



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: City Attorney's Office

DCM: Mack Reinwand, City Attorney

DATE: November 18, 2025

SUBJECT

An ordinance of the City of Denton, approving a Settlement Agreement and Mutual Release implementing the terms of the settlement in litigation styled "*2020 Long Tail Trail Investments, LLC v. the City of Denton, Texas, et al.*" (Cause No. 24-0075-431) pending in the 431st District Court, Denton County, Texas and "*City of Grand Prairie, et al. v. The State of Texas, et al.*" (Cause No. D-1-GN-23-007785) pending in the 261st District Court, Travis County, Texas; and directing the City Manager and the City's attorneys to effectuate as necessary and appropriate the terms of a Settlement Agreement and Release to effectuate this approval; and declaring an effective date.

INFORMATION/BACKGROUND

Effective 9/1/23, SB 2038 was passed allowing individuals to "opt out" of a city's Extraterritorial Jurisdiction ("ETJ") with no notice to nearby property owners and no oversight by any branch of government. On 9/19/23, a City Council meeting was held, recognizing that the City had begun to receive petitions for release from its ETJ, which included Long Tail Trail Investments, LLC's ("Plaintiff" or "Long Tail") petition for release. On 10/25/23, a lawsuit (the "Austin lawsuit") was filed by multiple cities against the State seeking to declare SB 2038 unconstitutional. On 10/23/23, a City Council meeting was held, but no discussion as to ETJs occurred. On 11/10/23, Plaintiff (1) notified the City that its property had been released by operation of law, (2) requested that the City "confirm in writing that it would no longer treat the Property as within the City's ETJ", and (3) requested that the City "update its website to reflect the change to the City's ETJ." On 12/7/23, Plaintiff followed up on its previous requests. A few days later, on 12/12/23, Denton City Council passed Resolution No. 23-2356, which denied Plaintiff's petition for release. The same day that Resolution No. 23-2356 passed, the City notified Plaintiff that it denied its petition for release. In response, Plaintiff argued that its land was allegedly released from the City by operation of law on 10/23/23, which was approximately two months prior to the City's Resolution No. 23-2356.

On 1/2/24, Plaintiff filed suit (the "Denton lawsuit") against the City and its officials seeking relief (1) declaring that its property was released from the City's ETJ, (2) declaring SB 2038 constitutional, (3) prohibiting the City from treating its property as if it's a part of the City's ETJ, (4) declaring that City Officials acted ultra vires in denying its petition for release, and (5) ordering the City to update its maps and records. On 1/9/24, the City was officially added as a Plaintiff to the Austin lawsuit. On 3/19/24, City Defendants filed respective Rule 91(a) Motions to Dismiss in the Denton lawsuit. On 4/2/24, the parties entered into a Rule 11 Agreement wherein both parties decided to mutually stay the Denton lawsuit, litigate the current case in Travis County on the "constitutionality, validity, applicability, and/or severability of SB 2038" until a final non-appealable order was received case, and not reopen this case but for mutual agreement or showing of good cause. On 4/5/24, the parties filed a Joint Motion to Stay in the Denton lawsuit.

OPTIONS

Given the risk of an adverse decision, the City's liability exposure, and Plaintiff's damages and attorney's fees, I recommend that we settle this matter. Settlement of this matter within previously delegated settlement authority, and the option is to formally ratify and approve the settlement.

RECOMMENDATION

Proceed with formal approval.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Ordinance and Settlement Agreement and Release

Respectfully submitted:

/s/ Devin Q. Alexander
Deputy City Attorney

Legal Staff Contact:
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