



AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

CM/DCM/ACM: Cassey Ogden

DATE: January 13, 2026

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the execution of a second amendment to Hunter Ranch Operating Agreement relative to funding of improvement projects and adding definitions; and providing an effective date.

STRATEGIC ALIGNMENT

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

BACKGROUND

Hunter Ranch is a 3,167-acre master-planned development located west of I-35 West and east of Robson Ranch, within the city limits of Denton. It 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

Due to the scale of the development, significant public infrastructure is required. Developers fund these improvements and seek reimbursement through a Municipal Management District (MMD), a governmental agency and 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.

On February 12, 2019, the Denton City Council passed resolutions of support for the creation of the MMD, which was approved by the Texas Legislature on June 14, 2019. On April 7, 2020, the City Council passed a consent resolution authorizing the creation of the Hunter Ranch MMD, accompanied by operating and project agreements outlining improvement projects, financing, reimbursement eligibility, allowable district tax rates, and district operations.

The First Amendment to the Operating Agreement, approved on May 7, 2024, increased the district's tax rate, removed the bond reimbursement cap, and permitted reimbursement for supplemental improvement projects.

The Second Amendment to the Operating Agreement modernizes the project's financial and operational framework by updating key definitions and procedures. It clarifies the definition of "Developer" to

exclusively mean HR 3200, L.P., HR JV, LP, or specifically designated assignees, ensuring that the term and its associated obligations do not apply to an "End-Buyer" of a City-approved final platted lot. The amendment also establishes a formal process for cost-sharing related to wastewater infrastructure, where the City and District share costs for joint facilities based on benefits received, determined by the prorated share of design capacities allocable to each party. Furthermore, it increases funding flexibility by removing the previous requirement that original Improvement Projects must be completed before a Supplemental Project can be funded, allowing the District to proceed with any Authorized Project under its taxing authority.

Additionally, there are minor updates in Section 4.13 to acknowledge that the District has successfully awarded a contract and issued a notice to proceed for Phase 1 construction, recognizes the completion of design and bidding for the Roark Branch Interceptor, acknowledges the District has secured easements for the Roark Branch Interceptor, and updates the penalties for the gas well plugging deadline with the change in supplemental projects that reduces reimbursement eligibility by \$250,000 for every six months that gas wells remain unplugged after May 31, 2027.

RECOMMENDATION

Staff recommends approval of the Amended 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

May 7, 2024 – First Amendment to the Hunter Ranch Operating Agreement approved by City Council

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance

Respectfully submitted:

Charlie Rosendahl

Interim Director of Development Services