



CITY COUNCIL CONSENT ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Approving the second 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; removing place position and allowing for change of status of board members

DATE: April 3, 2025

DEPARTMENT: Administration

PRESENTED BY: Consent Item: Laura Koerner, MDD President

INTRODUCTION/BACKGROUND:

The Municipal Development District (the "District") 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 ordinance as written has caused some confusion regarding how to handle situations where an appointed MDD Board Member is no longer on City Council or a member of the City's Homeowner's Board of Directors, a situation which is common since Council and HOA BoD term dates are different from the MDD term dates. There is also confusion in the situation if/when an appointed at-large MDD Board Member is elected to Council or HOA BoD after being appointed.

During regular policy reviews at the October 9, 2024, and January 8, 2025, MDD board meetings, the MDD board identified the need to clarify the Rules of Procedure regarding Board membership, including the number of City Council Members allowed to serve and the process for members joining or leaving City Council after appointment. To ensure consistency between the MDD Rules of Procedure and the ordinance, the MDD President, in coordination with the City Attorney and City staff, submitted a proposal to amend the ordinance to address these issues and implement other administrative updates.

The first reading of the amended ordinance as proposed was approved with a 6-1 vote at the March 20, 2025, Council Meeting, with one modification.

In Section (b)(3) reference to the *City's Homeowner's Board of Directors* was revised to the *Fair Oaks Ranch Homeowner's Association Board of Directors*.

If the proposed ordinance amendment is approved on the second reading, the MDD board will revise its Rules of Procedures at the next scheduled board meeting to ensure alignment with the updated ordinance.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Provides input from the board.
2. Maintains the level of member representation and flexibility without place designations.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

N/A.

LEGAL ANALYSIS:

Approved as to form.

RECOMMENDATION/PROPOSED MOTION:

Consent Item: I move to approve the second 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.