

## **BILL ANALYSIS**

C.S.H.B. 3846  
By: Laubenberg  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties contend that there is a need for a municipal management district in the City of Celina. C.S.H.B. 3846 seeks to meet this need by establishing provisions relating to the creation of the Mustang Ranch Municipal Management District No. 1, providing authority to levy an assessment and issue bonds in order to provide improvement projects and services that confer a special benefit on property in the district and to pay for such projects and services by levying special assessments.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3846 amends the Special District Local Laws Code to create the Mustang Ranch Municipal Management District No. 1, establish the nature and purpose of the district, make findings of benefit and public purpose, and provide for the initial district territory, including provision for the effect of certain mistakes in the description of the boundaries. The bill makes all or part of the district eligible for inclusion in a tax increment reinvestment zone, a tax abatement reinvestment zone, an enterprise zone, or an industrial district and sets out provisions that apply if the City of Celina creates a tax increment reinvestment zone. The bill makes state law relating to municipal management districts in general applicable to the district and provides for the liberal construction of the bill.

C.S.H.B. 3846 provides for the district's governance by a board of five directors composed of the city manager, the city's chief financial officer, two directors appointed by the governing body of the city, and one director appointed by the governing body of the city who is an employee of the Prosper Independent School District and provides that an appointed director serves a term of four years. The bill makes a general municipal management district provision relating to the qualifications of a director inapplicable to a director employed by the city or the school district and makes a Water Code provision relating to the disqualification of a water district director inapplicable to the district. The bill includes provisions relating to board vacancies, a director's oath or affirmation, board officers, director compensation and expenses, director liability insurance coverage, and board meetings. The bill adds a temporary provision, set to expire September 1, 2014, to set forth the initial directors and to provide for their terms. The bill provides that the initial board consists of Rod Hogan, city manager; Jay Toutounchian, city chief financial officer; Jim Melino; Drew Watkins, Prosper Independent School District employee; and a director appointed by the governing body of the city.

C.S.H.B. 3846 sets out provisions relating to the powers and duties of the Mustang Ranch Municipal Management District No. 1, including authority to provide, or to enter into contracts with a governmental or private entity to provide, authorized improvement projects or activities in support of or incidental to those projects. The bill grants the district the powers of a

conservation and reclamation district, road district, road utility district, and public improvement district. The bill authorizes the district to contract with a governmental or private entity, on terms determined by the board, to carry out an authorized power or duty or to accomplish a purpose for which the district is created.

C.S.H.B. 3846 requires the district, in order to protect the public interest, to provide or contract with a qualified party to provide emergency services, including law enforcement, fire, and ambulance services, in territory in the district that is in the extraterritorial jurisdiction of the city, for which a plat has been filed, and that includes 100 or more residents. The bill authorizes the parties to the "development agreement," as defined by the bill, to amend the agreement as necessary to accomplish the purposes of the district. The bill authorizes the district to engage in activities that accomplish the economic development purposes of the district, 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, and create economic development programs and exercise certain municipal economic development powers.

C.S.H.B. 3846 prohibits the district from exercising the power of eminent domain or from constructing, acquiring, maintaining, or operating a toll road. The bill authorizes the district to provide, or enter into a contract with a governmental or private entity to provide, certain types of improvement projects and related activities and establishes conditions and restrictions on such district undertakings.

C.S.H.B. 3846 provides for the division of the district if the district has no outstanding bonded debt and sets out provisions relating to law applicable to a new district, division procedures, notice and recording of an order dividing the district, and contract authority of a new district.

C.S.H.B. 3846 requires the board by resolution to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money. The bill authorizes the district to undertake and provide an improvement project or service authorized by the bill's provisions using any money available to the district. The bill authorizes the district to borrow money for a district purpose without holding an election 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 the Tax Increment Financing Act or Property Redevelopment and Tax Abatement Act, other district revenue, or a combination of these sources.

C.S.H.B. 3846 requires the city, before the district borrows money or issues an obligation, to provide written certification to the district that no party to the development agreement is in default as of the date the district is authorized to borrow the money or enter the obligation. The bill authorizes the district to impose an assessment on property in the district to pay for an obligation, except that the district is prohibited from imposing an assessment on a municipality, county, or other political subdivision, and provides for the notice of assessments. The bill makes the exemption from an impact fee, tax, or assessment for single-family detached residential property, duplexes, triplexes, and quadraplexes under the municipal management district law inapplicable to the district. The bill prohibits the district from imposing an impact fee or a property tax.

C.S.H.B. 3846 provides for the dissolution of the district and the disposition of the district's assets and liabilities on dissolution. The bill sets out in detail the initial boundaries of the district and defines "board," "city," "county," "director," and "district," and defines "development agreement" to mean the development agreement between the city and Celina 682 Partners, L.P., initially effective June 11, 2007.

#### **EFFECTIVE DATE**

September 1, 2011.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3846 differs from the original, in a bill provision defining "development agreement" to mean the development agreement between the City of Celina and Celina 682 Partners, L.P., effective June 11, 2007, by specifying such agreement as initially effective on such date, and removing language providing that the agreement includes any amendments made before the bill's effective date.

C.S.H.B. 3846 differs from the original by specifying that, of the three members of the board of directors of the Mustang Ranch Municipal Management District No. 1 to be appointed by the governing body of the city, one director be an employee of the Prosper Independent School District, whereas the original does not make such specification. The substitute differs from the original, in a bill provision making a general municipal management district provision relating to the qualifications of a director inapplicable to a director employed by the city, by making such municipal management district provision inapplicable to a director employed by the school district as well.

C.S.H.B. 3846 differs from the original, in a temporary bill provision providing for initial directors, by establishing Rod Hogan, city manager, as an initial director, whereas the original establishes Jason Gray, city manager, as an initial director, and by establishing Drew Watkins, a school district employee, as an initial director, whereas the original establishes the appointment of a director by the governing body of the city for such spot.

C.S.H.B. 3846 contains a provision not included in the original requiring the district, in order to protect the public interest, to provide or contract with a qualified party to provide emergency services, including law enforcement, fire, and ambulance services, in territory in the district that is in the extraterritorial jurisdiction of the city, for which a plat has been filed, and that includes 100 or more residents.

C.S.H.B. 3846 contains a provision not included in the original authorizing the parties to the development agreement to amend the agreement as necessary to accomplish the purposes of the district.

C.S.H.B. 3846 omits a provision included in the original making an obligation issued by the district and secured by special assessments not subject to the jurisdiction or supervision of the Texas Commission on Environmental Quality.