

**ORDINANCE NO.**

**AN ORDINANCE FOR THE ANNEXATION OF APPROXIMATELY 1900 ACRES OF LAND KNOWN AS THE VILLA MUSE AREA IN THE CITY'S EASTERN EXTRATERRITORIAL JURISDICTION; FOR THE RELEASE OF THESE LANDS FROM THE CITY'S EXTRATERRITORIAL JURISDICTION FOR A MAXIMUM TERM PRIOR TO ANNEXATION; RELEASING THE RIGHT OF THE CITY OF AUSTIN TO PROVIDE WASTEWATER UTILITY SERVICES TO THESE CERTAIN LANDS AND GRANTING SAID RIGHTS TO A THIRD PARTY; PROVIDING FOR CONDITIONS TO THE INITIAL EFFECTIVENESS OF SAID RELEASES AND SAID GRANT; PROVIDING FOR CONDITIONS THAT WOULD SHORTEN THE MAXIMUM TERM OF SAID RELEASE; AND PROVIDING FOR AN EFFECTIVE DATE, ORDINANCE TERMINATION DATE AND ORDINANCE TERM.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1. Findings.**

- (A) The City Council finds that the quality of life, general welfare and the economic prosperity of the citizens of the City of Austin benefits greatly from the creative industries currently located in, and in the environs of, the City of Austin.
- (B) The City Council finds that fostering and supporting the growth and development of companies involved in the creative content production industries such as those in music, film, television, videogames, animation, and advertising and the restoration of magnetic media, which are among those creative industries, will continue and enhance the quality of life, general welfare and the economic prosperity of the citizens of the City of Austin.
- (C) The City Council has adopted as Council policy that Emerging Technologies are the fourth pillar of Austin's economic development policy, and the Council has further identified digital media as one of the core target sectors in its Emerging Technologies efforts.
- (D) Villa Muse Holdings LLC has requested that the City of Austin support its development of a multimedia and entertainment production and post-

1 production facility on certain lands within the extraterritorial jurisdiction of  
2 the City of Austin by releasing these lands and certain adjoining lands to be  
3 used in connection with, and in support of, the development and operation of  
4 this multimedia and entertainment production and post- production facility  
5 from the extraterritorial jurisdiction of the City of Austin for a limited time  
6 period and to authorize and consent to a portion of these lands to be dual  
7 certified for delivery of wastewater collection services until the expiration of  
8 a limited time period.

- 9 (E) The City Council finds that the Council's Emerging Technologies policies  
10 and the future tax base of the City of Austin will be greatly enhanced by the  
11 development of the multimedia and entertainment production and post-  
12 production facility, together with the ancillary and supporting commercial  
13 and residential development, proposed by Villa Muse Holdings LLC on  
14 these lands and that this development will be accomplished without capital  
15 investment by the City of Austin.

16 **PART 2. Reduction of Extraterritorial Jurisdiction.**

17 During the period from the "Effective Date"(defined in Part 4 of this Ordinance)  
18 to, and including, December 31 of the 40<sup>th</sup> year following the Effective Date (said period,  
19 as it may be shortened pursuant to Part 5 below, is herein referred to as the "Release  
20 Term") and subject to Part 4 and Part 5 below, the extraterritorial jurisdiction of the City  
21 of Austin is hereby revised to exclude approximately 1,917 acres of land as more  
22 particularly described on Exhibit A attached hereto and incorporated herein by reference  
23 for all purposes (the "Released ETJ Land"). Notwithstanding any other provisions of the  
24 Austin City Code or other applicable law, during the Release Term and subject to Part 4  
25 and Part 5 below, the City of Austin hereby releases the Released ETJ Land from the City  
26 of Austin's extraterritorial jurisdiction. The Released ETJ Land shall not be deemed or  
27 construed to be included within the extraterritorial jurisdiction of the City of Austin for  
28 any purpose. In the event the City of Austin's release set forth in this Part 2 is terminated  
29 pursuant to Part 4 or Part 5 below, or, in the event no such termination occurs, on the last  
30 day of the Release Term, whichever occurs first, at the request of the landowner of the  
31 Released ETJ Land, which request must be contained in the agreement referenced in  
32 clause (i) of Part 4 below, (i) the boundary of the extraterritorial jurisdiction of the City  
33 of Austin will be automatically revised to include the Released ETJ Land, and (ii) the  
34 Released ETJ Land then and thereafter until annexed by the City of Austin shall be  
35 deemed and construed to be included within the extraterritorial jurisdiction of the City of  
36 Austin for all purposes.

1 **PART 3. Wastewater Utility Services.** Subject to Part 4 below, the City of Austin,  
2 hereby (i) approves and agrees to the joint or dual certification of wastewater utility  
3 services to the portion of the Released ETJ Land that is located north of FM 969 (the  
4 “North 969 Land”), and (ii) authorizes and directs the City Manager to take such actions,  
5 enter into such agreements and make such filings and applications with Hornsby Bend  
6 Utility Company and the State of Texas as shall be necessary or appropriate to enable the  
7 owner or owners of the North 969 Land to receive wastewater utility services from  
8 Hornsby Bend Utility Company as the primary service provider commencing as soon as  
9 the conditions stated in Part 4 are satisfied.

10 **PART 4. Conditions to Initial Effectiveness of Release and Joint Certification.** The City  
11 of Austin’s release set forth in Part 2 above and the City of Austin’s approval and  
12 agreement to the joint certification of wastewater service set forth in Part 3 above shall  
13 not become effective unless and until the City of Austin receives written evidence that the  
14 following events have occurred: (i) the owner of the Released ETJ land, the City of  
15 Austin and Travis County, Texas, have executed one or more development agreements  
16 with respect to the “VM Development” (defined in Part 6 below) which include the terms  
17 set forth in the Basic Terms for Villa Muse Project Agreement attached as Exhibit B to  
18 this Ordinance; and (ii) the Village of Webberville, Texas, has approved and passed an  
19 ordinance and signed an agreement pursuant to which said Village agrees not to include  
20 all or any portion of the Released ETJ Land within the Village’s extraterritorial  
21 jurisdiction. The first date by which both of the events stated in this section shall have  
22 occurred is herein called the “Effective Date.”

23 **PART 5. Conditions that May Shorten the Release Period.** The Release Period shall  
24 automatically terminate if prior to the expiration of the forty-year period stated in Part 2  
25 any one of the following conditions are satisfied:

26 *the “VM Development” (defined in Part 6 below) is not under construction by*  
27 *December 31 of the 3rd year following the Effective Date;*

28 *the “VM Studios”(defined in Part 6 below) fails to generate revenue by December*  
29 *31 of the 7th year following the Effective Date and the gross revenue generated by VM*  
30 *Studios during its first full fiscal year fails to be at least \$2 million;*

31 *the VM Development has been completed and all indebtedness of any*  
32 *“Infrastructure Districts” (defined in Part 6 below) has been fully paid and discharged;*  
33 *or*

34 *the VM Development has been completed and the City of Austin by ordinance shall*  
35 *have assumed, effective as of the date on which the termination of this Ordinance*

1 *becomes effective, the full and complete obligation to pay and discharge, as and when the*  
2 *same shall become due, all indebtedness of any Infrastructure Districts.*

3 **PART 6.** Certain Definitions. As used in this ordinance, the following terms shall have  
4 the meanings set forth after them:

5 *“Infrastructure Districts” means, collectively, municipal utility districts, road*  
6 *districts, tax increment finance zones, public improvement districts and other special*  
7 *districts created pursuant to state law covering all or any portion of the VM*  
8 *Development.*

9 *“VM Development” means, collectively, the Released ETJ Land and the*  
10 *improvements thereon and thereto from time to time existing, including, without*  
11 *limitation, (1) the VM Studio; (2) commercial buildings for, among other uses,*  
12 *exhibitions of creative content, creative content production and sales, offices, hotel*  
13 *lodging, retail sales of food, beverages, goods and services, rental of equipment, and*  
14 *research and development facilities; (3) schools, post office, police, fire and emergency*  
15 *medical facilities, utility facilities and other infrastructure, medical care and service*  
16 *facilities, parks, recreational facilities and open spaces; and (4) residential housing of all*  
17 *types and kinds.*

18 *“VM Studios” means a multimedia and entertainment production and post-*  
19 *production facility for music, film, television, videogames, animation, advertising and*  
20 *magnetic media restoration.*

21 **PART 7.** Effectiveness. This Ordinance shall be and remain in full force and effect from  
22 and after the date the City of Austin passes and approves this Ordinance until the  
23 expiration or other termination of the Release Term.

24 **PART 8.** Governing Law. This Ordinance shall be construed and enforced in  
25 accordance with the laws of the State of Texas and the United States of America.

26 **PART 9.** Effect of Headings. The Section headings herein are for convenience only and  
27 shall not affect the construction hereof.

28 **PART 10.** Construction of Terms. If appropriate in the context of this Ordinance, words  
29 of the singular number shall be considered to include the plural, words of the plural  
30 number shall be considered to include the singular, and words of the masculine, feminine  
31 or neuter gender shall be considered to include the other genders.

32 **PART 11.** Severability. If any provision of this Ordinance or the application thereof to  
33 any circumstance shall be held to be invalid, the remainder of this Ordinance and the  
34 application thereof to other circumstances shall nevertheless be valid, and the City

Council hereby declares that this Ordinance would have been enacted without such invalid provision.

**PART 12. Public Meeting.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

**PART 13. Further Actions.** The City Manager is hereby authorized to execute all documents necessary to accomplish the purposes of this Ordinance, including one or more development agreements as provided in Part 4. The City Manager is further instructed to advise the Council in the event that after the VM Development has been completed, it would be advantageous for the City of Austin to annex the ETJ Released Lands pursuant to the request therefore by its landowner; which must be contained in one of the development agreements provided in Part 4, and the Basic Terms for Villa Muse Project Agreement attached as Exhibit B.

**PART 14.** This ordinance takes effect on \_\_\_\_\_, 2008.

**PASSED AND APPROVED**

\_\_\_\_\_, 2008      §  
   §  
   §  
\_\_\_\_\_, 2008      §  
\_\_\_\_\_  
Will Wynn  
Mayor

**APPROVED:** \_\_\_\_\_  
David Allan Smith  
City Attorney

**ATTEST:** \_\_\_\_\_  
Shirley A. Gentry  
City Clerk

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**EXHIBIT A**  
**RELEASED ETJ LAND**  
[INSERT PROPERTY DESCRIPTION]

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## EXHIBIT B

### BASIC TERMS FOR VILLA MUSE PROJECT AGREEMENT

Following are the basic terms approved by the City Council of the City of Austin for an agreement by Villa Muse with the City of Austin for the temporary release of the Villa Muse lands from Austin's ETJ while the Villa Muse development and financing are achieved:

1. The ordinance providing for the ETJ release (the COA Release Ordinance) also provides that the COA Wastewater Utility will enter into an agreement with the Hornsby Bend Utility Company providing for joint or dual certification of retail wastewater service in the area of VM north of FM 969 with Hornsby Bend Utility Company being the primary service provider in that area; and will make such applications and filings with appropriate governmental authorities as necessary to obtain official approval of dual or joint certification for wastewater service to VM north of FM 969; and that the effective date of the release from the ETJ and for Hornsby Bend Utility Company to commence service in said area of VM north of FM 969 do not occur until (a) the Development Agreement(s) among the COA, Travis County and VM is/are signed and (b) the City of Webberville agrees not to include VM within its ETJ unless the COA shall evidence its consent thereto by ordinance.
2. The ETJ release will remain in effect while the development of Villa Muse takes place, through and including December 31 of the 40<sup>th</sup> year following the date on which the ETJ release is effective, unless sooner terminated under one of the following conditions (which will be stated in the COA Release Ordinance):
  - A. the VM Studio is not under construction by December 31 of the 3<sup>rd</sup> year following the date on which the ETJ release is effective;
  - B. the VM Studio fails to generate revenue by December 31 of the 7<sup>th</sup> year following the date on which the ETJ release is effective;
  - C. the VM development has been completed and all indebtedness incurred for the development of VM shall have been fully paid and discharged;
  - D. the VM development has been completed and the COA by ordinance shall have assumed, effective as of the date on which the termination of the ETJ release becomes effective, the full and complete obligation to pay and discharge all such indebtedness remaining unpaid as and when the same shall become due; or

1 E. Acceptance by the COA of the written request by VM that the ETJ release  
2 be terminated.

- 3 3. In the Development Agreement, Villa Muse will request the COA to annex Villa  
4 Muse effective on the date (selected by the COA) that occurs following the date on  
5 which both of the following conditions are satisfied: (A) one of the two conditions  
6 described in #2.C or #2.D above has occurred and (B) the COA has terminated the  
7 ETJ release thus re-extending its ETJ to include the Villa Muse development.  
8 These terms of the Development Agreement will be imposed upon the title to the  
9 real property in Villa Muse so as to remain binding on subsequent owners.
- 10 4. While VM is not within the COA ETJ, it will not seek to create a new municipality  
11 or be included within the ETJ of another municipality or be annexed into another  
12 municipality. This commitment excludes creation of municipal utility districts,  
13 public improvement districts, and other similar special districts in aid of financing  
14 the reimbursement of the capital costs incurred by VM.
- 15 5. Any bonds issued by a district must be fully amortized by December 31<sup>st</sup> of the  
16 40<sup>th</sup> year after the effective date of the ETJ release and the COA must assume any  
17 bonds outstanding at the time of annexation by the COA if the COA elects to  
18 annex VM prior to December 31 of the 40<sup>th</sup> year after the effective date of the ETJ  
19 release.
- 20 6. TCEQ approval of all municipal utility district financing ensures that vertical  
21 development must occur before any municipal utility district bonds are issued.
- 22 7. Since Title 30 of the Austin/Travis County Subdivision Regulations and Chapter  
23 82 of the Travis Code do not contemplate a development like VM, VM will adopt  
24 and impose CC&R's throughout VM which regulate development using a form-  
25 based code that will be imposed by those CC&R's. This form-based code will  
26 adopt the vision and tenants of the preferred scenario contained in the consultants  
27 report to Envision Central Texas. VM will design and construct the utility  
28 infrastructure according to county and state standards or design standards  
29 appropriate for the type of urban design and densities envisioned by VM. As VM  
30 submits applications to Travis County for permit approvals, it will provide a copy  
31 to a person designated by the COA for information purposes.
- 32 8. VM agrees to develop the project based on the water quality control standards of  
33 Chapter 82 and the Travis County interim rules.
- 34 9. VM agrees to impose CC&R's which, among other things, provide for the creation  
35 of one or more property owners associations with the duty and obligation to



1 administer and enforce the CC&R's, including assessing the respective areas of  
2 VM subjected to the obligation to pay said assessments to the assessing  
3 association.  
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