

ITEM 3.1 Resolution Initiating the Creation of Municipal Management District No. 2



Goal 1: Create an Environment Conducive to Strong, Sustainable Economic Development
1.1 Stabilize and expand El Paso's tax base



PRESENTATION OVERVIEW

- Municipal Management Districts (MMDs) in General: Overview, Creation, Function, Governance & Dissolution
- Resolution Overview & Initial Boundary
- Important Dates for MMD Creation

OVERVIEW & CREATION

- Municipal Management Districts (MMDs) are special districts that are:
 - Self-governed but must be approved by the host municipality;
 - Have the ability to construct public infrastructure and provide services in accordance with the District approved service plan.
- Pursuant to Chapter 376 of the Local Government Code, MMDs are created by either:
 - Texas Commission on Environmental Quality (TECQ); or
 - **By local law enacted by the State Legislature.**



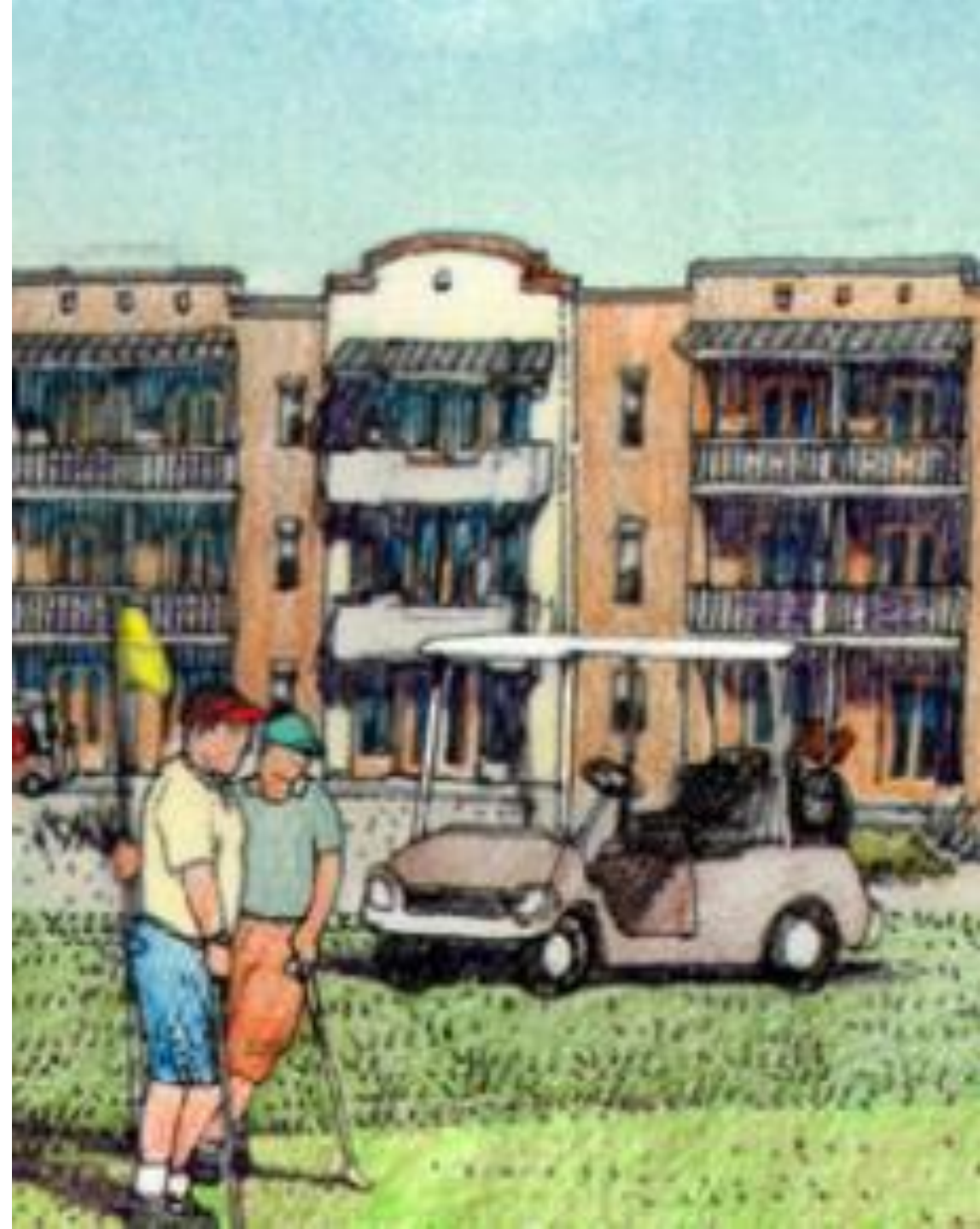
FUNCTION

- Promote, develop, encourage and maintain employment, commerce, transportation, housing tourism, recreation, arts, economic development, safety and public welfare within its boundaries.
- Provide and enhance supplemental services within its boundaries.
- Create an **independent financing mechanism** to fund these projects and services.
- Often used in three distinct contexts:
 - Support existing major activity centers;
 - Promote neighborhood revitalization; or
 - **Support raw land development.**



FUNCTION

- Permitted Services and Projects may include:
 - Economic Development Services
 - Business Recruitment
 - Promotion of Health and Sanitation
 - Public Safety, Traffic Control and Recreation
 - Landscaping, Lighting and Signs
 - Streets, Walkways and Drainage
 - Solid Waste, Water, Sewer and Power Facilities
 - Parks, Open Space, Works of Art
 - Parking Facilities and Transit Stations
- No eminent domain power





FUNCTION

May issue tax exempt bonds for payment of projects and services

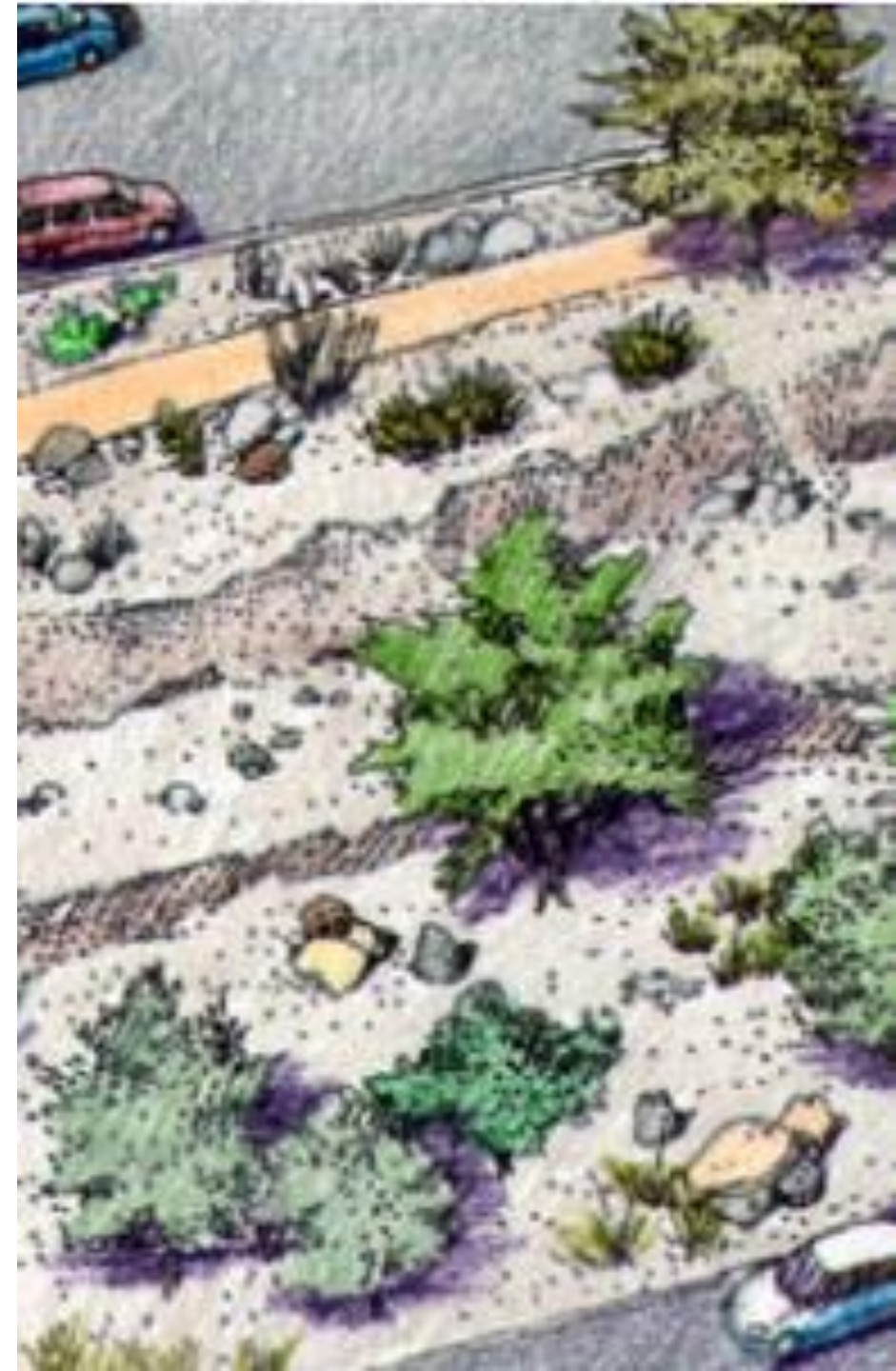
- Bonds are secured by ad valorem taxes, special assessments and/or impact fees;
- **Bond issuance must be approved by City Council** and the Attorney General
- **Bond debt is not City debt** and does not impact City bonding capacity
- Debt undertaken is at risk of owner/developer

Use of an MMD is often combined with a TIF/TIRZ to:

- Provide funding necessary to finance infrastructure improvements and supplement City's capital investments; or
- Partner with developer to offset all or a portion of the tax, assessment and/or impact fee to ensure high quality, affordable development

GOVERNANCE

- Initial board appointed by creating legislation
 - Five directors serving staggered four year terms
 - **Directors are appointed by the City Council** and must be:
 - A resident of the District who is also a registered voter of the District;
 - An owner of property in the District;
 - An owner of stock or a partnership or membership interest of an entity with direct or indirect interest in the property in the District;
 - An owner or trustee in a trust that directly or indirectly owns property in the District; or
 - An agent, employee or tenant of a person described in bullets two through four.
- **New appointments/reappointments** recommended by governing board and **approved by City Council**





DISSOLUTION

- Dissolution by Board Vote
 - Requires majority vote
 - Except a district may not be dissolved if the district has outstanding bonded indebtedness until repaid or defeased
- Dissolution by Owner Petition
 - Requires owners of at least 75% of assessed value of property or surface area of district excluding ROWs, public areas, and property exempt from assessment
 - Except a district may not be dissolved if the district has outstanding bonded indebtedness until repaid or defeased
- Dissolution by City Council Ordinance
 - Requires two-thirds vote by Council
 - If district has outstanding bonded indebtedness, City assumes these responsibilities

RESOLUTION OVERVIEW

- A resolution that:
 - Directs the City Manager to initiate creation process through the State Legislation, including publication of notice of intent to file legislation to create MMD No. 2
 - Directs the City Manager to file said legislation
- **Note this resolution does not confer consent to the establishment of the MMD**
- An MMD cannot begin operation without consent from the host municipality
- Recommend Council considers consent following approval of a mutually agreeable entitlement agreement, as required by the Land Exchange Agreement approved on Nov, 13, 2018.



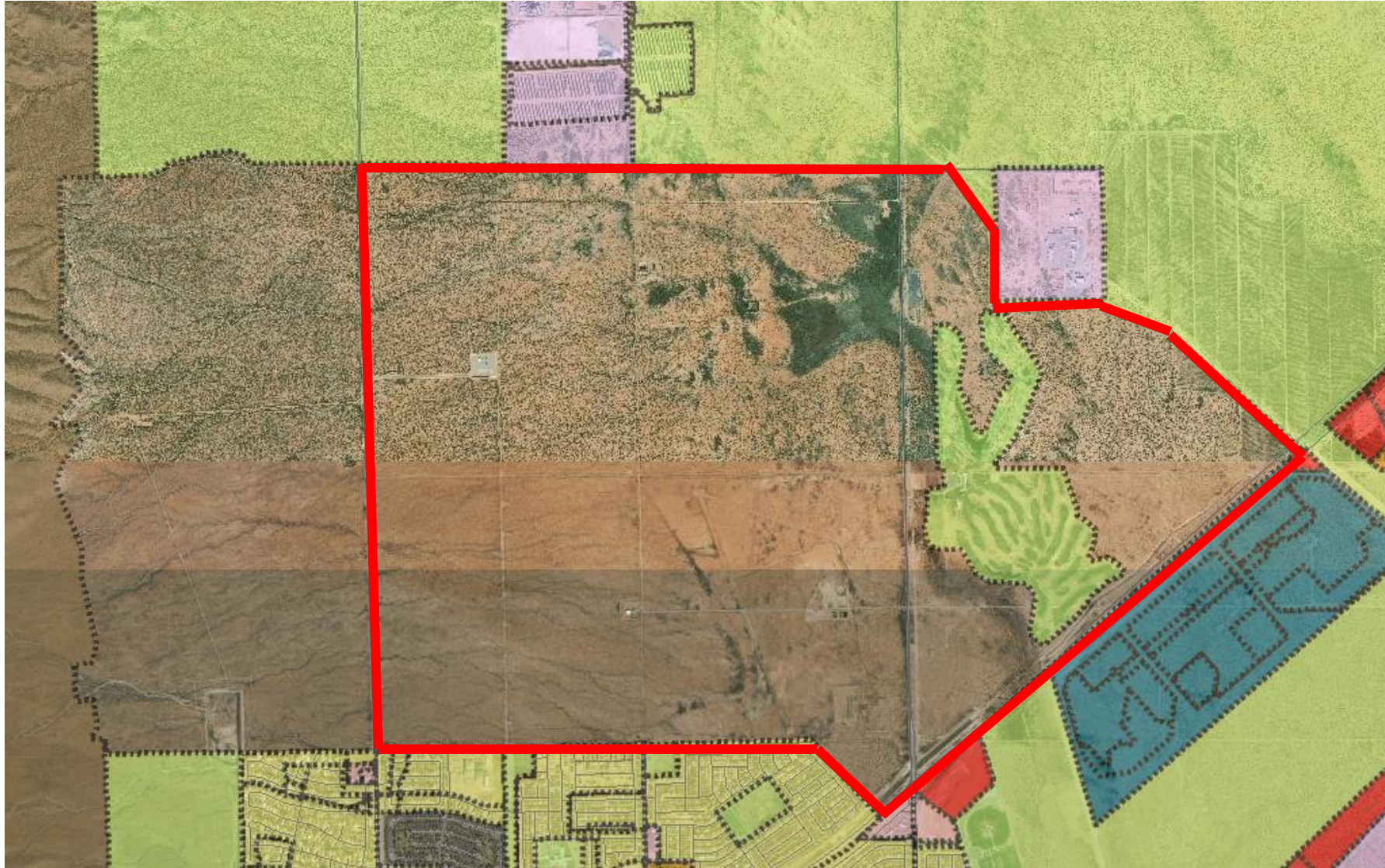


BOUNDARY

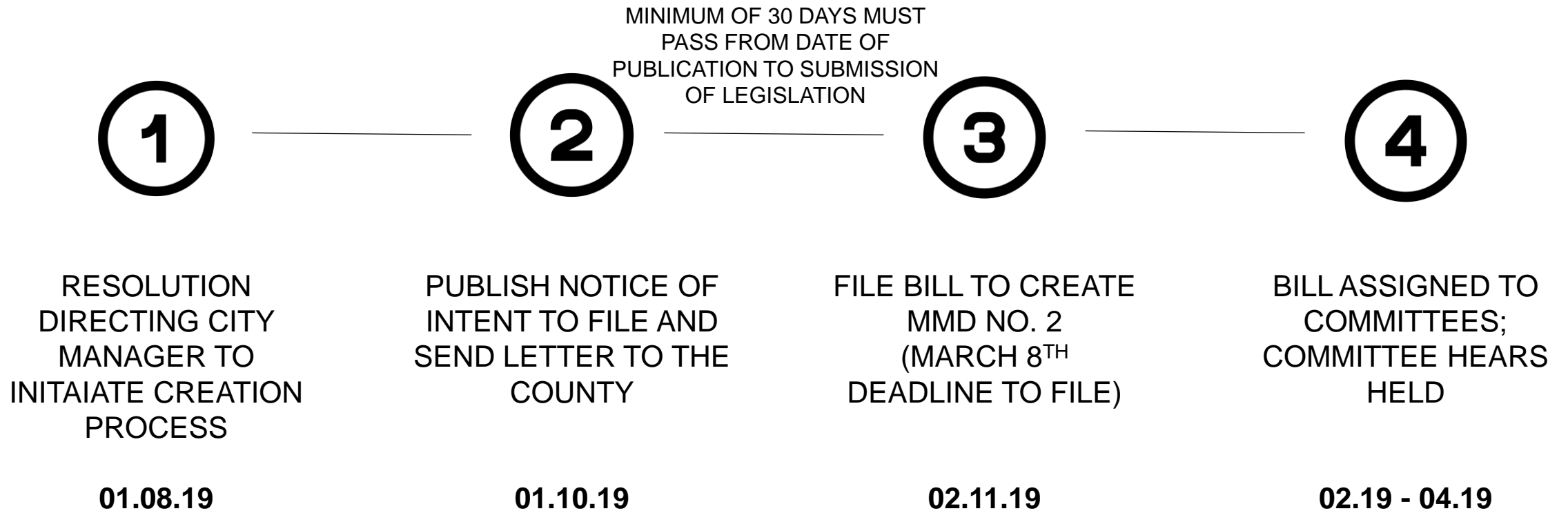
- Encompasses approximate 3,400 acres of city-owned land east of MLK Jr. Blvd south of Stan Roberts Dr.; west of U.S. Highway 54; and north of U.S. Highway 54; excluding:
 - Painted Dunes Golf Course;
 - EP Electric Transmission Line Easement and Substation
 - McCombs ROW
 - MLK Jr. Blvd. ROW
 - Approximately 50 acres owned by EPISD
- Following MMD creation, acreage not included in the 2,313 acre land exchange will be de-annexed from the District
 - Disannexation is achieved by Board vote following two public hearings

M U N I C I P A L M A N A G E M E N T D I S T R I C T N O . 2

BOUNDARY



IMPORTANT DATES FOR MMD CREATION DURING THE 86TH LEGISLATURE



IMPORTANT DATES FOR MMD CREATION DURING THE 86TH LEGISLATURE

5

RETURN TO COUNCIL
FOR CONSENT TO MMD

02.19 – 03.19

6

LAST DAY OF THE 86TH
TEXAS LEGISLATURE

05.08.19

7

LAST DAY GOVERNOR
CAN SIGN OR VETO BILLS
PASSED DURING
SESSION

06.16.19

8

DATE BILLS
WITHOUT SPECIFIC
EFFECTIVE DATES
BECOME LAW

08.26.19

THANK YOU

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