

Mayor and Council Communication

DATE: 05/04/21

M&C FILE NUMBER: M&C 21-0309

LOG NAME: 06MORNINGSTARMUD2EXPANSION

SUBJECT

(ETJ/Parker County) (CD 3) Authorize Execution of 2021 Utility Agreement and 2021 Development Agreement for Morningstar Ranch and Second Amendment to Creation Agreement for Morningstar Ranch Municipal Utility District No. 2

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute the 2021 Utility Agreement for Morningstar Ranch, 2021 Development Agreement for Morningstar Ranch and Second Amendment to Creation Agreement for Morningstar Ranch Municipal Utility District No. 2.

DISCUSSION:

FG Aledo Development, LLC, a Texas limited liability company, and FFWF Holdings, Inc., a Texas corporation (collectively Owner), own and are developing approximately 1,087 acres of land in Fort Worth's extraterritorial jurisdiction in Parker County as a single-family residential development known as Morningstar Ranch. At the request of the prior owner, the City Council consented to the creation of Morningstar Ranch Municipal Utility District No. 1 originally encompassing 380.316 acres of land and Morningstar Ranch Municipal Utility District No. 2 originally encompassing 356.829 acres of land on December 4, 2007. The districts were created by action of the Texas Commission on Environmental Quality.

In March 2017, 176.613 acres of land were excluded from District No. 2 and annexed by District No. 1.

On January 26, 2021 the City Council approved Resolution No. 5336-01-2021 consenting to the annexation of approximately 350.42 acres of land (the Additional Property) by District No. 2. Upon annexation of the Additional Property by District No. 2, District No. 1 will encompass approximately 556.929 acres of land and District No. 2 will encompass approximately 530.213 acres of land

The original Development Agreement for Morningstar Ranch was approved by the City Council on December 4, 2007 (City Secretary Contract (CSC) No. 36202). After Owner purchased the project, the development agreement was amended by CSC No. 36202-A1 effective August 21, 2015, and further amended by CSC No. 36202-A2. The 2021 Development Agreement, which supersedes and replaces these previous agreements, sets out standards for development of the Additional Property for single-family residential use and modifies lot counts to be consistent with the approved preliminary plat for the development. In addition, the agreement reflects that, in lieu of Owner constructing a portion of Old Weatherford Road, Old Weatherford Road will be constructed as a project of the Texas Department of Transportation, the North Central Texas Council of Governments and the Regional Transportation Council to accommodate an Aledo Independent School District middle school planned for a fall 2022 opening. Owner will contribute engineering services and construction funds totaling \$3,500,000.

The City Council approved the agreement Concerning Creation and Operation of Morningstar Municipal Utility District No. 2 of Parker County (CSC No. 31699) on December 4, 2007, as amended by the First Amendment effective September 27, 2017 (CSC No. 36199-A1), which reduced District No. 2's bonding capacity in light of the exclusion of 176.613 acres of land which was annexed by District No. 1. The Second Amendment to the Creation Agreement for Morningstar MUD No. 2 increases the district's bonding capacity to \$90,000,000 in order to fund infrastructure to serve the Additional Property. The Second Amendment prohibits District No. 2 from issuing bonds after August 21, 2045 without City Council consent, and all bonds issued after August 21, 2035 must be callable in ten years.

The original Utility Agreement for Morningstar Ranch was approved by the City Council on December 4, 2007 (CSC No. 36195) and amended effective May 14, 2011 (CSC No. 36195-A1). After Owner purchased the project, the City approved Amended and Restated Utility Agreement effective August 21, 2015 (CSC No. 36195-A2), as amended by CSC No. 36195-A1A1. The 2021 Utility Agreement, which supersedes and replaces these agreements, addresses the infrastructure needed to serve the Additional Property and updates the construction status of infrastructure to serve the development.

The Morningstar Ranch development is located in the ETJ of Parker County and in FUTURE COUNCIL DISTRICT 3.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this Agreement will have no immediate material effect on City funds. Any effect on expenditures and revenues will be budgeted in future fiscal years.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: D.J. Harrell 8032

Additional Information Contact:

Mary Elliott

7844

Expedited