CITY OF RICHLAND HILLS ORDINANCE NO.

AN ORDINANCE OF THE CITY OF RICHLAND HILLS, TEXAS DESIGNATING A CERTAIN CONTIGUOUS GEOGRAPHIC AREA IN THE CITY OF RICHLAND HILLS AS "TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF RICHLAND HILLS, TEXAS"; CREATING A BOARD OF DIRECTORS FOR THE ZONE; PROVIDING THE EFFECTIVE AND TERMINATION DATES FOR THE ZONE; PROVIDING OTHER MATTERS RELATED TO THE ZONE; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATION; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION AS REQUIRED BY LAW; AND PROVIDING AN EFFECTIVE DATE.

Whereas, the City Council desires to promote the development of land in that certain contiguous geographic area in the City which is more specifically described in Exhibit A of this Ordinance (the "Zone") through the creation of a new reinvestment zone as authorized by and in accordance with the Tax Increment Financing Act, codified at Chapter 311 of the Texas Tax Code (the "Code"); and

Whereas, on or about November 10, 2008 the City provided written notice to the governing body of each taxing unit that levies real property taxes in the proposed Zone of (i) the City's intent to establish the Zone, (ii) a description of the boundaries of the Zone, (iii) the City's tentative plans for development of the Zone, and (iv) and estimate of the general impact of the Zone on property values and tax revenues; and

Whereas, in accordance with the requirement imposed by Section 311.003(e) of the Code, the City provided such written notice more than sixty (60) days prior to the date of the public hearing conducted pursuant to Section 311.003(c) of the Code; and

Whereas, the City has prepared preliminary project and financing plans for the proposed Zone and provided a copy of those plans to the governing body of each taxing unit that levies taxes on real property in the Zone, as required by Section 311.003(b) of the Code (the "Preliminary Plans"); and

Whereas, in accordance with Section 311.003(f) of the Code, on December 9, 2008, the City made a single formal presentation to the governing body of the county that levies real property taxes in the proposed Zone, i.e. Tarrant County; and

Whereas, such presentation, among other things, included (i) a description of the proposed boundaries of the Zone, (ii) the City's tentative plans for the development of the Zone, and (iii) an estimate on the general impact of the Zone on property values and tax revenues; and

Whereas, the governing body of the only school district that levies real property taxes in the proposed Zone, i.e. the Birdville Independent School District, waived the requirement, in writing, to receive such a presentation; and

Whereas, on January 13, 2009, the City Council held a public hearing regarding the creation of the Zone and its benefits to the City and to property in the Zone and afforded a reasonable opportunity for (i) all interested persons to speak for or against the creation of the Zone, its boundaries or the concept of tax increment financing and (ii) owners of real property in the proposed Zone to protest inclusion of their property in the Zone, as required by Sections 311.003(c) and (d) of the Code, and

Whereas, notice of the public hearing was published in a newspaper of general circulation in the City on December 23, 2008, which satisfies the requirement of Section 311.003(c) of the Code that publication of the notice occur not later than the seventh day before the date of the public hearing; and

Whereas, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone, and zero (0) opponents of the reinvestment zone appeared to contest creation of the reinvestment zone; and

Whereas, the City Council finds that development within the area of the proposed zone would not occur in the foreseeable future solely through private investment;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS:

Section 1.
FINDINGS

After reviewing all information before it regarding the establishment of the Zone and after conducting a public hearing regarding the creation of the Zone and its benefits to the City and to property in the Zone and affording a reasonable opportunity for (i) all interested persons to speak for or against the creation of the Zone, its boundaries or the concept of tax increment financing and (ii) owners of real property in the proposed Zone to protest inclusion of their property in the Zone, the City Council hereby makes the following findings of fact:

The statements and facts set forth in the recitals of the Ordinance are true and correct. Therefore, the City has met all the prerequisites established by the Code for creation of a reinvestment zone under the Code, including but not limited to all of the notice and procedural requirements established therein.

1.1 The statements and facts et forth in the recitals of the Ordinance are true and correct. Therefore, the City has met all the prerequisites established by the Code for creation of a

reinvestment zone under the Code, including but not limited to all of the notice and procedure requirements established therein.

1.2 The Zone consists of approximately 154 acres of land and the area within the Zone is contiguous.

1.3 A substantial number of existing properties within the Zone are deteriorated or deteriorating.

1.4 The Zone lacks essential infrastructure to sustain viable new development, including, but not limited to, water, sewer, drainage, roads, and sidewalks.

1.5 Based on the facts set forth facts set forth in Sections 1.3 and 1.4 hereof, as well as on all other information provided to and/or known by the City Council with respect to the area within the Zone and the area in the vicinity of the Zone, the City Council hereby finds that development of the Zone will not occur solely through private investment in the foreseeable future.

Taking all facts into consideration, the area within the Zone substantially impairs and arrests the sound growth of the City and constitutes an economic liability and a menace to the public health and safety because of (i) a substantial number of substandard, deteriorated and deteriorating structures, (ii) the predominance of inadequate sidewalk and street layouts; (iii) faulty lot layout in relation to size, adequacy, accessibility and usefulness; and (iv) the deterioration of site and other improvements. Therefore, the area within the Zone meets the criteria for designation of a reinvestment zone and satisfies the requirements of Section 311.005(a)(1) of the Code.

1.6 No more than ten percent (10%) of the property in the Zone is currently used for residential purposes, as specified by Section 311.006 of the Code.

1.7 According to the most recent appraisal roll of the City, the total appraised value of all taxable real property in the Zone does not exceed fifteen percent (15%) of the total appraised value of taxable real property in the City and in industrial districts created by the City, if any.

1.8 The Zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by any county or school district.

Section 2.
DESIGNATION OF NEW ZONE

The City Council hereby designates the Zone described in the boundary description and depicted in the map, both attached hereto as Exhibit A and made a part of this Ordinance for all purposes, as a reinvestment zone pursuant to and in accordance with the Code. The reinvestment zone shall be known as "Tax Increment Reinvestment Zone Number One, City of Richland Hills, Texas."

Section 3.
ZONE BOARD OF DIRECTORS

A board of directors for the Zone ("Board") is hereby created. The Board shall consist of 11 (eleven) members who shall serve for terms of two (2) years each. Of these eleven (11) members, each taxing unit other than the City that levies taxes on real property in the Zone may, but is not required to, appoint one (1) member to the Board. After each taxing entity other than the City either designates to the City either the name of the member that the taxing unit wishes to appoint, or waives the entitlement of the taxing unit wishes to appoint a member, or fails to appoint a member within forty-five (45) days of the effective date of this ordinance, the City Council shall appoint whatever number of members are necessary to fill the remaining positions on the Board. Such members may be members of the City Council.

The initial board of directors shall be appointed by resolution of the governing bodies of the City and the taxing units as provided herein within sixty (60) days of the effective date of this Ordinance. All members appointed to the board shall meet eligibility requirements as set forth in the Act.

The terms of the board members shall be for two years. The governing body of the City shall designate a member of the board to serve as chairman of the board of directors, and the board shall elect from its members a vice chairman and other officers as it sees fit.

The board of directors shall make recommendations to the City concerning the administration of the Zone. It shall prepare and adopt a project plan and a reinvestment zone financing plan for the Zone and must submit such plans to the City Council for its approval.

Section 4.
TERM OF ZONE

The Zone shall take effect immediately upon the adoption of the Ordinance and terminate on the earlier of the following: (1) December 31, 2029; (2) an earlier termination date designated by an ordinance adopted after the effective date of this Ordinance; or (3) the date on which all project costs, tax increment bonds and interest on those bonds have been paid or otherwise satisfied in full.

Section 5.
DETERMINATION OF TAX INCREMENT BASE

The tax increment base for the Zone, as defined by Section 311.012(c) of the Code, shall be the total appraised value of all real property in the Zone taxable by a taxing unit as of January 1, 2009, which is the year in which the Zone was designated as a reinvestment zone.

Section 6.
TAX INCREMENT FUND

The tax increment fund for the Zone (the "TIF Fund") is hereby established. The TIF Fund may be divided into additional accounts and sub-accounts authorized by resolution or ordinance of the City Council. The TIF Fund shall consist of the following: (1) the percentage of the tax increment, as defined by Section 311.012(a) of the Code, that each taxing entity which levies real property taxes in the Zone, other than the City, has elected to dedicate to the TIF Fund pursuant to an agreement with the City authorized by Section 311.013(f) of the Code, plus (2) the City's contribution of one hundred percent (100%) of the City's tax increment, as defined by Section 311.012(a) of the Code, subject to any binding agreement executed at any time by the City that pledges an amount of legally available funds whose calculation is based, in whole or in part, on payment to or receipt by the City of any portion of such increment, plus (iii) One-eighth ($1/8^{th}$) of one percent (1%) of the City's sales tax increment, as defined by Section 311.0123(b) . The TIF Fund shall be maintained in an account at the depository bank of the City and shall be secured in the manner prescribed by law for Texas cities. Revenues in the TIF Fund will be used solely in accordance with Section 311.014 of the Code.

Section 7.
TAX INCREMENT AGREEMENTS

Pursuant to Sections 311.008 and 311.013 of the Code, the City Manager and City Attorney are hereby authorized to execute and deliver, for and on behalf of the City, tax increment agreements with taxing units that levy real property taxes in the Zone.

Section 8.
PROVISIONS CUMULATIVE

This ordinance shall be cumulative of all provisions of ordinances and of the Code of Ordinances of the City of Richland Hills, Texas, as amended, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances and such Code, in which event the conflicting provisions of such ordinances and such Code are hereby repealed.

Section 9.
PROVISIONS SEVERABLE

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable, and if any phrase, clause sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

Section 10.
RIGHTS AND REMEDIES SAVED

All rights and remedies of the City are expressly saved as to any and all violations of the provisions of the City Code amended or revised herein, or any other ordinances affecting the matters regulated herein which have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

Section 11.
IMMEDIATE EFFECT

That this Ordinance shall take effect and be in full force and effect from and after its adoption.

PASSED AND APPROVED ON THIS _____ DAY OF _____, 2009.

_____
THE HONORABLE DAVID L. RAGAN, MAYOR

ATTEST:

_____
LINDA CANTU, CITY SECRETARY

EFFECTIVE DATE: _____

APPROVED AS TO FORM AND LEGALITY:

_____
TIM G. SRALLA, CITY ATTORNEY