ORDINANCE NO. 08182026-2

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MERKEL, TEXAS, DESIGNATING A CONTIGUOUS GEOGRAPHIC AREA WITHIN THE CITY LIMITS AND EXTRATERRITORIAL JURISDICTION OF THE CITY AS "REINVESTMENT ZONE NUMBER ONE, CITY OF MERKEL, TEXAS"; CREATING A BOARD OF DIRECTORS FOR THE ZONE; PROVIDING THE EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE; ESTABLISHING A TAX INCREMENT FUND FOR THE ZONE; DETERMINING THE PORTION OF THE CITY'S TAX INCREMENT TO BE DEPOSITED TO THE FUND; MAKING FINDINGS REQUIRED BY CHAPTER 311, TEXAS TAX CODE; AUTHORIZING AN ECONOMIC DEVELOPMENT PROGRAM WITHIN THE ZONE; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the City of Merkel, Texas (the "City"), is a general-law municipality of the State of Texas, and the City Council of the City (the "City Council") is authorized by Chapter 311, Texas Tax Code, as amended (the "Act"), to designate by ordinance a contiguous geographic area within the corporate limits of the City, within the extraterritorial jurisdiction of the City, or in both, as a reinvestment zone to promote development or redevelopment of the area; and

WHEREAS, in accordance with Section 311.003(b) of the Act, the City caused to be prepared a preliminary reinvestment zone financing plan, dated July 2026 and entitled "Reinvestment Zone Number One — Preliminary Project Plan and Reinvestment Zone Financing Plan" (the "Preliminary Plan"), a copy of which is on file with the City Secretary; and

WHEREAS, on August 7, 2026, notice of a public hearing on the creation of the proposed zone and its benefits to the City and to property in the proposed zone was published in Abilene Reporter News, a newspaper having general circulation in the City, such publication occurring not later than the seventh day before the date of the hearing, as required by Section 311.003(c) of the Act; and

WHEREAS, on August 18, 2026, the City Council held such public hearing, at which interested persons were afforded the opportunity to speak for or against the creation of the zone, its boundaries, and the concept of tax increment financing, and at which owners of real property in the proposed zone were afforded a reasonable opportunity to protest the inclusion of their property, as required by Sections 311.003(c) and (d) of the Act; and

WHEREAS, the proposed zone consists of approximately 127.441 acres comprising eight parcels described in Exhibit "A" (boundary map) and Exhibit "B" (parcel schedule), attached hereto and incorporated herein, six of which lie within the corporate limits of the City and two of which lie within the extraterritorial jurisdiction of the City, and Section 311.003(a) of the Act provides that designation of an area wholly or partly located in the extraterritorial jurisdiction of a municipality is not affected by a subsequent annexation of real property in the reinvestment zone; and

WHEREAS, the area within the proposed zone is predominantly open and undeveloped land carrying agricultural (productivity) valuation, with a total taxable value of $43,860 across 127.441 acres according to the 2026 certified appraisal roll of the Taylor County Appraisal District, and, because of the absence of platting, the absence of utility infrastructure, and other factors, the condition of the area substantially impairs and arrests the sound growth of the City within the meaning of Section 311.005(a)(2) of the Act; and

WHEREAS, no substantial investment in new residential housing has occurred in the City in more than thirty years, the median dwelling in the City was constructed in 1963, and the City's population has remained essentially static for decades notwithstanding growth in the surrounding metropolitan area, further evidencing the impairment and arrest of the City's sound growth; and

WHEREAS, the City Council finds, on the basis of the Preliminary Plan and the evidence presented at the public hearing, that development or redevelopment of the area described in Exhibits "A" and "B" would not occur solely through private investment in the reasonably foreseeable future, as required by Section 311.003(a) of the Act; and

WHEREAS, not more than thirty percent of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes, and the total appraised value of taxable real property in the proposed zone, together with the total appraised value of taxable real property in all existing reinvestment zones of the City, does not exceed fifty percent of the total appraised value of the taxable real property in the City and in the industrial districts created by the City, so that the composition restrictions of Section 311.006 of the Act are satisfied; and

WHEREAS, the owner of real property constituting more than fifty percent of the appraised value of the property in the proposed zone affirmatively supports the designation of the zone, although the City Council designates the zone pursuant to Section 311.005(a)(2) of the Act and not pursuant to a petition under Section 311.005(a)(4); NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MERKEL, TEXAS:

SECTION 1. <u>FINDINGS.</u>

The facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are incorporated into the body of this Ordinance as findings of the City Council.

The City Council further finds and declares that: (a) improvements in the Zone (as defined below) will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City; (b) the area within the Zone meets the requirements of Section 311.005(a)(2) of the Act, in that the area is predominantly open and undeveloped and, because of obsolete platting, deterioration of site improvements, and other factors, including the absence of subdivision platting and utility infrastructure, substantially impairs and arrests the sound growth of the City; and (c) development or redevelopment of the area will not occur solely through private investment in the reasonably foreseeable future. Pursuant to Section 311.004(b) of the Act, this Ordinance is not required to identify the specific parcels of real property to be enhanced in value.

SECTION 2. <u>DESIGNATION OF THE ZONE; NAME.</u>

The City Council hereby designates the contiguous geographic area described and depicted in Exhibit "A" (boundary map) and Exhibit "B" (parcel schedule), attached hereto and incorporated herein for all purposes, as a reinvestment zone pursuant to the Act, such designation describing the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included therein. As required by Section 311.004(a)(5) of the Act, the zone is hereby assigned the name "**Reinvestment Zone Number One, City of Merkel, Texas**" (the "Zone").

SECTION 3. <u>EFFECTIVE DATE AND TERMINATION DATE OF THE ZONE.</u>

The Zone shall take effect immediately upon the passage of this Ordinance. The Zone shall terminate on the earlier of (a) December 31, 2060, or an earlier or later termination date designated by a subsequent ordinance adopted pursuant to Section 311.007(c) of the Act, or (b) the date on which all project costs, all tax increment bonds and notes and the interest thereon, and all other obligations of or incurred for the Zone have been paid in full, as provided by Section 311.017(a) of the Act.

SECTION 4. <u>BOARD OF DIRECTORS.</u>

There is hereby created a board of directors for the Zone (the "Board"), which shall consist of six (6) directors, unless additional directors are appointed pursuant to this Section. The City Council hereby appoints the Mayor and each member of the City Council, ex officio, as the City's directors of the Board. The project developer may be appointed in place of a Council Member. Each taxing unit other than the City that levies taxes on real property in the Zone and that approves the payment of all or part of its tax increment into the Tax Increment Fund (as defined below) may appoint one director to the Board, as provided by Section 311.009(a) of the Act, and upon any such appointment the size of the Board shall increase accordingly.

Directors shall be appointed for terms of two years, and terms may be staggered as determined by the City Council. Each year the City Council shall designate one director to serve as chair of the Board for a term of one year beginning on January 1 of the following year, and the Board may elect a vice-chair and such other officers as it considers appropriate, all as provided by Section 311.009 of the Act. Each director appointed by the City Council shall meet the eligibility requirements of Section 311.009(e) of the Act.

SECTION 5. TAX INCREMENT FUND.

There is hereby established a tax increment fund for the Zone (the "Tax Increment Fund"), which shall be maintained by the City as a separate fund into which shall be deposited all tax increments and other revenues of the Zone as required by Sections 311.013 and 311.014 of the Act. Money in the Tax Increment Fund may be disbursed only as permitted by Section 311.014(b) of the Act.

SECTION 6. CITY PARTICIPATION; DETERMINATION OF TAX INCREMENT.

Pursuant to Section 311.013(l) of the Act, the City Council hereby determines that the portion of the tax increment produced by the City that the City is required to pay into the Tax Increment Fund shall be twenty-five percent (25%) of the tax increment attributable to the City's maintenance-and-operations levy on the captured appraised value of real property in the Zone. The City's interest-and-sinking (debt service) levy is excluded, and no municipal sales and use tax increment is dedicated to the Zone. The tax increment base of each taxing unit shall be determined as provided by Section 311.012(c) of the Act, based on the total taxable value of all real property in the Zone on the 2026 certified appraisal roll.

Participation by any taxing unit other than the City, including Taylor County, is voluntary and shall be governed by an agreement executed pursuant to Section 311.013(f) of the Act specifying the portion of the taxing unit's tax increment to be paid into the Tax Increment Fund and the years for which it is to be paid.

SECTION 7. PRELIMINARY PLAN; FINAL PROJECT PLAN AND FINANCING PLAN.

The City Council hereby accepts the Preliminary Plan as the preliminary reinvestment zone financing plan for the Zone required by Section 311.003(b) of the Act. The Board is directed to prepare and adopt, and to submit to the City Council for approval by ordinance, a final project plan and reinvestment zone financing plan for the Zone consistent with the Preliminary Plan and conforming to Section 311.011 of the Act.

SECTION 8. ECONOMIC DEVELOPMENT PROGRAM.

The City Council hereby expresses its intent that, as necessary or convenient to implement the project plan and reinvestment zone financing plan for the Zone and to achieve their purposes, the Board establish and administer a program pursuant to Section 311.010(h) of the Act for the public purposes of developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing and expanding business and commercial activity in the Zone, including a program to make grants from the Tax Increment Fund in support of residential lot development within the Zone in an aggregate amount not to exceed the amount of the tax increment produced by the City and paid into the Tax Increment Fund. The approval required by Section 311.010(h) of the Act shall be granted in the ordinance of the City Council approving the Final Project Plan and Reinvestment Zone Financing Plan for the Zone, and upon such approval the Board shall have all powers provided by Section 311.010(h) of the Act, including the powers of a municipality under Chapter 380, Texas Local Government Code, with respect to such program.

SECTION 9. ANNEXATION.

It is the intent of the City and the property owner that the two parcels in the Zone lying within the extraterritorial jurisdiction of the City be annexed into the corporate limits of the City in accordance with applicable law. Pursuant to Section 311.003(a) of the Act, the designation of the Zone is not affected by any subsequent annexation of real property in the Zone.

SECTION 10. SEVERABILITY.

If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of the same to any person or set of circumstances, is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not be affected thereby.

SECTION 11. OPEN MEETINGS.

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and that public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SECTION 12. EFFECTIVE DATE.

This Ordinance shall take effect immediately upon its passage and approval, and the Zone shall take effect as provided in Section 3 hereof.

PASSED AND APPROVED this the 18th day of August, 2026.

Ray Cobb, Mayor

ATTEST:

Evelyn Morse

Evelyn Morse, City Secretary

Exhibit "A" — Zone Boundary Map (attached)
Exhibit "B" — Parcel Schedule and Base Values, Taylor CAD Tax Year 2026 (attached)

Exhibit A

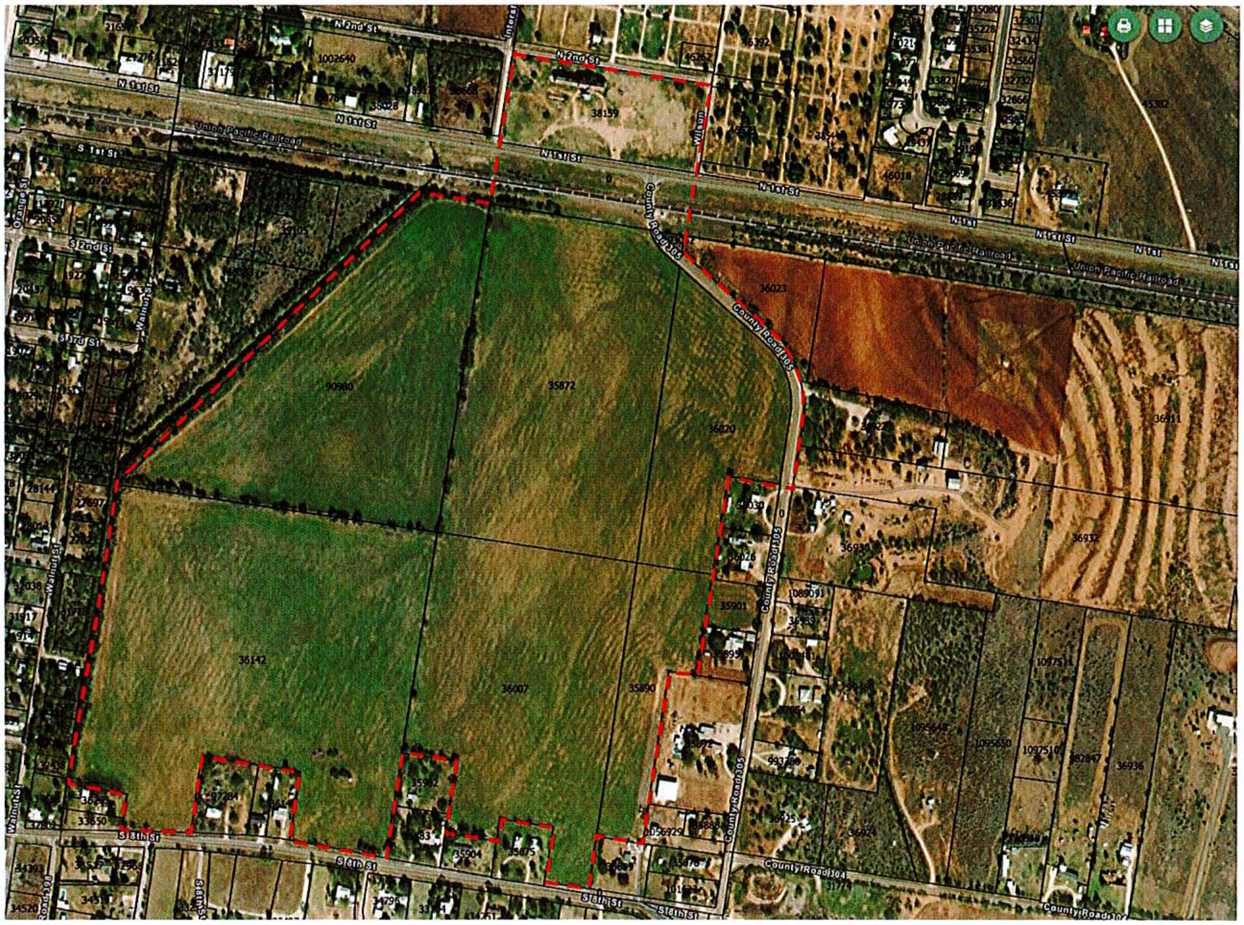

Exhibit B

CITY OF MERKEL, TEXAS
TIRZ No. 1 — Feasibility Analysis
Base Values

Original Property ID's in the Zone		
Parcel ID		**2026 Value**
36142	$	5,957
90980	$	3,840
35872	$	3,415
36020	$	1,405
35890	$	1,102
36007	$	2,217
38159	$	25,911
Total 2026 Base Value	**$**	**43,847**