



AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

ACM: Cassey Ogden

DATE: May 7, 2024

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the execution of a first amendment to Operating Agreement with "Hunter Ranch Improvement District No. 1 of Denton County, Texas", relative to funding, ownership, maintenance, and repair of public improvements serving property located within the "Hunter Ranch Improvement District No. 1 of Denton County, Texas" and other related matters; and providing an effective date.

BACKGROUND

Hunter Ranch is a 3,167-acre master-planned development west of I-35 West and east of Robson Ranch. The development is located within the city limits and is designated as a Master Planned Community District under the Denton Development Code. The development's buildout is expected to occur over 40 years and is anticipated to include:

- 6,500 single family units
- 3,250 multifamily units
- 365 commercial acres

Because projects of this size require construction of significant public infrastructure, the developers pay for the construction of improvement projects and seek reimbursement through a Municipal Management District (MMD). An MMD is considered a governmental agency and a political subdivision of the state. The MMD finances public capital improvements and/or services by imposing property taxes, special assessments, and/or impact fees on property owners within the district who are benefiting from such improvements.

On February 12, 2019, the Denton City Council passed resolutions of support for the creation of the MMD to be considered during the State of Texas' 2019 Legislative session. The district was approved by the Legislature on June 14, 2019. On April 7, 2020, the Denton City Council passed a consent resolution authorizing the creation of the Hunter Ranch MMD which was accompanied by operating and project agreements that dictate improvement projects to be constructed, financing and project reimbursement eligibility, allowable district tax rates, and district operations.

The Operating Agreement establishes the rights and obligations of the City and the Hunter Ranch Improvement District No. 1 with respect to the ownership and maintenance of certain Improvement Projects, Park Improvements and other public improvements. The amended Operating Agreement increases the district's tax rate, eliminates the bond reimbursement cap, permits the district to seek

reimbursement for supplemental improvement project costs, and commits the District to initiate design and construction of infrastructure supporting Phase 1 by the end of 2025.

OPTIONS

The agreement may be adopted as presented. If the agreement is not adopted, the City and Hunter Ranch Improvement District No. 1 will continue to operate in accordance with the existing Operating Agreement adopted on April 7, 2020.

RECOMMENDATION

Staff recommends approval of the updated Operating Agreement

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

February 12, 2019 – Resolution of support and escrow agreement ordinance approved by City Council

April 7, 2020 – Consent resolution, Project Agreement, and Operating Agreement approved by City Council

April 16, 2024 – Work session review of proposed amendments to the Hunter Ranch Operating Agreement

EXHIBITS

1. Agenda Information Sheet
2. Ordinance
3. Presentation

Respectfully submitted:
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Assistant City Manager

Prepared by:
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Director of Streets