

Tax Increment Reinvestment Zone
No. Three
Sugar Land, Texas

Annual Report
Fiscal Year Ending September 30, 2018



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CITY OF SUGAR LAND, TEXAS

CITY COUNCIL

As of September 30, 2018

Mayor

Joe R. Zimmerman

Council Members

Himesh Gandhi

At-Large Position One

Jennifer J. Lane

At-Large Position Two

Steve R. Porter

District One

Bridget R. Yeung

District Two

Amy L. Mitchell

District Three

Carol K. McCutcheon

District Four

TAX INCREMENT REINVESTMENT ZONE NO. THREE BOARD OF DIRECTORS

As of September 30, 2018

Position 1	Amy L. Mitchell, Chair <i>City of Sugar Land Designee</i>
Position 2	Bridget R. Yeung, Secretary <i>City of Sugar Land Designee</i>
Position 3	Mary Willis <i>City of Sugar Land Designee</i>
Position 4	Himesh Gandhi <i>City of Sugar Land Designee</i>
Position 5	David Lawrence, Vice Chair <i>Fort Bend County Designee</i>

Duties & Responsibilities: The Board of the Tax Increment Reinvestment Zone No. Three (TIRZ No. 3) has all of the duties and powers authorized by the Tax Increment Financing Act (Chapter 311, Tax Code) and delegated by Ordinance Nos. 1667, 1888, 1910, and 2064. This authority includes preparing and recommending to the City Council for its approval the Final Project Plan and Plan of Finance, statutorily required annual reports, annual budgets, and annual financial statements.

Membership: The Board is comprised of five directors each serving two-year terms with the chairman selected from within the membership by the Sugar Land City Council for a one-year period. Of the five directors, four are appointed by the Sugar Land City Council. Position 5 is a designee of Fort Bend County and appointed by the Fort Bend County Commissioners' Court.

DESCRIPTION OF ZONE

In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone No. Three, Sugar Land, Texas (the Zone) was established by Ordinance No. 1667 of the City Council of the City of Sugar Land, Texas on December 18, 2007 and amended by Ordinance Nos. 1888 and 1910 in February and July 2013, respectively. The Final Project Plan was amended by Ordinance No. 2064 in August 2016. The Zone encompasses approximately 839.4 acres of land, including the Imperial Sugar site, and is located in the corporate limits of the City of Sugar Land in Fort Bend County, Texas, north of US Highway 90A and east of State Highway 6.

PURPOSE OF ZONE

The purpose of TIRZ No. 3, created for a term of 35 years, is to facilitate a program of public improvements to allow the development and redevelopment of property in the Zone as a master-planned, mixed use community with single-family attached and detached residential, commercial and recreational facilities. Included in the redevelopment plans are the preservation and reuse of certain historic structures at the Imperial Sugar site and the location of a museum to house Imperial Sugar artifacts.

STATE OF THE ZONE IN FISCAL YEAR 2018

- 1.) **The information provided in this section is in accordance with § 311.016 (a) (1) of the Texas Tax Code, which requires inclusion of the amount and source of revenue in the tax increment fund established for the Zone for Fiscal Year 2018. The bottom line displays all revenues earned for TIRZ No. 3.**

The City of Sugar Land created TIRZ No. 3 in December 2007, establishing a base year in Tax Year 2007 and Fiscal Year 2008. The City has decided to participate in the Zone at 50% of its ad valorem tax rate. The City's tax increment revenue in Fiscal Year 2018 is calculated based on a tax rate of \$0.31762 per \$100 of taxable value.

Fort Bend County agreed to participate in the Zone in 2013 through a participation agreement that established a base year in Tax Year 2012, Fiscal Year 2013. The County has elected to participate in the Zone at a 50% of its ad valorem tax rate. The County's tax increment revenue in Fiscal Year 2018 is calculated on a tax rate of \$0.45300 per \$100 of taxable value.

Additional revenue in the TIRZ includes \$290 in interest income during Fiscal Year 2018.

TABLE A: Amount and Source of Revenue*	
Fort Bend County Tax Increment	\$361,634
City of Sugar Land Tax Increment	262,935
Interest Income	290
Total Revenues – Fiscal Year 2018	\$624,859

**all numbers are actuals as of 11/20/18 (unaudited)*

- 2.) **The information provided in this section is in accordance with § 311.016 (a) (2) of the Texas Tax Code, which requires inclusion of the amount and purpose of expenditures from the tax increment fund for Fiscal Year 2018. The bottom line displays all expenditures from TIRZ No. 3.**

In May 2016, the Sugar Land City Council approved the Third Amendment to the Redevelopment Agreement between the City, Imperial Johnson, LLC, and the Imperial Redevelopment District.

The Third Amendment identified the need for TIRZ revenues to be used for public expenditures in the District, which created the need for the Tri-Party Funding Agreement between the City, the TIRZ, and the Imperial Redevelopment District.

As part of the Tri-Party Funding Agreement, which was passed in August 2016, the City and the Zone agreed to donate all TIRZ revenues on a bi-annual basis to the District to finance these public expenditures, except for 2% to be retained for administrative services.

Additionally, \$200,000 was retained in FY16 to help supplement administrative service costs in the future. The TIRZ Project Plan was then amended in August 2016 to reflect these updates through Ordinance 2064.

TABLE B: Amount and Purpose of Expenditures**	
Professional Services – Legal	\$32,463
Professional Services – Administrative	5,366
Imperial Redevelopment District Payment	612,339
Total Expenditures – Fiscal Year 2018	\$650,168

***all numbers are actuals as of 11/20/18 (unaudited)*

- 3.) **The information provided in this section is in accordance with § 311.016 (a) (3) of the Texas Tax Code, which requires inclusion of the amount of principal and interest due on outstanding bonded indebtedness.**

To date, no bonded debt has been issued in the Zone. The Zone has no prior outstanding bond indebtedness.

- 4.) **The information provided in this section is in accordance with § 311.016 (a) (4) of the Texas Tax Code, which requires inclusion of the tax increment base and current captured appraised value retained by the Zone.**

In each year subsequent to the base year, the Zone will receive tax increment revenue based on ad valorem property taxes levied and collected by each participating taxing unit on the captured appraised value of the Zone. The captured appraised value of the Zone is the total appraised value of all real property located within the Zone, less each participating taxing unit's tax increment base value.

The City of Sugar Land's base value for TIRZ No. 3 was set in Tax Year 2007 at \$5,602,490. Fort Bend County agreed to participate in the Zone in 2013, establishing a base value in Tax Year 2012 at \$11,762,870. However, this value erroneously included \$5,250 in personal property value. The true base value is therefore \$11,757,620. The following charts reflect the total appraised value, base value, and the captured value for each participating tax entity for each tax year.

TABLE C-1: City of Sugar Land Appraised, Base and Captured Taxable Value			
Tax Year	Total Appraised Value	Base Value	Captured Value
2007 (Base)	\$5,602,490	\$5,602,490	\$0
2008	12,636,724	5,602,490	7,034,234
2009	12,644,834	5,602,490	7,042,344
2010	12,652,934	5,602,490	7,050,444
2011	11,856,565	5,602,490	6,254,075
2012	11,757,620	5,602,490	6,155,130
2013	11,806,661	5,602,490	6,204,171
2014	24,877,096	5,602,490	19,274,606
2015	53,837,979	5,602,490	48,235,489
2016	95,590,208	5,602,490	89,987,718
2017	175,119,739	5,602,490	169,517,249

TABLE C-2: Fort Bend County Appraised, Base and Captured Taxable Value			
Tax Year	Total Appraised Value	Base Value	Captured Value
2012 (Base)	\$11,757,620	\$11,757,620	\$0
2013	11,957,778	11,757,620	200,158
2014	24,877,096	11,757,620	13,119,476
2015	53,632,099	11,757,620	41,874,479
2016	91,868,479	11,757,620	80,110,859
2017	171,510,412	11,757,620	159,752,792

- 5.) The information provided in this section is in accordance with § 311.016 (a) (5) of the Texas Tax Code, which requires inclusion of the captured appraised value shared by the municipality and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.

Since Tax Year 2008, the City of Sugar Land has deposited \$670,492 in the Zone. Fort Bend County has deposited \$583,668 since Tax Year 2013. Collectively, \$1,254,160 has been deposited from all taxing jurisdictions.

TABLE D: Tax Increments Received by Participating Entities			
Tax Year	City Taxes	County Taxes	Total Taxes
2008	\$10,551	N/A	\$10,551
2009	10,564	N/A	10,564
2010	10,576	N/A	10,576
2011	9,304	N/A	9,304
2012	9,508	N/A	9,508
2013	6,349	992	7,341
2014	33,684	41,424	75,108
2015	76,164	101,343	177,507
2016	142,158	176,974	319,132
2017	262,935	361,634	624,569
Grand Total			\$1,254,160

This report is certified by:



Jennifer Brown, Director of Finance
City of Sugar Land, Texas



Elizabeth Huff, Director of Economic Development
City of Sugar Land, Texas