loan, line of credit, or
other borrowing from a bank or financial institution secured by revenue other than ad
valorem taxes.

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

Sec. 3920.806. TAXES FOR BONDS. 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.

SECTION 2. The Highway 380 Municipal Management District No. 1 initially includes all
territory contained in the following area:

TRACT 1

WHEREAS, The Rudman Partnership is the owner of a tract of land situated in the
THOMAS NAVO SURVEY, ABSTRACT NO. 964 and the WILLIAM LUMPKIN LEAGUE
AND LABOR SURVEY, ABSTRACT NO. 730, in Denton County, Texas, said tract being a
portion of a called 645.238 acre tract of land described as File No. F0030.00 and a portion of
a called 52.360 acre tract of land described as File No. F0031.00 in a deed to The Rudman
Partnership, recorded in Volume 2844, Page 42, Real Property Records, Denton County,
Texas, and being more particularly described as follows:

BEGINNING at a point in the approximate center of Fish Trap Road (a partially dedicated
public road) for an interior ell corner of said 645.238 acre tract and the northwest corner of a
tract of land described in a deed to CHS Savannah, L.P. recorded in Document No.
2006–40724 of said Real Property Records;

THENCE South 01 degree 33 minutes 02 seconds West, along the common line of said
645.238 acre tract and CHS Savannah Tract, passing the most southerly southeast corner of
said 645.238 acre tract and the northeast corner of said 52.360 acre tract at 3,401.50 feet and
continuing for a total distance of 3,839.27 feet to a point for corner, said point being in a
northerly boundary line of the Town of Little Elm as described in Exhibit A, Tract 3 of Town
Ordinance No. 806;

THENCE North 56 degrees 04 minutes 01 seconds West, along said northerly boundary
line, a distance of 2,542.41 feet to a point for corner, said point being in the east boundary line
of Lot 1, Block A, Navo Middle School Addition, an addition to Denton County according to
the plat thereof recorded in Cabinet W, Page 436 of said Real Property Records;

THENCE North 01 degree 35 minutes 07 seconds East, along the east line of said addition,
a distance of 1,343.95 feet to the northeast corner of said addition;

THENCE North 88 degrees 08 minutes 38 seconds West, along the north line of said
addition, a distance of 1,216.05 feet to the southeast corner of a 1.168 acre right-of-way
dedication for Navo Road to Denton County recorded in said Document No. 2006–24266;

THENCE North 01 degrees 34 minutes 31 seconds East, along the east line of said
dedication, a distance of 1,082.41 feet to the northeast corner of said dedication;

THENCE South 89 degrees 57 minutes 07 seconds West, along the north line of said
dedication, a distance of 46.93 feet to a point in the approximate center of Navo Road;

THENCE North 01 degree 35 minutes 07 seconds East, along the approximate center of
said Navo Road, a distance of 34.30 feet to a point in the approximate center of Fish Trap
Road and the south line of a tract of land described in a deed to Dallas Lyndhurst, Ltd.
recorded in Document No. 97–090689 of said Real Property Records;

THENCE South 88 degrees 38 minutes 53 seconds East, along the approximate center of
said Fish Trap Road and the south line of said Lyndhurst tract, a distance of 1,158.00 feet to
the southeast corner of said Lyndhurst tract;

THENCE North 01 degree 30 minutes 07 seconds East, along the east line of said
Lyndhurst tract, a distance of 1,330.60 feet to the northeast corner of said Lyndhurst tract;
THENCE North 88 degrees 26 minutes 11 seconds West, along the north line of said Lyndhurst tract, a distance of 844.57 feet to the most southerly southeast corner of a called 16.78 acre tract of land described as Tract 11-113 in a deed to the United States of America, recorded in Volume 2822, Page 802 of said Real Property Records;

THENCE along the east line of said 16.78 acre tract, the following courses and distances:

North 57 degrees 27 minutes 26 seconds East, a distance of 117.61 feet to a point for corner;

North 33 degrees 06 minutes 22 seconds East, a distance of 328.27 feet to a point for corner;

North 11 degrees 04 minutes 26 seconds East, a distance of 284.12 feet to a point for corner;

North 15 degrees 07 minutes 37 seconds West, a distance of 328.22 feet to a point for corner;

North 21 degrees 29 minutes 01 seconds West, a distance of 67.72 feet to a point on the south boundary of a called 239.673 acre tract of land described in a deed to Gene McCutchin, recorded in Volume 927, Page 689 of said Real Property Records for the northwest corner of said 16.78 acre tract;

THENCE South 88 degrees 43 minutes 53 seconds East, along the common boundary between said 645.238 acre tract and said 239.673 acre tract, a distance of 3,910.67 feet to a point for corner, said point being approximately 350.00 feet west of the approximate center of Byran Road;

THENCE over and across said 645.238 acre tract, the following courses and distances:

South 01 degree 28 minutes 00 seconds West, a distance of 2,341.34 feet to a point in the approximate center of said Fish Trap Road and the north line of said CHS Savannah Tract;

THENCE North 88 degrees 38 minutes 33 seconds East, along the north line of said CHS Savannah tract, a distance of 1,013.17 feet to the POINT OF BEGINNING and containing 376.078 acres of land, more or less.

TRACT 2

WHEREAS, The Rudman Partnership is the owner of a tract of land situated in the THOMAS NAVO SURVEY, ABSTRACT NO. 964 and the WILLIAM LUMPKIN LEAGUE AND LABOR SURVEY, ABSTRACT NO. 730, in Denton County, Texas, said tract being a portion of a called 645.238 acre tract of land described as File No. F0030.00 and a portion of a called 52.360 acre tract of land described as File No. F0031.00 in a deed to The Rudman Partnership, recorded in Volume 2844, Page 42, Real Property Records, Denton County, Texas, and being more particularly described as follows:

COMMENCING at a point in the approximate center of Fish Trap Road (a partially dedicated public road) for an interior ell corner of said 645.238 acre tract and the northwest corner of a tract of land described in a deed to CHS Savannah, L.P. recorded in Document No. 2006-40724 of said Real Property Records;

THENCE South 01 degree 33 minutes 02 seconds West, along the common line of said 645.238 acre tract and CHS Savannah Tract, passing the most southerly southeast corner of said 645.238 acre tract and the northeast corner of said 52.360 acre tract at 3,401.50 feet and continuing for a total distance of 3,839.27 feet to THE POINT OF BEGINNING, said point being in a northerly boundary line of the Town of Little Elm as described in Exhibit A, Tract 3 of Town Ordinance No. 809;

THENCE South 01 degree 33 minutes 02 seconds West, continuing along said common line, a distance of 238.19 to a point being on the north right-of-way of U.S. Highway 380 (a variable width right-of-way) for the southeast corner of said 52.360 acre tract;

THENCE North 87 degrees 42 minutes 53 seconds West, along said north right-of-way and the south line of said 52.360 acre tract, a distance of 3,322.92 feet to a point on the southeast end of a highway right-of-way flare for corner;

THENCE North 43 degrees 42 minutes 31 seconds West, along said right-of-way flare, a distance of 138.39 feet to a point in the approximate center of Navo Road (a partially dedicated public road) for corner;
THENCE North 01 degree 54 minutes 19 seconds East, along the approximate center of said Navo Road, passing the northwest corner of said 52.360 acre tract and the southwest corner of said 645.238 acre tract at 544.12 feet and continuing for a total distance of 1,656.01 feet to the southwest corner of a 0.450 acre right-of-way dedication for Navo Road to Denton County, recorded as Document No. 2006-24266 of said Real Property Records;

THENCE along the south and east lines of said right-of-way dedication, the following courses and distances:

South 88 degrees 25 minutes 29 seconds East, a distance of 51.70 feet to a point for corner;

North 01 degree 33 minutes 20 seconds East, a distance of 12.20 feet to a point for corner;

North 00 degrees 41 minutes 13 seconds West, a distance of 127.90 feet to a point for corner;

North 01 degree 34 minutes 35 seconds East, a distance of 258.84 feet to a point on the southwest line of Lot 1, Block A, Navo Middle School Addition, an addition to Denton County according to the plat thereof recorded in Cabinet W, Page 436 of said Real Property Records;

THENCE South 59 degrees 28 minutes 01 second East, along the southwest line of said addition, a distance of 1,390.62 feet to a point for corner;

THENCE North 01 degree 35 minutes 07 seconds East, along the east boundary of said addition, a distance of 98.82 feet to a point in said northerly boundary line of the Town of Little Elm for corner;

THENCE South 56 degrees 04 minutes 01 seconds East, along said northerly boundary line of the Town of Little Elm a distance of 2,542.41 feet to the POINT OF BEGINNING and containing 98.489 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.

(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) The general law relating to consent by political subdivisions to the creation of districts with conservation, reclamation, and road powers and the inclusion of land in those districts has been complied with.

(e) 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. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

Passed the Senate on May 1, 2013: Yeas 31, Nays 0; passed the House on May 20, 2013: Yeas 147, Nays 0, two present not voting.

Approved June 14, 2013.

Effective June 14, 2013.