

Tax Increment Reinvestment Zone  
No. Four  
Sugar Land, Texas

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Annual Report  
Fiscal Year Ending September 30, 2018



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# CITY OF SUGAR LAND, TEXAS CITY COUNCIL

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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. FOUR BOARD OF DIRECTORS

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As of September 30, 2018

<b>Position 1</b>	<b>Greg Stirman, Chairman</b> <i>City of Sugar Land Designee</i>
<b>Position 2</b>	<b>Manual E. Reyes</b> <i>City of Sugar Land Designee</i>
<b>Position 3</b>	<b>Cynthia Knox</b> <i>City of Sugar Land Designee</i>
<b>Position 4</b>	<b>Carol McCutcheon</b> <i>City of Sugar Land Designee</i>
<b>Position 5</b>	<b>Matt Shepard</b> <i>Fort Bend County Designee</i>
<b>Position 6</b>	<b>Pamela Gubbels, Secretary</b> <i>Fort Bend County Drainage District Designee</i>
<b>Position 7</b>	<b>Vacant</b> <i>Position reserved for Municipal Utility District No. 137 Designee Mike Thelen pending District approval of Participation Agreement</i>
<b>Position 8</b>	<b>Jennifer Raymond, Vice Chairman</b> <i>Municipal Utility District No. 138 Designee</i>
<b>Position 9</b>	<b>Terrie Gornet</b> <i>Municipal Utility District No. 139 Designee</i>

**Duties & Responsibilities:** The Board of the Tax Increment Reinvestment Zone Number Four (TIRZ No. 4) has all of the duties and powers authorized by the Tax Increment Financing Act (Chapter 311, Tax Code) and delegated by Ordinance No. 1768 and 1807. 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 a maximum of nine 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 possible nine directors, four are appointed by the Sugar Land City Council. Positions 5 and 6 are designees of Fort Bend County and the Fort Bend County Drainage District, while Fort Bend County Municipal Utility District (MUD) Nos. 137, 138 and 139 have appointed members to Position 7, 8 and 9, respectively. However MUD No. 137 has not formally agreed to participate in the Zone, hence the position is not currently occupied.

## DESCRIPTION OF ZONE

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In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone Number Four, City of Sugar Land, Texas was established by Ordinance No. 1768 of the City Council of the City of Sugar Land, Texas on December 15, 2009 and amended by Ordinance No. 1807 on December 7, 2010. The Zone encompasses approximately 698 acres within the City of Sugar Land, Texas. Located at the U.S. Highway 59 - University Boulevard interchange, the Zone is wholly within Fort Bend County and Fort Bend County Levee Improvement District No. 17. Portions of the Zone are located within Fort Bend County MUD Nos. 137, 138 and 139.

## PURPOSE OF ZONE

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The Zone has been created for a term of 30 years for the purpose of financing public improvements and facilities necessary to support development of employment, commercial, cultural arts, and entertainment districts within a mixed use center.

# STATE OF THE ZONE IN FISCAL YEAR 2018

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- 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. 4.

The City of Sugar Land created TIRZ No. 4 in December 2009, establishing a base year in Tax Year 2009. 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 2017 tax rate of \$0.31762 per \$100 of taxable value. Fort Bend County MUD No. 138 and 139 elected to participate in the Zone in 2011, yet each agreed in a participation agreement to set a base value on the year the Zone was created, Tax Year 2009. Each municipal utility district has decided to participate at 50% of the City's ad valorem tax rate. Fort Bend County and the Fort Bend County Drainage District agreed to participate in the Zone in December 2013, establishing a base year in Tax Year 2013. The County and Drainage District have elected to participate in Zone at the following schedule:

- 2014-2029: 50% of the County tax increment
- 2030-2034: 30% of the County tax increment
- 2035-2039: 20% of the County tax increment

The County's tax increment revenue in Fiscal Year 2018 (Tax Year 2017), is calculated based on a tax rate of \$0.45300 per \$100 of taxable value. The Drainage District's tax increment venue in Fiscal Year 2018 is calculated based on a tax rate of \$0.01600 per \$100 of taxable value.

Revenue collected from each participating tax unit during Fiscal Year 2018 appears in Table A. Additional revenue in the TIRZ includes \$29,722 in interest income received during Fiscal Year 2018.

<b>TABLE A: Amount and Source of Revenue*</b>	
Incremental Taxes	
City of Sugar Land	\$230,689
Fort Bend County	232,791
Fort Bend County Drainage District	8,222
Fort Bend County Municipal Utility District No. 138	141,912
Fort Bend County Municipal Utility District No. 139	83,955
Interest Income	29,722
<b>Total Revenues – Fiscal Year 2018</b>	<b>\$ 727,291</b>

*\*all numbers are actuals as of 11/20/18*

- 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. 4.**

In Fiscal Year 2018, the Zone incurred expenditures related to legal and administrative services as detailed below in Table B.

<b>TABLE B: Amount and Purpose of Expenditures*</b>	
Professional Services – Administrative	\$50,500
<b>Total Expenditures – Fiscal Year 2018</b>	<b>\$ 50,500</b>

*\*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, the Zone has not issued bonds and does not have 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. 4 was set in Tax Year 2009 at \$21,523,297. Fort Bend County MUD No. 138 and No. 139 each agreed to participate in the Zone in Tax Year 2011, although a contractual base value was set using 2009 values at \$10,527,513 for MUD No. 138 and \$10,970,488 for MUD No. 139. Both Fort Bend County and Fort Bend County Drainage District have a base year set in Tax Year 2013 at \$72,152,791. The following charts reflect the total appraised value, base value, and the captured value for each participating tax entity for each tax year.

<b>TABLE C-1: City of Sugar Land Appraised, Base and Captured Taxable Value</b>			
<b>Tax Year</b>	<b>Total Appraised Value</b>	<b>Base Value</b>	<b>Captured Value</b>
2009 (Base)	\$21,523,297	\$21,523,297	\$0
2010	22,232,860	21,523,297	709,563
2011	22,225,720	21,523,297	702,423
2012	22,326,287	21,523,297	802,990
2013	66,791,901	21,523,297	45,268,605
2014	118,074,035	21,523,297	96,550,738
2015	139,794,161	21,523,297	118,270,864
2016	154,772,163	21,523,297	133,248,866
2017	180,856,214	21,523,297	159,332,917

<b>TABLE C-2: Fort Bend County Municipal Utility District No. 138</b> Appraised, Base and Captured Taxable Value *			
<b>Tax Year</b>	<b>Total Appraised Value</b>	<b>Base Value</b>	<b>Captured Value</b>
2013	\$24,101,588	\$10,527,513	\$13,574,075
2014	50,993,910	10,527,513	40,466,397
2015	76,727,570	10,527,513	66,200,057
2016	88,928,700	10,527,513	78,401,187
2017	102,306,915	10,527,513	91,779,402

<b>TABLE C-3: Fort Bend County Municipal Utility District No. 139</b> Appraised, Base and Captured Taxable Value *			
<b>Tax Year</b>	<b>Total Appraised Value</b>	<b>Base Value</b>	<b>Captured Value</b>
2013	\$32,329,220	\$10,970,488	\$21,358,732
2014	55,924,260	10,970,488	44,953,772
2015	60,448,820	10,970,488	49,478,332
2016	61,104,000	10,970,488	50,133,512
2017	63,683,450	10,970,488	52,712,962

<b>TABLE C-4: Fort Bend County and Drainage District</b> Appraised, Base and Captured Taxable Value			
<b>Tax Year</b>	<b>Total Appraised Value</b>	<b>Base Value</b>	<b>Captured Value</b>
2013 (Base)	\$72,152,791	\$72,152,791	\$0
2014	118,074,035	72,152,791	45,921,244
2015	134,099,370	72,152,791	61,946,579
2016	147,851,492	72,152,791	75,698,701
2017	173,727,922	72,152,791	101,575,131

\*MUD No. 138 and MUD No. 139 realized positive captured value beginning in Tax Year 2013, therefore only those years are shown above.

- 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 2010, the City of Sugar Land has deposited \$836,095 in the Zone. Fort Bend County MUD No. 138 has deposited \$446,887 since Tax Year 2013, and Fort Bend County MUD No. 139 has deposited \$345,326 over the same time. Beginning in Tax Year 2014, Fort Bend County and Fort Bend County Drainage District deposited \$699,390 and \$27,726 into the Zone, respectively. A cumulative total of \$2,355,424 has been deposited over the life of the Zone from all participating jurisdictions.



<b>Table D: Tax Increments Received from Participating Entities</b>						
Tax Year	City of Sugar Land	Fort Bend County	County Drainage District	MUD 138	MUD 139	Total
2010	\$1,064	-	-	-	-	\$1,064
2011	1,062	-	-	-	-	1,062
2012	1,240	-	-	-	-	1,240
2013	69,929	-	-	\$20,968	\$32,994	123,891
2014	149,620	\$149,223	\$6,944	55,573	71,016	432,376
2015	173,116	144,026	6,504	104,580	78,163	506,389
2016	209,375	173,350	6,056	123,854	79,198	591,833
2017	230,689	232,791	8,222	141,912	83,955	697,569
<b>Grand Total</b>	<b>\$836,095</b>	<b>\$699,390</b>	<b>\$27,726</b>	<b>\$446,887</b>	<b>\$345,326</b>	<b>\$2,355,424</b>

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