



AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

CM/DCM/ACM: Cassey Ogden

DATE: January 14, 2025

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding proposed amendments to the Cole Ranch Improvement District's Operating and Project Agreements.

STRATEGIC ALIGNMENT

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

BACKGROUND

Hunter Ranch is a 3,169-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:

- 5,900 single-family units
- 3,200 multifamily units
- 120 commercial acres
- 256 industrial acres

Because projects of this size require the 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. With that revenue source, and once the assessed value of the property is 10 times greater than the amount of debt to be issued, the MMD can issue bonds, which are then used to reimburse the developer for the up-front cost of the public improvements.

On Feb. 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 Apr. 7, 2020, the Denton City Council passed a consent resolution authorizing the creation of the Cole 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 purpose of this work session is for Council to consider Cole Ranch's request to amend the Operating Agreement to increase the district's tax rate, remove the current bond reimbursement cap, and permit the district to seek reimbursement for non-regional infrastructure costs.

A work session was held in July 2024 with City Council regarding amending the Hunter Ranch agreements and Cole Ranch is seeking similar provisions. The table below provides a comparison of the original agreement, the Hunter Ranch amendment, and what is being proposed by Cole Ranch:

	Original Agreements	Hunter Ranch Amendment	Cole Ranch Amendment
District Requests			
Increase Benchmark Tax Rate	0.49	0.71	0.71
Increase Bond Reimbursement Cap	\$350,000,000	None	None
Allow Supplemental Projects	None	Dollar for Dollar	Dollar for Dollar
Allow Regional District	None	Yes	Yes

District Providing			
Affordable Housing Contribution	\$1,500,000	\$3,000,000	\$3,000,000
Plug & Abandon Gas Wells	None Required	2 by 2027	2 by 2030
Additional R/W for WW Line	None Required	Yes	Yes
Construction Timing Commitment	None Required	2024	2026
Add. Upland Habitat Preservation		21 ac; ~ \$1.68M	
10' Regional Trail Loop			\$3-5 Million
Homestead Event Center			No Cost; Min. 180 days of programming

The proposed changes would include a regional trail loop to serve the City of Denton residents providing an additional 1.4 miles of trail for the property, include subgrade crossings at FM 2449 and Allred Road, a connection to a Homestead Event Center and further connect to the City’s master trail system.

Additionally, Cole Ranch is proposing to create a Homestead Event Center to provide an additional amenity and to preserve the original homestead site on the property. This will include a pavilion, amphitheater, and multiple public seating areas. The total cost of this Homestead Event Center will be between \$8 and \$11 million. The public benefit the City will receive from this Homestead Event Center includes partnership with Cole Ranch for year-round programming with a minimum of 180 days of programming available to use the site, publicly accessible areas of the site, and ownership, maintenance, and operations costs to be borne by the development.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Feb. 12, 2019 – Resolution of support and escrow agreement ordinance approved by City Council
 Apr. 7, 2020 – Consent resolution, Project Agreement, and Operating Agreement approved by City Council

EXHIBITS

Exhibit 1 – Agenda Information Sheet
 Exhibit 2 – Presentation

Respectfully submitted:
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