

By: Burns

H.B. No. 4744

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Wright Farm Municipal Management District of Johnson County; providing authority to issue bonds and 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 3974 to read as follows:

CHAPTER 3974. WRIGHT FARM MUNICIPAL MANAGEMENT DISTRICT OF JOHNSON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3974.0101. DEFINITIONS. In this chapter:

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

(2) "City" means the City of Cleburne, Texas.

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

(4) "Director" means a board member.

(5) "District" means the Wright Farm Municipal Management District of Johnson County.

Sec. 3974.0102. CREATION AND NATURE OF DISTRICT. The district is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 3974.0103. PURPOSE; LEGISLATIVE FINDINGS. (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,

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

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

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

17 Sec. 3974.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

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

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

24 (c) The district is created to accomplish the purposes of a
25 municipal management district as provided by general law and
26 Sections 52 and 52-a, Article III, and Section 59, Article XVI,
27 Texas Constitution.

1 (d) The creation of the district is in the public interest
2 and is essential to:

3 (1) further the public purposes of developing and
4 diversifying the economy of the state;

5 (2) eliminate unemployment and underemployment;

6 (3) develop or expand transportation and commerce; and

7 (4) provide quality residential housing.

8 (e) The district will:

9 (1) promote the health, safety, and general welfare of
10 residents, employers, potential employees, employees, visitors,
11 and consumers in the district, and of the public;

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

15 (3) promote the health, safety, welfare, and enjoyment
16 of the public by providing pedestrian ways and by landscaping and
17 developing certain areas in the district, which are necessary for
18 the restoration, preservation, and enhancement of scenic beauty.

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

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

27 Sec. 3974.0105. DISTRICT TERRITORY. (a) The district is

1 composed of the territory described by Section 2 of the Act enacting
2 this chapter, as that territory may have been modified under other
3 law.

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

8 (1) organization, existence, or validity;

9 (2) right to contract;

10 (3) authority to borrow money or issue bonds or other
11 obligations described by Section 3974.0601 or to pay the principal
12 and interest of the bonds or other obligations;

13 (4) right to impose or collect an assessment, or
14 collect other revenue; or

15 (5) legality or operation.

16 Sec. 3974.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT
17 DISTRICTS LAW. Except as otherwise provided by this chapter,
18 Chapter 375, Local Government Code, applies to the district.

19 Sec. 3974.0107. CONSTRUCTION OF CHAPTER. This chapter
20 shall be liberally construed in conformity with the findings and
21 purposes stated in this chapter.

22 Sec. 3974.0108. CONFLICTS OF LAW. This chapter prevails
23 over any provision of Chapter 375, Local Government Code, that is in
24 conflict or inconsistent with this chapter.

25 Sec. 3974.0109. CONSENT OF MUNICIPALITY AND DEVELOPMENT
26 AGREEMENT REQUIRED. (a) The board may not hold an election to
27 authorize the issuance of bonds until:

1 (1) the governing body of the city by ordinance or
2 resolution consents to the creation of the district and to the
3 inclusion of land in the district; and

4 (2) the district, the city, and the owner or owners of
5 a majority of the assessed value of real property in the district
6 negotiate and execute a mutually approved and accepted development
7 and operating agreement, including any limitations imposed by the
8 city.

9 (b) The city's consent under Subsection (a) must be granted
10 in the manner provided by Section 54.016, Water Code, for including
11 land within the corporate limits or extraterritorial jurisdiction
12 of a city.

13 Sec. 3974.0110. CONCURRENCE ON ADDITIONAL POWERS. If the
14 territory of the district is located in the corporate boundaries or
15 the extraterritorial jurisdiction of a municipality, the district
16 may not exercise a power granted to the district after the date the
17 district was created unless the governing body of the municipality
18 by resolution consents to the district's exercise of the power.

19 SUBCHAPTER B. BOARD OF DIRECTORS

20 Sec. 3974.0201. GOVERNING BODY; TERMS. The district is
21 governed by a board of five directors who serve staggered terms of
22 four years, with two or three directors' terms expiring June 1 of
23 each even-numbered year. Five directors are appointed by the
24 commission as provided by Section 3974.0202.

25 Sec. 3974.0202. APPOINTMENT BY COMMISSION. (a) Before the
26 term of a director expires, the board shall recommend to the
27 commission the appropriate number of persons to serve as successor

1 directors and may recommend additional persons to serve as
2 successor directors. The commission shall appoint as directors the
3 appropriate number of persons from the persons recommended by the
4 board.

5 (b) A person recommended by the board under Subsection (a)
6 must be:

7 (1) at least 18 years of age;

8 (2) an owner of property in the district;

9 (3) an owner of stock, whether beneficial or
10 otherwise, of a corporate owner of property in the district;

11 (4) an owner of a beneficial interest in a trust that
12 owns property in the district; or

13 (5) an agent, employee, or tenant of a person
14 described by Subdivision (2), (3), or (4).

15 Sec. 3974.0203. VACANCY. If a vacancy occurs on the board,
16 the remaining directors shall appoint a director for the remainder
17 of the unexpired term.

18 Sec. 3974.0204. DIRECTOR'S OATH OR AFFIRMATION. (a) A
19 director shall file the director's oath or affirmation of office
20 with the district, and the district shall retain the oath or
21 affirmation in the district records.

22 (b) A director shall file a copy of the director's oath or
23 affirmation with the secretary of the city.

24 Sec. 3974.0205. OFFICERS. The board shall elect from among
25 the directors a chair, a vice chair, and a secretary. The offices
26 of chair and secretary may not be held by the same person.

27 Sec. 3974.0206. COMPENSATION; EXPENSES. (a) The district

1 may compensate each director in an amount not to exceed \$150 for
2 each board meeting. The total amount of compensation a director may
3 receive each year may not exceed \$7,200.

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

7 Sec. 3974.0207. LIABILITY INSURANCE. The district may
8 obtain and pay for comprehensive general liability insurance
9 coverage from a commercial insurance company or other source that
10 protects and insures a director against personal liability and from
11 all claims relating to:

12 (1) actions taken by the director in the director's
13 capacity as a member of the board;

14 (2) actions and activities taken by the district; or

15 (3) the actions of others acting on behalf of the
16 district.

17 Sec. 3974.0208. NO EXECUTIVE COMMITTEE. The board may not
18 create an executive committee to exercise the powers of the board.

19 Sec. 3974.0209. BOARD MEETINGS. The board shall hold
20 meetings at a place that is accessible to the public and located in
21 the district or in the city.

22 Sec. 3974.0210. INITIAL DIRECTORS. (a) On or after
23 September 1, 2019, the owner or owners of a majority of the assessed
24 value of the real property in the district according to the most
25 recent certified tax appraisal rolls for the county may submit a
26 petition to the commission requesting that the commission appoint
27 as initial directors the five persons named in the petition. The

1 commission shall appoint as initial directors the five persons
2 named in the petition.

3 (b) The initial directors shall determine by lot which three
4 positions expire June 1, 2021, and which two positions expire June
5 1, 2023.

6 (c) This section expires September 1, 2023.

7 SUBCHAPTER C. POWERS AND DUTIES

8 Sec. 3974.0301. GENERAL POWERS AND DUTIES. The district
9 has the powers and duties necessary to accomplish the purposes for
10 which the district is created.

11 Sec. 3974.0302. IMPROVEMENT PROJECTS AND SERVICES. (a)
12 Subject to Subsection (b), the district may provide, design,
13 construct, acquire, improve, relocate, operate, maintain, or
14 finance an improvement project or service using money available to
15 the district, or contract with a governmental or private entity to
16 provide, design, construct, acquire, improve, relocate, operate,
17 maintain, or finance an improvement project or service authorized
18 under this chapter or Chapter 375, Local Government Code.

19 (b) The district may not construct or finance an improvement
20 project, other than a water, sewer, or drainage facility or road,
21 unless the governing body of the city by ordinance or resolution
22 consents to the construction or financing.

23 Sec. 3974.0303. LOCATION OF IMPROVEMENT PROJECT. A
24 district improvement project may be located inside or outside of
25 the district.

26 Sec. 3974.0304. ADDING TERRITORY. The district may add
27 territory only if the governing body of the city by ordinance or

1 resolution consents to the addition.

2 Sec. 3974.0305. NO EMINENT DOMAIN POWER. The district may
3 not exercise the power of eminent domain.

4 SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

5 Sec. 3974.0401. DIVISION OF DISTRICT; PREREQUISITES. The
6 district, including territory added to the district under Section
7 3974.0306, may be divided into two or more new districts only if the
8 district has no outstanding bonded debt. Territory previously
9 added to the district under Section 3974.0306 may be included in a
10 new district.

11 Sec. 3974.0402. LAW APPLICABLE TO NEW DISTRICT. This
12 chapter applies to any new district created by division of the
13 district, and a new district has all the powers and duties of the
14 district.

15 Sec. 3974.0403. DIVISION PROCEDURES. (a) The board, on its
16 own motion or on receipt of a petition signed by an owner of real
17 property in the district, may adopt an order proposing to divide the
18 district.

19 (b) If the board decides to divide the district, the board
20 shall:

21 (1) set the terms of the division, including names for
22 the new districts and a plan for the payment or performance of any
23 outstanding district obligations;

24 (2) prepare a metes and bounds description for each
25 proposed district; and

26 (3) appoint five initial directors for each new
27 district.

1 Sec. 3974.0404. CONTRACT AUTHORITY OF NEW DISTRICTS. The
2 new districts may contract with each other for any matter the boards
3 of the new districts consider appropriate, including the joint
4 construction or financing of a utility improvement.

5 Sec. 3974.0405. POWERS SUBJECT TO DEVELOPMENT AND OPERATING
6 AGREEMENT. In addition to the other limitations provided by this
7 chapter, the district's authority to exercise its powers is subject
8 to the terms of the development and operating agreement required
9 under Section 3974.0109, including the district's authority to:

10 (1) acquire, construct, or finance an improvement
11 project or service under Section 3974.0502; and

12 (2) issue bonds, notes, certificates of
13 participation, or other obligations under Section 3974.0601.

14 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

15 Sec. 3974.0501. DISBURSEMENTS AND TRANSFERS OF MONEY. The
16 board by resolution shall establish the number of directors'
17 signatures and the procedure required for a disbursement or
18 transfer of the district's money.

19 Sec. 3974.0502. MONEY USED FOR IMPROVEMENTS OR SERVICES.
20 The district may acquire, construct, or finance an improvement
21 project or service authorized by this chapter or Chapter 375, Local
22 Government Code, using any money available to the district.

23 Sec. 3974.0503. METHOD OF NOTICE FOR HEARING. The district
24 may mail the notice required by Section 375.115(c), Local
25 Government Code, by certified or first class United States mail.
26 The board shall determine the method of notice.

27 Sec. 3974.0504. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)

1 The board by resolution may impose and collect an assessment for any
2 purpose authorized by this chapter in all or any part of the
3 district.

4 (b) An assessment, a reassessment, or an assessment
5 resulting from an addition to or correction of the assessment roll
6 by the district, penalties and interest on an assessment or
7 reassessment, an expense of collection, and reasonable attorney's
8 fees incurred by the district are:

9 (1) a first and prior lien against the property
10 assessed;

11 (2) superior to any other lien or claim other than a
12 lien or claim for county, school district, or municipal ad valorem
13 taxes; and

14 (3) the personal liability of and a charge against the
15 owners of the property even if the owners are not named in the
16 assessment proceedings.

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

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

25 (e) The district may not impose an assessment on a
26 municipality, county, or other political subdivision.

27 Sec. 3974.0505. NOTICE OF ASSESSMENTS. Annually, the board

1 shall file with the secretary of the city written notice that
2 specifies the assessments the district will impose in the
3 district's next fiscal year in sufficient clarity to describe the
4 assessments for the operation and maintenance of the district and
5 the assessments for the payment of debt service of obligations
6 issued or incurred by the district.

7 SUBCHAPTER F. TAXES AND BONDS

8 Sec. 3974.0601. BONDS AND OTHER OBLIGATIONS. (a) The
9 district may issue, by public or private sale, bonds, notes, or
10 other obligations payable wholly or partly from ad valorem taxes or
11 assessments in the manner provided by Subchapter A, Chapter 372, or
12 Subchapter J, Chapter 375, Local Government Code. Sections
13 375.207(a) and (b), Local Government Code, do not apply to the
14 district.

15 (b) In exercising the district's borrowing power, the
16 district may issue a bond or other obligation in the form of a bond,
17 note, certificate of participation or other instrument evidencing a
18 proportionate interest in payments to be made by the district, or
19 other type of obligation.

20 (c) In addition to the sources of money described by
21 Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local
22 Government Code, district bonds may be secured and made payable
23 wholly or partly by a pledge of any part of the money the district
24 receives from improvement revenue or from any other source.

25 SUBCHAPTER J. SPECIAL BOND PROVISIONS

26 Sec. 3974.1001. APPLICABILITY. This subchapter applies
27 only to bonds payable wholly or partly from revenue derived from

1 assessments on real property in the district.

2 Sec. 3974.1002. CONFLICT OF LAWS. In the event of a
3 conflict between this subchapter and any other law, this subchapter
4 prevails.

5 Sec. 3974.1003. WRITTEN AGREEMENT REGARDING SPECIAL
6 APPRAISALS. Before the district may issue bonds, the district and
7 any person to whom the board intends that proceeds of the bonds be
8 distributed, including the developer, another owner of land in the
9 district, and any entity acting as a lender to the developer or
10 other landowner for the purpose of a project relating to the
11 district, must enter into a written agreement that:

12 (1) waives for the term of the agreement the right to a
13 special appraisal with respect to taxation by the district under
14 Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

15 (2) remains in effect for 30 years and is binding on
16 the parties, on entities related to or affiliated with the parties,
17 and on their successors and assignees.

18 Sec. 3974.1004. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A
19 district may not advertise for an issuance of bonds until the
20 completion of at least 25 percent of the projected value of the
21 improvements, including houses and other buildings, that are liable
22 for district assessments and necessary to support the district
23 bonds.

24 Sec. 3974.1005. REQUIREMENTS FOR BOND ISSUE. The district
25 may not issue bonds until:

26 (1) the district submits to the commission:

27 (A) an engineer's report describing the project

1 for which the bonds will provide funding, including data, profiles,
2 maps, plans, and specifications related to the project; and

3 (B) a cash flow analysis to determine the
4 projected rate of assessment, which includes the following
5 assumptions:

6 (i) each ending balance for debt service in
7 the analysis is not less than 25 percent of the following year's
8 debt service requirement;

9 (ii) interest income is only shown on the
10 ending balance for debt service for the first two years; and

11 (iii) the projected rate of assessment is
12 level or decreasing for the life of the bonds issued by the
13 district;

14 (2) the completion of at least 75 percent of the
15 projected value of the improvements, including houses and other
16 buildings, that are liable for district assessments and necessary
17 to support the district bonds; and

18 (3) the district has obtained an independent market
19 study from a firm recognized in the area of real estate market
20 analysis supporting the development projects for the real property
21 that is liable for district assessments and necessary to support
22 the district bonds.

23 Sec. 3974.1006. REQUIREMENTS FOR COLLECTION OF REVENUE TO
24 PAY BONDS. The district may not collect an assessment to be used
25 for the payment of bonds until:

26 (1) the completion of at least 95 percent of the
27 underground water, wastewater, and drainage facilities financed

1 from bond proceeds that are necessary to serve the projected
2 build-out, as certified by the district's engineer;

3 (2) the district or other appropriate party has
4 secured the groundwater, surface water, and water discharge permits
5 that are necessary to secure capacity to support the projected
6 build-out;

7 (3) the completion of at least 95 percent of lift
8 station, water plant, and sewage treatment plant capacity
9 sufficient to serve the connections constructed in the project for
10 a period of not less than 18 months, as certified by the district's
11 engineer; and

12 (4) the completion of at least 95 percent of the
13 streets and roads that are necessary to provide access to the areas
14 served by utilities and financed by the proceeds of bonds issued by
15 the district, as certified by the district's engineer and
16 constructed in accordance with municipal or county standards.

17 SECTION 2. The Wright Farm Municipal Management District of
18 Johnson County initially includes all the territory contained in
19 the following area:

20 366.96 acres of land, being composed of the following 250.96 acre
21 and 116 acre tracts:

22 Tract 1:

23 BEING 250.960 acres out of a called 490.289 acre tract of land
24 located in the SAMUEL COOPER SURVEY, ABSTRACT NUMBER 159, Johnson
25 County, Texas out of that certain tract of land conveyed to Mayfield
26 Family Real Estate, LP, according to the deed recorded in
27 Instrument Number 2010-10957, Deed Records of Johnson County, Texas

1 and being more particularly described as follows:

2 BEGINNING at a 1/2" capped iron rod stamped "RPLS 5614" found for
3 corner, being the northeast corner of said Mayfield tract and also
4 being in the apparent centerline intersection of County Road 904
5 and County Road 1017;

6 THENCE, South 01 degrees 04 minutes 35 seconds East, along the
7 apparent centerline of said County Road 1017, 3135.29 feet to a 1/2"
8 iron rod found for corner;

9 THENCE, South 89 degrees 45 minutes 13 seconds West, 2186.86 feet to
10 a 3/8" iron rod found for corner;

11 THENCE, South 89 degrees 51 minutes 18 seconds West, 1306.03 feet to
12 a 3/8" iron rod found for corner;

13 THENCE, North 01 degrees 04 minutes 35 seconds West, 3123.44 feet to
14 a point in the north line of said Mayfield tract and the apparent
15 centerline of said County Road 904 for corner;

16 THENCE, North 89 degrees 35 minutes 50 seconds East, along the
17 apparent centerline of said County Road 904, 3492.73 feet to the
18 POINT OF BEGINNING.

19 The tract of land herein described contains 250.960 acres of land.

20 Tract 2:

21 A part of the Dyer-Nuner Survey, in Johnson County, Texas,
22 BEGINNING at a stake in the east line of the Mrs. M. H. Hadley tract
23 of land out of the said Dyer-Nuner Survey as the same is now located
24 and commonly known as the Hadley farm, the same being the S.E.
25 corner of a 117 acre tract of land, conveyed to O. B. Hadley by H. O.
26 Hadley

27 THENCE in a southerly direction 841 varas to a stake in the north

1 line of the Joshua and Godley public road for the southeast corner
2 of this tract of land;
3 THENCE in a westerly direction with the north line of said Joshua
4 and Godley Public Road 640 varas to a stake for corner, the same
5 being the S.E. corner of a 40 acre tract heretofore deeded to W. B.
6 Hadley, now deceased;
7 THENCE in a northerly direction with the east line of said W. B.
8 Hadley 40 acre tract, 550 varas to its northeast corner;
9 THENCE in a westerly direction with the north line of the said W. B.
10 Hadley 40 acre tract, 410 varas to a stake in the west line of the
11 said M. J. Hadley tract of land;
12 THENCE in a northerly direction with said west line of said M. J.
13 Hadley tract 201 varas to a stake for corner, the same being the S.
14 W. corner of the 117 acre tract conveyed to H. O. Hadley;
15 THENCE in an easterly direction with the south line of said H. O.
16 Hadley 117 acre tract, the same being the north line of this tract
17 here described 1050 varas to the place of beginning, containing 117
18 acres of land, more or less.

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

26 (b) The governor, one of the required recipients, has
27 submitted the notice and Act to the Texas Commission on

1 Environmental Quality.

2 (c) The Texas Commission on Environmental Quality has filed
3 its recommendations relating to this Act with the governor,
4 lieutenant governor, and speaker of the house of representatives
5 within the required time.

6 (d) All requirements of the constitution and laws of this
7 state and the rules and procedures of the legislature with respect
8 to the notice, introduction, and passage of this Act have been
9 fulfilled and accomplished.

10 SECTION 4. This Act takes effect September 1, 2019.