

Mayor and Council Communication

DATE: 04/22/25

M&C FILE NUMBER: M&C 25-0314

LOG NAME: 06AUTHORIZE AGREEMENTS FOR TRADITION MUD NO. 1 & MUD NO. 2B

SUBJECT

(ETJ / Denton County near CD 10) Authorize Execution of Second Amendment to the Amended Creation and Operation Agreements with Tradition Municipal Utility District Nos. 1 and 2B of Denton County to Increase the Bonding Capacity of the Districts

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of the Second Amendment to City Secretary Contract No. 47479, an Amended Creation and Operation Agreement with Tradition Municipal Utility District No. 1 of Denton County, to increase the District's bonding capacity; and
2. Authorize execution of the Second Amendment to City Secretary Contract No. 47478, an Amended Creation and Operation Agreement with Tradition Municipal Utility District No. 2B of Denton County, to increase the District's bonding capacity.

DISCUSSION:

City of Fort Worth Municipal Utility District No. 1 of Denton County encompassing 431 acres of land was created by the Texas Legislature in the 2005 Legislative session and was later renamed Tradition Municipal Utility District No. 1 of Denton County (Tradition MUD No. 1). On December 13, 2005, the City Council approved a resolution consenting to the creation of Tradition MUD No. 1 and approving the Agreement Concerning Creation and Operation of Tradition MUD No. 1 (Resolution No. 3299-12-2005, M&C C-21197). The City Council also approved the Development Agreement, Strategic Partnership Agreement and Agreements providing for water and sewer service to the property (M&C C-21198).

Tradition Municipal Utility District No. 2 of Denton County (Tradition MUD No. 2) encompassing approximately 1,920 acres of land immediately north of Tradition MUD No. 1 was created by the Texas Legislature during the 2007 Legislative Session. On December 18, 2007, the City Council adopted a resolution consenting to creation of Tradition MUD No. 2 and authorized the City Manager or a designee to execute a Development Agreement and Agreements for providing water and wastewater service to the property. By an election held on May 9, 2015, Tradition MUD No. 2 was divided into Tradition Municipal Utility District Nos. 2A and 2B of Denton County.

Land within Tradition MUD No. 1 and 2B was previously located within water and wastewater Certificates of Convenience and Necessity (CCN) held by Aqua Texas with a small portion of the property in water and sewer CCNs held by Suetrak USA Company, Inc. On January 12, 2016, (M&C L-15853) the City Council authorized execution of Amended Creation and Operation Agreements for Tradition Municipal Utility District Nos. 1 and 2B of Denton County, City Secretary Contract Nos. 47479 and 47478 (Amended Creation and Operation Agreements). The Amended Creation and Operation Agreements were necessary to reflect the transfer of the land to the City's CCN. On June 4, 2019, the City Council authorized execution of the First Amendments to the Amended Creation and Operation Agreements (M&C L-16225) to address the deadline to issue bonds and to require the Districts to levy a specified ad valorem tax rate. In addition, the Districts were required to establish a fund to assist the City in absorbing the costs of the Districts upon annexation and their dissolution.

Due to increasing infrastructure costs, the Districts have requested the Second Amendments to the Amended Creation and Operation Agreements to increase the amount of bonds the Districts can issue for public infrastructure. The Amended Creation and Operation Agreement for Tradition MUD No. 1 currently provides that the total amount of all bonds issued by the District shall not exceed \$98,183,379.00. The Amended Creation and Operation Agreement for Tradition MUD No. 2B currently provides that the total amount of all bonds issued by the District shall not exceed \$121,334,400.00. The Second Amendments would provide that the amount of bonds would not exceed the greater of the aforementioned dollar amount for each District, or the actual cost incurred for design, construction, and financing of public infrastructure, including all costs authorized for reimbursement under state law.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Municipal Utility District.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of these recommendations have no material effect to City funds.

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

Originating Business Unit Head: D.J. Harrell 8032

Additional Information Contact:

LaShondra Stringfellow 6214

Derek Hull 2412

Expedited