

ORDINANCE NO. 2016-26

AN ORDINANCE DESIGNATING A GEOGRAPHIC AREA WITHIN CITY OF LEAGUE CITY, TEXAS AS REINVESTMENT ZONE NUMBER FIVE, CITY OF LEAGUE CITY, TEXAS, FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND PROVIDING A SEVERABILITY CLAUSE.

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, as amended (“Code”) the City of League City (“City”) may designate a geographic area within the City as a reinvestment zone if the area satisfies the requirements of certain sections of the Code; and

WHEREAS, the City has prepared a preliminary reinvestment zone financing plan, which provides that certain City of League City, Texas ad valorem property taxes are to be deposited into the tax increment fund; and

WHEREAS, a notice of the July 26, 2016 public hearing on the creation of the proposed zone was published on July 14, 2016 in the Galveston Daily News, a newspaper of general circulation in the City; and

WHEREAS, at the public hearing on July 26, 2016, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and owners of property in the proposed zone were given a reasonable opportunity to protest the inclusion of their property in the proposed zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed zone under the provisions of Chapter 311, Texas Tax Code; and

WHEREAS, the City has provided all information and given all notices and done all other things required by Chapter 311, Texas Tax Code, or other law as a condition to the creation of the proposed zone; and

WHEREAS, the total area within the proposed zone is approximately 51.47 acres, including property that is publicly owned; and

WHEREAS, less than thirty percent (30%) of the property in the proposed zone is currently used for residential purposes, as that term is defined in Code Section 311.006(d); and

WHEREAS, the City intends to participate in the proposed zone by contributing tax increments to the tax increment fund for the proposed zone from the taxes levied and collected by the City at one hundred percent (100%) of its tax rate.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF LEAGUE CITY, TEXAS:

Section 1. Findings.

- 1.1 The facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are adopted as part of this Ordinance for all purposes.
- 1.2 The City Council further finds and declares that the proposed improvements in the zone will significantly enhance the value of all the taxable real property in the proposed zone and will be of general benefit to the City.

1.3 The City Council further finds and declares that that the zone meets the criteria and requirements of Section 311.005 of the Code because the area substantially arrests and impairs the sound growth of the City; retards the provision of housing accommodations; or constitutes an economic or social liability and is a menace to public health, safety, morals, or welfare in its present condition and use because of the presence of:

- 1.3.1 A substantial number of substandard, slum, deteriorated, and deteriorating structures;
- 1.3.2 The predominance of defective or inadequate sidewalk or street layout;
- 1.3.3 Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- 1.3.4 Unsanitary or unsafe conditions;
- 1.3.5 The deterioration of site and other improvements; or
- 1.3.6 Conditions that endanger life or property by fire or other cause.

1.4 The City Council, pursuant to the requirements of the Code, further finds and declares;

- 1.4.1 That the proposed zone is a contiguous geographic area located wholly within the corporate limits of the City of League City, Texas.
- 1.4.2 That less than thirty percent (30%) of the property in the proposed zone is used for residential purposes within in the of Code Section 311.006(d);
- 1.4.3 The total appraised value of taxable real property in the proposed zone and the City's existing reinvestment zones does not exceed twenty-five percent (25%) of the total appraised value of taxable real property in the City.
- 1.4.4 The development or redevelopment of the property within the boundaries of the proposed zone will not occur solely through private investment in the reasonably future.

Section 2. Designation of the Zone

The City, acting under the provisions of Chapter 311, Texas Tax Code, including Section 311.005(a), does hereby designate as a reinvestment zone the area described in **Exhibit A** and depicted in the map attached hereto as **Exhibit B** to promote the redevelopment of the area. The reinvestment zone shall hereafter be named for identification as Reinvestment Zone Number Five, City of League City, Texas (the "Historic District Zone"). The City Council specifically declares that the Zone is designated pursuant to Section 311.005(a)(I) and (2) of the Texas Tax Code.

Section 3. Board of Directors

- 3.1 There is hereby created a Board of Directors ("Board") for the Zone, which shall consist of eight (8) initial directors. Each Member of the City Council shall appoint a director, with the Council Member for position one appointing the director for position one and the Mayor appointing the director for position eight. Any other taxing unit that levies taxes on real property in the Zone and has approved the payment of all or part of the tax increment produced by the taxing unit into the tax increment fund for the Zone may appoint one director. Any taxing unit that appoints a director shall be assigned a Board position number in the order the appointment is received by the City. Failure of a taxing unit to appoint a director by January 1, 2018, shall be deemed a waiver of the right to appoint a director, and the City shall be entitled to appoint persons to the position, which shall be filled as provided below. The City reserves the right to increase the number of directors by ordinance consistent with Section 311.009(a) of the Code. Each director shall comply with the eligibility requirements set forth in Section 311.009(e) of the Code.

- 3.2 The initial term of directors appointed to odd-numbered positions shall expire on December 31, 2018, while the initial term of directors appointed to even-numbered positions shall expire on December 31, 2017. Subsequent appointments for all positions shall be for two-year terms beginning on January 1st of the applicable year. The Mayor shall nominate and appoint, subject to City Council approval, a director to serve as chair of the Board for a term of one year beginning January 1st of the following year. The City Council authorizes the Board to elect from its members a vice chair and such other officers as the Board of Directors deems appropriate.
- 3.3 The Board of shall make recommendations to the City Council concerning the administration of the Zone. The Board shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in the Code, and shall submit such plans to the City Council for its approval. The Board shall not be authorized to issue bonds, impose taxes or fees, exercise the power of eminent domain or give final approval to the project plan and reinvestment zone financing plan. The Board may not exercise any power granted to the City by Code Section 311.008 without additional authorization from the City.

Section 4. Duration of the Zone

The Zone shall take effect immediately upon passage of this Ordinance, provided however, that the deposit of tax increments into the Tax Increment Fund established pursuant to Section 6 of this Ordinance shall not commence until January 1, 2018, and termination of the operation of the Zone shall occur on December 31, 2047, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full.

Section 5. Tax Increment Base

The Tax Increment Base of any taxing unit participating in the Zone through property tax increments is the total appraised value of all real property taxable by such taxing unit and located in the Zone as of January 1, 2016, the year in which the Zone was designated a reinvestment zone (the "Tax Increment Base").

Section 6. Tax Increment Fund

There is hereby created and established a Tax Increment Fund for the Zone which may be divided into subaccounts as authorized by subsequent ordinances. All Tax Increments (as defined by Chapter 311 of the Texas Tax Code) received by the City or Zone plus other revenues identified in the project plan and the reinvestment zone financing plan to be approved by the Zone and the City shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for funds of Texas cities. All revenues from the sale of any tax increment bonds, notes or other obligations hereafter issued for the benefit of the Zone by the City, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the Zone shall be deposited into the Tax Increment Fund. Prior to the termination of the Zone, money shall be disbursed from the Tax Increment Fund only to pay project costs, as defined by the Texas Tax Code, for the Zone, to satisfy the claims of holders of tax increments bonds or notes issued for the Zone, or to pay obligations incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan and achieve their purpose pursuant to Section 311.010(b) of the Texas Tax Code.

Section 7. Severability

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application

of same to any person to set circumstances, is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance or their application to other persons or set of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or regulations connected herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any portion hereof, and all provisions of this Ordinance are declared severable for that purpose.

Section 8. Open Meetings

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding its meeting, as required by the Open Meetings Law, Texas Government Code, Ch. 551, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

PASSED on first reading the 26 day of July, 2016.

PASSED on second reading the _____ day of _____, 2016.

PASSED AND ADOPTED on the _____ day of _____, 2016.

PAT HALLISEY,
Mayor

ATTEST:

DIANA M. STAPP,
City Secretary

APPROVED AS TO FORM:

NGHIEM V. DOAN,
City Attorney