



## **RESOLUTION NO. 2017-044**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, AUTHORIZING THE DEDICATION OF TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER THREE, CITY OF FARMERS BRANCH REVENUE TOWARD THE REDUCTION OF THE MERCER CROSSING PUBLIC IMPROVEMENT DISTRICT ANNUAL ASSESSMENTS; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City and CADG Mercer Crossing Holdings, LLC, a Texas limited liability company (the “Developer”) intend to or have entered into that certain Master Development Agreement (the “Development Agreement”) for the construction of certain public improvements and private improvements within the Mercer Crossing Development within the City; and

**WHEREAS**, on February 14, 2017, the City Council adopted Resolution No. 2017-028 authorizing the creation of the Mercer Crossing Public Improvement District (the “District”) covering approximately 397.57 acres of land described by metes and bounds in said Resolution (the “District Property”), such land being within the Mercer Crossing Development; and

**WHEREAS**, the purpose of the District is to finance public improvements (the “Public Improvements”) as provided by Chapter 372, TEXAS LOCAL GOVERNMENT CODE, as amended (the “PID Act”), that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

**WHEREAS**, on March 7, 2017, the City Council adopted Ordinance No. 3432 (the “Assessment Ordinance”) which, among other things, approved the Mercer Crossing Public Improvement District Service and Assessment Plan and Assessment Roll (the “SAP”) which identified the amount of the assessments on the District Property, and established the dates upon which interest on assessments will begin to accrue and collection of assessments will begin; and

**WHEREAS**, in addition to approving the SAP, the Assessment Ordinance levied assessments against certain parcels within the District Property (the “Assessed Property”) for the Public Improvements in accordance with the SAP; and

**WHEREAS**, on November 1, 2016, the City adopted Ordinance No. 3400 (the “Zone Ordinance”), creating Tax Increment Financing Reinvestment Zone Number Three, City of Farmers Branch (the “Zone”) for the purpose of paying the costs of the Public Improvements; and

**WHEREAS**, in addition to creating the Zone, the Zone Ordinance approved a Preliminary Reinvestment Zone Project Plan and Finance Plan for the Zone (the “Preliminary Plan”) which identified the amount of tax increment (the “Tax Increment” as set forth in the Zone Ordinance and the Plan) to be collected by the Zone and dedicated to the payment of the Public Improvements; and

**WHEREAS**, on February 21, 2017, the City adopted ordinance No. 3431 approving the Final Reinvestment Zone Project Plan for the Zone (the “Plan”) which identified the amount of tax increment (the “Tax Increment” as set forth in the Zone Ordinance and the Plan) to be collected by the Zone and dedicated to the payment of the Public Improvements; and

**WHEREAS**, pursuant to the Zone Ordinance the Tax Increment collected each year shall be deposited into the Tax Increment Fund (as defined in the Zone Ordinance) and a portion of the Tax Increment in an aggregate amount not to exceed \$57,762,742 (including interest), over the life of the Zone, shall be transferred annually to an assessment fund created pursuant to Chapter 372, TEXAS LOCAL GOVERNMENT CODE (the “Assessment Fund”), such fund to be segregated from all other Funds of the City; and

**WHEREAS**, the City shall reduce each year the Annual Installments of the Assessments in an amount equal to the tax increment revenues dedicated to the Public Improvements in the Plan and transferred to the Assessment Fund each year (the “Zone Revenues”); and

**WHEREAS**, the City shall use Zone Revenues to offset the Assessment applicable to each Parcel (the “Zone Annual Credit Amount”); and

**WHEREAS**, the Annual Installment due for each Parcel shall be calculated by taking into consideration any Zone Annual Credit Amount applicable to the Parcel then on deposit in the Assessment Fund; and

**WHEREAS**, the SAP established \$43,247,845.00 plus interest at the rate set forth in the SAP, as the cost of the Public Improvements to be assessed against the Assessed Property (the “Public Improvements Costs”); and

**WHEREAS**, the SAP allocated the Public Improvements Costs to the Assessed Property, and the SAP contemplated the allocation of the Public Improvements Costs proportionally based on the Equivalent Units calculated for each Land Use Class anticipated to be built on each Parcel once the District Property is developed; and

**WHEREAS**, assessments against the Assessed Property (the “Assessments”) are reflected in the SAP as approved by the City Council and updated annually; and

**WHEREAS**, the SAP and the Assessment Ordinance provide, in part, that an Assessment or Assessments may be paid in full, and if an assessment is not paid in full, it shall be due and payable in Annual Installments plus interest for a period of 30 years or until the Assessment is paid in full; and

**WHEREAS**, all revenue received and collected by the City from the collection of the Assessments and Annual Installments (excluding Delinquent Collection Costs, and Administrative Expenses) (the “Assessment Revenue”) shall be deposited as required by the PID Act into the Assessment Fund; and

**WHEREAS**, the Assessment Revenue and Zone Revenues deposited into the Assessment Fund shall be used to reimburse Developer for Public Improvements Costs in an amount not to exceed \$43,247,845.00, plus interest at the rate set forth in the SAP; and

**WHEREAS**, the obligations of the City to use the Zone Revenues herewith is authorized by the Zone Act; and

**WHEREAS**, the obligations of the City to use the Assessments hereunder is authorized by the PID Act;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:**

**SECTION 1.** The City Council finds that the recitals to this Resolution are true and correct.

**SECTION 2.** The Tax Increment Financing Reinvestment Zone Number Three, City of Farmers Branch Tax Increment, as shown on Exhibit “A”, shall be dedicated towards the reduction of the Mercer Crossing Public Improvement District Annual Assessments. The City shall cause such Tax Increment to be deposited into the Assessment Fund on or before August 15 of each calendar year during the term of the Zone.

**SECTION 3.** All provisions of the resolutions in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this Resolution shall remain in full force and effect.

**SECTION 4.** Should any sentence, paragraph, subdivision, clause, phrase or section of this Resolution be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Resolution as a whole, or any part or provision thereof other than the part so decided to be invalid, illegal or unconstitutional.

**SECTION 5.** This Resolution shall become effective immediately upon final passage.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THIS 14<sup>th</sup> DAY OF MARCH, 2017.**

**ATTEST:**

**APPROVED:**

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Amy Piukana, City Secretary

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Bob Phelps, Mayor

**APPROVED AS TO FORM:**

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Peter G. Smith, City Attorney  
(PGS:3-2-17:TM 84226)

**EXHIBIT “A”**  
**Tax Increment Dedicated to the Reduction of the Annual Installments**

Tax Increment means one percent (1%) of the total amount of real property taxes by the City for the year on the Captured Appraised Value of real property taxable by the City and located in the Zone for tax years 2017 and 2018 and forty percent (40%) of the total amount of real property taxes by the City for the year on the Captured Appraised Value of real property taxable by the City and located in the Zone for tax years 2019 through and including tax year 2052.

Captured Appraised Value means the total taxable value of all real property taxable by the City and located in the Zone for the year, less the Tax Increment Base of the City.

Tax Increment Base means the total appraised value of all real property taxable by the City for the year in which Zone was designated (2016).

Tax Increment does not include any Rollback Taxes or associated penalties and interest

Maximum amount of Tax Increment dedicated to the reduction of the Annual Installments for the Mercer Crossing Public Improvement District is \$57,762,742.00 (“the Maximum Amount”).

Dedication of Tax Increment to the reduction of the Annual Installments for the Mercer Crossing Public Improvement District terminates the earlier of: (i) termination of expiration of the Zone; (ii) payment of the Maximum Amount; and (iv) termination or expiration of the Development Agreement and the related Reimbursement Agreement.