

One man's power leaves a community in jumbled pieces

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WESTLAKE -- This is strange country, empty and beautifully kept, where wildflowers are strewn artfully on the roadside by designers and where miles of gleaming white horse fence culminate in the parking lots of corporate castles. It seems appropriate that the brouhaha going on between this community and the billionaire Perot clan should have such a distinctly feudal flavor.

On May 2 this odd community -- 250 mainly upscale residents dwelling at the feet of a few corporate campuses 15 miles north of Fort Worth -- essentially blew up, in legal and political terms. Against overwhelming public opposition, the Westlake board of aldermen voted to allow the local baron -- real estate developer Ross Perot Jr. -- to secede from the town, taking with him his 2,500 acres of very prime real estate.

In the process, the aldermen also impeached the mayor, divested the town of 95 percent of its tax base, reduced it to such a ragged remnant of itself that it may no longer be a legally viable municipality, and then seceded from town themselves.

It's a bizarre scenario that probably wouldn't work without a Perot at center stage.

This one -- "Junior," as he is known universally in these parts -- is the 39-year-old son of billionaire computer magnate and presidential candidate H. Ross Perot. He oversees the family's real estate holdings, reported at 25,000 acres nationally, including an amount of land in this area north of Dallas and Fort Worth that is slightly larger than Manhattan.

What may look from the outside like a major mess actually turns out to be a very nice deal for Perot, whose problem in the first place was that he couldn't come to an agreement with the municipality where he wanted to build a huge urban development.

Now he's not in a municipality. But he himself has municipal-like powers -- especially the power to obligate future taxpayers by selling bonds they will have to pay off to pay for infrastructure and "amenities" inside his development. In other words, these costs, which smaller developers have to pay themselves, will be borne by the public.

Perot can develop any way he likes. When he's done, the city of Fort Worth has agreed to annex him.

And all it took was dismantling the town around him.

Perot Sr. started quietly assembling land on this vast, unpopulated, gently rolling prairie in the early '80s, accelerating his efforts later when land values plummeted. The centerpiece of the Perot family's plans is Alliance Airport, a brand-new cargo airport a few miles from Westlake, owned by the city of Fort Worth but controlled by the Perot interests.

Perot Jr., who has run the family's real estate interests since Alliance opened in 1989, is the main player in a booming real estate market north of Dallas-Fort Worth. In the last 15 years the area has become home to a stunning array of headquarters and regional centers for companies including Electronic Data Systems, J.C. Penney and Frito-Lay.

Even companies that had already moved pretty far north of downtown Dallas, including Dr Pepper/Seven-Up and Fina, have announced they will move again soon to get into this new land of corporate campuses. There are

strong rumors that Intel may put a vast new manufacturing plant in Westlake itself, perhaps on Perot property.

At the heart of the dispute was a lengthy negotiation between the mayor of Westlake and the Perot interests. For months before May 2, they had been in the process of hammering out development terms for Perot's 2,500-acre Circle T Ranch, which lay entirely within Westlake.

His plans for the Circle T call for office towers, malls, townhome developments, golf courses, even a reproduction "Texas Town" square to impart a make-believe sense of history.

Perot seems to have been headed for a deal that might have made Louis XIV tug on his own locks with envy. A tentative agreement between Perot and the Westlake board of aldermen would have given Perot powers tantamount to a private government, including the ability to levy property taxes, use city sales tax revenue to pay for "amenities" and remain effectively exempt from taxes the town might try to levy in the future.

A state legislator from Westlake was also at work on a bill, which she had withdrawn before the May 2 meltdown, which would have given Perot control over the zoning process for his own part of Westlake.

He could have established his own fire department, built his own dikes and levees, installed his own sewers. He could have floated public bonds to pay himself back for all costs, payable by future residents of his development. He could even have built his own toll roads.

But there was a troll.

Someone -- no one is saying who -- leaked a copy of the deal to local reporters. The Perot interests cried bad faith. Most of the aldermen agreed. Westlake Mayor Scott Bradley denounced the plan and became the lightning rod for everyone's fury. The deal fell through.

Racing to get their work done before a regularly scheduled election, the board of aldermen held a "trial" of the mayor, as state law allows, and threw him out of office. Then in a show of loyalty to Perot, a majority of aldermen voted to secede themselves, taking their own land out, too. And they voted to disannex the property of eight other individuals, some of whom didn't want to go.

Their vote flew in the face of a petition signed days before by 60 percent of the town's residents. In a regularly scheduled election a day after the vote, the majority who had voted for disannexation were dumped out of office.

In their few public statements after the vote, the aldermen said the town had never been much more than a tax dodge in the first place, and they thought everyone would be better off if Perot's plans for the area just went forward.

Perot spokesman Pete Geren, a former congressman, called the outcome "a divorce." But if that's what it was, the decree may have included a beheading for one partner. In the recent spate of secessions and disannexations the town lost 3,000 acres of land -- 70 percent of its territory and 95 percent of its tax base. What was left after May 2 was a smattering of parcels so unlikely that some legal experts questioned whether Westlake could even continue to exist.

Viewed from afar, what ensued looked like a mad jumble of events -- the mayoral dismissal, the disannexations, a scramble by surrounding communities to grab what Westlake had thrown off, and the eventual installation of the Perot property into Fort Worth's "extraterritorial jurisdiction." (The so-called ETJ is the band of territory a city can annex if and when it wants to.)

Last week when the smoke began to clear, Bradley (now reinstated as mayor) said he wasn't sure the scramble was so mad after all.

"Normally I'm not a conspiracist," he said. "I think the Warren Commission essentially got it right about Kennedy. But this situation we've got here is a mind-boggling thing."

He called the Westlake / Perot battle, "a case of David and Goliath, only Goliath got in the first bone-crushing move and now we just have to see if David can pick himself up and somehow survive."

One of the things about Westlake that is atypical of most Texas small towns is Bradley himself. He is a high-powered lawyer who over the years has been associated with, and in some cases a partner, in some of the state's biggest law firms. In the 1980s he took a major hit on a real estate venture of his own, declared bankruptcy and was sued over an alleged connection to Vernon Savings, the arch pariah of the savings and loan industry.

"I paid off 100 cents on the dollar of every cent I owed," he said. "I never did any legal work for Vernon. Eventually the government paid me \$250,000" as a settlement for wrongfully suing him over Vernon.

But Westlake, which has a cash treasury of \$2 million, is not a sleepy hick town. Bradley, a Dallas-Fort Worth lawyer, is no stranger to hardball negotiations.

Bradley says he started getting uncomfortable with the deal his town was negotiating with Perot after he was alerted to some legislative action in Austin. He says he was warned by the town's legal advisers that some special bills had been introduced by Westlake Republican Rep. Nancy Moffat -- bills that would seem to promise Perot even greater powers once he got the town to sign off on its local development requirements.

One bill would have given Perot control over zoning powers within his development. Bradley knew of that bill already, and Moffat already had agreed to withdraw it. But it was the other Moffat bill that looked more like a sneak attack to Bradley.

When Perot acquired the 2,500-acre Circle T Ranch in Westlake from a bankrupt member of the Hunt family, he acquired along with it three municipal utility districts (MUDs) that exist entirely on ranch property. MUDs, which can issue bonds, are governed by elections, but the only people who can live inside the three Circle T MUDs and vote in them are all Perot employees or designates. That makes Perot king of his own MUDs.

Bradley thought the Moffat legislation was trying to vastly expand Perot's powers through the three MUDs, by granting him the power to levy his own sales tax, charge franchise and licensing fees, add land to the boundaries and enter into lease-purchase agreements.

The second Moffat bill went nowhere in this session of the Legislature. But the intended purpose of all that additional power -- especially the lease-purchase agreements -- seemed clear to Bradley.

"I think that would have allowed them to build a sports arena," he said.

Perot, majority owner of the Dallas Mavericks, has been negotiating with Dallas city officials over a new arena site which he wants to put at the center of a major commercial development in downtown Dallas.

Spokesmen for Alliance Development and the city of Fort Worth flatly denied last week that there has been any discussion of a sports arena at the Circle T, although Assistant City Manager Mike Groomer did concede there already is a sports authority in the area capable of building one.

Moffat calls the assertion that her bill had anything at all to do with the Circle T Ranch "paranoid."

"HB 2463 has absolutely nothing to do with the Circle T Ranch and Westlake, regardless of how hard Scott Bradley tries to make people believe that it did."

But, Bradley said, "The advice we got from three different law firms was that it did apply."

Interestingly, the language of the Moffat bill, which did not seem to apply to Perot's position in Westlake in at least one key detail when she introduced it, now happens to fit him exactly on that same issue. Her bill would have applied only to MUDs that were not within any municipality but were inside the extraterritorial jurisdiction of a city.

That's not where Circle T was before the May 2 uprising. But it's exactly where it is now -- in the ETJ of Fort Worth.

Perot did not respond to requests for an interview. But Rick Patterson, president of Perot's Alliance Development, said he believes Bradley's David and Goliath version of events is upside down -- a story that only works because Ross Perot Jr. is an easy target.

"This is not a sleepy little town," Patterson said. "It's a very sophisticated town with a tremendous amount of money, who used some of the best lawyers in the state." He said Westlake's development plan and moratoriums on growth "were some of the most aggressive of any city."

Patterson said Alliance Development has dealt with small communities all over the area around Alliance Airport over a 15-year period without ever running into a controversy like what has happened in Westlake. "It's very unusual, if you look at our track record, to even imagine what happened in Westlake ever happening."

Patterson said the use of MUDs as a development tool is common all over Texas. He denied Bradley's allegation that Alliance was trying to snooker the community and amass even greater power through Moffat's bills in the legislature.

"That's a lie," he said.

What happens next is a matter for courts to decide; the outcome, probably anyone's guess.

The day after the town's board of aldermen voted to allow Perot to secede, a new board was elected in a regularly scheduled election. As soon as the new board could be seated, a new majority of its members voted to reinstall Bradley as mayor and reannex all of the lost territory.

But by then surrounding municipalities had already laid claim to the lost territory. The Fort Worth City Council had even held an emergency meeting specifically to grab the Circle T Ranch before Westlake could grab it back. It is unclear whether Westlake can turn the clock back and reannex land it has already given away.

Bradley is pinning his hopes on an argument that the process by which he was dismissed was illegal. The disannexations, according to the law, required the mayor's consent. He clearly would not have consented. Therefore, if the court agrees he was illegally removed, "it should flow logically from there that the disannexations were void," he said last week.

Patterson is unimpressed with anything Bradley has to say about Westlake or the Circle T at this point. Even though the new town council has voted to reinstall Bradley as mayor, Patterson says that action is beyond the council's power and not valid.

"He's not the mayor. I don't care what he says," Patterson said. "Scott Bradley can declare himself to be Elvis Presley if wants to, but that doesn't mean anything."

As far as Patterson is concerned, the story was all about Bradley from the beginning, a case of "absolute bad faith on the part of one person."

Bradley said that if anyone has shown bad faith in Westlake, it's Perot.

"This is the story of a small community that has a sense of its own destiny that's being destroyed because of a developer who has the money, the power and the meanness to do it."
