



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action to approve the first reading of an ordinance of the City Council of the City of Fair Oaks Ranch, Texas, amending Chapter 1 General Provisions, Article 1.08 Boards, Commissions, and Committees, Section 1.08.001 Municipal Development District Board of Directors of the City of Fair Oaks Ranch Code of Ordinances

DATE: April 17, 2025

DEPARTMENT: Administration

PRESENTED BY: Laura Koerner, Council Member, Place 4
Scott M. Huizenga, ICMA-CM, City Manager

INTRODUCTION/BACKGROUND:

This item is a new first reading of an ordinance amending the composition of the Municipal Development District (MDD) Board of Directors. A previous version of this ordinance was approved on first reading but postponed indefinitely on the second reading. The MDD Board met on April 9, 2025, and adopted a revised recommendation for City Council consideration. The updated ordinance:

- Removes place designations for board seats.
- Limits membership to no more than two City Council members and one FORHA board member.
- Clarifies how to handle board members whose affiliation changes during a term.
- Reflects input directly from the MDD Board in Exhibit A.

Background and History

The MDD was established in 2011 with the purpose of providing a stimulus of economic growth within the City. The citizens of Fair Oaks Ranch approved a 0.5-cent tax to be added to the municipal sales tax as a funding source. In August 2011 the City Council created a Board of Directors (the "board") to manage and control the District as a separate political subdivision of the City.

The current board composition consists of seven (7) Directors, each of whom shall be appointed by the City Council. Two (2) Directors shall be persons who are members of the City Council, and one (1) Director shall be a person who is a member of the City's Homeowner's Board of Directors. Each Director shall be appointed to a place as follows:

- (A) Place one: City Councilmember.
- (B) Place two: City Councilmember.
- (C) Place three: Member of the City's Homeowner's Board of Directors.
- (D) Place four: At-large.

(E) Place five: At-large.

(F) Place six: At-large.

(G) Place seven: At-large.

Each Director shall be appointed for a two (2) year staggered term to begin October 1st and end on September 30th of the second year. A Director shall serve until a successor is appointed. Any Director may be removed by the City Council at any time without cause.

The existing ordinance assigns board members to specific place designations, including two City Council members and one FORHA Board member. However, this rigid structure has created practical challenges:

- Term alignment between Council, FORHA, and MDD appointees often causes discrepancies;
- Confusion arises when a board member's status changes mid-term (e.g., a resident becomes a council member after appointment as an at-large member).

On April 3 the City Council postponed the second reading of the previously proposed ordinance indefinitely to allow the MDD Board time to reevaluate the structure. The MDD subsequently approved revised Rules of Procedure on April 9 and recommended updates to the ordinance. These updates are incorporated into the attached ordinance via Exhibit A. The board recommendation is attached as depicted in Exhibit A of the ordinance. The primary recommendations include the following changes.

- No more than two MDD directors shall be City Council members and no more than one director shall be a board member of the Fair Oaks Ranch Homeowners' Association.
- The Council may allow a director to complete their term or appoint a replacement if the director no longer serves in their appointed capacity as a council member or a FORHA director.
- The Council may allow a director to complete their term or appoint a replacement if the director is subsequently elected to the City Council or the FORHA board.
- The ordinance removes place designations to remove potential conflicts when a director's status as a council member or a FORHA director changes.

The proposed draft represents a substantive change from the previous ordinance that the City Council passed on first reading and subsequently postponed. Therefore, the Council will hear this revised ordinance as a new first reading.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Complies with Texas Local Government Code Chapter 377 Municipal Development Districts
- Clarifies conflicts created by misaligned term dates and role transitions
- Provides practical governance flexibility while preserving representation

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Not Applicable

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve the first reading of an ordinance amending the City of Fair Oaks Ranch Code of Ordinances, Chapter 1 General Provisions, Article 1.08 Boards, Commissions, and Committees, Section 1.08.001 Municipal Development District Board of Directors.