



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

CM/DCM/ACM: Cassey Ogden

DATE: January 7, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the City Manager to execute an amended and restated Development Agreement with VS Development, LLC and Denton County Municipal Utility District No. 16 to remove terms for the fire service; consent to annexation of property into the district; add terms for additional services; and amend the Strategic Partnership Agreement with Denton County Municipal Utility District No. 16; and providing an effective date.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure and Mobility.

BACKGROUND

On April 29, 2020, the City received a petition for consent to the creation of Denton County Municipal Utility District No. 16. This Municipal Utility District (MUD) is located near FM 156 and US 380 and is also known as “Olex MUD” or “Meadows MUD”. The MUD originally featured 1,523 residential lots, 8 acres of multifamily property, and 30 acres of commercial property, but is now seeking to increase that acreage to accommodate an additional 1,106 residential lots, 13 acres of multifamily, and 8 acres of commercial property.

A MUD is a special-purpose district created to provide essential services such as water, wastewater, and drainage to areas outside city limits. Governed by an elected board, MUDs fund infrastructure and operations through bonds repaid by property taxes and user fees. MUDs are required to seek City consent when the MUD is within the extraterritorial jurisdiction (ETJ) of the City.

Olex Inc. petitioned the City for consent to the creation and the City began negotiating a development agreement. Initially, a development agreement was approved by the City Council on August 18, 2020, and included provisions on Denton County’s consent, utilities, floodplain/ESA, roadway construction specifications, and limited purpose annexation to receive sales tax for commercial property. A first amendment was made to the development agreement on January 25, 2022, to name the City of Denton as the fire service provider and approve a Fire Services Agreement.

The MUD petitioned the City on October 3, 2024, for annexation of additional property into the District on the north side of US 380. Staff and the Developer negotiated the terms of the City’s consent to the annexation along with an amended development agreement to include:

- Allowance for full purpose annexation at the end of the bonding period by the MUD.
- Conveyance of all effluent from the wastewater plant and support of future permitting efforts.

- An option for the City to operate the wastewater plant at the end of the contract period with the current operator.
- Creating the opportunity to provide solid waste services.

The Development Agreement also includes removal of the Fire Services Agreement and fire services to the MUD would be handled by Denton County moving forward.

RECOMMENDATION

Staff recommends approval of the ordinance and agreement attached as **Exhibit 2** based on the City having a previous agreement and the Developer consenting to the additional terms within this agreement.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

August 18, 2020- City Council adopted a resolution of consent to the creation of the MUD.

August 18, 2020- City Council approved a Development and Consent Agreement.

January 25, 2022- City Council approved a First Amendment to the Development and Consent Agreement.

June 4, 2024- City Council held the first public hearing for a Strategic Partnership Agreement.

June 18, 2024- City Council held a second public hearing and adopted a resolution approving the Strategic Partnership Agreement.

EXHIBITS

Exhibit 1 - Agenda Information Sheet

Exhibit 2 - Ordinance and Agreement

Exhibit 3 - Presentation

Respectfully submitted:
Charlie Rosendahl
Business Services Manager