



Agenda Report

Agenda of:	December 16, 2025
Department:	Community Development
Subject:	Discussion and appropriate action on the Victory Lane Development Agreement.

Recommended Motion:

I move to recommend that City Council review and consider further negotiation of the Victory Lane Development Agreement based on the comments and concerns discussed.

Background:

The developer, Victory Lane Partners, submitted a proposed **Development Agreement (DA)** on August 27, 2025, for annexation and commercial development of approximately **50.4 acres along U.S. Highway 90**. A revised version, dated October 23, 2025, was provided following staff review and comment. The Planning & Zoning Commission considered the revised DA on **December 3, 2025**, and **recommended approval**, subject to further City Council review and negotiation.

The P&Z packet included a detailed **Summary of Key Points**, outlining improvements made to the agreement—such as a reduced interest rate, better inspection controls, clearer utility responsibilities, stronger maintenance bond language, and the addition of a project schedule—as well as several **outstanding concerns** that were not resolved in the revised draft, including:

- No cap on total reimbursable interest;
- City retaining only 25% of new tax revenue;
- No performance milestones tied to reimbursement;
- TxDOT improvements listed as reimbursable items;
- No annual reporting requirement;
- Limited design or aesthetic standards; and
- Expanded vested rights protections.

STAFF RECOMMENDATION

Staff acknowledges P&Z's recommendation and appreciates the Commission's thorough review; however, given the complexity of the DA, the financial and long-term land-use implications, and the number of unresolved issues, staff recommends the Council **not take action at this time**.

The City recently engaged **P3 & Associates**, a municipal development advisory firm with expertise in reviewing, structuring, and negotiating development agreements. Staff recommends referring the draft DA to P3 & Associates for a **comprehensive review and recommended revisions** prior to any Council action.

This Council meeting provides an opportunity for:

1. Council to receive P&Z's recommendation;
2. Council to provide **initial feedback, concerns, or direction** regarding the proposed agreement; and
3. Staff to obtain authorization to work with P3 & Associates to revise the DA based on Council's policy priorities.

Fiscal Impact:

None at this stage. Fiscal impacts related to reimbursement, interest, and public infrastructure obligations will be analyzed in detail once P3 & Associates completes its review and recommendations.

☒ **Budgeted** ☐ **Requires Budget Amendment**

Source of Funding: TBD

Urgency (0-5 = Low Urgency to High Urgency): 4

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: Breana Soto

Attachments: Victory Lane Development Agreement with exhibits, Summary Page