

ORDINANCE NO. 23-15

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LYTLE, TEXAS ADOPTING A TAX ABATEMENT POLICY OF GUIDELINES AND CRITERIA FOR GOVERNING TAX ABATEMENT INCENTIVES PURSUANT TO CHAPTER 312 OF THE TEXAS TAX CODE WITHIN THE CITY LIMITS OF LYTLE AND ITS EXTRATERRITORIAL JURISDICTION; PROVIDING FOR A SEVERABILITY CLAUSE; REPEALING ORDINANCE IN CONFLICT; AND SETTING AN EFFECTIVE DATE.

WHEREAS, the City of Lytle, Texas ("City") wishes to support promotion of economic development programs within its jurisdictional limits; and

WHEREAS, the Texas Legislature has passed and approved the Property Redevelopment and Tax Abatement Act, codified in the Texas Tax Code as Chapter 312, as amended (hereinafter referred to as the "Act"); and

WHEREAS, pursuant to Section 312.002(a) of the Act, a taxing unit may not enter into a tax abatement agreement under the Act or designate an area as a reinvestment zone unless it has elected to become eligible to participate in tax abatement, and has established guidelines and criteria governing tax abatement agreements by the taxing unit; and

WHEREAS, the City Council of the City of Lytle desires to include in its Economic Development Incentives Program provisions for granting tax abatements according to Chapter 312 of the Texas Tax Code; and

WHEREAS, these guidelines and criteria will govern tax abatements in Lytle, Texas and the abatements are designed to benefit the City by encouraging and supporting economic investment and job growth and shall apply to both new facilities and the expansion of or modernizing present facilities in the City; and

WHEREAS, these guidelines shall not be construed as implying or suggesting that the City of Lytle is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYTLE, TEXAS THAT:

Section 1. The City Council of the City of Lytle, Texas hereby publicly elects to participate in tax abatement and adopts the "City of Lytle, Texas Tax Abatement Policy, Guidelines and Criteria," attached hereto as *Exhibit A*, which is incorporated herein for all purposes, for granting tax abatements within the City of Lytle, Texas and its extraterritorial jurisdiction and as authorized and contemplated under Chapter 312 of the Texas Tax Code.

Section 2. Incorporation of Recitals. The City hereby finds that the statements set forth in the recitals of this ordinance are true and correct, and the City hereby incorporates such recitals as findings of fact.

Section 3. Severability Clause. If any provision of this ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this ordinance would have been enacted without such invalid provision.

Section 4. Repealing Ordinances in Conflict and Savings Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict with all remaining portions not conflicting being saved from repeal herein.

Section 5. Code of Ordinances. It is the intention of the City Council of the City of Lytle that this ordinance become a part of the Code of Ordinances of the City of Lytle and may be renumbered and codified therein accordingly.

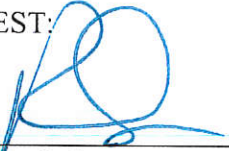
Section 6. Effective Date. This ordinance shall become effective immediately following adoption by the City Council of the City of Lytle.

PASSED, APPROVED and ADOPTED this 11th day of December, 2023.



Ruben Gonzalez
Mayor

ATTEST:



Rosario Quintero
Assistant City Secretary



Exhibit A

City of Lytle, Texas
Tax Abatement Policy,
Guidelines and Criteria

PROGRAM GOALS:

The City of Lytle is committed to the promotion and development of new business and seeks to offer programs that will attract investment into the City thereby improving the quality of life for its citizens. In an effort to enhance the City's tax base and expand the local economy, the City will consider granting tax abatements of real property and personal property for certain new construction and building renovations located within a designated reinvestment zone or along the Interstate 35 business development corridor.

Section 1. DEFINITIONS.

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of eligible properties in a reinvestment zone designated as such for economic development purposes in accordance with Chapter 312 of the Texas Tax Code.
- (b) "Eligible Jurisdiction" means the City of Lytle, Atascosa County, Texas and any other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in the City of Lytle that levies ad valorem taxes and provides services to a reinvestment zone designated by the City Council.
- (c) "Abatement Agreement" or "Agreement" means a contractual agreement between a property owner and/or lessee and the City of Lytle for the purpose of providing a tax abatement.
- (d) "Base Year Value" means the assessed value of eligible property in a designated reinvestment zone on January 1 preceding the execution of an abatement Agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the Agreement.
- (e) "Deferred Maintenance" means the improvements necessary for continued operations, which do not improve productivity or alter the process technology.
- (f) "Distribution Center Facility" means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points located at least fifty (50) miles from its location in the City of Lytle.
- (g) "Company" means the party receiving the benefit of the abatement of ad valorem property taxes levied by the City pursuant to an Abatement Agreement for which this ordinance shall govern and may include a corporation, limited liability company, partnership, limited partnership, sole proprietorship, joint venture, natural person(s) or any other form of business association that may be formed or is recognized by the State of Texas.
- (h) "Employment Positions" means new full-time equivalent employment positions of at least 2,000 hours per employee in the City with the Company at the Premises averaged over a (12) month period, with such hours also to include any vacation and sick leave, with a specified average annual gross compensation (excluding benefits) and for which medical benefits must be provided.

- (i) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (j) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (k) "Hospital" as defined in Texas Health & Safety Code Section 241.003 with 50 or more beds.
- (l) "Improvements" means Fixed Improvements which shall be limited to real property and/or leasehold improvements.
- (m) "Funding Conditions" means capital Improvements and job creation conditions outlined in the Agreement. The capital improvements conditions shall specifically set forth value of the Improvements which must be made by the Improvement Completion Date. The job creation conditions shall specifically set forth the number and quality of Employment Positions.
- (n) "Hotel and Convention Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is to provide a destination conference facility with 100 or more hotel rooms and more than 15,000 square feet of contiguous conference space. This shall also include facilities with 15,000 square feet or more of contiguous conference space without the requirement of a related hotel.
- (o) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (p) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of building, structures, fixed machinery or equipment. Modernization shall not be for the purpose of reconditioning, refurbishing or repairing including scheduled and periodic maintenance of real property or Tangible Personal Property.
- (q) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.
- (r) "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the City and result in the creation of new permanent jobs and create new wealth in the City.
- (s) "Productive life" means the number of years a property improvement is expected to be in service.
- (t) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least fifty (50) miles from its location in the City.

- (u) "Research Facility" means building and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (v) "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least fifty (50) miles from the facility's location in the City.
- (w) "Tangible Personal Property" means (i) personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, (ii) that is owned for its role in contributing directly to the business's ability to generate profit but does not include, furniture and fixtures such as laptop computers, desktop computers, printers, chairs, desks, decorations, reprographics devices, machinery and equipment, inventory, supplies and other similar appurtenances which may indirectly contribute to the business' ability to generate a profit. Tangible Personal Property also does not include: intangibles which shall include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value, and Tangible Personal Property that was located within the reinvestment zone prior to execution of the Agreement with the City or located in the reinvestment zone subsequent to the execution of the Agreement with the City but not specifically identified in the Agreement.
- (x) "Urgent Care Facility" means buildings and structures dedicated to the delivery of unscheduled, walk-in diagnosis and treatment of acute, but non-life-threatening injuries and illnesses, outside of a hospital emergency department or private physician's office.
- (y) "Commercial Facility" means buildings and structures for service related industries and certain retail establishments as deemed appropriate by the City Council where a minimum of twenty-five (25) new jobs and/or payroll exceeding five hundred thousand dollars (\$500,000) and investment of two million dollars (\$2,000,000) or more in new buildings will be made.
- (z) "Economic Development" means participation in or support of an organized program or entity which, for the purpose of its mission, engages in activities designed to encourage employment opportunities, development commercial and manufacturing business/industry to locate and/or expand in the City of Lytle, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of the City of Lytle.
- (aa) "Qualified Vendors and Services" means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to safety, financial condition, environmental record, quality or ability to perform.
- (bb) "The City of Lytle Vendor and Services" means a company that pays taxes to the City of Lytle and employs persons residing within the City.
- (cc) "Reinvestment Zone" means an area designated as such for the purpose of a tax abatement as authorized by the City in accordance with Chapter 312 of the Texas Tax Code.

Section 2. GENERAL CRITERIA.

- (a) Any present or potential owner of taxable property in the City of Lytle may request the creation of a reinvestment zone and/or a tax abatement by filling a written request with the City Administrator.
- (b) All applications must meet the following general criteria before being considered for tax abatement:
 - (1) The project expands the local tax base.
 - (2) The project creates permanent full-time employment opportunities.
 - (3) The project would not otherwise be developed without an abatement.
 - (4) The project contributes to enhancing further economic development.
 - (5) The project has not been started and no construction by the applicant has commenced at the time the application is received or at the time that an Abatement Agreement is approved.
 - (6) The project must meet the following:
 - i. There would be no substantial adverse effect on the provision of government services or tax base;
 - ii. The applicant has sufficient financial capacity;
 - iii. Planned or potential use of the property would not create adverse impacts to adjacent properties;
 - iv. Complies with the laws of the United States, State of Texas, ordinances of the City of Lytle, Texas and orders of Atascosa County; and
 - v. The improvement project is not financed with tax increment bonds.
- (c) Economic Qualification. In order to be eligible for designation as a reinvestment zone or to qualify for tax abatement, the planned improvement:
 - (1) Must be reasonably expected to increase the value of the property in the amount of \$500,000 or more if the planned improvements are for the improvement or expansion of facilities already located in the City, or a minimum of \$1,000,000 or more for new facilities located in the City; and
 - (2) Must create employment for at least:
 - i. Ten (10) additional people (meaning a net gain of ten [10] full time employees) on a full-time (forty [40] hours per week equivalent) basis in the City of Lytle for the duration of the abatement period if the planned improvements are for the expansion of facilities already located in the City; or
 - ii. Twenty (20) additional people (meaning a net gain of twenty [20] full time employees) on a full-time (forty [40] hours per week equivalent) basis in the City of Lytle for the duration of the abatement period if the planned improvements are for new facilities in the City.
 - (a) Must not be expected to solely or primarily have the effect of transferring employment from one part of the City to another part of the City; and

- (b) Must be necessary because capacity cannot be provided efficiently utilizing existing improved property.
- (c) City Council has ultimate discretion to waive any of the above qualifications if the total value exceeds \$50,000,000.

Section 3. ABATEMENT AUTHORIZED.

- (d) Authorized Facility. A facility may be eligible for abatement if it is a Hotel and/or Convention Facility, Manufacturing Facility, Research Facility, Distribution Center Facility, Regional Service Facility, Regional Entertainment Facility, approved Commercial Facility, Hospital, Urgent Care Facility, Other Basic Industry or any other new Facility that is located within a reinvestment zone established by the City, meets the minimum investment, and is approved by the City Council.
- (e) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an Abatement Agreement between the City and the property owner or lessee, subject to such limitations as the City Council may require.
- (f) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of Modernization or Expansion.
- (g) Eligible Abatement Property. An abatement for property located within a reinvestment zone of the City, may be extended to the value of buildings, structures, fixed machinery and equipment, inventories, site improvements, including office space and related fixed improvements necessary to the operation and administration of the facility.
- (h) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement: any forms of movable personal property (not including inventories); vehicles; vessels; single-family housing; deferred maintenance investments; and property owned or used by any political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas.
- (i) Owned/Leased Facilities. An abatement may be granted to the owner of a leasehold interest in taxable real property located in a reinvestment zone to exempt it from taxation all or a portion of the value of Improvements that meet the criteria of Eligible Property set forth above owned by the lessee and located on the property that is subject to the lease. If a leased facility is granted abatement, the tax abatement agreement must be executed with the lessor and the lessee. The Lessee shall be required to submit, with its abatement application, a copy of its executed lease agreement with the lessor demonstrating a minimum lease term of at least five (5) years. Under no circumstance will the term of the abatement be longer than the term of the lease. Publicly owned land leased to private entities shall be eligible if otherwise qualified.
- (j) Value and Term of Abatement. Subject to deferring the commencement of the abatement for a period of up to two (2) years during which a facility is under construction, an abatement shall be granted effective with the January 1 valuation date immediately following the date

of execution of the Agreement. Guidelines for abatements granted are as follows:

Investment	Application Fee	Abatement Term	Maximum Abatement
\$1,000,000 - \$2,000,000	\$1,500	1	80%
		2	50%
		3-4	25%
\$2,000,001 - \$4,000,000	\$2,000	1-2	90%
		3	60%
		4	50%
		5	25%
\$4,000,001 - \$10,000,000	\$3,000	1-2	100%
		3-4	75%
		5-6	50%
		7	25% or as negotiated
\$10,000,001 and up	\$4,000	up to 10 years	Negotiable

- (h) Notwithstanding any other provision of the guidelines and criteria outlined in this policy, the City of Lytle shall have the authority to negotiate with an applicant regarding the terms, length of years, and percentage of an abatement provided to a Property Owner or Lessee in an Agreement.
- (i) Variance. Requests for variance from the provisions of Section 2 must be made in writing to the City Administrator of the City, or their designee, provided, however, the total duration of abatement shall in no instance exceed ten (10) years. The applicant shall include in the variance request a complete description of the circumstances the applicant believes supports the requested variance. Approval of a request for variance requires a vote of three-fourths of the members of the City Council.
- (k) Taxability. From the execution of the Abatement Agreement until its termination, taxes shall be payable as follows:
- (1) The value of ineligible property, as provided herein shall be fully taxable;
 - (2) The Base Year Value of existing eligible property as determined each year shall be fully taxable; and
 - (3) Only the additional value of new, eligible property as specifically identified within the Abatement Agreement shall be subject to abatement under the Abatement Agreement.

Section 5. APPLICATION.

- (a) Any present or potential owner of taxable property in the City of Lytle may request a tax abatement and/or creation of a reinvestment zone by submitting a written request to the City of Lytle. A facility is eligible for the abatements or incentives if it has submitted an application to the City before construction begins.
- (b) The application shall consist of a completed application, provided by the City Administrator and shall be accompanied by: a general description of the proposed use and general nature and extent of the Modernization, Expansion or new improvements which will be a part of the facility; a map and property description; and a time schedule for undertaking and completing the planned improvements. In the case of Modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as the City deems appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) The written application must be accompanied by the required application fee to assist the City in covering its legal costs in preparing the necessary abatement documents.
- (d) Upon receipt of a written request for creation of a reinvestment zone or an application for an abatement, the City Administrator, or his or her designee, together with the City's Economic Development Consultant, shall consider the feasibility and the impact of the proposed tax abatement. The review of feasibility shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes, the benefit to the eligible jurisdictions, and the property to be covered by such an abatement. After completion of the feasibility review, such application may be presented to and considered by the City Council. If accepted, the business or facility receiving the abatements or incentive will be required to provide a sworn statement and documents, verifying compliance each year. Failure to do so will result in termination of the Abatement Agreement.
- (e) The City Council shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of Improvements related to a proposed Modernization, Expansion, or new Premises.

Section 6. PUBLIC HEARING.

- (a) Should any party be able to show cause in the public hearing why the granting of a tax abatement will have a substantial adverse effect on the City, that showing shall be reason for the City Council to deny designation of the reinvestment zone, the granting of Abatement, or both.
- (b) Neither a reinvestment zone nor Abatement Agreement shall be authorized if it is determined that:
 - (1) There would be a substantial adverse effect on the provision of government service or tax base;
 - (2) The applicant has insufficient financial capacity to fulfill all of the terms and

obligations of an Abatement Agreement; or

- (3) Planned or potential use of the property would, in the sole discretion of City Council, constitute a hazard to public safety, health, morals, and/or violation of other applicable codes or laws.
- (c) In order for the reinvestment zone to be created, the City must make the following findings:
- (1) find that the Improvements sought are feasible and would be of benefit to the zone after expiration of the Agreement;
 - (2) that the zone is reasonably likely to contribute to the retention or Expansion of primary employment or to attract major investment in the City.

Section 7. AGREEMENT.

- (a) At least seven (7) days before the City Council enter into a tax abatement, the city secretary must deliver a written notice to the presiding officer of the governing body of each affected taxing unit in which the property subject to the proposed tax abatement agreement is located and as required by Texas Tax Code Sec. 312.2041. The city's notice must include a copy of the proposed Abatement Agreement.
- (b) After a public hearing in accordance with Chapter 312, the City Council of the City of Lytle shall approve the application and authorize the negotiation and execution of a mutually acceptable agreement with the owner of the property and/or lessee as required. The Abatement Agreement may include any of the optional provisions allowed in accordance with Chapter 312 of the Tax Code. Additionally, the Abatement Agreement must include:
- (1) list the kind, number, and location of all proposed improvements of the property;
 - (2) provide access to and authorize inspection of the property by City employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
 - (3) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
 - (4) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
 - (5) contain each term agreed to by the owner of the property;
 - (6) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and
 - (7) provide that the City Council may cancel or modify the agreement if the property owner

fails to comply with the agreement.

Section 6. RECAPTURE.

In the event an Abatement Agreement is approved by City Council, the Agreement shall include recapture provision substantially similar to the following:

- (a) If a Company fails to meet the capital improvements funding conditions of an Abatement Agreement by the agreed upon improvement completion date, the City may, at its discretion, terminate the Abatement Agreement and require the Company to immediately repay the entirety of any amounts abated under the Agreement plus interest at the rate of four percent (4%) plus prime, as published in the *Wall Street Journal*, per year, compounded annually from January 1 of the year following the execution of the Abatement Agreement to the date of repayment.
- (b) If after the end of a calendar year a Company fails to provide any annual compliance reports related to a funding condition, to the City of Lytle, required under the Abatement Agreement by the deadline for that year, the abatement for the year for which verification was not timely provided according to the terms of the Abatement Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to provide verification. If the Company does not make payment to the City during the thirty (30) day period this Abatement Agreement shall terminate.
- (c) If a Company fails to meet a funding condition required under the Abatement Agreement by the deadline for that year, the abatement for the year for which the funding condition was not met according to the terms of the Abatement Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to meet the Funding Condition. If the Company does not make payment to the City during the thirty (30) day period this Abatement Agreement shall terminate.
- (d) In the event a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes then the Abatement Agreement shall be in default. In the event that the Company defaults in this manner and has not cured such default within sixty (60) days of said default, the abatement may be modified or terminated by the City. If at its discretion, the City modifies or terminates an Abatement Agreement because a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes the City may, at its discretion require that the Company immediately repay the part or the entirety of any amounts abated under this Abatement Agreement plus interest, at the rate of four percent (4%) plus prime as published in the *Wall Street Journal*, per year, compounded annually from January 1st of the year following the execution of the Abatement Agreement to the date of repayment.
- (e) In the event a Company shall move the Employment Positions or Improvements outlined in an Abatement Agreement from the Premises during the term of the Agreement then all abatements of tax previously earned under the Abatement Agreement may be refundable to the City by the

Company and the Abatement Agreement may terminate at the discretion of the City. After notice, the Company shall have thirty (30) days to pay outstanding damages to the City for failure to meet any of the requirements in this Section. If the Company does not make payment to the City during the thirty (30) day period the Abatement Agreement may terminate at the discretion of the City

- (f) No party shall be required to perform any obligation under an Abatement Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.
- (g) Should the City determine that a Company is subject to any recapture provision according to the terms and conditions of its Abatement Agreement, the City Administrator or their designee need not provide any written notice to the Company of the fact that it is subject to a recapture provision. Any notice of recapture provided by the City may be made via electronic mail.
- (h) All taxes abated shall be deemed due and owing to the City at any point that the Company cannot pay its bills as they come due. If after a Company is no longer able to pay its bills as they come due, it files for protection from its creditors by any chapter of the bankruptcy code the City may, at its discretion, pursue the abated taxes as a creditor in the bankruptcy for unpaid property taxes subject to any and all tax liens applicable thereto.

Section 7. ADMINISTRATION.

- (a) The Abatement Agreement shall stipulate that employee and/or designated representatives of the City will have access to the reinvestment zone during the term of the abatement to inspect the Premises to determine if the terms and conditions of the Abatement Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Premises. All inspections will be made with one or more representatives of the Company and in accordance with its safety standards.
- (b) Upon completion of construction, the City, or its designee, shall annually evaluate each Premises and prepare a written report of possible violations to the Abatement Agreement to the City Council, the City Administrator, and the City Attorney and provide written notice of the report to the applicant that such report has been submitted.

Section 7. ASSIGNMENT.

The terms and conditions of an Abatement Agreement are binding upon the successors and assigns of all parties hereto. An Abatement Agreement may be transferred or assigned by the Company only upon written permission by the City in accordance with these Guidelines and which permission shall not be unreasonably withheld. No assignment shall be approved if the assignor or assignee is indebted to the City for ad valorem taxes or other obligations. The Company, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Abatement Agreement, including by merger or operation of law, to any legal successor or any

person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, the Company, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Abatement Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the City. An Abatement Agreement shall survive any sale, change of control or similar transaction involving the Company, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the City. The Company shall provide the City written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

Section 8. SUNSET PROVISION.

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the City Council to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated providing that such actions shall not affect existing Abatement Agreements.