

# **Bond Case Briefs**

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## **BONDS - TEXAS**

### **River Creek Development Corporation v. Preston Hollow Capital, LLC**

**Supreme Court of Texas - June 12, 2026 - S.W.3d - 2026 WL 1699928 - 69 Tex. Sup. Ct. J. 1038**

City and local government corporation filed complaint against out-of-state bond issuer, bond holder, and construction company for declaratory judgment that bonds, loan agreement, promissory note, and interlocal agreement related to public improvements project were void for failure to comply with the Public Improvement District Act and Transportation Code, and holder counterclaimed for declaratory judgment that note and contracts were enforceable.

The 425th District Court granted summary judgment in favor of holder and awarded holder attorney's fees and costs. Plaintiffs appealed. On appeal, the Austin Court of Appeals affirmed. Plaintiffs petitioned for review.

The Supreme Court held that:

- Transaction documents were not void due to corporation's failure to submit documents to Attorney General for examination and approval pursuant to the Transportation Code;
- Provision of the Public Improvement District Act that allowed costs to be paid with funds obtained from bonds by state entities did not apply to interlocal agreement, thus, agreement was not rendered void because corporation financed improvements with loan from out-of-state bond issuer;
- Trial court's error, if any, in considering two attorney opinion letters addressing validity of loan on bond holder's motion for summary judgment was harmless; and
- Trial court did not abuse its discretion in determining that awarding fees to bond holder was equitable and just.

Transaction documents between city, local government corporation, and bond holder involved in the financing of public improvements for a public improvement district, which included a loan agreement, a promissory note, an interlocal agreement, and bonds, were not void due to corporation's failure to submit the documents to the Attorney General for examination and approval pursuant to the Transportation Code; Code distinguished between authorization of the note and approval, as it indicated that a note was authorized independent of whether the Attorney General had examined and approved it, and the Code's purposes of financing public improvements and safeguarding citizens from unauthorized transactions were fulfilled without the consequence of voiding the documents.

Provision of the Public Improvement District Assessment Act that allowed improvement costs to be paid with funds obtained from bonds by state entities did not apply to the interlocal agreement through which city purchased certain improvements in a public improvement district from local government corporation, and thus, agreement was not rendered void because corporation financed the improvements with a loan from out-of-state bond issuer; agreement was by its terms an installment sales contract between city and corporation, and the Act expressly allowed improvement

costs to be paid under an installment sales contract between a municipality and a person who acquired, installed, or constructed the improvements, with assessment income used to make the installment payments.

Trial court's error, if any, in considering two attorney opinion letters addressing the validity of the loan that local government corporation secured from out-of-state bond issuer to finance improvements to a public improvement district purchased by city on bond holder's motion for summary judgment was harmless, in city and corporation's action against bond issuer and holder for declaratory judgment that the bonds, loan agreement, promissory note, and interlocal agreement governing the improvements were void due to corporation's failure to submit the documents to the Attorney General pursuant to the Public Improvement District Act; even if the opinion letters were inadmissible as legal conclusions, the trial court's decision on summary judgment was one of law.

Trial court did not abuse its discretion in determining that awarding fees to bond holder was equitable and just under the Declaratory Judgments Act, even though holder did not introduce separate facts proving by a preponderance of the evidence that the requested fee award would be equitable and just, in action brought against out-of-state bond issuer, construction company, and holder by city and local government corporation for declaratory judgment that the bonds, loan agreement, promissory note, and interlocal agreement governing the improvements were void due to corporation's failure to submit the documents to the Attorney General pursuant to the Public Improvement District Act; whether fees were just was not a fact question, as the determination was not susceptible to direct proof.