



MUNICIPAL DEVELOPMENT DISTRICT CONSIDERATION ITEM CITY OF FAIR OAKS RANCH, TEXAS



AGENDA TOPIC: Consideration and possible action to terminate the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch for development of a community center

DATE: July 9, 2025

DEPARTMENT: MDD Board

PRESENTED BY: Laura Koerner, MDD President

INTRODUCTION/BACKGROUND:

The City of Fair Oaks Ranch and the Fair Oaks Ranch Municipal Development District (MDD) entered into a Project Funding Agreement for a civic center on September 25, 2020. The Agreement was amended on July 20, 2023, to extend the expiration date and increase the grant amount to \$1.2 million. On June 5, 2025, City Council considered a resolution to further amend the Agreement and increase funding to \$2,463,722.81; however, the item was indefinitely postponed. Given this action, it is in the best interest of both parties to terminate the Agreement.

During their June 19, 2025 meeting, City Council approved a resolution directing the City Manager to terminate the Chapter 377 Project Funding Agreement Economic Development Agreement between the City of Fair Oaks Ranch, Texas and the Fair Oaks Ranch Municipal Development District. The City officially submitted a Notice of Intent to Terminate Project Funding Agreement to the MDD on June 25, 2025. That notice is attached as **Exhibit A**.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The current agreement provides \$1.2 million in funding for construction of a civic center. With total project costs exceeding \$2.4 million and no further funding being pursued from the MDD, it is unlikely the project will proceed under the existing terms. Terminating the agreement will allow the MDD to release the committed funds and reallocate them to other potential projects.

LONG TERM FINANCIAL & BUDGETARY IMPACT:

Terminating the agreement has no budgetary impact if the civic center is not constructed. The \$1.2 million committed funds will be uncommitted and available for other projects.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to terminate the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch for development of a community center.