



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Development Services, Real Estate

DCM: Cassey Ogden

DATE: December 2, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a Second Amendment to Medical Office Building Lease by and between the City of Denton and Epic Development, Inc. for the use and occupancy of premises for the City of Denton Employee Health Center for a two (2) year period; authorizing the expenditure of funds therefor (with a one year not-to-exceed amount of \$78,899.52, and a two (2) year not-to-exceed amount of \$160,177.92); and providing an effective date.

BACKGROUND

The City of Denton operates an Employee Health Center (“Clinic”) to provide medical services to its employees, retirees, and family members (ages 2 and up) who are covered by a City health plan. There is no cost for members to visit the Clinic. The Clinic is located at the Medical City Denton Hospital on the 3rd floor, at 3537 S I-35 E, Suite 317, Denton, Texas, and is open Monday through Friday.

The City of Denton opened the Clinic in December 2011. Since that time, the Clinic has occupied 2,832 leasable square feet of medical office space in the Medical City of Denton (formerly Denton Regional Medical Center) professional building. In 2018, when Medical City acquired the facility, they changed the lease to a “fair market” basis and began charging the City \$23.00 per leasable square foot for an annual lease cost of \$65,136. This lease rate is “full service” and includes utilities (excluding phone & internet), janitorial, repairs and maintenance, road and grounds, management fees, property taxes, and building insurance.

The City of Denton entered into a new “full service” three (3) year lease on January 1, 2023 through December 31, 2025 with Medical City (Epic Development, Inc.), at a rate of \$25.50 per square foot with a 3% escalation amount in the second (\$26.27) and third (\$27.05) years.

Medical City (Epic Development, Inc.), through their leasing agent, Lincoln Property Company has offered the City a new “full service” two (2) year lease, at a rate of \$27.86 per square foot (\$78,899.52 in the first year), with a 3% escalation amount in year two at a rate of \$28.70 per square foot (\$81,278.40 in second year) not-to-exceed amount of \$160,177.92.

OPTIONS

1. Approve proposed ordinance.
2. Decline proposed ordinance.

RECOMMENDATION

Enter into a new two (2) year lease with Epic Development for the City's Employee Health Center medical office space (current location).

ESTIMATED SCHEDULE OF PROJECT

The new lease will begin January 1, 2026.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

October 22, 2019: City Council approved a (3) three-year lease with Epic Development (Ord. 19-2386).

December 06, 2022: City Council approved a (3) three-year lease with Epic Development (Ord. 22-2455).

FISCAL INFORMATION

Funds for this expenditure are budgeted in the Health Insurance Fund, 850500.7922.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance and Agreement

Respectfully submitted:
Deanna Cody, Deputy Director
Development Services-Real Estate
(940) 349-8252

Prepared by:
Mark Mastroleo
Real Estate Specialist