

Agendas and Agenda Materials
Meetings of the Boards of Directors

La Porte Redevelopment Authority



La Porte Tax Increment
Reinvestment Zone

April 27, 2011



NOTICE OF MEETING OF LA PORTE REDEVELOPMENT AUTHORITY

Notice is hereby given of a meeting of the La Porte Redevelopment Authority to be held Wednesday, April 27, 2011, at 6:30 p.m., in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order – Lindsey Pfeiffer, President;
2. Consider approval of the minutes of Board of Directors Meeting held on August 25, 2010;
3. Consider approval of the La Porte Redevelopment Authority FY 2010 Audit;
4. Receive staff report and updates with regard to Port Crossing, Lakes on Fairmont Green, Retreat at Bay Forrest Development Project, and Preserve at Taylor Bayou;
5. Consider request from Port Crossing for an amendment to Development Agreement extending the interest receipt term by three additional years;
6. Consider approval or other action with regard to authority invoices;
7. Board member comments:
 - a. Matters appearing on Agenda
 - b. Inquiry of staff regarding specific factual information or existing policy
8. Adjournment.

In compliance with the Americans with Disabilities Act, the City of La Porte City will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City Secretary, at 281.470.5019 or TDD 281-471-5030.

A possible quorum of city council members may be present at this meeting and participate in discussions but will not take any action.

**David W. Hawes
Executive Director**

CERTIFICATION

I certify that a copy of the April 27, 2011, agenda of items to be considered by the Redevelopment Authority was posted on the City Hall bulletin board on April 21, 2011.

Patrice Fogarty
Patrice Fogarty, City Secretary

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the ____ day of _____, 2011.

Title: _____

La Porte Redevelopment Authority
Board Memorandum
April 27, 2011

To: Board of Directors

From: David W. Hawes, Executive Director

Agenda Item: 3. Consider approval of the minutes of Board of Directors Meeting held on August 25, 2010

Minutes attached for your review.

**La Porte Redevelopment Authority,
City of La Porte, Texas
Minutes of the Board Meeting
Held August 25, 2010**

1. Call to order – Lindsay Pfeiffer, President

The Board of Directors of the La Porte Redevelopment Authority, City of La Porte, Texas, held a meeting, open to the public, on the 25th day of August, 2010; the meeting was called to order at 6:35 p.m. in the City Council Chambers of the City council conference Room, 604 West Fairmont Parkway, La Porte, Texas; and the roll was called of the duly appointed members of the Board, to wit:

| | |
|----------------|-----------------------|
| Peggy Antone | Position 1 |
| Dave Turnquist | Position 2 |
| Alton Porter | Position 3 |
| Horace Leopard | Position 4 |
| Doug Martin | Position 5 |
| JJ Meza | Position 6 |
| Lloyd Graham | Position 7 |
| Chester Pool | Position 8 |
| Lin Pfeiffer | Position 9 - Chairman |

and all of the above were present except Director Porter and Pfeiffer, thus constituting a quorum. Also present at the meeting were John Joerns, Stacey Osborne, David Hawes.

2. Consider approval of the minutes of Board of Directors Meeting held on June 30, 2010.

Upon motion made by Director Turnquist, seconded by Director Pool, the board voted unanimously to approve minutes as presented.

3. Consider approval of the proposed La Porte Redevelopment Authority Fiscal Year 2010-2011 Fiscal Year Budget.

Mr. Hawes reviewed the budget with the board. Upon motion made by Director Antone, seconded by Director Meza, the board voted unanimously to approve the FY 2010-2011 Fiscal Year Budget as presented to the board.

4. Receive staff report and updates with regard to Port Crossing, Lakes on Fairmont Green, Retreat at Bay Forrest Development Project, and Preserve at Taylor Bayou.

The Staff and developer apprised the board of their meetings with Mr. Larson with regard to Lakes on Fairmont Green and issues related to the Public Improvement district. The city staff and Mr. Larson agreed to remove the supplemental services component for the Public Improvement District. No action was taken.

5. Consider approval of invoices.

Mr. Hawes presented the invoices. Upon a motion made by Director Graham, and being seconded by Director Antone, the board unanimously approved payment of the invoices.

6. Board comments---None were offered.

7. Adjournment. The Chairman adjourned the meeting at 6:55 PM

SIGNED: _____ ATTEST: _____

TITLE: _____ TITLE: _____

DATE: _____ DATE: _____

La Porte Redevelopment Authority
Board Memorandum
April 27, 2011

To: Board of Directors

From: David W. Hawes, Executive Director

Agenda Item: 3. Consider approval of the La Porte Redevelopment Authority FY 2010 Audit.

The draft 2010 audit report is attached for your review.

DRAFT

**LA PORTE
REDEVELOPMENT AUTHORITY**

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2010

LA PORTE REDEVELOPMENT AUTHORITY

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SEPTEMBER 30, 2010

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of La Porte Redevelopment Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of La Porte Redevelopment Authority (the "Authority"), a component unit of the City of La Porte, Texas, as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Authority as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 11 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

March 11, 2011

Management's Discussion and Analysis

As management of the La Porte Redevelopment Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the basic financial statements which follow this section.

Overview of the Authority:

The City of La Porte, Texas (the "City") authorized the creation of the La Porte Redevelopment Authority (the "Authority") by the Resolution No. 2000-19 passed on December 11, 2000. The Authority was set up as a local government corporation pursuant to provisions of Chapter 394 of the Texas Local Government Code. The Authority is organized as a public nonprofit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Tax Increment Reinvestment Zone (the "TIRZ") and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of 9 members who are appointed by the Mayor with the approval of City Council.

Financial Highlights:

- The liabilities of the Authority exceeded its assets as of September 30, 2010, by \$(26,180) (i.e. Net assets deficit).
- The Authority's total net assets increased by \$490,546 during the year.
- Cash and investments equaled \$581,337.
- Annual expenses consist of construction of infrastructure and administrative costs.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) Management's Discussion and Analysis (this section); (2) government-wide financial statements, which include the fund financial statements, and (3) notes to the financial statements.

The financial statements include the Statement of Net Assets and Governmental Fund Balance Sheet and Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance that present information for the Authority as a whole and provide an indication of the Authority's financial health.

The Statement of Net Assets presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority's funds are Governmental funds. Governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The financial statements can be found on pages 5 through 6 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 7 through 10 of this report.

Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. As of September 30, 2010, the Authority's liabilities exceeded assets by \$26,180.

La Porte Redevelopment Authority's Net Assets

| | 2010 | 2009 |
|----------------------------|-------------|--------------|
| Assets | \$ 772,519 | \$ 406,560 |
| Other liabilities | 183,673 | 308,260 |
| Long-term liabilities | 615,026 | 615,026 |
| Total liabilities | 798,699 | 923,286 |
| Net assets (deficit): | | |
| Unrestricted | (26,180) | (516,726) |
| Total net assets (deficit) | \$(26,180) | \$(516,726) |

Overall, the Authority had an increase in net assets of \$490,546. This increase is primarily related to the increase in property tax collections.

La Porte Redevelopment Authority's Change in Net Assets

| | 2010 | 2009 |
|-----------------------------------|---------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services - developers | \$ 89,483 | \$ 312,437 |
| Total program revenues | 89,483 | 312,437 |
| General revenues: | | |
| Property taxes | 1,738,188 | 946,025 |
| Interest | 910 | 5,212 |
| Total general revenues | 1,739,098 | 951,237 |
| Expenses: | | |
| General government | 1,321,416 | 1,319,499 |
| Interest and fiscal charges | 16,619 | 167,054 |
| Total expenses | 1,338,035 | 1,486,553 |
| CHANGE IN NET ASSETS | 490,546 | (222,879) |
| NET ASSETS, BEGINNING | (516,726) | (293,847) |
| NET ASSETS, ENDING | <u>\$ (26,180)</u> | <u>\$ (516,726)</u> |

Annual expenses consist of payments to developers for infrastructure in the City.

Budgetary Highlights

During the year, the Authority did not amend its budget. Revenues were greater than anticipated primarily due to the additional collection of property taxes.

Long-term Debt

The Authority owes \$615,026 to the City of La Porte. More detailed information about the Authority's long-term debt is presented in the notes to the financial statements.

Discussion of Currently Known Facts, Decision or Condition in Fiscal Year 2010:

As of January 1, 1999, the property tax base was \$7,385,080. As of January 1, 2010, the property tax value is \$78,045,860. The tax rate is \$.71 on each \$100 of taxable value.

Requests for Information:

This financial report is designed to provide our citizens with a general overview of the Authority's finances. If you have any questions about this report or need any additional information, please contact David Hawes, P. O. Box 22167, Houston, Texas 77227.

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LA PORTE REDEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS
AND GOVERNMENTAL FUND BALANCE SHEET

SEPTEMBER 30, 2010

| | <u>General</u> | <u>Adjustments</u> | <u>Statement of Net Assets</u> |
|--|-------------------|--------------------|------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 581,337 | \$ - | \$ 581,337 |
| Due from other governments | 189,262 | - | 189,262 |
| Due from developer | <u>1,920</u> | <u>-</u> | <u>1,920</u> |
| Total assets | <u>772,519</u> | <u>-</u> | <u>772,519</u> |
| LIABILITIES | | | |
| Accrued interest payable-due to the City of La Porte | - | 183,673 | 183,673 |
| Due to City of La Porte | <u>-</u> | <u>615,026</u> | <u>615,026</u> |
| Total liabilities | <u>-</u> | <u>798,699</u> | <u>798,699</u> |
| FUND BALANCE/NET ASSETS (DEFICIT) | | | |
| Fund balance: | | | |
| Unreserved, undesignated | <u>772,519</u> | (772,519) | |
| Total fund balance | <u>772,519</u> | (772,519) | |
| Total liabilities and fund balance | \$ <u>772,519</u> | | |
| Net assets (deficit): | | | |
| Unrestricted | | (26,180) | (26,180) |
| Total net assets (deficit) | | <u>\$(26,180)</u> | <u>\$(26,180)</u> |

The accompanying notes are an integral part of these financial statements.

LA PORTE REDEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES
AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | <u>General</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------|----------------------|------------------------------------|
| Expenditures/expenses: | | | |
| Current: | | | |
| General government | \$ 1,321,416 | \$ - | \$ 1,321,416 |
| Debt service: | | | |
| Interest and fiscal charges | <u>-</u> | <u>16,619</u> | <u>16,619</u> |
| Total expenditures/expenses | 1,321,416 | 16,619 | 1,338,035 |
| Program revenues: | | | |
| Charges for services-developers | <u>89,483</u> | <u>-</u> | <u>89,483</u> |
| Total program revenues | 89,483 | - | 89,483 |
| Net program revenues | (1,231,933) | (16,619) | (1,248,552) |
| General revenues: | | | |
| Property taxes | 1,738,188 | - | 1,738,188 |
| Interest | <u>910</u> | <u>-</u> | <u>910</u> |
| Total general revenues | <u>1,739,098</u> | <u>-</u> | <u>1,739,098</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>507,165</u> | <u>(507,165)</u> | |
| Change in net assets (deficit) | | 490,546 | 490,546 |
| Fund balance/net assets (deficit): | | | |
| Beginning | <u>265,354</u> | <u>(782,080)</u> | <u>(516,726)</u> |
| Ending | \$ <u>772,519</u> | \$(<u>798,699</u>) | \$(<u>26,180</u>) |

The accompanying notes are an integral part of these financial statements.

LA PORTE REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of La Porte, Texas (the "City") authorized the creation of the La Porte Redevelopment Authority (the "Authority") by the Resolution No. 2000-19 passed on December 11, 2000. The Authority was set up as a local government corporation pursuant to provisions of Chapter 394 of the Texas Local Government Code. The Authority is organized as a public nonprofit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Tax Increment Reinvestment Zone (the "TIRZ") and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of 9 members who are appointed by the Mayor with the approval of City Council.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the government. *Governmental activities* are supported by property taxes and investment revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenue are reported instead as *general revenue*.

The government-wide and fund financial statements are provided for the governmental fund of the Authority with a column for adjustments between the two statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

The Authority reports the following major governmental fund:

The ***General Fund*** is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Assets, Liabilities and Net Assets or Equity***Receivables and Payables***

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2010, the Authority does not have property taxes receivable or deferred revenue.

Long-term Obligations

In the government-wide financial statements, long-term liabilities are reported as liabilities in the governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the long-term obligation as other financing sources, during the current period.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. As of September 30, 2010, the Authority does not have reservations or designations of fund balance.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. STEWARDSHIP AND ACCOUNTABILITY

Deficit Net Assets

A net asset deficit of \$26,180 exists as of September 30, 2010. This deficit is the result of the Authority borrowing money from the City of La Porte to finance capital improvements. As of September 30, 2010, the amount outstanding that was used to finance construction of assets was \$615,026.

3. DETAILED NOTES ON ALL FUNDS

Deposits

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities, or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2010, \$331,357 of the Authority's \$581,357 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$250,000, was covered by FDIC insurance.

(continued)

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Obligations – Due to the City of La Porte

The City of La Porte financed capital improvements on behalf of the Authority. A payment schedule has not been determined between the City and the Authority. Long-term liability activity for the year ended September 30, 2010, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|
| <u>Governmental activities:</u> | | | | |
| Due to the City of La Porte | \$ 615,026 | \$ - | \$ - | \$ 615,026 |
| | <u>\$ 615,026</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 615,026</u> |

4. COMMITMENTS AND CONTINGENCIES

The Redevelopment Authority is a party to several agreements with developers who own property in the La Porte Tax Increment Reinvestment Zone #1. The Authority is obligated to repay the developers for public improvements made on the property up to the amount of incremental tax value gained. A liability is not able to be determined because the amount of incremental tax value that will be gained is not estimable.

The Authority has entered into agreements with the following developers: Port Crossing Land, LP; 65 La Porte, LP; and Retreat at Bay Forest, LP. Port Crossing has completed the public improvements detailed in the agreement with the Authority. The accounting firm of McCall, Gibson, Swedlund, Barfoot, PLLC, was hired by the Authority to review the developer’s expenses and determine the amount of reimbursable expenditures, which totaled \$12,096,488. To date, payments in the amount of \$1,859,700 have been made to Port Crossing for incremental tax value gained.

65 La Porte, LP, has also completed the improvements detailed in its agreement with the Authority; however, the developer has not applied for reimbursement because there has been no incremental tax value gained.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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LA PORTE REDEVELOPMENT AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 1,400,804 | \$ 1,400,804 | \$ 1,738,188 | \$ 337,384 |
| Charges for services | - | - | 89,483 | 89,483 |
| Interest | <u>2,500</u> | <u>2,500</u> | <u>910</u> | <u>(1,590)</u> |
| Total revenues | <u>1,403,304</u> | <u>1,403,304</u> | <u>1,828,581</u> | <u>425,277</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | <u>1,413,966</u> | <u>1,413,966</u> | <u>1,321,416</u> | <u>\$ 92,550</u> |
| Total expenditures | <u>1,413,966</u> | <u>1,413,966</u> | <u>1,321,416</u> | <u>92,550</u> |
| Change in fund balance | (10,662) | (10,662) | 507,165 | 332,727 |
| Fund balance - beginning | <u>265,354</u> | <u>265,354</u> | <u>265,354</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 254,692</u> | <u>\$ 254,692</u> | <u>\$ 772,519</u> | <u>\$ 332,727</u> |

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LA PORTE REDEVELOPMENT AUTHORITY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2010

BUDGETARY INFORMATION

An annual budget is adopted on a basis consistent with generally accepted accounting principles. The legal level of control is a fund.

La Porte Redevelopment Authority
Board Memorandum
April 27, 2011

To: Board of Directors

From: David W. Hawes, Executive Director

Agenda Item: 5. Consider request from Port Crossing for an amendment to Development Agreement extending the interest receipt term by three additional years

Background:

The La Porte Redevelopment Authority currently has a Development Agreement with Port Crossing Limited for the purpose of constructing Tax Increment Reinvestment Zone public infrastructure on behalf of the City of La Porte and TIRZ. As cited below in the development agreement, developer interest accrues from the date that the developer expends the money for public infrastructure for a period not to exceed five (5) years.

Section 6.1 (b) ... Interest (as defined in Subsection 6.1(F)) on each Developer Advance made pursuant to this Subsection shall accrue from the date the Developer expended the funds and shall accrue for a maximum period of five (5) years from such date. At such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the La Porte Authority, at its expense, shall hire a certified public accountant to calculate the amount due Developer and shall prepare and submit a report to the La Porte Board and send a copy to the City Manager certifying (1)the amount due Developer for the Developer Advances being repaid with interest calculated thereon as specified herein and (2) that funds are available to make such payment. Upon receipt of such report, the La Porte Board shall promptly authorize and make payment to Developer.

Issue:

The developer believes they have performed in every aspect of the agreement and that several factors occurred that mitigated their ability to be reimbursed in accordance with the development agreement causing them undue hardship. The first factor is the downturn in the economy resulting in the Authority's inability to issue notes, bonds or enter into other obligations that would result in reimbursement to the developer as contemplated. The second factor is the lack of construction by the Lakes at Fairmont Green. By not constructing homes in accordance with their development agreement, this also has resulted in a negative impact on the Authority's ability to issue debt. This factor has resulted in the concentration of the majority of TIRZ Increment within the Port Crossing development. Staff will stipulate that the lack of diversity in Tax value increment has been the leading cause of the Authority's inability to issue debt or enter into other notes, bonds or obligations. As a result, while Port Crossing has preformed and created substantial increment, the concentration of increment is so high within their development, no private placement may be obtained or public debt be issued to provide reimbursement to Port Crossing.

Request:

Due to the above factors, Port Crossing is requesting an amendment to their development agreement with respect to Section 6.1 (b) to increase the limitation on term of interest from five (5) years to eight (8) years.

La Porte Redevelopment Authority
Board Memorandum
April 27, 2011

To: Board of Directors

From: David W. Hawes, Executive Director

Agenda Item: 6. Consider approval or other action with regard to authority invoices.

Cash flow reports for the Operating Account and Construction Account are attached for your review.

La Porte Redevelopment Authority
Cash Flow Report, FY 2009-2011

| Cleared Bank | Operating Account | For | Amount | Subtotal | Total |
|---------------------|---|---------------------------------|-------------------|-----------------|-----------------|
| | Beginning fund balance, 10/1/2009 | | \$ 268,520.84 | | |
| 10/15/2009 | City of La Porte | county TIRZ payment | \$ 196,067.00 | | |
| 10/30/2009 | Interest deposit (0.30%) | interest | \$ 91.25 | | |
| 11/30/2009 | Interest deposit (0.10%) | interest | \$ 73.20 | | |
| 12/31/2009 | Interest deposit (0.15%) | interest | \$ 36.70 | | |
| 1/29/2010 | Interest deposit (0.10%) | interest | \$ 28.41 | | |
| 2/26/2010 | Interest deposit (0.10%) | interest | \$ 22.06 | | |
| 3/31/2010 | Interest deposit (0.10%) | interest | \$ 25.13 | | |
| 4/30/2010 | Interest deposit (0.20%) | interest | \$ 42.59 | | |
| 5/31/2010 | Interest deposit (0.20%) | interest | \$ 42.60 | | |
| 6/10/2010 | Harris County tax collections | county TIRZ payment | \$ 257,543.00 | | |
| 6/22/2010 | City of La Porte tax collections | city TIRZ payment | \$ 582,670.33 | | |
| 6/22/2010 | LPISD tax collections | ISD TIRZ payment | \$ 512,646.62 | | |
| 6/30/2010 | Interest deposit (0.20%) | interest | \$ 122.57 | | |
| 7/31/2010 | Interest deposit (0.20%) | interest | \$ 130.46 | | |
| 8/31/2010 | Interest deposit (0.20%) | interest | \$ 102.74 | | |
| 9/30/2010 | Interest deposit (0.20%) | interest | \$ 95.55 | | |
| 10/20/2010 | City of La Porte | prior year increment adjustment | \$ 181,261.05 | | |
| 10/29/2010 | Interest deposit (0.20%) | interest | \$ 51.37 | | |
| 11/30/2010 | Interest deposit (0.10%) | interest | \$ 67.56 | | |
| 12/31/2010 | Interest deposit (0.10%) | interest | \$ 65.46 | | |
| 1/31/2011 | Interest deposit (0.10%) | interest | \$ 65.46 | | |
| 2/28/2011 | Interest deposit (0.10%) | interest | \$ 59.13 | | |
| 3/31/2011 | Interest deposit (0.10%) | interest | \$ 65.47 | | |
| | Total, Revenues | | \$ 1,996,896.55 | \$ 1,996,896.55 | \$ 1,996,896.55 |
| Cleared Bank | Expenses | | | | |
| | Checks paid: | | | | |
| 11/23/2009 | #117 Port Crossing LP | developer reimbursement | \$ 165,769.15 | | |
| 11/19/2009 | #118 Hawes Hill Calderon LLP | Inv 3385, 3400, 3422 | \$ 7,937.24 | | |
| 2/25/2010 | #120 Hawes Hill Calderon LLP | Inv 3514, 3466, 3515 | \$ 7,552.62 | | |
| 3/31/2010 | #119 Patillo Brown & Hill LLP | interim billing, audit | \$ 3,000.00 | | |
| 6/30/2010 | #121 VOID CHECK | error in account posting | \$ - | | |
| 7/8/2010 | #122 Patillo, Brown & Hill LLP | audit final invoice | \$ 150.00 | | |
| 7/1/2010 | #123 Hawes Hill Calderon LLP | Inv 3523, 3585, 3586, 3614 | \$ 10,072.29 | | |
| 7/7/2010 | #124 Port Crossing | developer reimbursement | \$ 1,033,512.91 | | |
| 8/5/2010 | #125 City of La Porte | meeting expenses | \$ 266.67 | | |
| 8/27/2010 | #126 Hawes Hill Calderon LLP | Inv 3642, 3666 | \$ 5,640.07 | | |
| | Total, Checks paid | | \$ 1,233,900.95 | | |
| | Bank fees: | | | | |
| 6/18/2010 | Wire transfer | service fee | \$ 8.00 | | |
| 6/22/2010 | Wire transfer | service fee | \$ 8.00 | | |
| 6/22/2010 | Wire transfer | service fee | \$ 8.00 | | |
| 10/20/2010 | Wire transfer | service fee | \$ 8.00 | | |
| | Total, Bank fees | | \$ 32.00 | | |
| | Checks outstanding | | | | |
| | none | | \$ - | | |
| | Total, Checks outstanding | | \$ - | | |
| 4/27/2011 | Checks submitted for approval | | | | |
| | #127 Hawes Hill Calderon LLP | Inv 3766-3874 | \$ 17,686.30 | | |
| | Total, Checks submitted | | \$ 17,686.30 | | |
| | Total expenses | | \$ (1,251,619.25) | | |
| | Fund balance, Operating Account as of April 1, 2011 | | \$ 745,277.30 | | |

Pledged Securities Report as of 3/31/2011

AmegyBank

| CUSIP | Security Type | Rate | Maturity | Original Face | Market Value |
|--|--------------------------|-------|-----------|-----------------------|---------------------|
| Pledge Code: ta345 Entity Name: LAPORT RE DEVELOPMENT AUTHORITY Primary Bookkeeper: Haves Hill Cald Secondary Bookkeeper: | | | | | |
| 31349ZRH9 | FILMCO ARM POOL # 781644 | 2.629 | 6/1/2034 | \$1,050,000.00 | \$214,108.20 |
| 504084Q86 | LA PORTE CO TX | 4.8 | 3/15/2021 | \$200,000.00 | \$214,068.00 |
| 671409TNO | OAK LAWN IL | 4.1 | 12/1/2018 | \$270,000.00 | \$278,221.50 |
| FIDIC | | | | \$250,000.00 | \$250,000.00 |
| Total Pledges: 4 | | | | \$1,770,000.00 | \$956,397.70 |

La Porte Redevelopment Authority
Cash Flow Report, FY 2009-2011

| Cleared | Bank | Construction Account | For | Amount | Subtotal | Total |
|----------------|-------------|--|---------------|---------------|---------------|-----------------|
| | | Beginning fund balance, 10/01/2009 | | \$ 141,038.98 | | |
| | 10/30/2009 | Interest deposit (0.30%) | interest | \$ 34.78 | | |
| | 11/30/2009 | Interest deposit (0.15%) | interest | \$ 21.26 | | |
| | 12/31/2009 | Interest deposit (0.15%) | interest | \$ 11.39 | | |
| | 1/31/2010 | Interest deposit (0.10%) | interest | \$ 8.82 | | |
| | 2/26/2010 | Interest deposit (0.10%) | interest | \$ 5.39 | | |
| | 3/31/2010 | Interest deposit (0.10%) | interest | \$ 2.03 | | |
| | 4/30/2010 | Interest deposit (0.20%) | interest | \$ 3.45 | | |
| | 5/31/2010 | Interest deposit (0.20%) | interest | \$ 3.45 | | |
| | 6/30/2010 | Interest deposit (0.20%) | interest | \$ 4.06 | | |
| | 7/31/2010 | Interest deposit (0.20%) | interest | \$ 1.28 | | |
| | 8/31/2010 | Interest deposit (0.20%) | interest | \$ 0.43 | | |
| | 9/30/2010 | Interest deposit (0.20%) | interest | \$ - | | |
| | 10/31/2010 | Interest deposit (0.20%) | interest | \$ - | | |
| | 11/30/2010 | Interest deposit | interest | \$ - | | |
| | 12/31/2010 | Interest deposit | interest | \$ - | | |
| | 1/31/2011 | Interest deposit | interest | \$ - | | |
| | 2/28/2011 | Interest deposit | interest | \$ - | | |
| | 3/31/2011 | Interest deposit | interest | \$ - | | |
| | | Total, revenues | | \$ 141,135.32 | \$ 141,135.32 | \$ 141,135.32 |
| Cleared | Bank | Expenses | | | | |
| | | <i>Checks paid:</i> | | | | |
| | 11/16/2009 | #114 Durwood Greene Construction Company | final paym t | \$ 51,651.11 | | |
| | 2/29/2010 | #115 Port Crossing Land, LP | Wharton Weems | \$ 67,002.00 | | |
| | 7/7/2010 | #116 Port Crossing Land (PCL) | Wharton Weems | \$ 18,329.74 | | |
| | 8/19/2010 | #112 Jones & Carter | Wharton Weems | \$ 4,151.50 | | |
| | | Total, Checks paid | | \$ 141,134.35 | | |
| | | <i>Checks outstanding</i> | | | | |
| | | none | | \$ - | | |
| | | Total, Checks outstanding | | \$ - | | |
| | | <i>Checks submitted for approval</i> | | | | |
| | | none | | \$ - | | |
| | | Total, Checks submitted | | \$ - | | |
| | | Total expenses | | \$ 141,134.35 | \$ 141,134.35 | \$ (141,134.35) |
| | | Fund balance, Construction Account as of 4/1/2011 | | | | \$ 0.97 |

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

STATEMENT

| |
|-----------|
| DATE |
| 4/25/2011 |

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

AMOUNT REMITTED

\$

Page 1

| DATE | INVOICE NO. | DESCRIPTION | CHARGES | PAYMENTS | BALANCE |
|-----------|-------------|--------------------------|------------|----------|------------|
| 9/1/2010 | 00003766 | Sale; TIRZ -La Porte # 1 | \$2,132.79 | | \$2,132.79 |
| 10/1/2010 | 00003767 | Sale; TIRZ -La Porte # 1 | \$2,000.00 | | \$2,000.00 |
| 11/1/2010 | 00003768 | Sale; TIRZ -La Porte # 1 | \$2,000.00 | | \$2,000.00 |
| 12/1/2010 | 00003769 | Sale; TIRZ -La Porte # 1 | \$2,000.00 | | \$2,000.00 |
| 1/1/2011 | 00003801 | Sale; TIRZ -La Porte # 1 | \$2,053.60 | | \$2,053.60 |
| 2/1/2011 | 00003802 | Sale; TIRZ -La Porte # 1 | \$2,000.00 | | \$2,000.00 |
| 3/1/2011 | 00003873 | Sale; TIRZ -La Porte # 1 | \$2,000.00 | | \$2,000.00 |
| 3/1/2011 | 00003874 | Sale; TIRZ -La Porte # 1 | \$3,500.00 | | \$3,500.00 |

| | | | | | |
|-----------|----------------|------------|-------------|-------------|--------|
| 4/25/2011 | Finance Charge | | \$0.00 | | \$0.00 |
| CURRENT | 30 DAYS | 90 DAYS | 90+ DAYS | AMOUNT DUE | |
| | | \$7,500.00 | \$10,186.39 | \$17,686.39 | |

EXPENSE DETAIL (La Porte TIF01)

| DATE | CLIENT NO. | VENDOR/DESCRIPTION | QTY | U PRICE | TOT REIM. | BILL |
|-----------|------------|------------------------------|-----|----------|-----------|------|
| 8/18/2010 | CLPTIF01 | Mileage to/from Mtg. w/Staff | 76 | \$ 0.550 | \$ 41.80 | Y |
| | CLPTIF01 | | | \$ 0.500 | \$ - | |
| | CLPTIF01 | | | \$ 0.500 | \$ - | |
| TOTAL | | | | | \$ 41.80 | |

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003767

Date: 10/1/2010

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|------|---|--------------------------|
| | Project Management Services, October 2010 | \$2,000.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,000.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,000.00 |

Terms: C.O.D.

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003768

Date: 11/1/2010

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|------|--|--------------------------|
| | Project Management Services, November 2010 | \$2,000.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,000.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,000.00 |

Terms: C.O.D.

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003769

Date: 12/1/2010

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|------|--|--------------------------|
| | Project Management Services, December 2010 | \$2,000.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,000.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,000.00 |

Terms: C.O.D.

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003801

Date: 1/1/2011

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|-----------|--|--------------------------|
| 12/1/2010 | Project Management Services January 2011 | \$2,000.00 |
| | Hour Messenger | \$53.60 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,053.60 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,053.60 |

Terms: C.O.D.

Hawes Hill Calderon LLP
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Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003802

Date: 2/1/2011

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|------|---|--------------------------|
| | Project Management Services February 2011 | \$2,000.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,000.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,000.00 |

Terms: C.O.D.

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003873

Date: 3/1/2011

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|------|---|--------------------------|
| | Project Management Services, March 2011 | \$2,000.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$2,000.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$2,000.00 |

Terms: C.O.D.

Hawes Hill Calderon LLP
P.O. Box 22167
Houston TX 77227-2167

Invoice

Bill To:

TIRZ -La Porte # 1
604 W. Fairmont Pkwy.
La Porte, TX 77571

Invoice #: 00003874

Date: 3/1/2011

Page: 1

| DATE | DESCRIPTION | AMOUNT |
|-----------|---|--------------------------|
| 4/27/2011 | Project Management Services, April 2011 | \$2,000.00 |
| | Board meeting | \$1,500.00 |
| | | Sales Tax: \$0.00 |
| | | Total Amount: \$3,500.00 |
| | | Amount Applied: \$0.00 |
| | | Balance Due: \$3,500.00 |

Terms: C.O.D.



NOTICE OF MEETING OF LA PORTE TAX INCREMENT REINVESTMENT ZONE

Notice is hereby given of a meeting of the La Porte Tax Increment Reinvestment Zone to be held Wednesday, April 27, 2011, at 6:30 p.m., in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order – Lindsay Pfeiffer, President
2. Consider approval of the minutes of Board of Directors Meeting held on August 25, 2011;
3. Consent agenda – any item may be removed by a board member for discussion
 - Entertain motion and a second to approve the TIRZ items in the same form and manner as was approved in the previous redevelopment authority meeting – Lindsey Pfeiffer, Chairperson
 - a. Consider approval of the La Porte Redevelopment Authority FY 2010 Audit;
 - b. Consider request from Port Crossing for an amendment to Development Agreement extending the interest receipt term by three additional years;
 - c. Consider approval or other action with regard to authority invoices;
 - d. Board member comments with regard to matters appearing on agenda and inquiry of staff regarding specific factual information or existing policy;

In compliance with the Americans with Disabilities Act, the City of La Porte City will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City Secretary, at 281.470.5019 or TDD 281-471-5030.

A possible quorum of city council members may be present at this meeting and participate in discussions but will not take any action.

David W. Hawes
Executive Director

CERTIFICATION

I certify that a copy of the April 27, 2011, agenda of items to be considered by the Tax Increment Reinvestment Zone was posted on the City Hall bulletin board on April 21, 2011.

Patrice Fogarty
Patrice Fogarty, City Secretary

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the ____ day of _____, 2011.

Title: _____

La Porte Tax Increment Reinvestment Zone
Board Memorandum
April 27, 2011

To: Board of Directors

From: David W. Hawes, Executive Director

Agenda Item: 2. Consider approval of the minutes of Board of Directors Meeting held on August 25 2011.

Minutes are attached for your review.

**La Porte Tax Increment Reinvestment Zone Number One,
City of La Porte, Texas
Minutes of the Board Meeting
Held August 25, 2010**

Call to order – Vice Chairman Doug Martin

The Board of Directors of the La Porte Tax Increment Reinvestment Zone Number One, City of La Porte, Texas, held a meeting, open to the public, on the 25th day of August, 2010; the meeting was called to order at 6:56 p.m. in the City Council Conference Room of the City Hall, 604 West Fairmont Parkway, La Porte, Texas, and the roll was called of the duly appointed members of the Board, to wit:

| | |
|----------------|-----------------------|
| Peggy Antone | Position 1 |
| Dave Turnquist | Position 2 |
| Alton Porter | Position 3 |
| Horace Leopard | Position 4 |
| Doug Martin | Position 5 |
| JJ Meza | Position 6 |
| Lloyd Graham | Position 7 |
| Chester Pool | Position 8 |
| Lin Pfeiffer | Position 9 - Chairman |

and all of the above were present except Director Porter and Pfeiffer, thus constituting a quorum. Also present at the meeting were John Joerns, Stacey Osborne, David Hawes.

Consider approval of the minutes of the August 25, 2010 Board of Directors meetings.

Upon motion made by Director Turnquist, seconded by Director Leopard, the board voted unanimously to approve the minutes as presented.

CONSENT AGENDA – ANY ITEM MAY BE REMOVED BY A BOARD MEMBER FOR DISCUSSION

ENTERTAIN A MOTION AND A SECOND TO APPROVE THE TIRZ ITEMS IN THE SAME FORM AND MANNER AS WAS APPROVED IN THE PREVIOUS REDEVELOPMENT AUTHORITY MEETING

- a. Consider approval of the proposed La Porte Redevelopment Authority Fiscal Year 2010-2011 Fiscal Year Budget;
- b. Consider approval or other action with regard to authority invoices;
- c. Board member comments with regard to matters appearing on agenda and inquiry of staff regarding specific factual information or existing policy;
- d. Adjournment.

Upon a motion duly made by Director Leopard and being seconded by Director Turnquist, the board unanimously approved the consent agenda in the same manner and form as approved in the Redevelopment Authority Board Meeting and adjourned at 6:57 PM.

SIGNED: _____ ATTEST: _____

TITLE: _____ TITLE: _____

DATE: _____ DATE: _____