

SENATE AMENDMENTS

2nd Printing

By: Ellzey

H.B. No. 4584

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes; granting a limited power of eminent domain.

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 3959 to read as follows:

CHAPTER 3959. STERRETT ROAD MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3959.0001. DEFINITIONS. In this chapter:

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

(2) "City" means the City of Waxahachie.

(3) "Director" means a board member.

(4) "District" means the Sterrett Road Municipal Management District.

Sec. 3959.0002. NATURE OF DISTRICT. The Sterrett Road Municipal Management District is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3959.0003. 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.

1 (b) By creating the district and in authorizing the city and
2 other political subdivisions to contract with the district, the
3 legislature has established a program to accomplish the public
4 purposes set out in Section 52-a, Article III, Texas Constitution.

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

10 (d) This chapter and the creation of the district may not be
11 interpreted to relieve the city from providing the level of
12 services provided as of the effective date of the Act enacting this
13 chapter to the area in the district. The district is created to
14 supplement and not to supplant city services provided in the
15 district.

16 Sec. 3959.0004. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

17 (a) All land and other property included in the district will
18 benefit from the improvements and services to be provided by the
19 district under powers conferred by Sections 52 and 52-a, Article
20 III, and Section 59, Article XVI, Texas Constitution, and other
21 powers granted under this chapter.

22 (b) The district is created to serve a public use and
23 benefit.

24 (c) The creation of the district is in the public interest
25 and is essential to further the public purposes of:

26 (1) developing and diversifying the economy of the
27 state;

1 (2) eliminating unemployment and underemployment; and
2 (3) developing or expanding transportation and
3 commerce.

4 (d) The district will:

5 (1) promote the health, safety, and general welfare of
6 residents, employers, potential employees, employees, visitors,
7 and consumers in the district, and of the public;

8 (2) provide needed funding for the district to
9 preserve, maintain, and enhance the economic health and vitality of
10 the district territory as a community and business center;

11 (3) promote the health, safety, welfare, and enjoyment
12 of the public by providing pedestrian ways and by landscaping and
13 developing certain areas in the district, which are necessary for
14 the restoration, preservation, and enhancement of scenic beauty;
15 and

16 (4) provide for water, wastewater, drainage, road, and
17 recreational facilities for the district.

18 (e) Pedestrian ways along or across a street, whether at
19 grade or above or below the surface, and street lighting, street
20 landscaping, parking, and street art objects are parts of and
21 necessary components of a street and are considered to be a street
22 or road improvement.

23 (f) The district will not act as the agent or
24 instrumentality of any private interest even though the district
25 will benefit many private interests as well as the public.

26 Sec. 3959.0005. INITIAL DISTRICT TERRITORY. (a) The
27 district is initially composed of the territory described by

1 Section 2 of the Act enacting this chapter.

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

6 (1) organization, existence, or validity;

7 (2) right to issue any type of bonds for the purposes
8 for which the district is created or to pay the principal of and
9 interest on the bonds;

10 (3) right to impose or collect an assessment or tax; or

11 (4) legality or operation.

12 Sec. 3959.0006. ELIGIBILITY FOR INCLUSION IN SPECIAL ZONES.

13 All or any part of the area of the district is eligible to be
14 included in:

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

17 (2) a tax abatement reinvestment zone created under
18 Chapter 312, Tax Code.

19 Sec. 3959.0007. APPLICABILITY OF MUNICIPAL MANAGEMENT
20 DISTRICTS LAW. Except as otherwise provided by this chapter,
21 Chapter 375, Local Government Code, applies to the district.

22 Sec. 3959.0008. CONSTRUCTION OF CHAPTER. This chapter
23 shall be liberally construed in conformity with the findings and
24 purposes stated in this chapter.

25 SUBCHAPTER B. BOARD OF DIRECTORS

26 Sec. 3959.0051. GOVERNING BODY; TERMS. (a) The district is
27 governed by a board of five elected directors who serve staggered

1 terms of four years.

2 (b) Directors are elected in the manner provided by
3 Subchapter D, Chapter 49, Water Code.

4 Sec. 3959.0052. COMPENSATION; EXPENSES. (a) The district
5 may compensate each director in an amount not to exceed \$150 for
6 each board meeting. The total amount of compensation for each
7 director in one year may not exceed \$7,200.

8 (b) A director is entitled to reimbursement for necessary
9 and reasonable expenses incurred in carrying out the duties and
10 responsibilities of the board.

11 Sec. 3959.0053. INITIAL DIRECTORS. (a) The initial board
12 consists of the following directors:

| <u>Pos. No.</u> | <u>Name of Director</u> |
|-----------------|-------------------------|
| <u>1</u> | <u>David Muckleroy</u> |
| <u>2</u> | <u>Kenner Link</u> |
| <u>3</u> | <u>Peter Madrala</u> |
| <u>4</u> | <u>Ian Hall</u> |
| <u>5</u> | <u>Brock Babb</u> |

19 (b) Of the initial directors, the terms of directors
20 appointed for positions one through three expire June 1, 2023, and
21 the terms of directors appointed for positions four and five expire
22 June 1, 2025.

23 SUBCHAPTER C. POWERS AND DUTIES

24 Sec. 3959.0101. GENERAL POWERS AND DUTIES. The district
25 has the powers and duties necessary to accomplish the purposes for
26 which the district is created.

27 Sec. 3959.0102. IMPROVEMENT PROJECTS AND SERVICES. (a) The

1 district, using any money available to the district for the
2 purpose, may provide, design, construct, acquire, improve,
3 relocate, operate, maintain, or finance an improvement project or
4 service authorized under this chapter or Chapter 372 or 375, Local
5 Government Code.

6 (b) The district may contract with a governmental or private
7 entity to carry out an action under Subsection (a).

8 (c) The implementation of a district project or service is a
9 governmental function or service for the purposes of Chapter 791,
10 Government Code.

11 Sec. 3959.0103. NONPROFIT CORPORATION. (a) The board by
12 resolution may authorize the creation of a nonprofit corporation to
13 assist and act for the district in implementing a project or
14 providing a service authorized by this chapter.

15 (b) The nonprofit corporation:

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

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

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

27 Sec. 3959.0104. LAW ENFORCEMENT SERVICES. To protect the

1 public interest, the district may contract with the city to provide
2 additional law enforcement services in the district for a fee.

3 Sec. 3959.0105. MEMBERSHIP IN CHARITABLE ORGANIZATIONS.

4 The district may join and pay dues to a charitable or nonprofit
5 organization that performs a service or provides an activity
6 consistent with the furtherance of a district purpose.

7 Sec. 3959.0106. ECONOMIC DEVELOPMENT PROGRAMS. (a) The

8 district may engage in activities that accomplish the economic
9 development purposes of the district.

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

14 (1) make loans and grants of public money; and

15 (2) provide district personnel and services.

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

19 (1) Chapter 380, Local Government Code; and

20 (2) Subchapter A, Chapter 1509, Government Code.

21 Sec. 3959.0107. PARKING FACILITIES. (a) The district may
22 acquire, lease as lessor or lessee, construct, develop, own,
23 operate, and maintain parking facilities or a system of parking
24 facilities, including lots, garages, parking terminals, or other
25 structures or accommodations for parking motor vehicles off the
26 streets and related appurtenances.

27 (b) The district's parking facilities serve the public

1 purposes of the district and are owned, used, and held for a public
2 purpose even if leased or operated by a private entity for a term of
3 years.

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

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

9 Sec. 3959.0108. ADDING OR EXCLUDING LAND. The district may
10 add or exclude land in the manner provided by Subchapter J, Chapter
11 49, Water Code, or by Subchapter H, Chapter 54, Water Code.

12 Sec. 3959.0109. DISBURSEMENTS AND TRANSFERS OF MONEY. The
13 board by resolution shall establish the number of directors'
14 signatures and the procedure required for a disbursement or
15 transfer of district money.

16 Sec. 3959.0110. EMINENT DOMAIN. (a) The district may
17 exercise the power of eminent domain in the manner provided by
18 Chapter 49, Water Code.

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

- 21 (1) a road project; or
22 (2) recreational facilities as defined by Section
23 49.462, Water Code.

24 Sec. 3959.0111. DIVISION OF DISTRICT. (a) The district may
25 be divided into two or more new districts only if the district:

- 26 (1) has no outstanding bonded debt; and
27 (2) is not imposing ad valorem taxes.

1 (b) This chapter applies to any new district created by the
2 division of the district, and a new district has all the powers and
3 duties of the district.

4 (c) Any new district created by the division of the district
5 may not, at the time the new district is created, contain any land
6 outside the area described by Section 2 of the Act enacting this
7 chapter.

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

12 (e) An order dividing the district must:

13 (1) name each new district;

14 (2) include the metes and bounds description of the
15 territory of each new district;

16 (3) appoint initial directors for each new district;

17 and

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

20 (f) On or before the 30th day after the date of adoption of
21 an order dividing the district, the district shall file the order
22 with the Texas Commission on Environmental Quality and record the
23 order in the real property records of each county in which the
24 district is located.

25 (g) Any new district created by the division of the district
26 must hold an election as required by this chapter to obtain voter
27 approval before the district may impose a maintenance tax or issue

1 bonds payable wholly or partly from ad valorem taxes.

2 (h) Municipal consent to the creation of the district and to
3 the inclusion of land in the district granted under Section
4 3959.0206 acts as municipal consent to the creation of any new
5 district created by the division of the district and to the
6 inclusion of land in the new district.

7 SUBCHAPTER D. ASSESSMENTS

8 Sec. 3959.0151. PETITION REQUIRED FOR FINANCING SERVICES
9 AND IMPROVEMENTS WITH ASSESSMENTS. (a) The board may not finance a
10 service or improvement project with assessments under this chapter
11 unless a written petition requesting that service or improvement
12 has been filed with the board.

13 (b) A petition filed under Subsection (a) must be signed by
14 the owners of a majority of the assessed value of real property in
15 the district subject to assessment according to the most recent
16 certified tax appraisal roll for the county.

17 Sec. 3959.0152. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)
18 The board by resolution may impose and collect an assessment for any
19 purpose authorized by this chapter in all or any part of the
20 district.

21 (b) An assessment, a reassessment, or an assessment
22 resulting from an addition to or correction of the assessment roll
23 by the district, penalties and interest on an assessment or
24 reassessment, an expense of collection, and reasonable attorney's
25 fees incurred by the district:

26 (1) are a first and prior lien against the property
27 assessed;

1 (2) are superior to any other lien or claim other than
2 a lien or claim for county, school district, or municipal ad valorem
3 taxes; and

4 (3) are the personal liability of and a charge against
5 the owners of the property even if the owners are not named in the
6 assessment proceedings.

7 (c) The lien is effective from the date of the board's
8 resolution imposing the assessment until the date the assessment is
9 paid. The board may enforce the lien in the same manner that the
10 board may enforce an ad valorem tax lien against real property.

11 (d) The board may make a correction to or deletion from the
12 assessment roll that does not increase the amount of assessment of
13 any parcel of land without providing notice and holding a hearing in
14 the manner required for additional assessments.

15 Sec. 3959.0153. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT.
16 Section 375.161, Local Government Code, does not apply to the
17 district.

18 SUBCHAPTER E. TAXES AND BONDS

19 Sec. 3959.0201. TAX ELECTION REQUIRED. (a) The district
20 must hold an election in the manner provided by Chapter 49, Water
21 Code, or, if applicable, Chapter 375, Local Government Code, to
22 obtain voter approval before the district may impose an ad valorem
23 tax.

24 (b) Section 375.243, Local Government Code, does not apply
25 to the district.

26 Sec. 3959.0202. OPERATION AND MAINTENANCE TAX. (a) If
27 authorized by a majority of the district voters voting at an

1 election under Section 3959.0201, the district may impose an
2 operation and maintenance tax on taxable property in the district
3 in the manner provided by Section 49.107, Water Code, for any
4 district purpose, including to:

- 5 (1) maintain and operate the district;
6 (2) construct or acquire improvements; or
7 (3) provide a service.

8 (b) The board shall determine the operation and maintenance
9 tax rate. The rate may not exceed the rate approved at the
10 election.

11 Sec. 3959.0203. AUTHORITY TO BORROW MONEY AND TO ISSUE
12 BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on
13 terms determined by the board.

14 (b) The district may issue, by public or private sale,
15 bonds, notes, or other obligations payable wholly or partly from ad
16 valorem taxes, assessments, impact fees, revenue, contract
17 payments, grants, or other district money, or any combination of
18 those sources of money, to pay for any authorized district purpose.

19 (c) The limitation on the outstanding principal amount of
20 bonds, notes, or other obligations provided by Section 49.4645,
21 Water Code, does not apply to the district.

22 (d) The district may issue, by public or private sale,
23 bonds, notes, or other obligations payable wholly or partly from ad
24 valorem taxes or assessments in the manner provided by Subchapter
25 A, Chapter 372, Local Government Code, if the improvements financed
26 by an obligation issued under this section will be conveyed to or
27 operated and maintained by a municipality or other retail utility

1 provider pursuant to an agreement with the district entered into
2 before the issuance of the obligation.

3 Sec. 3959.0204. BONDS SECURED BY REVENUE OR CONTRACT
4 PAYMENTS. The district may issue, without an election, bonds
5 secured by:

6 (1) revenue other than ad valorem taxes;
7 (2) contract payments, provided that the requirements
8 of Section 49.108, Water Code, have been met; or

9 (3) other contract revenues.

10 Sec. 3959.0205. BONDS SECURED BY AD VALOREM TAXES;
11 ELECTIONS. (a) If authorized at an election under Section
12 3959.0201, the district may issue bonds payable from ad valorem
13 taxes.

14 (b) At the time the district issues bonds payable wholly or
15 partly from ad valorem taxes, the board shall provide for the annual
16 imposition of a continuing direct annual ad valorem tax, without
17 limit as to rate or amount, for each year that all or part of the
18 bonds are outstanding as required and in the manner provided by
19 Sections 54.601 and 54.602, Water Code.

20 (c) All or any part of any facilities or improvements that
21 may be acquired by a district by the issuance of its bonds may be
22 submitted as a single proposition or as several propositions to be
23 voted on at the election.

24 Sec. 3959.0206. CONSENT OF MUNICIPALITY REQUIRED. (a) The
25 board may not issue bonds until each municipality in whose
26 corporate limits or extraterritorial jurisdiction the district is
27 located has consented by ordinance or resolution to the creation of

1 the district and to the inclusion of land in the district.

2 (b) This section applies only to the district's first
3 issuance of bonds payable from ad valorem taxes.

4 SUBCHAPTER Z. DISSOLUTION

5 Sec. 3959.0901. DISSOLUTION. (a) The board shall dissolve
6 the district on written petition filed with the board by the owners
7 of:

8 (1) 66 percent or more of the assessed value subject to
9 assessment by the district of the property in the district based on
10 the most recent certified county property tax rolls; or

11 (2) 66 percent or more of the surface area of the
12 district, excluding roads, streets, highways, utility
13 rights-of-way, other public areas, and other property exempt from
14 assessment by the district according to the most recent certified
15 county property tax rolls.

16 (b) The district may not be dissolved if the district:

17 (1) has any outstanding bonded or other indebtedness
18 until that bonded or other indebtedness has been repaid or defeased
19 in accordance with the order or resolution authorizing the issuance
20 of the bonded or other indebtedness;

21 (2) has a contractual obligation to pay money until
22 that obligation has been fully paid in accordance with the
23 contract; or

24 (3) owns, operates, or maintains public works,
25 facilities, or improvements unless the district has contracted with
26 another party for the ownership and operation or maintenance of the
27 public works, facilities, or improvements.

1 (c) Section 375.262, Local Government Code, does not apply
2 to the district.

3 SECTION 2. The Sterrett Road Municipal Management District
4 initially includes all territory contained in the following area:

5 Being a parcel of land located in Ellis County, Texas, a part of the
6 a part of the Clement Goar Survey, Abstract Number 401, a part of
7 the Carter H. Hurst Survey, Abstract Number 456, and being all of
8 that called 124.27 acre tract of land described in deed to Futex
9 Property Company No. 112, LLC as recorded in Instrument Number
10 1801007, Official Public Records of Ellis County, Texas, and being
11 all of that called 101.19 acre tract of land described in deed to
12 James R. Pitts, Trustee as recorded in Instrument Number 1723473,
13 Official Public Records of Ellis County, Texas, and also being all
14 of that called 360.00 acre tract of land described in deed to Fuscom
15 Property Company No. 2, LLC as recorded in Instrument Number
16 1800404, Official Public Records of Ellis County, Texas, and being
17 further described as follows:

18 BEGINNING at a point at the southwest corner of said 124.27 acre
19 tract, said point also being at the approximate centerline
20 intersection of West Sterrett Road and Patrick Road;

21 THENCE North 00 degrees 02 minutes 30 seconds West, 4,252.90 feet to
22 a point for corner, said point being the most westerly northwest
23 corner of said 360.00 acre tract, said point also being in Patrick
24 Road;

25 THENCE along the north line of said 360.00 acre tract as follows:

26 North 88 degrees 02 minutes 21 seconds East, 2,227.21 feet to
27 a point for corner;

1 North 03 degrees 02 minutes 39 seconds West, 972.62 feet to a
2 point for corner;
3 North 89 degrees 51 minutes 38 seconds East, 459.17 feet to a
4 point for corner;
5 North 02 degrees 01 minutes 41 seconds West, 296.17 feet to a
6 point for corner;
7 North 89 degrees 01 minutes 02 seconds East, 1,306.16 feet to
8 a point for corner;
9 North 88 degrees 37 minutes 03 seconds East, 453.09 feet to a
10 point for corner;
11 South 01 degrees 18 minutes 19 seconds East, 437.73 feet to a
12 point for corner;
13 North 89 degrees 09 minutes 41 seconds East, 850.07 feet to a
14 point for corner, said point being the northeast corner of said
15 360.00 acre tract;
16 THENCE along the east line of said 360.00 acre tract as follows:
17 South 00 degrees 57 minutes 39 seconds East, 1,694.38 feet to
18 a point for corner;
19 South 01 degrees 25 minutes 02 seconds East, 1,620.58 feet to
20 a point for corner, said point being the southeast corner of said
21 360.00 acre tract, said point also being the northeast corner of
22 said 101.19 acre tract;
23 THENCE South 00 degrees 37 minutes 32 seconds East, 1,625.00 feet to
24 the southeast corner of said 101.19 acre tract, said point also
25 being in West Sterrett Road;
26 THENCE North 89 degrees 19 minutes 15 seconds West, 2,693.70 feet to
27 a point for corner, said point being the southwest corner of said

1 101.19 acre tract, said point also being in the east line of said
2 124.27 acre tract, said point also being in West Sterrett Road;
3 THENCE South 01 degrees 22 minutes 01 seconds East, 294.05 feet to a
4 point for corner, said point being the southeast corner of said
5 124.27 acre tract, said point also being in West Sterrett Road;
6 THENCE South 89 degrees 54 minutes 12 seconds West, 2,638.73 feet
7 along the south line of said 124.27 acre tract to the POINT OF
8 BEGINNING and containing 25,506,220 square feet or 585.542 acres of
9 land.

10 Bearings are based on the west line of that called 124.27 acre tract
11 of land described in deed to Futex Property Company No. 112, LLC as
12 recorded in Instrument Number 1801007, Official Public Records of
13 Ellis County, Texas.

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

21 (b) The governor, one of the required recipients, has
22 submitted the notice and Act to the Texas Commission on
23 Environmental Quality.

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

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

5 SECTION 4. (a) Section 3959.0110, Special District Local
6 Laws Code, as added by Section 1 of this Act, takes effect only if
7 this Act receives a two-thirds vote of all the members elected to
8 each house.

9 (b) If this Act does not receive a two-thirds vote of all the
10 members elected to each house, Subchapter C, Chapter 3959, Special
11 District Local Laws Code, as added by Section 1 of this Act, is
12 amended by adding Section 3959.0110 to read as follows:

13 Sec. 3959.0110. NO EMINENT DOMAIN POWER. The district may
14 not exercise the power of eminent domain.

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

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

ADOPTED

MAY 26 2021

By: Chris Sidwell

Substitute the following for H.B. No.

4584 .B. No. 4584
Secretary of the Senate

By: [Signature]

C.S. H.B. No. 4584

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Sterrett Road Municipal Management District; 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 C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3959 to read as follows:

CHAPTER 3959. STERRETT ROAD MUNICIPAL MANAGEMENT DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3959.0001. DEFINITIONS. In this chapter:

- (1) "Board" means the district's board of directors.
- (2) "City" means the City of Waxahachie.
- (3) "Director" means a board member.
- (4) "District" means the Sterrett Road Municipal

Management District.

Sec. 3959.0002. NATURE OF DISTRICT. The Sterrett Road Municipal Management District is a special district created under Section 59, Article XVI, Texas Constitution.

Sec. 3959.0003. PURPOSE; DECLARATION OF INTENT. (a) The creation of the district is essential to accomplish the purposes

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of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, and other public purposes stated in this chapter.

(b) 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.

(c) 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.

(d) This chapter and the creation of the district may not be interpreted to relieve the city 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 services provided in the district.

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granted under this chapter.

(b) The district is created to serve a public use and benefit.

(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, 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;

(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. 3959.0005. 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 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. 3959.0006. 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; or

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

Sec. 3959.0007. APPLICABILITY OF MUNICIPAL MANAGEMENT DISTRICTS LAW. Except as otherwise provided by this chapter, Chapter 375, Local Government Code, applies to the district.

Sec. 3959.0008. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed in conformity with the findings and purposes stated in this chapter.

SUBCHAPTER B. BOARD OF DIRECTORS

Sec. 3959.0051. GOVERNING BODY; TERMS. (a) The district is governed by a board of five elected directors who serve staggered terms of four years.

(b) Directors are elected in the manner provided by Subchapter D, Chapter 49, Water Code.

Sec. 3959.0052. COMPENSATION; EXPENSES. (a) The district may compensate each director in an amount not to exceed \$150 for each board meeting. The total amount of compensation for each director in one year may not exceed \$7,200.

(b) A director is entitled to reimbursement for necessary

and reasonable expenses incurred in carrying out the duties and responsibilities of the board.

Sec. 3959.0053. INITIAL DIRECTORS. (a) The initial board consists of the following directors:

| <u>Pos. No.</u> | <u>Name of Director</u> |
|-----------------|-------------------------|
| <u>1</u> | <u>David Muckleroy</u> |
| <u>2</u> | <u>Kenner Link</u> |
| <u>3</u> | <u>Peter Madrala</u> |
| <u>4</u> | <u>Ian Hall</u> |
| <u>5</u> | <u>Brock Babb</u> |

(b) Of the initial directors, the terms of directors appointed for positions one through three expire June 1, 2023, and the terms of directors appointed for positions four and five expire June 1, 2025.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3959.0101. GENERAL POWERS AND DUTIES. The district has the powers and duties necessary to accomplish the purposes for which the district is created.

Sec. 3959.0102. IMPROVEMENT PROJECTS AND SERVICES. (a) The district, using any money available to the district for the purpose, may 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.

(b) The district may contract with a governmental or private entity to carry out an action under Subsection (a).

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

Sec. 3959.0103. 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. 3959.0104. LAW ENFORCEMENT SERVICES. To protect the public interest, the district may contract with the city to provide additional law enforcement services in the district for a fee.

Sec. 3959.0105. 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. 3959.0106. ECONOMIC DEVELOPMENT PROGRAMS. (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. 3959.0107. 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. 3959.0108. ADDING OR EXCLUDING LAND. The district may add or exclude land in the manner provided by Subchapter J, Chapter 49, Water Code, or by Subchapter H, Chapter 54, Water Code.

Sec. 3959.0109. 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. 3959.0110. DIVISION OF DISTRICT. (a) The district may be divided into two or more new districts only if the district:

- (1) has no outstanding bonded debt; and
- (2) is not imposing ad valorem taxes.

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

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

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

(e) An order dividing the district must:

(1) name each new district;

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

(3) appoint initial directors for each new district;

and

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

(f) On or before the 30th day after the date of adoption of an order dividing the district, the district shall file the order with the Texas Commission on Environmental Quality and record the order in the real property records of each county in which the district is located.

(g) Any new district created by the division of the district must hold an election as required by this chapter to obtain voter

approval before the district may impose a maintenance tax or issue bonds payable wholly or partly from ad valorem taxes.

(h) Municipal consent to the creation of the district and to the inclusion of land in the district granted under Section 3959.0206 acts as municipal consent to the creation of any new district created by the division of the district and to the inclusion of land in the new district.

SUBCHAPTER D. ASSESSMENTS

Sec. 3959.0151. 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. 3959.0152. 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

(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. 3959.0153. CERTAIN RESIDENTIAL PROPERTY NOT EXEMPT. Section 375.161, Local Government Code, does not apply to the district.

SUBCHAPTER E. TAXES AND BONDS

Sec. 3959.0201. TAX ELECTION REQUIRED. (a) The district must hold an election in the manner provided by Chapter 49, Water Code, or, if applicable, Chapter 375, Local Government Code, to obtain voter approval before the district may impose an ad valorem tax.

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

Sec. 3959.0202. OPERATION AND MAINTENANCE TAX. (a) If authorized by a majority of the district voters voting at an election under Section 3959.0201, the district may impose an operation and maintenance tax on taxable property in the district in the manner provided by 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 operation and maintenance tax rate. The rate may not exceed the rate approved at the election.

Sec. 3959.0203. AUTHORITY TO BORROW MONEY AND TO ISSUE BONDS AND OTHER OBLIGATIONS. (a) The district may borrow money on terms determined by the board.

(b) The district may issue, by public or private sale, 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.

(c) The limitation on the outstanding principal amount of bonds, notes, or other obligations provided by Section 49.4645, Water Code, does not apply to the district.

Sec. 3959.0204. BONDS SECURED BY REVENUE OR CONTRACT PAYMENTS. The district may issue, without an election, bonds secured by:

- (1) revenue other than ad valorem taxes;
- (2) contract payments, provided that the requirements of Section 49.108, Water Code, have been met; or
- (3) other contract revenues.

Sec. 3959.0205. BONDS SECURED BY AD VALOREM TAXES; ELECTIONS. (a) If authorized at an election under Section 3959.0201, the district may issue bonds payable from ad valorem taxes.

(b) 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.

(c) 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. 3959.0206. CONSENT OF MUNICIPALITY REQUIRED. (a) The board may not issue bonds until each municipality in whose corporate limits or extraterritorial jurisdiction the district is located has consented by ordinance or resolution to the creation of the district and to the inclusion of land in the district.

(b) This section applies only to the district's first issuance of bonds payable from ad valorem taxes.

SUBCHAPTER Z. DISSOLUTION

Sec. 3959.0901. DISSOLUTION. (a) The board shall dissolve the district on written petition filed with the board by the owners of:

(1) 66 percent or more of the assessed value subject to assessment by the district of the property in the district based on the most recent certified county property tax rolls; or

(2) 66 percent or more of the surface area of the district, excluding roads, streets, highways, utility rights-of-way, other public areas, and other property exempt from assessment by the district according to the most recent certified county

property tax rolls.

(b) The district may not be dissolved if the district:

(1) has any outstanding bonded or other indebtedness until that bonded or other indebtedness has been repaid or defeased in accordance with the order or resolution authorizing the issuance of the bonded or other indebtedness;

(2) has a contractual obligation to pay money until that obligation has been fully paid in accordance with the contract; or

(3) owns, operates, or maintains public works, facilities, or improvements unless the district has contracted with another party for the ownership and operation or maintenance of the public works, facilities, or improvements.

(c) Section 375.262, Local Government Code, does not apply to the district.

SECTION 2. The Sterrett Road Municipal Management District initially includes all territory contained in the following area: Being a parcel of land located in Ellis County, Texas, a part of the a part of the Clement Goar Survey, Abstract Number 401, a part of the Carter H. Hurst Survey, Abstract Number 456, and being all of that called 124.27 acre tract of land described in deed to Futex Property Company No. 112, LLC as recorded in Instrument Number 1801007, Official Public Records of Ellis County, Texas, and being

all of that called 101.19 acre tract of land described in deed to James R. Pitts, Trustee as recorded in Instrument Number 1723473, Official Public Records of Ellis County, Texas, and also being all of that called 360.00 acre tract of land described in deed to Fuscom Property Company No. 2, LLC as recorded in Instrument Number 1800404, Official Public Records of Ellis County, Texas, and being further described as follows:

BEGINNING at a point at the southwest corner of said 124.27 acre tract, said point also being at the approximate centerline intersection of West Sterrett Road and Patrick Road;

THENCE North 00 degrees 02 minutes 30 seconds West, 4,252.90 feet to a point for corner, said point being the most westerly northwest corner of said 360.00 acre tract, said point also being in Patrick Road;

THENCE along the north line of said 360.00 acre tract as follows:

North 88 degrees 02 minutes 21 seconds East, 2,227.21 feet to a point for corner;

North 03 degrees 02 minutes 39 seconds West, 972.62 feet to a point for corner;

North 89 degrees 51 minutes 38 seconds East, 459.17 feet to a point for corner;

North 02 degrees 01 minutes 41 seconds West, 296.17 feet to a point for corner;

North 89 degrees 01 minutes 02 seconds East, 1,306.16 feet to a point for corner;

North 88 degrees 37 minutes 03 seconds East, 453.09 feet to a point for corner;

South 01 degrees 18 minutes 19 seconds East, 437.73 feet to a point for corner;

North 89 degrees 09 minutes 41 seconds East, 850.07 feet to a point for corner, said point being the northeast corner of said 360.00 acre tract;

THENCE along the east line of said 360.00 acre tract as follows:

South 00 degrees 57 minutes 39 seconds East, 1,694.38 feet to a point for corner;

South 01 degrees 25 minutes 02 seconds East, 1,620.58 feet to a point for corner, said point being the southeast corner of said 360.00 acre tract, said point also being the northeast corner of said 101.19 acre tract;

THENCE South 00 degrees 37 minutes 32 seconds East, 1,625.00 feet to the southeast corner of said 101.19 acre tract, said point also being in West Sterrett Road;

THENCE North 89 degrees 19 minutes 15 seconds West, 2,693.70 feet to a point for corner, said point being the southwest corner of said 101.19 acre tract, said point also being in the east line of said 124.27 acre tract, said point also being in West Sterrett

Road;

THENCE South 01 degrees 22 minutes 01 seconds East, 294.05 feet to a point for corner, said point being the southeast corner of said 124.27 acre tract, said point also being in West Sterrett Road;

THENCE South 89 degrees 54 minutes 12 seconds West, 2,638.73 feet along the south line of said 124.27 acre tract to the POINT OF BEGINNING and containing 25,506,220 square feet or 585.542 acres of land.

Bearings are based on the west line of that called 124.27 acre tract of land described in deed to Futex Property Company No. 112, LLC as recorded in Instrument Number 1801007, Official Public Records of Ellis County, Texas.

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) 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 3959.0110, 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 3959, Special District Local Laws Code, as added by Section 1 of this Act, is amended by adding Section 3959.0110 to read as follows:

Sec. 3959.0110. 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 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, 2021.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4584 by Ellzey (Relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create a certain municipal management district and establish its powers and duties.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, CMA, AF, ANE

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 22, 2021

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4584 by Ellzey (Relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes; granting a limited power of eminent domain.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create a certain municipal management district and establish its powers and duties.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, AF, CMA, ANE

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 22, 2021

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4584 by Ellzey (Relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes; granting a limited power of eminent domain.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create a certain municipal management district and establish its powers and duties.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, AF, CMA, ANE

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 2, 2021

TO: Honorable Philip Cortez, Chair, House Committee on Urban Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4584 by Ellzey (Relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes; granting a limited power of eminent domain.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create a certain municipal management district and establish its powers and duties.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, AF, CMA, ANE

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 20, 2021

TO: Honorable Philip Cortez, Chair, House Committee on Urban Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4584 by Ellzey (Relating to the creation of the Sterrett Road Municipal Management District; providing authority to issue bonds; providing authority to impose assessments, fees, and taxes; granting the power of eminent domain.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Special District Local Laws Code to create a certain municipal management district and establish its powers and duties.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, AF, CMA, ANE