

By: Springer

S.B. No. 2251

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Mustang Ranch Municipal Utility District No. 1 of Denton County; granting a limited power of eminent domain; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 6, Special District Local Laws Code, is amended by adding Chapter 7942A to read as follows:

CHAPTER 7942A. MUSTANG RANCH MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 7942A.0101. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "City" means the City of Pilot Point, Texas.

(3) "Commission" means the Texas Commission on Environmental Quality.

(4) "Director" means a board member.

(5) "District" means the Mustang Ranch Municipal Utility District No. 1 of Denton County.

Sec. 7942A.0102. NATURE OF DISTRICT. The district is a municipal utility district created under Section 59, Article XVI, Texas Constitution.

Sec. 7942A.0103. CONFIRMATION AND DIRECTOR ELECTION REQUIRED. The temporary directors shall hold an election to

1 confirm the creation of the district and to elect five permanent
2 directors as provided by Section 49.102, Water Code.

3 Sec. 7942A.0104. CONSENT OF MUNICIPALITY REQUIRED. The
4 temporary directors may not hold an election under Section
5 7942A.0103 until each municipality in whose corporate limits or
6 extraterritorial jurisdiction the district is located has
7 consented by ordinance or resolution to the creation of the
8 district and to the inclusion of land in the district.

9 Sec. 7942A.0105. FINDINGS OF PUBLIC PURPOSE AND BENEFIT.

10 (a) The district is created to serve a public purpose and benefit.

11 (b) The district is created to accomplish the purposes of:

12 (1) a municipal utility district as provided by
13 general law and Section 59, Article XVI, Texas Constitution; and

14 (2) Section 52, Article III, Texas Constitution, that
15 relate to the construction, acquisition, improvement, operation,
16 or maintenance of macadamized, graveled, or paved roads, or
17 improvements, including storm drainage, in aid of those roads.

18 Sec. 7942A.0106. INITIAL DISTRICT TERRITORY. (a) The
19 district is initially composed of the territory described by
20 Section 2 of the Act enacting this chapter.

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

25 (1) organization, existence, or validity;

26 (2) right to issue any type of bond for the purposes
27 for which the district is created or to pay the principal of and

1 interest on a bond;

2 (3) right to impose a tax; or

3 (4) legality or operation.

4 SUBCHAPTER B. BOARD OF DIRECTORS

5 Sec. 7942A.0201. GOVERNING BODY; TERMS. (a) The district
6 is governed by a board of five elected directors.

7 (b) Except as provided by Section 7942A.0202, directors
8 serve staggered four-year terms.

9 Sec. 7942A.0202. TEMPORARY DIRECTORS. (a) On or after
10 September 1, 2021, the owner or owners of a majority of the assessed
11 value of the real property in the district may submit a petition to
12 the commission requesting that the commission appoint as temporary
13 directors the five persons named in the petition. The commission
14 shall appoint as temporary directors the five persons named in the
15 petition.

16 (b) Temporary directors serve until the earlier of:

17 (1) the date permanent directors are elected under
18 Section 7942A.0103; or

19 (2) the fourth anniversary of the Act enacting this
20 chapter.

21 (c) If permanent directors have not been elected under
22 Section 7942A.0103 and the terms of the temporary directors have
23 expired, successor temporary directors shall be appointed or
24 reappointed as provided by Subsection (d) to serve terms that
25 expire on the earlier of:

26 (1) the date permanent directors are elected under
27 Section 7942A.0103; or

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

3 (d) If Subsection (c) applies, the owner or owners of a
4 majority of the assessed value of the real property in the district
5 may submit a petition to the commission requesting that the
6 commission appoint as successor temporary directors the five
7 persons named in the petition. The commission shall appoint as
8 successor temporary directors the five persons named in the
9 petition.

10 SUBCHAPTER C. POWERS AND DUTIES

11 Sec. 7942A.0301. GENERAL POWERS AND DUTIES. The district
12 has the powers and duties necessary to accomplish the purposes for
13 which the district is created.

14 Sec. 7942A.0302. MUNICIPAL UTILITY DISTRICT POWERS AND
15 DUTIES. The district has the powers and duties provided by the
16 general law of this state, including Chapters 49 and 54, Water Code,
17 applicable to municipal utility districts created under Section 59,
18 Article XVI, Texas Constitution.

19 Sec. 7942A.0303. AUTHORITY FOR ROAD PROJECTS. Under
20 Section 52, Article III, Texas Constitution, the district may
21 design, acquire, construct, finance, issue bonds for, improve,
22 operate, maintain, and convey to this state, a county, or a
23 municipality for operation and maintenance macadamized, graveled,
24 or paved roads, or improvements, including storm drainage, in aid
25 of those roads.

26 Sec. 7942A.0304. ROAD STANDARDS AND REQUIREMENTS. (a) A
27 road project must meet all applicable construction standards,

1 zoning and subdivision requirements, and regulations of each
2 municipality in whose corporate limits or extraterritorial
3 jurisdiction the road project is located.

4 (b) If a road project is not located in the corporate limits
5 or extraterritorial jurisdiction of a municipality, the road
6 project must meet all applicable construction standards,
7 subdivision requirements, and regulations of each county in which
8 the road project is located.

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

12 Sec. 7942A.0305. COMPLIANCE WITH MUNICIPAL CONSENT
13 ORDINANCE OR RESOLUTION. The district shall comply with all
14 applicable requirements of any ordinance or resolution that is
15 adopted under Section 54.016 or 54.0165, Water Code, and that
16 consents to the creation of the district or to the inclusion of land
17 in the district.

18 Sec. 7942A.0306. DIVISION OF DISTRICT. (a) The district
19 may be divided into two or more new districts only if the district:

20 (1) has no outstanding bonded debt; and

21 (2) is not imposing ad valorem taxes.

22 (b) This chapter applies to any new district created by the
23 division of the district, and a new district has all the powers and
24 duties of the district.

25 (c) Any new district created by the division of the district
26 may not, at the time the new district is created, contain any land
27 outside the area described by Section 2 of the Act enacting this

1 chapter.

2 (d) The board, on its own motion or on receipt of a petition
3 signed by the owner or owners of a majority of the assessed value of
4 the real property in the district, may adopt an order dividing the
5 district.

6 (e) The board may adopt an order dividing the district
7 before or after the date the board holds an election under Section
8 7942A.0103 to confirm the district's creation.

9 (f) An order dividing the district shall:

10 (1) name each new district;

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

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

14 and

15 (4) provide for the division of assets and liabilities
16 between or among the new districts.

17 (g) On or before the 30th day after the date of adoption of
18 an order dividing the district, the district shall file the order
19 with the commission and record the order in the real property
20 records of each county in which the district is located.

21 (h) Any new district created by the division of the district
22 shall hold a confirmation and directors' election as required by
23 Section 7942A.0103. If the voters of a new district do not confirm
24 the creation of the new district, the assets, obligations,
25 territory, and governance of the new district revert to the
26 original district.

27 (i) Municipal consent to the creation of the district and to

1 the inclusion of land in the district granted under Section
2 7942A.0104 acts as municipal consent to the creation of any new
3 district created by the division of the district and to the
4 inclusion of land in the new district.

5 (j) Any new district created by the division of the district
6 must hold an election as required by this chapter to obtain voter
7 approval before the district may impose a maintenance tax or issue
8 bonds payable wholly or partly from ad valorem taxes.

9 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

10 Sec. 7942A.0401. ELECTIONS REGARDING TAXES OR BONDS. (a)
11 The district may issue, without an election, bonds and other
12 obligations secured by:

- 13 (1) revenue other than ad valorem taxes; or
14 (2) contract payments described by Section
15 7942A.0403.

16 (b) The district must hold an election in the manner
17 provided by Chapters 49 and 54, Water Code, to obtain voter approval
18 before the district may impose an ad valorem tax or issue bonds
19 payable from ad valorem taxes.

20 (c) The district may not issue bonds payable from ad valorem
21 taxes to finance a road project unless the issuance is approved by a
22 vote of a two-thirds majority of the district voters voting at an
23 election held for that purpose.

24 Sec. 7942A.0402. OPERATION AND MAINTENANCE TAX. (a) If
25 authorized at an election held under Section 7942A.0401, the
26 district may impose an operation and maintenance tax on taxable
27 property in the district in accordance with Section 49.107, Water

1 Code.

2 (b) The board shall determine the tax rate. The rate may not
3 exceed the rate approved at the election.

4 Sec. 7942A.0403. CONTRACT TAXES. (a) In accordance with
5 Section 49.108, Water Code, the district may impose a tax other than
6 an operation and maintenance tax and use the revenue derived from
7 the tax to make payments under a contract after the provisions of
8 the contract have been approved by a majority of the district voters
9 voting at an election held for that purpose.

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

13 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

14 Sec. 7942A.0501. AUTHORITY TO ISSUE BONDS AND OTHER
15 OBLIGATIONS. The district may issue bonds or other obligations
16 payable wholly or partly from ad valorem taxes, impact fees,
17 revenue, contract payments, grants, or other district money, or any
18 combination of those sources, to pay for any authorized district
19 purpose.

20 Sec. 7942A.0502. TAXES FOR BONDS. At the time the district
21 issues bonds payable wholly or partly from ad valorem taxes, the
22 board shall provide for the annual imposition of a continuing
23 direct ad valorem tax, without limit as to rate or amount, while all
24 or part of the bonds are outstanding as required and in the manner
25 provided by Sections 54.601 and 54.602, Water Code.

26 Sec. 7942A.0503. BONDS FOR ROAD PROJECTS. At the time of
27 issuance, the total principal amount of bonds or other obligations

1 issued or incurred to finance road projects and payable from ad
2 valorem taxes may not exceed one-fourth of the assessed value of the
3 real property in the district.

4 SECTION 2. The Mustang Ranch Municipal Utility District
5 No. 1 of Denton County initially includes all the territory
6 contained in the following area:

7 BEING a tract of land situated in the Charles Fliesner
8 Survey, Abstract No. 431 and the Charles Mossenton Survey, Abstract
9 No. 808, Denton County, Texas, and being all of a called
10 669.40-acre tract of land conveyed to Michael Hall Shelby Revocable
11 Family Trust, as evidenced in a Special Warranty Deed, recorded in
12 Instrument No. 2017-35430 of the Official Records of Denton County,
13 Texas, and being more particularly described by metes and bounds as
14 follows:

15 BEGINNING at a 1/2-inch iron rod with an orange cap, stamped
16 "KAZ" found for the northwest corner of said 669.40-acre tract and
17 the northerly, northeast corner of a called 1,028.306-acre tract of
18 land conveyed to Bert Field, Jr., as evidenced in a Warranty Deed,
19 recorded in Volume 729, Page 561 of the Deed Records of Denton
20 County, Texas, same also being on the southerly right of way line of
21 F. M. 455, an 80' wide right of way as described in a deed to the
22 State of Texas, recorded in Volume 334, Page 119 of the Deed Records
23 of Denton County, Texas;

24 THENCE South 88°35'39" East, along the northerly line of said
25 669.40-acre tract and the southerly right of way line of said F. M.
26 455, a distance of 338.12 feet to a 1/2-inch iron rod with an orange
27 cap, stamped "KAZ" found for the beginning of a tangent curve to the

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1 right having a central angle of $09^{\circ}46'00''$, a radius of 2,824.79
2 feet, a chord bearing and distance of South $83^{\circ}42'39''$ East, 480.93
3 feet;

4 THENCE in a southeasterly direction, continuing along the
5 northerly line of said 669.40-acre tract and the southerly right of
6 way line of said F. M. 455, along said curve to the right, an arc
7 distance of 481.52 feet to a point for corner;

8 THENCE South $78^{\circ}49'39''$ East, continuing along the northerly
9 line of said 669.40-acre tract and the southerly right of way line
10 of said F. M. 455, a distance of 1,475.57 feet to a 5/8-inch iron rod
11 with a red plastic cap, stamped "KHA" set for corner;

12 THENCE South $78^{\circ}43'39''$ East, continuing along the northerly
13 line of said 669.40-acre tract and the southerly right of way line
14 of said F. M. 455, a distance of 1657.57 feet to a 1/2-inch iron rod
15 with an orange cap, stamped "KAZ" found for the beginning of a
16 tangent curve to the right having a central angle of $06^{\circ}48'00''$, a
17 radius of 3,779.72 feet, a chord bearing and distance of South
18 $75^{\circ}19'39''$ East, 448.32 feet;

19 THENCE in a southeasterly direction, continuing along the
20 northerly line of said 669.40-acre tract and the southerly right of
21 way line of said F. M. 455, along said curve to the right, an arc
22 distance of 448.59 feet to a 1/2-inch iron rod with an orange cap,
23 stamped "KAZ" found for corner;

24 THENCE South $71^{\circ}55'39''$ East, continuing along the northerly
25 line of said 669.40-acre tract and the southerly right of way line
26 of said F. M. 455, a distance of 888.92 feet to a 5/8-inch iron rod
27 with a red plastic cap, stamped "KHA" set for corner;

1 THENCE South 71°24'39" East, continuing along the northerly
2 line of said 669.40-acre tract and the southerly right of way line
3 of said F. M. 455, a distance of 194.87 feet to a 1/2-inch iron rod
4 with an orange cap, stamped "KAZ" found for the northeast corner of
5 said 669.40-acre tract, same being the northwest corner of a called
6 Tract 2 (137.91-acres), conveyed to Sharon Anne Shelby, as
7 evidenced in a Partition Deed, recorded in Instrument No. 2016-5887
8 of the Official Records of Denton County, Texas;

9 THENCE South 00°00'05" East, departing the southerly right of
10 way line of said F. M. 455, along the easterly line of said
11 669.40-acre tract and the westerly line of said Tract 2
12 (137.91-acres), and generally with a barbed wire fence, a distance
13 of 4,776.49 feet to a 5/8-inch iron rod with a red plastic cap,
14 stamped "KHA" set in an asphalt road, known as Hames Road, for the
15 southeast corner of said 669.40-acre tract and the southwest corner
16 of said Tract 2 (137.91-acres), same being on the northerly line of
17 a called Tract 1 (87.748-acres), conveyed to TLD Willard, Ltd., as
18 evidenced in a Special Warranty Deed, recorded in Instrument
19 No. 2014-111011 of the Official Records of Denton County, Texas;

20 THENCE North 89°56'35" West, along the southerly line of said
21 669.40-acre tract, the northerly line of said Tract 1
22 (87.748-acres), and along said Hames Road, a distance of 116.68
23 feet to a 3/4-inch iron rod found for the northwest corner of said
24 Tract 1 (87.748-acres) and the northeast corner of a called
25 12.095-acre tract of land, conveyed to Jeff D. Kappel, et ux, as
26 evidenced in a Warranty Deed, recorded in Volume 5085, Page 1484 of
27 the Deed Records of Denton County, Texas;

1 THENCE North 89°39'47" West, continuing along the southerly
2 line of said 669.40-acre tract, the northerly line of said
3 12.095-acre tract and said Hames Road, a distance of 705.49 feet to
4 a 5/8-inch iron rod found for the northwest corner of said
5 12.096-acre tract and the northeast corner of a called 6.05-acre
6 tract, conveyed to Elias Loredó, et al, as evidenced in a Warranty
7 Deed, recorded in Instrument No. 2016-92822 of the Official Records
8 of Denton County, Texas;

9 THENCE North 89°35'57" West, continuing along the southerly
10 line of said 669.40-acre tract, the northerly line of said
11 6.05-acre tract and said Hames Road, a distance of 708.43 feet to a
12 3/4-inch iron rod found in a bend of said Hames Road, for the
13 northwest corner of said 6.05-acre tract, same being the northeast
14 corner of a called Tract 2 (146.593-acres), conveyed to TLD
15 Willard, Ltd., as evidenced in a Special Warranty Deed, recorded in
16 Instrument No. 2014-111011 of the Official Records of Denton
17 County, Texas;

18 THENCE North 89°28'39" West, departing said Hames Road,
19 continuing along the southerly line of said 699.40-acre tract and
20 the northerly line of said Tract 2 (146.593-acres), a distance of
21 3,408.99 feet to a 5/8-inch iron rod with a red plastic cap, stamped
22 "KHA" set for an angle point;

23 THENCE North 89°38'21" West, continuing along the southerly
24 line of said 699.40-acre tract and the northerly line of said Tract
25 2 (146.593-acres), passing at a distance of 82.62 feet, a found
26 1/2-inch iron rod, continuing for a total distance of 455.62 feet to
27 a 1/2-inch iron rod found for the southwest corner of said

1 699.40-acre tract and a southeasterly corner of aforesaid
2 1,028.306-acre Bert Fields Jr., tract;

3 THENCE North 00°24'46" East, along the westerly line of said
4 699.40-acre tract, the easterly line of said 1,028.306-acre tract,
5 and along a barbed wire fence, a distance of 5,855.81 feet to the
6 POINT OF BEGINNING and containing 669.396 acres (29,158,886 square
7 feet) of land, more or less.

8 SECTION 3. (a) The legal notice of the intention to
9 introduce this Act, setting forth the general substance of this
10 Act, has been published as provided by law, and the notice and a
11 copy of this Act have been furnished to all persons, agencies,
12 officials, or entities to which they are required to be furnished
13 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
14 Government Code.

15 (b) The governor, one of the required recipients, has
16 submitted the notice and Act to the Texas Commission on
17 Environmental Quality.

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

22 (d) All requirements of the constitution and laws of this
23 state and the rules and procedures of the legislature with respect
24 to the notice, introduction, and passage of this Act are fulfilled
25 and accomplished.

26 SECTION 4. (a) If this Act does not receive a two-thirds
27 vote of all the members elected to each house, Subchapter C, Chapter

1 7942A, Special District Local Laws Code, as added by Section 1 of
2 this Act, is amended by adding Section 7942A.0307 to read as
3 follows:

4 Sec. 7942A.0307. NO EMINENT DOMAIN POWER. The district may
5 not exercise the power of eminent domain.

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

9 SECTION 5. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2021.