

**YOLANDA FORD**  
Chair  
**CHRIS PRESTON**  
Vice-Chair  
**VASHAUNDR A EDWARDS**  
Director  
**REGINALD PEARSON**  
Director  
**JEFFREY L. BONEY**  
Director



**ANTHONY G. MAROULIS**  
Director/Secretary  
**FLOYD EMERY**  
Director  
**ANTHONY SNIPES**  
General Manager  
**MARIA JACKSON**  
Assistant Secretary

## MISSOURI CITY DEVELOPMENT AUTHORITY MEETING AGENDA

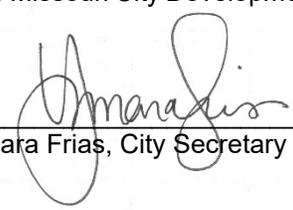
Notice is hereby given of a meeting of the Board of Directors of the Missouri City Development Authority to be held on **Monday, February 4, 2019, at 6:50 p.m.** at: **City Hall, Council Conference Room, 2nd Floor, behind the Council Chamber**, 1522 Texas Parkway, Missouri City, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action. The Board of Directors reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. ROLL CALL
2. Consider approving the minutes of the meeting of March 19, 2018.
3. Public comments.
4. Consider authorizing a reimbursement to Vicksburg Estates, Limited, for certain infrastructure improvements in Lake Shore Harbour, Sections 4 and 5.
5. Consider authorizing a Tax Increment Reinvestment Zone No. 1 reimbursement to the City of Missouri City, Texas, for the Independent Boulevard project.
6. **CLOSED EXECUTIVE SESSION**  
*The Board of Directors may go into Executive Session regarding any item posted on the Agenda as authorized by Chapter 551 of the Texas Government Code.*
7. ADJOURN

**In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending Missouri City Development Authority meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Maria Jackson, City Secretary, at 281.403.8500.**

### CERTIFICATION

I certify that a copy of the February 4, 2019 agenda of items to be considered by the Missouri City Development Authority was posted on the City Hall bulletin board on February 1, 2019, at 4:00 p.m.

  
\_\_\_\_\_  
Yomara Frias, City Secretary Department

I certify that the attached notice and agenda of items for consideration by the Board of Directors was removed by me from the City Hall bulletin board on the \_\_\_\_ day of \_\_\_\_\_, 2019.

Signed: \_\_\_\_\_ Title: \_\_\_\_\_

**ALLEN OWEN**  
Chair  
**YOLANDA FORD**  
Vice-Chair  
**JERRY WYATT**  
Director  
**CHRIS PRESTON**  
Director  
**JEFFREY L. BONEY**  
Director



**ANTHONY G. MAROULIS**  
Director/Secretary  
**FLOYD EMERY**  
Director  
**ANTHONY SNIPES**  
General Manager  
**MARIA JACKSON**  
Assistant Secretary

## MISSOURI CITY DEVELOPMENT AUTHORITY MINUTES

The Board of Directors of the Missouri City Development Authority held a meeting on Monday, March 19, 2018, at 6:00 p.m. in the Council Conference Room, 2<sup>nd</sup> Floor, behind Council Chambers, 1522 Texas Parkway, Missouri City, Texas, to consider the following:

### 1. CALL TO ORDER

Chair Owen called the meeting to order at 6:09 p.m.

Present were Vice-Chair Ford, Directors Wyatt, Preston, Maroulis, and Emery; General Manager Snipes, Assistant Secretary Jackson, City Attorney Iyamu, Assistant City Manager Atkinson, Director of Financial Services Atmore, Accounting Manager Brannon, Financial Analyst II Thomas and Media Relations Specialist Stottlemeyer. Also present was Frank Hester and Renee Yan. Absent: Directors Jeffrey L. Boney.

### 2. Consider approving the minutes of the meeting of October 16, 2017.

Director Wyatt moved to approve the minutes of the October 16, 2017, meeting; and, the motion was seconded by Director Maroulis. **MOTION PASSED UNANIMOUSLY.**

### 3. Public comments.

There were no public comments.

### 4. Consider authorizing the reimbursement of certain funds to Vicksburg Estates, Ltd. for certain public infrastructure improvements and authorize staff to take all necessary actions for such reimbursement, including the issuance of bonds.

Director of Financial Services Atmore presented on the reimbursement.

Director Wyatt moved to authorize the reimbursement of certain funds to Vicksburg Estates, Ltd. for certain public infrastructure improvements and authorize staff to take all necessary actions for such reimbursement, including the issuance of bonds; and, the motion was seconded by Director Emery. **MOTION PASSED UNANIMOUSLY.**

### 5. ADJOURN

Director Wyatt moved to adjourn the meeting at 6:11 p.m., and the motion was seconded by Director Emery. Motion passed unanimously. Meeting adjourned.

**BY:** \_\_\_\_\_  
Yolanda Ford, Chair

**ATTEST:** \_\_\_\_\_  
Anthony G. Maroulis, Secretary



## MISSOURI CITY DEVELOPMENT AUTHORITY AGENDA ITEM COVER MEMO

February 4, 2019

**To:** Board of Directors of the Missouri City Development Authority  
**Agenda Item:** 4 Consider Authorizing a Reimbursement to Vicksburg Estates, Limited, for Certain Infrastructure Improvements in Lake Shore Harbour, Sections 4 and 5.  
**Submitted by:** Bertha P. Alexander, Budget & Financial Reporting Manager

### SYNOPSIS

The Missouri City Development Authority (MCDA) and Vicksburg Estates, Limited entered into a Development Agreement to provide for the construction of certain public infrastructure to serve Lake Shore Harbour Sections One – Five and to provide for reimbursement to the Developer for its expenses in constructing the public infrastructure through the collection of Public Improvement District Assessments levied on the lots located within Lake Shore Harbour.

The Developer has completed construction of the public infrastructure. In March 2018, the MCDA Board authorized staff to reimburse the developer for costs associated with Sections One – Three and issue bonds for the reimbursement of costs for Sections Four – Five.

PID No.2 has received the bond proceeds and the Developer is requesting reimbursement of \$2,246,277.95. Based on an analysis of the fund balance, \$2,000,000.00 is available for reimbursement. The remaining balance of \$246,277.95 due to the Developer can be reimbursed next year when additional funds become available.

### STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

### BACKGROUND

In June of 2002, the Development Authority and Vicksburg Estates, Limited, entered into a Development Agreement for the construction of improvements in Public Improvement District No. 2 and for the reimbursement of Developer expenses for construction of public infrastructure through the collection of assessments levied in PID2.

Sections One – Five of Lake Shore Harbour have been completed and the developer is requesting that the balance due of \$2,246,277.95 be reimbursed in accordance with the agreed-upon procedures.

## BUDGET/FISCAL ANALYSIS

|                                  |                        |
|----------------------------------|------------------------|
| <b>Beginning Fund Balance</b>    | <b>\$ 816,482.90</b>   |
| Budgeted Revenues                | 1,782,968.00           |
| <b>Total Resources Available</b> | <b>\$ 2,599,450.90</b> |
| Less:                            |                        |
| Budgeted Expenditures            | \$ 342,726.00          |
| <b>Ending Fund Balance</b>       | <b>\$ 2,256,724.90</b> |

PID No.2 currently has a fund balance of \$2,358,399.40. We expect to receive additional property tax revenues of \$43,321.00 from Fort Bend County and interest income of \$20,968.00. We anticipate making debt service payments in June 2019 of \$259,605.83. After this reimbursement of \$2,000,000.00, it is projected that the fund will have a balance of \$422,688.40 which will be reserved for future debt service payments.

**Purchasing Review: N/A**

**Financial/Budget Review: Allena J. Portis, Director of Financial Services**

*Note:* Compliance with the conflict of interest questionnaire requirements, if applicable, and the interested party disclosure requirements (HB 1295) has been confirmed/is pending within 30-days of this Council action and prior to execution.

## SUPPORTING MATERIALS

1. 03-19-18 Agenda
2. 03-19-18 Agenda Item Cover Memo
3. Signed Development Agreement dated 6-19-2002
4. Amended Development Agreement dated 10-13-2010
5. Report on Agreed Upon Procedures dated 11-15-2014

## STAFF'S RECOMMENDATION

Staff recommends the MCDA authorize the City Manager to reimburse the developer for \$2,000,000.00. The remaining balance of \$246,277.95 due to the Developer can be reimbursed next year when additional funds become available.

**Director Approval: Allena J. Portis, Director of Financial Services**

**Assistant City Manager/  
City Manager Approval: Anthony J. Snipes, City Manager**

ALLEN OWEN  
Chairman  
YOLANDA FORD  
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## MISSOURI CITY DEVELOPMENT AUTHORITY MEETING AGENDA

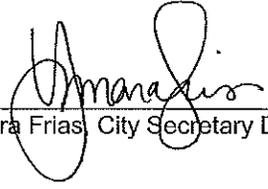
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1. ROLL CALL
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### CERTIFICATION

I certify that a copy of the March 19, 2018 agenda of items to be considered by the Missouri City Development Authority was posted on the City Hall bulletin board on March 16, 2018, at 4:00 p.m.

  
\_\_\_\_\_  
Yomara Frias, City Secretary Department

I certify that the attached notice and agenda of items for consideration by the Board of Directors was removed by me from the City Hall bulletin board on the \_\_\_\_ day of \_\_\_\_\_, 2018.

Signed: \_\_\_\_\_ Title: \_\_\_\_\_



## AGENDA ITEM COVER MEMO

MARCH 19, 2018

**To:** Public Improvement District (PID) #2  
**Agenda Item:** 4 Consider authorizing staff to reimburse the developer for sections 1-3 of PID No. 2 (PID2), and consider issuance of bonds for reimbursement to the developer for section 4-5 of PID2.  
**Submitted by:** Edena J. Atmore, Director of Financial Services

### SYNOPSIS

As a condition of the development agreement with Vicksburg Estates, Ltd., the developer of Lake Shore Harbour seeks reimbursement for PID2 improvements in Sections 1-5 of the Lake Shore Harbour subdivision.

### STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

### BACKGROUND

In June of 2002, the Development Authority and Vicksburg Estates, Limited, entered into a Development Agreement for the construction of improvements in Public Improvement District No. 2 and for the reimbursement of Developer expenses for construction of public infrastructure through the collection of assessments levied in PID2. This agreement was amended in October of 2010. The improvements have been completed as they relate to Sections 1, 2, and 3 of Lake Shore Harbour, and Sections 4 and 5 of the subdivision. The construction costs for sections 1, 2 and 3 were reviewed in the Report on Applying Agreed-upon Procedures to Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Limited, dated June 19, 2008 by McCall, Gibson, & Company, an independent accounting firm. The developer has been reimbursed for Sections 1, 2 & 3, with the exception of a remaining balance due of \$680,637.67.

Sections 4 & 5 of Lake Shore Harbour are completed and the developer is requesting \$2,246,277.95 to be reimbursed in accordance with the development agreement. A report on Applying Agreed-Upon Procedures was performed and submitted on November 15, 2014 for Construction, Engineering and Related Costs that are reimbursable to Vicksburg Estates for Sections 4 & 5 of Lake Shore Harbour by McCall Gibson Swedlund Barfoot, PLLC, an independent accounting firm.

**BUDGET/FISCAL ANALYSIS**

| <b>Funding Source</b>              | <b>Account Number</b> | <b>Project Code/Name</b> | <b>FY 2018 Funds Budgeted</b> | <b>FY18 Funds Available</b> | <b>Amount Requested</b> |
|------------------------------------|-----------------------|--------------------------|-------------------------------|-----------------------------|-------------------------|
| PID #2 Fund Assessments            | 263-30000-00-000      | FUND BALANCE             | N/A                           | \$1,105,068                 | \$680,637.67            |
| PID #2 Fund Assessment or CO Bonds | 263-53509-10-263      | Developer Agreement Exp. | \$0                           | \$0                         | \$2,246,277.95          |

The remaining balance owed of \$680,637.67 for Sections 1, 2, & 3 can be reimbursed from the fund balance of the PID #2 Fund, which has a unreserved balance as of June 30, 2017 of \$730,068.

**Purchasing Review:** N/A

**Financial/Budget Review:** LaToya Jasper, CPA, CPM, CGFO

*Note:* Compliance with the conflict of interest questionnaire requirements, if applicable, and the interested party disclosure requirements (HB 1295) has been confirmed/is pending within 30-days of this Council action and prior to execution.

**SUPPORTING MATERIALS**

1. Vicksburg Estates, Ltd Reimbursement Request for PID2
2. Signed Development Agreement dated 6/19/2002
3. Amended Development Agreement dated 10/13/2010
4. Report on Agreed Upon Procedures dated 6/19/2008
5. Report on Agreed Upon Procedures dated 11/15/2014

**STAFF'S RECOMMENDATION**

Staff recommends the MCDA authorize the City Manager to reimburse the developer for the remaining balance owed on Sections 1, 2, & 3 of Lake Shore Harbour and to pursue issuance of bonds to reimburse costs to the developer for Sections 4 & 5 of the Lake Shore Harbour subdivision in accordance with the developer agreements.

**Director Approval:** Edena J. Atmore, CPA, CPFO, CPM

**Assistant City Manager/  
City Manager Approval:** Anthony J. Snipes, City Manager

PID

**DEVELOPMENT AGREEMENT**

This Development Agreement (this "*Agreement*") is made as on June 19, 2002, by and between the **MISSOURI CITY DEVELOPMENT AUTHORITY**, a Texas local government corporation (the "*Authority*"), and **VICKSBURG ESTATES, LIMITED**, a Texas limited partnership (the "*Developer*").

**RECITALS**

**WHEREAS**, in accordance with the provisions of Chapter 372, TEX. LOCAL GOV'T CODE, and Resolution 2001-038, the City Council of the City Missouri City (the "*City*") created Public Improvement District No. Two, Missouri City Texas (the "*PID*") pursuant to the petitions for creation from the owners thereof; and

**WHEREAS**, the City Council of the City has determined that it is in the bests interest of the City and the land within the PID to finance the construction of certain PID Improvements (defined below) and that an assessment against the benefited property within the PID should be made; and

**WHEREAS**, the City has contracted with the Authority as a nonprofit, Texas local government corporation pursuant to the provisions of Chapter 431, Subchapter D, TEX. TRANS. CODE, to carry out the purposes of the PID, including administration, supervision, construction, financing and other duties, and committed the revenues of the PID to the Authority for such purposes; and

**WHEREAS**, the Developer is the owner of certain property within the PID, and wishes to finance and construct certain PID projects; and

**WHEREAS**, the Developer intends to assist the Authority in the financing and construction of the PID Improvements, in exchange for the Authority's agreement to reimburse the Developer in accordance with the terms of this Agreement; now, therefore,

**AGREEMENT**

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the Developer contract and agree as follows:

## ARTICLE 1 GENERAL TERMS

1.1 Definitions. The terms "*Agreement*," "*Authority*," "*City*," "*Developer*," "*PID*," and "*PID Agreement*" have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words "shall" and "will" are mandatory, and the word "may" is permissive.

*Act* shall mean the Public Improvement District Assessment Act, Chapter 372, TEX. LOCAL GOV'T CODE, as amended.

*Assessments* shall mean assessments levied and collected in connection with the PID pursuant to the Act and the Plan, and deposited by the City into the PID Revenue Fund pursuant to the PID Agreement.

*Authority Bonds* shall mean any bond, note or other obligation of the Authority issued or incurred in one or more series pursuant to **Article 5**, secured by Assessments or other funds deposited in the PID Revenue Fund, including refunding bonds.

*Developer Advances* shall mean any funds advanced by the Developer pursuant to **Section 5.01**, and shall include any interest payable thereon.

*Net Assessments* shall mean the annual deposits of the Assessments into the PID Revenue Fund, less amounts reasonably required or anticipated to be required for the administration and operation of the Authority in carrying out its responsibilities hereunder, including a reasonable operating reserve.

*Parties* or *Party* shall mean the Authority, and the Developer as parties to this Agreement.

*PID Improvements* shall mean the improvements described in **Article 3** hereof.

*PID Revenue Fund* shall mean the special fund established by the Authority and funded with payments made by the City pursuant to the PID Agreement from Assessments.

*Plan* shall mean the final Service and Assessment Plan for the PID as approved by City Council in accordance with the Act.

*Project* shall mean the residential and commercial development within the PID projected to be carried out by the Developer described on Exhibit A.

1.2 Singular and plural; gender. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Likewise, any masculine references shall include the feminine, and vice versa.

## ARTICLE 2 REPRESENTATIONS

2.1 Representations of the Authority. The Authority hereby represents that:

a. The Authority is duly authorized, created and existing under Chapter 431, Subchapter D, TEX. TRANS. CODE, as amended, is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The Authority has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Authority or any provisions of the Authority's articles of incorporation and by-laws, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected. The Authority is duly delegated as the operator and manager of the PID on behalf of the City, and the City has pledged the net PID assessments to the Authority in accordance with the terms of the PID Agreement.

c. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms.

2.02. Representations of the Developer. The Developer hereby represents that:

a. The Developer is duly authorized, created and existing under the laws of the State of Texas, is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer or any provisions of the Developer's organizational documents, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

c. The Developer has sufficient capital to perform its obligations under this Agreement.

d. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

### ARTICLE 3 THE PLAN AND PID IMPROVEMENTS

3.01 The PID Improvements. The PID Improvements are intended to enhance the proposed implementation of a development within the PID constituting the Project, as more fully described in the Plan.

3.02 PID Improvements description. The PID Improvements consist of acquisition, construction and development of the public improvements within the portion of the PID comprising the Project, as more fully described in Exhibit B, and as described in the Plan. The PID Improvements will be developed pursuant to a schedule consistent with the pace of development of the Project that is mutually agreeable to the Parties. The PID Improvements shall include all engineering, legal and other consultant fees and expenses related to such PID Improvements.

3.03 General terms of the Plan. The Plan has not yet been adopted by the City. The Parties anticipate that the Plan, at a minimum, will include the PID Improvements described above to serve the land within the PID, and such other facilities as may be agreed upon by the Parties, and that the Assessments shall be assessed in phases to affect only the portions of the PID directly benefited by the PID improvements to be financed by each Assessment.

3.04. Additional Projects. This Agreement does not apply to any projects not

specifically included in the Plan and defined herein unless this Agreement is amended to provide for the design and construction of such additional projects.

#### **ARTICLE 4 DUTIES AND RESPONSIBILITIES OF THE DEVELOPER**

4.01 Construction manager. The Developer agrees to construct the PID Improvements and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the PID Improvements. The Developer will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction, provide supervision of all phases of construction of the PID Improvements, provide periodic reports of such construction to the Authority board upon request, and cause the construction to be performed in accordance with the Plan. The Authority and the City shall use their best efforts to assist the Developer in obtaining such permits and approvals necessary to construct the PID Improvements.

4.02 Design of the PID Improvements. The Developer shall prepare or cause to be prepared the plans and specifications for the PID Improvements and make appropriate recommendations to the Authority. Prior to the commencement of construction or implementation of the PID Improvements, the plans and specifications must be approved by the Authority. If there are any material changes to the plans and specifications, the Developer shall submit such changes to the Authority for approval. The PID Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

4.03 Construction contracts. The Developer and the Authority shall cooperate to promulgate form contract and bid documents that are acceptable to all parties for use in connection with PID Improvement projects. The Developer shall prepare the PID Improvements construction contract documents to ensure that the contract documents are in accordance with the approved plans and specifications. The Authority shall have 30 days to review and approve or disapprove all such contract documents. If the Authority approves, or fails to approve or disapprove within the specified time, the Developer shall be entitled to obtain proposals for the construction of the PID Improvements. Such proposals shall be solicited from at least five qualified contractors, and the contract shall be awarded to the most advantageous proposal as determined by the Developer; provided that, the contract may not be awarded to a contractor if the Authority, after notification thereof by the City, has notified the Developer that such contractor is unacceptable.

4.04. Construction and implementation of the PID Improvements. The Developer shall

be responsible for the inspection and supervision of the construction and implementation of the PID Improvements.

a. The Developer shall commence construction of the PID Improvements in a timely fashion to coincide with the expected development of the Project.

b. Upon completion of a contract for the construction of the PID Improvements, the Developer shall provide the Authority with a final summary of all costs associated with such contract, and show that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors. Following completion of a construction contract, the Developer will call for inspection of the applicable PID Improvements by the City, and upon approval thereof as being in compliance with City standards relating thereto, the PID Improvements will be conveyed to the City, subject only to the right to reimbursement for Developer Advances with respect thereto.

4.05. Conveyance of easements. If necessary, the Developer shall grant the City and the Authority all required temporary construction and access easements necessary to install and maintain the PID Improvements. The Authority shall work with the Developer to secure all required temporary construction and access easements necessary to install and maintain the PID Improvements.

## ARTICLE 5 PROJECT FINANCING AND FUNDING

### 5.01. The Developer Advances.

a. In connection with the construction of the PID Improvements the Developer has determined are required to be constructed to serve the Project, the Developer agrees to provide sufficient funds as such become due for all costs thereof (the "Developer Advances"), such as costs of design, engineering, materials, labor, construction, and inspection fees arising in connection with the PID Improvements, including all payments arising under any contracts entered into pursuant to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Agreement, and all related legal fees and out-of-pocket expenses incurred on behalf of the Authority in connection therewith. Developer Advances shall further include any amounts advanced by the Developer in connection with the administration of the PID and the design and construction of the PID Improvements.

b. Interest on each Developer Advance shall accrue at a rate equal to the prime commercial lending rate of J P Morgan Chase, National Association, or any successor to its commercial banking activities, plus one percent per annum, compounded semiannually, whether such costs, fees, or expenses are paid or incurred before or after the effective date of this Agreement. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

5.02. Repayment of Developer Advances.

a. In consideration of the development and construction of the PID Improvements, the Authority shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from any of the following sources, and solely from such sources:

(i) proceeds from the sale of Authority Bonds, as set forth in subsection (b), and

(ii) the Net Assessments, subject to the limitations set forth in subsection (c).

b. As provided herein, the Authority shall issue one or more series of Bonds at the earliest feasible date, which Bonds will be secured by a pledge of the City's payments to the PID Revenue Fund pursuant to the PID Agreement. The net proceeds of the Bonds shall be deposited to a special fund of the Authority, and used by the Authority to reimburse the Developer for the full amount (or such portion thereof as is deemed by the Authority as supported by the Project as provided below) of eligible Developer Advances, plus interest. Such Bonds shall be sold within 120 days (or such other period as may be agreed by the Parties) of a written request therefor from the Developer; *provided that* the Net Assessments expected to be generated with respect to the PID from the Project are sufficient to support the applicable Bonds bearing interest at the then-current rate of interest as determined by the Authority's financial advisor for comparable issues, after taking into account the portion of the Net Assessments required to pay any outstanding Bonds, including Bonds issued to refund outstanding Bonds.

c. In addition to the Developer's right to reimbursement from Bond proceeds, upon request from the Developer, the Authority shall reimburse the Developer for Developer Advances, plus interest, from Net Assessments from the Project accumulated in the

PID Revenue Fund available in accordance with the priorities described in **Section 5.03**, below.

d. At such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the Authority shall hire a certified public accountant to calculate the amount due the Developer and prepare and submit a report to the Authority certifying (1) the amount due the Developer for the Developer Advances being repaid with interest calculated thereon, and (2) that funds are available to make such payment. Such report shall be approved at the earliest practicable time, but not later than 90 days after submission by the Developer of the records required therefor. The Authority shall make payment to the Developer within 30 days of approval of the auditor's report.

e. The Authority shall provide to the Developer, upon the written request of the Developer, and on the earliest date such information is available after the date of such request, certified copies of all statements of revenue and the sources of such revenue of the Authority the intended use of which is to verify the availability of funds for repayment of the Developer Advances, if applicable, under this section.

5.03. Priorities. Amounts deposited in the PID Revenue Fund shall be applied in the following order of priority (i) amounts pledged or required for the payment of outstanding Bonds, including Bonds in the process of issuance and refunding Bonds, (ii) administrative and operating costs of the Authority, (iii) payments to the Developer pursuant to **Section 5.02(c)**, above, and (iv) other Authority obligations and expenses.

5.04. Multiple developers. In the event that the Authority enters into other agreements with developers of land within the PID for the financing of PID Improvements, it is the intention of the Parties that the each developer shall be responsible for the creation of Assessments required for its own reimbursement. In such case, the Assessments generated within the area of the PID owned or under development by the Developer shall not be considered in determining whether sufficient Net Assessments exist for the issuance of Bonds, or direct payment of available Net Assessments unless the Developer shall give its written consent thereto. The net proceeds of Bonds issued to reimburse multiple developers shall be allocated based upon the proportion of Assessments generated by each developer, or such other method as the developers may agree upon.

**ARTICLE 6  
DEFAULT**

6.01. Default.

a. If the Authority does not perform its obligations hereunder in substantial compliance with this Agreement (other than the financial obligations, which shall be in strict compliance), in addition to the other rights given the Developer under this Agreement, the Developer may enforce specific performance of this Agreement or seek actual damages incurred by the Developer for any such default.

b. If the Developer fails to commence or complete the PID Improvements or the Project in accordance with the terms of this Agreement, including the failure to fund Developer Advances, the Authority may terminate this Agreement with respect to its obligations to the Developer and shall be relieved of any obligation to reimburse the Developer for any Developer Advances made after notice of such default has been provided to the Developer in writing; in the event the Developer does not otherwise perform its obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given to the Authority under this Agreement, the Authority may enforce specific performance or seek actual damages incurred for any such default.

c. The Party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 60 days to remedy the default prior to the declaration of any default hereunder.

**ARTICLE 7  
GENERAL**

7.01. Inspections, audits. The Developer agrees to keep such operating records with respect to the PID Improvements and other activities contemplated by this Agreement and all costs associated therewith as may be required by the City, the Authority, or by State and federal law or regulation. The Developer shall allow the Authority access to, and the Authority shall have a right at all reasonable times to audit, all documents and records in the Developer's possession, custody or control relating to the PID Improvements that the Authority deems necessary to assist the Authority in determining the Developer's compliance with this Agreement.

7.02 Developer operations and employees. All personnel supplied or used by the

Developer in the performance of this Agreement shall be deemed contractors or subcontractors of the Developer and will not be considered employees, agents, contractors or subcontractors of the Authority or the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such contractors and subcontractors.

7.03 Personal liability of public officials, legal relations. To the extent permitted by State law, no director, officer, employee or agent of the Authority or the City shall be personally responsible for any liability arising under or growing out of the Agreement. THE PARTIES SHALL INDEMNIFY AND SAVE HARMLESS EACH OTHER AND THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS, ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF SUCH PARTY, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES IN PERFORMING ANY OF THE SERVICES AND ACTIVITIES UNDER THIS AGREEMENT. The expenses of the Authority with respect to this section and Section 7.15, below, shall be satisfied from uncommitted Net Assessments attributable to the Project.

7.04 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

Missouri City Redevelopment Authority  
c/o David Hawes  
P.O. Box 22167  
Houston, Texas 77092  
Attn: Chair, Board of Directors

Vicksburg Estates, Limited  
7676 Woodway, Suite 238  
Houston, Texas 77063  
Attention: Clinton F. Wong

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when received for by, or actually received by the Authority, or the Developer, as the case may be.

7.05 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Authority and the Developer. No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

7.06 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

7.07 Successors and assigns. All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns. The Parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other Parties, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, the Developer may make an assignment to a successor developer of the Land if such assignee specifically assumes all of the obligations of the Developer hereunder or may make a collateral assignment in favor of a lender without consent. This section shall not be construed to prevent the Developer from selling lots, parcels or other portions of the Land in the normal course of business. If such assignment of the obligations by the Developer hereunder is effective, the Developer shall be deemed released from such obligations. If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

7.08 Exhibits; titles of articles, sections and subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

7.09 Construction. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

7.10 Entire Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7.11 Term. This Agreement shall be in force and effect from the date of execution hereof for a term expiring on the date that the Developer Advances have been repaid in full, or January 1 of the year following the date all Bonds have been retired, not to exceed 40 years.

7.12 Time of the essence. Time is of the essence with respect to the obligations of the Parties to this Agreement.

7.13 Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably conditioned, withheld or delayed.

7.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

7.15 Legal costs. If any Party hereto is the prevailing party in any legal proceedings against another Party brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing Party to such proceedings.

7.16 Further assurances. Each Party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.

7.17 Effect of PID Agreement. The obligations of the Parties hereunder are specifically conditioned upon the approval, execution, and effectiveness of the PID Agreement.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of June 20, 2002.

**MISSOURI CITY DEVELOPMENT  
AUTHORITY**

By:   
Name: Allen Owen  
Title: Mayor

**VICKSBURG ESTATES, LIMITED,**  
by its general partner

**GREATMARK INTERNATIONAL,  
INC.**

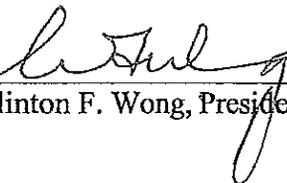
By:   
Clinton F. Wong, President

Exhibit A  
The Project

METES and BOUNDS DESCRIPTION

TRACT 1

Of 262.296 Acres or 11,425,630 Square Feet of land being part of the remainder of that certain 549.5138 Acre tract of land conveyed from HERMANN HOSPITAL ESTATE to HERMANN HEALTH CARE SYSTEM, Inc. by a deed dated November 4, 1997 and recorded under Clerk's File No. 9774265, of the Deed Records of Fort Bend County, Texas (F.B.C.D.R.), lying in the ELIJAH ROARK League, Abstract No. 77, said 262.296 Acre tract of land is more particularly described by metes and bounds as follows:

COMMENCING at a railroad spike set on the North line of said ELIJAH ROARK League, same being the Southeast corner of the DAVID BRIGHT League, Abstract No. 13, and the Southwest corner of the HICKS SHROPSHIRE Survey, Abstract No. 313;

THENCE South 00 deg. 19 min. 59 sec. East, along the center line of a 125 Foot Drainage Easement recorded in Volume 860, Page 323, F.B.C.D.R., a distance of 192.50 feet to a 3/4 inch iron rod set at the POINT OF BEGINNING;

THENCE South 29 deg. 10 min. 17 sec. East, a distance of 2,114.53 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 26 deg. 33 min. 06 sec. East, along the West line of Lot 1, Block 2, of VICKSBURG, THE VILLAGE OF CUMBERLAND, according to the map or plat thereof recorded in Slide 644B, 645A, and 645B, of the Map Records of Fort Bend County, Texas, a distance of 110.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE Westerly, a distance of 27.00 feet along the arc of a curve to the right in the North Right-of-Way of Aldridge Drive (a 60 foot Right-of-Way), said curve having a central angle of 00 deg. 47 min. 07 sec. and a radius of 1,970.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 25 deg. 45 min. 59 sec. East, along the most Northerly West line of said VILLAGE OF CUMBERLAND, a distance of 60.00 feet pass a 5/8 inch iron rod found at the Northwest corner of Lot 80, Block 1, of said VILLAGE OF CUMBERLAND, and continuing in all a distance of 203.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 69 deg. 34 min. 04 sec. West, along the most Westerly North line of said Block 1, a distance of 620.40 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.68 feet and West, 0.54 feet;

THENCE North 29 deg. 59 min. 21 sec. West, along the East Right-of-Way of a 150 Foot Drainage Easement recorded in Volume 1207, Page 182, F.B.C.D.R., a distance of 8.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE South 60 deg. 00 min. 39 sec. West, along the North end of said 150 Foot Drainage Easement, a distance of 150.00 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.12 feet and East, 0.27 feet;

THENCE South 29 deg. 59 min. 21 sec. East, along the West Right-of-Way of said 150 Foot Drainage Easement, a distance of 400.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southerly, a distance of 530.14 feet along the arc of a curve to the right in the West Right-of-Way of said 150 Foot Drainage Easement, said curve having a central angle of 27 deg. 00 min. 00 sec. and a radius of 1,125.00 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.27 feet;

THENCE South 02 deg. 59 min. 21 sec. East, along the West Right-of-Way of said 150 Foot Drainage Easement, a distance of 1000.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southerly, a distance of 243.75 feet along the arc of a curve to the right in the West Right-of-Way of said 150 Foot Drainage Easement, said curve having a central angle of 16 deg. 16 min. 28 sec. and a radius of 385.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southwesterly, a distance of 292.03 feet (called 274.87 feet) along

the arc of a curve to the right in the North Right-of-Way of said Drainage Easement (a variable width Right-of-Way along this curve), said curve having a central angle of 55 deg. 00 min. 04 sec. (Called 52 deg. 29 min. 48 sec.) and a radius of 304.22 feet (Called 300.00 feet) to a 1/2 inch iron rod set at a point for corner;

THENCE Westerly, a distance of 506.41 feet along the arc of a curve to the left in the North Right-of-Way of said Drainage Easement (a 220 foot Right-of-Way at this point), said curve having a central angle of 26 deg. 22 min. 38 sec. and a radius of 1100.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE South 61 deg. 54 min. 33 sec. West, along the North Right-of-Way of said 220 Foot Drainage Easement, a distance of 255.28 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Westerly, a distance of 257.39 feet along the arc of a curve to the right in the North Right-of-Way of said Drainage Easement, said curve having a central angle of 16 deg. 34 min. 13 sec. and a radius of 890.00 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.24 feet;

THENCE Westerly, a distance of 168.75 feet along the arc of a curve to the right in the North Right-of-Way of said Drainage Easement (a variable width Right-of-Way along this curve), said curve having a central angle of 48 deg. 20 min. 36 sec. and a radius of 200.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE North 53 deg. 10 min. 38 sec. West, along the North Right-of-Way of said Drainage Easement, a distance of 35.70 feet to a 1/2 inch iron rod set at a point for corner;

THENCE North 36 deg. 49 min. 22 sec. East, along the South line of that certain 6.7383 Acre tract of land conveyed from HERMANN HOSPITAL ESTATE to HERMANN HEALTH CARE SYSTEM, Inc. by a deed dated November 4, 1997 and recorded Clerk's File No. 9774265, F.B.C.D.R., a distance of 260.28 feet to a 1/2 inch iron rod set at a point for corner, from which a 5/8 inch iron rod was found West, 3.93 feet;

THENCE North 17 deg. 29 min. 21 sec. West, along the East line of said 6.7383 Acre tract, at a distance of 131.88 feet pass the Southeast corner of that certain 455.0989 Acre tract of land conveyed from THE BOARD OF TRUSTEES OF THE HERMANN HOSPITAL ESTATE to COMMUNITIES FOUNDATION OF TEXAS, Inc. by a deed dated March 31, 1992 and recorded in Volume 2389, Page 1879, F.B.C.D.R., and continuing in all a distance of 628.88 feet to a 5/8 inch iron rod found at a point for corner;

THENCE North 04 deg. 02 min. 08 sec. East, along the East line of said 455.0989 Acre tract, a distance of 453.62 feet to a point for corner, from which a 5/8 inch iron rod was found West, 0.15 feet;

THENCE North 55 deg. 32 min. 21 sec. West, along the East line of said 455.0989 Acre tract, a distance of 494.84 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.12 feet;

THENCE North 43 deg. 08 min. 21 sec. West, along the East line of said 455.0989 Acre tract, a distance of 783.89 feet to a point for corner, from which a 5/8 inch iron rod was found South, 0.13 feet;

THENCE North 68 deg. 29 min. 25 sec. West, along the East line of said 455.0989 Acre tract, a distance of 583.65 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.21 feet;

THENCE North 47 deg. 18 min. 47 sec. West, along the East line of said 455.0989 Acre tract, a distance of 578.18 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.12 feet;

THENCE North 39 deg. 50 min. 27 sec. West, along the East line of said 455.0989 Acre tract, a distance of 416.76 feet to a 5/8 inch iron rod found at a point for corner;

THENCE North 29 deg. 42 min. 54 sec. West, along the East line of said 455.0989 Acre tract, a distance of 716.18 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.23 feet;

THENCE North 12 deg. 32 min. 55 sec. East, along the East line of said 455.0989 Acre tract, a distance of 117.45 feet to a 3/4 inch iron rod set at a point for corner;

THENCE North 65 deg. 08 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 227.43 feet to a 3/4 inch iron rod set at a point for corner;

THENCE North 46 deg. 28 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 1212.08 feet to a 3/4 inch iron rod set at a point for corner;

THENCE North 89 deg. 58 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 1975.80 feet to the POINT OF BEGINNING, containing within these calls 262.296 Acres or 11,425,630 Square Feet of land, as depicted on a plat prepared by Donald K. Hall, R.P.L.S. No. 4070, dated January 12, 1999 and revised February 16, 1999 and April 1, 1999.

WITNESS MY HAND AND SEAL THIS THE 15<sup>TH</sup> DAY OF APRIL, 1999.

  
Donald K. Hall Registered Professional Land Surveyor No. 4070

VALUE TECHNOLOGIES, Surveying & Mapping  
14306 Summerwood Lakes Drive  
Houston, Texas 77044-5078

Phone: (281) 225-8876

JOB No.: 1198#848



EXHIBIT A

Exhibit B  
The PID Improvements

| Public Improvements      | Cost Estimate                |
|--------------------------|------------------------------|
| Site Work                | \$ 116,500.00                |
| Storm Sewer              | \$2,178,900.00               |
| Water Line               | \$ 952,512.50                |
| Sanitary Sewer           | \$2,445,525.00               |
| <b>Subtotal</b>          | <b>\$5,693,437.50</b>        |
| <b>15% Contingencies</b> | <b>\$ 854,015.63</b>         |
| <b>Subtotal</b>          | <b>\$6,547,453.13</b>        |
| <b>12% Engineering</b>   | <b>\$ 785,694.38</b>         |
| <b><u>TOTAL</u></b>      | <b><u>\$7,333,147.50</u></b> |

**AMENDED DEVELOPMENT AGREEMENT BETWEEN THE MISSOURI CITY  
DEVELOPMENT AUTHORITY AND VICKSBURG ESTATES, LTD., RELATED TO  
PUBLIC IMPROVEMENT DISTRICT 2**

This Amended Development Agreement ("Amended PID Development Agreement") related to Public Improvement District 2 improvements in Lake Shore Harbour, a recorded subdivision in Fort Bend County, Texas, ("Lake Shore Harbour") between the Missouri City Development Authority ("Authority"), a nonprofit local government corporation formed by and on behalf of the City of Missouri City, Texas, and Vicksburg Estates, Ltd., ("Developer"), a Texas limited partnership, joined herein by the City of Missouri City, Texas ("City"), a Texas home-rule municipality, is made this the 13<sup>th</sup> day of OCTOBER, 2010.

**RECITALS**

WHEREAS, in accordance with the provisions of Chapter 372, Texas Local Government Code, and Resolution No. R-01-38, the City Council of the City of Missouri City (the "City") created the Public Improvement District No. Two, Missouri City, Texas (the "PID") pursuant to the petitions for creation from the owners thereof; and

WHEREAS, the City Council of the City determined that it was in the best interests of the City and the land within the PID to finance the construction of certain PID Improvements (defined below) and that an assessment against the benefitted property within the PID should be made; and

WHEREAS, the City contracted with the Authority as a nonprofit, Texas local government corporation pursuant to the provisions of Subchapter D, Chapter 431, Texas Transportation Code, to carry out the purposes of the PID, including administration, supervision, construction, financing and other duties, and committed the revenues of the PID to the Authority for such purposes; and

WHEREAS, the Developer is the owner of certain property within the PID and desired to assist the Authority in the financing and construction of the PID Improvements in exchange for the Authority's agreement to reimburse the Developer; and

Whereas, the Authority and the Developer entered into the Development Agreement (the "Agreement") on June 19, 2002, to provide for the construction of certain public infrastructure to serve Lake Shore Harbour and to provide for reimbursement of the Developer for its expenses in constructing the public infrastructure through the collection of Public Improvement District Assessments levied on the lots located within Lake Shore Harbour; and

Whereas, the Developer has constructed the public infrastructure necessary to serve Sections 1, 2 and 3 of Lake Shore Harbour and has requested reimbursement for its expenses pursuant to the Agreement; and

Whereas, the terms upon which the Authority is able to issue debt secured by the Public Improvement District Assessments to provide reimbursement to the Developer are presently not desirable; and

Whereas, the City is willing to issue its certificates of obligation in an amount that will allow the debt service, repayment and other expenses to be paid from the Public Improvement District Assessments for lots in Sections 1, 2 and 3 of Lake Shore Harbour for and in consideration of the conveyance of such public infrastructure improvements to the City and upon the terms and conditions set forth herein; and

Whereas, the total costs and expenses of the Developer are known and have been audited as reported in the Report on Applying Agreed Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Ltd.; and

Whereas, the parties desire to resolve all issues related to the construction, costs and expenses of construction, and reimbursement for such construction of PID Improvements related to Sections 1, 2 and 3 of Lake Shore Harbour and further desire to provide for reimbursement of Developer Advances related to future sections of Lake Shore Harbour by this Amended PID Development Agreement; now, therefore,

## **AGREEMENT**

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Amended PID Development Agreement, the Authority, the City and the Developer contract and agree as follows:

### **ARTICLE 1**

#### **GENERAL TERMS**

**1.01 Definitions.** The terms "Agreement," "Authority," "City," "Developer," "Amended PID Development Agreement," "Lake Shore Harbour" and "PID" have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Amended PID Development Agreement the words "shall" and "will" are mandatory, and the word "may" is permissive.

*Act* shall mean the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended.

*Assessments* shall mean assessments levied and collected on lots within Lake Shore Harbour in connection with the PID pursuant the Act and the Plan and deposited by the City into the PID Revenue Fund pursuant to the PID Agreement.

*Authority Bonds* shall mean any bond, note or other obligation issued or incurred in one or more series pursuant to **Article 5**, secured by Assessments or funds deposited in the PID Revenue Fund, including refunding bonds.

*Bonds* shall mean any bond, note or other obligation issued or incurred in one or more series pursuant to **Article 5** including refunding bonds.

*Developer Advances* shall mean any funds advanced by the Developer pursuant to **Section 5.01** and shall include any interest payable thereon.

*Net Assessments* shall mean the annual collections of the Assessments, less amounts reasonably required or anticipated to be required for the administration and operation of the Authority in carrying out its responsibilities hereunder, including a reasonable operating reserve.

*Parties or Party* shall mean the Authority, the City and the Developer as parties to this Amended PID Development Agreement.

*PID Agreement* shall mean the Public Improvement District Agreement between the City and the Authority relating to the PID.

*PID Improvements* shall mean the improvements described in **Article 3** hereof.

*PID Revenue Fund* shall mean the special fund established by the Authority and funded with Assessments collected by the City and paid to the Authority pursuant to the PID Agreement.

*Plan* shall mean the Service and Assessment Plan for the PID as it may be amended and approved by the City Council in accordance with the Act.

*Project* shall mean Lake Shore Harbour, the residential development within the PID projected to be carried out by the Developer described on Exhibit A.

**1.02 Singular and plural; gender.** Words used in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Any masculine reference shall include the feminine and vice versa.

## **ARTICLE 2 REPRESENTATIONS**

**2.01 Representations of the Authority.** The Authority hereby represents that:

(A) The Authority is duly authorized, created and existing in good standing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Amended PID Development Agreement.

(B) The Authority has the power, authority and legal right to enter into and perform this Amended PID Development Agreement and the execution, delivery and performance hereof (i) have been duly authorized; (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation applicable to the Authority or any provisions of the Authority's articles of incorporation and by-laws; and (iii) do not constitute default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected. The Authority is duly delegated as the operator and manager of the PID on behalf of the City and the City has pledged the net PID assessments to the Authority in accordance with the terms of the PID Agreement.

(C) This Amended PID Development Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms.

(D) The execution, delivery and performance of this Amended PID Development Agreement by the Authority does not require the consent or approval of any person which has not been obtained.

**2.02 Representations of the Developer.** The Developer hereby represents that:

(A) The Developer is duly authorized, created and existing under the laws of the State of Texas, is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Amended PID Development Agreement.

(B) The Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Amended PID Development Agreement and the execution, delivery and performance hereof (i) have been duly authorized; (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer or any provisions of the Developer's limited partnership agreement; and (iii) do not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

(C) The Developer has sufficient capital to perform its obligations under this Amended PID Development Agreement.

(D) This Amended PID Development Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

**2.03 Representations of the City.** The City hereby represents that:

(A) The City is duly created and existing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Amended PID Development Agreement.

(B) The City has the power, authority and legal right to enter into and perform this Amended PID Development Agreement and the execution, delivery and performance hereof (i) have been duly authorized; (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation; and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

(C) This Amended PID Development Agreement has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

(D) The execution, delivery and performance of this Amended PID Development Agreement by the City does not require the consent or approval of any person which has not been obtained.

### **ARTICLE 3 THE PROJECT**

**3.01 The PID Improvements.** The PID Improvements are intended to enhance the proposed implementation of a development within the PID constituting the Project, as more fully described in the Plan.

**3.02 PID Improvements description.** The PID Improvements consist of acquisition, construction and development of the public improvements within the portion of the PID comprising the Project, as more fully described in Exhibit B and as described in the Plan. The PID Improvements for Sections 1, 2 and 3 of the Project have been and the PID Improvements for future sections of the Project will be developed pursuant to a schedule consistent with the pace of the development of the Project that is mutually agreeable to the Parties. The PID Improvements shall include all engineering, legal and other consultant fees and expenses related to such PID Improvements.

**3.03 Additional Projects.** This Amended PID Development Agreement does not apply to any projects not specifically included in the Plan and defined herein unless

this Amended PID Development Agreement is amended to provide for the design and construction of such additional projects.

## **ARTICLE 4 DUTIES AND RESPONSIBILITIES OF THE DEVELOPER**

**4.01 Construction manager.** The Developer agrees to construct the PID Improvements and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the PID Improvements. The Developer will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction, provide supervision of all phases of construction of the PID Improvements, provide periodic reports of such construction to the Authority board, upon request, and cause the construction to be performed in accordance with the Plan. The Authority and the City shall use their best efforts to assist the Developer in obtaining such permits and approvals necessary to construct the PID Improvements.

**4.02 Design of the PID Improvements.** The Developer shall prepare or cause to be prepared the plans and specifications for the PID Improvements and make appropriate recommendations to the Authority. Prior to the commencement of construction or implementation of the PID Improvements, the plans and specifications must be approved by the Authority. If there are any material changes to the plans and specifications, the Developer shall submit such changes to the Authority for approval. The PID Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

**4.03 Construction contracts.** The Developer and the Authority shall cooperate to promulgate form contract and bid documents that are acceptable to all parties for use in connection with PID Improvement projects. The Developer shall prepare the PID Improvements construction contract documents to ensure that the contract documents are in accordance with the approved plans and specifications and the agreed-upon forms. The Authority shall have 30 days to review and approve or disapprove all such contract documents. If the Authority approves, or fails to approve or disapprove within the specified time, the Developer shall be entitled to obtain proposals for the construction of the PID Improvements. The Developer shall comply with all laws and regulations regarding the bidding and construction of public improvements applicable to similar facilities constructed by the City, including without limitation any applicable requirement relating to payment, performance and maintenance bonds. Each contract shall be awarded in compliance with applicable law. A contract may not be awarded to a contractor if the Authority, after notification thereof by the City, has notified the Developer that such contractor is unacceptable.

**4.04 Construction and implementation of the PID Improvements.** The Developer shall be responsible for the inspection and supervision of the construction and implementation of the PID Improvements.

(a) The Developer shall commence construction of the PID Improvements in a timely fashion to coincide with the expected development of the Project.

(b) Upon completion of a contract for the construction of the PID Improvements, the Developer shall provide the Authority with a final cost summary of all costs associated with such contract and show that all amounts owing to contractors and subcontractors have been paid in full, evidenced by customary affidavits executed by such contractors. Following completion of a construction contract, the Developer will call for inspection of the applicable PID Improvements by the City and, upon approval thereof as being in compliance with City standards relating thereto, the PID Improvements will be accepted by the City and incorporated into the City system for operation and maintenance. Title to the applicable PID Improvements shall remain with the Developer until the Developer has been reimbursed pursuant to this Amended PID Development Agreement; provided that if the PID Assessments from the Project have been insufficient to generate reimbursement pursuant to **Section 5.02**, title to all PID Improvements shall be vested in the City upon termination of the PID without further action.

**4.05 Conveyance of easements.** If necessary, the Developer shall grant the City all required temporary construction and access easements necessary to install and maintain the PID Improvements. The Authority shall work with the Developer to secure all required temporary construction and access easements necessary to install and maintain the PID Improvements.

**4.06 Application of Article.** For the purposes of application and interpretation of this **Article 4**, the Developer was required to perform as set forth herein as this **Article 4** relates to Sections 1, 2 and 3 of the Project and the Developer is required to perform as set forth herein as this **Article 4** relates to any and all future sections of the Project.

## **ARTICLE 5 PROJECT FINANCING AND FUNDING**

### **5.01 The Developer Advances.**

(a) In connection with the construction of the PID Improvements, the Developer agrees to provide sufficient funds as such become due for all costs thereof (the "Developer Advances"), constituting "project costs," as defined in the Act, including costs of design, engineering, materials, labor, construction, and inspection fees arising in connection with the PID Improvements; all payments arising under any contracts entered into pursuant to this Amended PID Development Agreement; all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Amended PID Development Agreement; and all related legal fees and out-of-pocket expenses incurred on behalf of the Authority in connection therewith. Developer Advances shall further include any

amounts advanced by the Developer in connection with the administration of the Authority and the PID and the design and construction of the PID Improvements.

(b) For costs, fees and expenses incurred and not included in the Report on Applying Agreed Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Ltd., prepared by McCall Gibson & Company, PLLC, and dated June 19, 2008, interest on each Developer Advance shall accrue at a rate equal to the prime commercial lending rate of Chase Manhattan Bank, National Association, or any successor to its commercial banking activities, plus one percent per annum, for a period not to exceed two years, whether such costs, fees, or expenses are paid or incurred before or after the effective date of this Amended PID Development Agreement. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in an usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

(c) The Parties agree that the Developer Advances for the PID Improvements related to Sections 1, 2 and 3 of Lake Shore Harbour, including interest, total \$7,709,432 as set forth in Exhibit B-1 hereto, the Report on Applying Agreed Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Ltd. prepared by McCall Gibson & Company, PLLC.

## **5.02 Repayment of Developer Advances.**

(a) **Repayment of Developer Advances related to Sections 1, 2, and 3 of Lake Shore Harbour.** In consideration of the development and construction of the PID Improvements related to Sections 1, 2, and 3 of Lakes Shore Harbour, the Authority shall begin repaying the Developer Advances for the PID Improvements related to Sections 1, 2, and 3 of Lake Shore Harbour on or before the seventh day after the date that funds are available from, and only from, the proceeds of City's issuance of its certificates of obligation, at the then prevailing market rates, in an amount providing 125% coverage of the debt service and supported by the projected assessment collections at a rate of ninety-five percent (95%) for the lots in said Sections 1, 2 and 3 of Lake Shore Harbour in approximate par amount of \$6,010,000.00 and interest and net premium of approximately \$128,172.25, with issuance costs of approximately \$130,135.14. The funding anticipated for payment of such Developer Advances from the described issuance is approximately \$6,008,037.11. The City shall pay the proceeds from such issuance of its certificates of obligation into the PID Revenue Fund for distribution to the Developer, in accordance with the terms hereof. Developer shall convey to the City title to the public infrastructure improvements in Sections 1, 2, and 3 of Lake Shore Harbour, simultaneous with the payment of the Developer Advances for the PID Improvements related to Sections 1, 2, and 3 of Lake Shore Harbour. The public infrastructure improvements are described in Exhibit B-1 attached hereto. The Authority authorizes the City to maintain and use the proceeds of the Public

Improvement District Assessments collected for the lots in Sections 1, 2 and 3 of Lake Shore Harbour for the payment of the debt service and all expenses related to the certificates of obligation issued by the City for the payment of the Developer Advances related to Sections 1, 2 and 3 of Lake Shore Harbour until the certificates of obligation are paid or provision for their payment has been otherwise secured, then the collected assessments not obligated for the payment of the certificates of obligation shall be retained by the Authority for payment of any Developer Advances related to Sections 1, 2 and 3 of Lake Shore Harbour under this Amended PID Development Agreement that have not been reimbursed by said certificates of obligation. On each third anniversary of the date of the payment of reimbursement of Developer Advances for the PID Improvements related to Sections 1, 2, and 3 of Lake Shore Harbour, the Parties shall review the balance of Public Improvement District Assessments collected and retained by the Authority and City and the remaining obligations due on the City's certificates of obligation issued for such reimbursement to determine whether it is reasonable to release any of the collected and retained Public Improvement District Assessments to Vicksburg Estates to reduce the unreimbursed balance of the Developer Advances for PID Improvements related to Sections 1, 2, and 3 of Lake Shore Harbour.

**(b) Repayment of Developer Advances related to Sections of Lake Shore Harbour other than Sections 1, 2, and 3.**

(1) In consideration of the development and construction of the PID Improvements in Lake Shore Harbour, other than PID Improvements related to Sections 1, 2 and 3, the Authority shall begin repaying the such Developer Advances and shall continue such repayment until repaid in full, on the earliest date that funds are available from either of the following sources, and solely from the sources following:

- (i) proceeds from the sale of the Authority Bonds, as set forth in subsection (2) hereof, and
- (ii) the Net Assessments, subject to the limitations set forth in subsection (3) hereof.

(2) As provided herein, the Authority shall issue one or more series of Authority Bonds at the earliest feasible date, which Authority Bonds will be secured by a pledge of the City's payments of received PID Assessments from lots in Lake Shore Harbour, other than lots in Sections 1, 2 and 3, to the PID Revenue Fund pursuant to the PID Agreement. The net proceeds of the Authority Bonds shall be deposited to a special fund of the Authority and shall be used by the Authority to reimburse the Developer for the full amount (or such portion thereof as is deemed by the Authority as supportable by the Project as provided below) of eligible Developer Advances for PID Improvements to Lake Shore Harbour, other than Sections 1, 2 and 3, plus accrued interest. Upon receipt of a written request from the Developer for the sale of Authority Bonds, the Authority shall use its best efforts to sell Authority Bonds, as otherwise authorized herein, within 180 days (or such other period as may be agreed by the Parties); provided that the Net Assessments from lots in Lake Shore Harbour, other than from lots in Sections 1, 2 and 3, expected to be generated with respect to the Project in Lake Shore Harbour, except Sections 1, 2 and 3, are sufficient to support the

applicable Authority Bonds bearing interest at the then-current rate of interest, as determined by the Authority's financial advisor for comparable issues, after taking into account the portion of the Project's Net Assessments required to pay any outstanding Authority Bonds, including Authority Bonds issued to refund outstanding Authority Bonds.

(3) In addition to the Developer's right to reimbursement from Authority Bond proceeds, upon request from the Developer, the Authority shall annually reimburse the Developer for Developer Advances, plus accrued interest, from Net Assessments from the lots benefited by the PID Improvements, except Sections 1, 2 and 3 of Lake Shore Harbour, accumulated in the PID Revenue Fund and available in accordance with the priorities described in **Section 5.03**, below.

(4) Upon notification by the Developer to the Authority that the PID Improvements of the future sections of Lake Shore Harbour have been completed, the Authority shall hire a certified public accountant to calculate the amount due the Developer and prepare and submit a report (the "Agreed Upon Procedures") to the Authority certifying the amount due the Developer for the Developer Advances for PID Improvements in Lake Shore Harbour, other than in Sections 1, 2 and 3, being repaid with interest calculated thereon. Such report shall be approved by the Authority at the earliest practicable time, but not later than 90 days after submission by the Developer of the records required therefor.

(5) The Authority shall provide to the Developer, upon the written request of the Developer, and on the earliest date such information is available after the date of such request, certified copies of all statements of revenue and the sources of such revenue of the Authority, the intended use of which is to verify the availability of funds for repayment of the Developer Advances, if applicable, under this section.

(6) The Authority, City and Developer will cooperate and use their best efforts to further amend this Amended PID Development Agreement, as it relates to future sections of Lake Shore Harbour, to include as PID Improvements the paving, water, wastewater and drainage facilities. The costs for such PID Improvements are to be treated as Developer Advances and eligible for reimbursement as may be possible from PID Assessments charged and collected against the lots created within the future sections of Lake Shore Harbour, other than lots in Sections 1, 2 and 3 of Lake Shore Harbour.

**5.03. Priorities.** Amounts deposited in the PID Revenue Fund shall be applied in the following order of priority (i) amounts pledged or required for the payment of outstanding Bonds, including Bonds in the process of issuance and refunding Bonds; (ii) administrative costs of the Authority; (iii) payments to the Developer pursuant to **Sections 5.02(a) and 5.02(b)(3)**, above; and (iv) other Authority obligations and expenses.

**5.04. Multiple developers.** In the event the Authority enters into other agreements with developers of land within the PID for the financing of PID Improvements, it is the intention of the parties that the each developer shall be responsible for the creation of Assessments required for its own reimbursement. In such case, the Assessments generated within the area of the PID owned or under development by the Developer shall not be considered in determining whether sufficient Net Assessments exist for the issuance of Bonds, or direct payment of available Net Assessments unless the Developer shall give its written consent thereto. The net proceeds of Bonds issued to reimburse multiple developers shall be allocated based upon the proportion of Assessments generated by each developer, or such other method as the developers may agree upon.

## **ARTICLE 6 DEFAULT**

### **6.01 Default.**

(a) If the Authority does not perform its obligations hereunder in substantial compliance with this Amended PID Development Agreement (other than the financial obligations, which shall be in strict compliance), in addition to the other rights given the Developer under this Amended PID Development Agreement, the Developer may enforce specific performance of this Amended PID Development Agreement. Failure of the Authority to provide full reimbursement to the Developer, except through the Authority's failure to perform its obligations in substantial compliance with this Amended Development Agreement, is not default.

(b) If the Developer fails to commence or complete the PID Improvements or the Project in accordance with the terms of this Amended PID Development Agreement, including the failure to fund Developer Advances, the Authority and/or the City may terminate this Amended PID Development Agreement with respect to its obligations to the Developer and shall be relieved of any obligation to reimburse the Developer for any Developer Advances made after notice of such default has been provided to the Developer in writing. In the event the Developer does not otherwise perform its obligations hereunder in substantial compliance with this Amended PID Development Agreement, in addition to the other rights given to the Authority and/or the City under this Amended PID Development Agreement, the Authority and/or the City may enforce specific performance or seek actual damages incurred for any such default.

(c) The Party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 60 days to remedy the default prior to the declaration of any default hereunder.

## **ARTICLE 7 GENERAL**

**7.01 Inspections, audits.** The Developer agrees to keep such operating records with respect to the PID Improvements and other activities contemplated by this Amended PID Development Agreement and all costs associated therewith as may be required by the City, the Authority, or by State and federal law or regulation. The Developer shall allow the Authority access to, and the Authority shall have a right at all reasonable times to audit, all documents and records in the Developer's possession, custody or control relating to the PID Improvements that the Authority deems necessary to assist the Authority in determining the Developer's compliance with this Amended PID Development Agreement.

**7.02 Developer operations and employees.** All personnel supplied or used by the Developer in the performance of this Amended PID Development Agreement shall be deemed contractors or subcontractors of the Developer and will not be considered employees, agents, contractors or subcontractors of the Authority or the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such contractors and subcontractors.

**7.03 Personal liability of public officials, legal relations.** No director, officer, employee or agent of the Authority or the City shall be personally responsible for any liability arising under or growing out of the Amended PID Development Agreement. TO THE EXTENT ALLOWED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, WITHOUT LIMITING OR WAIVING ANY IMMUNITY FROM OR LIMITATION OF LIABILITY, THE PARTIES SHALL INDEMNIFY AND SAVE HARMLESS EACH OTHER AND THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS, ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF SUCH PARTY, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES IN PERFORMING ANY OF THE SERVICES AND ACTIVITIES UNDER THIS AMENDED PID DEVELOPMENT AGREEMENT. The expenses of the Authority with respect to this section shall be satisfied from Net Assessments attributable to the Project.

**7.04 Notices.** Any notice sent under this Amended PID Development Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

Missouri City Development Authority  
1522 Texas Parkway  
Missouri City, Texas 77489  
Attn: President, Board of Directors

City of Missouri City  
1522 Texas Parkway

Missouri City, Texas 77489  
Attn: Mayor

Vicksburg Estates, Ltd.  
1616 Voss, Suite 618  
Houston, Texas 77057  
Attention: Clinton F. Wong

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for, or actually received by the City, the Authority or the Developer, as the case may be.

**7.05 Amendments and waivers.** Any provision of this Amended PID Development Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the City, the Authority and the Developer. No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Amended PID Development Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

**7.06 Invalidity.** In the event that any of the provisions contained in this Amended PID Development Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Amended PID Development Agreement.

**7.07 Successors and assigns.** All covenants and agreements made by or on behalf of a Party in this Amended PID Development Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns. The Parties may assign their rights and obligations under this Amended PID Development Agreement or any interest herein, only with the prior written consent of the other Parties, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, the Developer may make an assignment to a successor developer of the Project if such assignee specifically assumes all of the obligations of the Developer hereunder or may make a collateral assignment in favor of a lender without consent. This section shall not be construed to prevent the Developer from selling lots, parcels or other portions of the Project in the normal course of business. If such assignment of the obligations by the Developer hereunder is effective, the Developer shall be deemed released from such obligations. If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

**7.08 Exhibits; titles of articles, sections and subsections.** The exhibits attached to this Amended PID Development Agreement are incorporated herein and shall be considered a part of this Amended PID Development Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Amended PID Development Agreement, the provisions of this Amended PID Development Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Amended PID Development Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

**7.09 Construction.** This Amended PID Development Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

**7.10 Entire Agreement.** THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

**7.11 Term.** This Amended PID Development Agreement shall be in force and effect from the date of execution of the Agreement for a term expiring on the date that the Developer Advances have been repaid in full or January 1 of the year following the date all Bonds have been retired, not to exceed 40 years.

**7.12 Time of the essence.** Time is of the essence with respect to the obligations of the Parties to this Amended PID Development Agreement.

**7.13 Approval by the Parties.** Whenever this Amended PID Development Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably conditioned, withheld or delayed.

**7.14 Counterparts.** This Amended PID Development Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

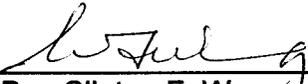
**7.15 Further assurances.** Each Party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Amended PID Development Agreement.

**7.16 Effect of PID Agreement.** The obligations of the Parties hereunder are specifically conditioned upon the approval, execution, and effectiveness of the PID Agreement.

**[EXECUTION PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the date above written.

Vicksburg Estates, Ltd.  
By Greatmark International, Inc.  
Managing Partner

  
By: Clinton F. Wong  
Title: President  
Date: 10-13-2010

ATTEST:

  
Scott Kimm

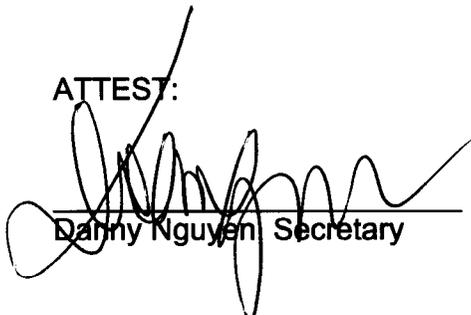
Approved as to Legal form:

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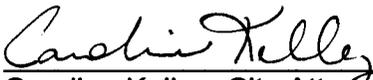
Missouri City Development Authority

  
By: Allen Owen  
Title: Chairperson  
Date: 9-20-10

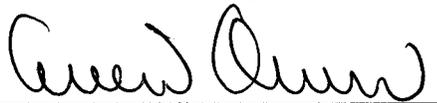
ATTEST:

  
Danny Nguyen, Secretary

Approved as to Legal form:

  
Caroline Kelley, City Attorney

City of Missouri City, Texas



By: Allen Owen

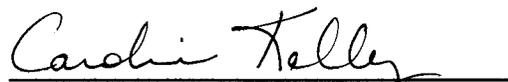
Title: Mayor

Date: 9-20-10

ATTEST:

  
Patrice Fogarty, City Secretary

Approved as to Legal form:

  
Caroline Kelley, City Attorney

**Exhibit A**  
**The Development**

**METES and BOUNDS DESCRIPTION**

**TRACT 1**

Of 262.296 Acres or 11,425,630 Square Feet of land being part of the remainder of that certain 549.5138 Acre tract of land conveyed from HERMANN HOSPITAL, ESTATE to HERMANN HEALTH CARE SYSTEM, Inc. by a deed dated November 4, 1997 and recorded under Clerk's File No. 9774265, of the Deed Records of Fort Bend County, Texas (F.B.C.D.R.), lying in the ELLIJAH ROARK League, Abstract No. 77, said 262.296 Acre tract of land is more particularly described by metes and bounds as follows:

COMMENCING at a railroad spike set on the North line of said ELLIJAH ROARK League, same being the Southeast corner of the DAVID BRIGBT League, Abstract No. 13, and the Southwest corner of the HICKS SHROPSHIRE Survey, Abstract No. 313;

THENCE South 00 deg. 19 min. 59 sec. East, along the center line of a 125 Foot Drainage Easement recorded in Volume 860, Page 323, F.B.C.D.R., a distance of 192.50 feet to a 3/4 inch iron rod set at the POINT OF BEGINNING;

THENCE South 29 deg. 10 min. 17 sec. East, a distance of 2,114.53 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 26 deg. 33 min. 06 sec. East, along the West line of Lot 1, Block 2, of VICKSBURG, THE VILLAGE OF CUMBERLAND, according to the map or plat thereof recorded in Slide 644B, 645A, and 645B, of the Map Records of Fort Bend County, Texas, a distance of 110.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE Westerly, a distance of 27.00 feet along the arc of a curve to the right in the North Right-of-Way of Aldridge Drive (a 60 foot Right-of-Way), said curve having a central angle of 00 deg. 47 min. 07 sec. and a radius of 1,970.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 25 deg. 45 min. 59 sec. East, along the most Northerly West line of said VILLAGE OF CUMBERLAND, a distance of 60.00 feet pass a 5/8 inch iron rod found at the Northwest corner of Lot 80, Block 1, of said VILLAGE OF CUMBERLAND, and continuing in all a distance of 203.00 feet to a 5/8 inch iron rod found at a point for corner;

THENCE South 69 deg. 34 min. 04 sec. West, along the most Westerly North line of said Block 1, a distance of 620.40 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.68 feet and West, 0.54 feet;

THENCE North 29 deg. 59 min. 21 sec. West, along the East Right-of-Way of a 150 Foot Drainage Easement recorded in Volume 1207, Page 182, F.B.C.D.R., a distance of 8.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE South 60 deg. 00 min. 39 sec. West, along the North end of said 150 Foot Drainage Easement, a distance of 150.00 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.12 feet and East, 0.27 feet;

THENCE South 29 deg. 59 min. 21 sec. East, along the West Right-of-Way of said 150 Foot Drainage Easement, a distance of 400.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southerly, a distance of 530.14 feet along the arc of a curve to the right in the West Right-of-Way of said 150 Foot Drainage Easement, said curve having a central angle of 27 deg. 00 min. 00 sec. and a radius of 1,125.00 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.27 feet;

THENCE South 02 deg. 59 min. 21 sec. East, along the West Right-of-Way of said 150 Foot Drainage Easement, a distance of 1000.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southerly, a distance of 243.75 feet along the arc of a curve to the right in the West Right-of-Way of said 150 Foot Drainage Easement, said curve having a central angle of 16 deg. 16 min. 28 sec. and a radius of 385.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Southwesterly, a distance of 292.03 feet (Called 274.87 feet) along

the arc of a curve to the right in the North Right-of-Way of said Drainage Easement (a variable width Right-of-Way along this curve), said curve having a central angle of 53 deg. 00 min. 04 sec. (called 52 deg. 29 min. 48 sec.) and a radius of 304.22 feet (called 300.00 feet) to a 1/2 inch iron rod set at a point for corner;

THENCE Westerly, a distance of 506.41 feet along the arc of a curve to the left in the North Right-of-Way of said Drainage Easement (a 220 foot Right-of-Way at this point), said curve having a central angle of 26 deg. 22 min. 38 sec. and a radius of 1100.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE South 61 deg. 54 min. 33 sec. West, along the North Right-of-Way of said 220 Foot Drainage Easement, a distance of 255.28 feet to a 1/2 inch iron rod set at a point for corner;

THENCE Westerly, a distance of 257.39 feet along the arc of a curve to the right in the North Right-of-Way of said Drainage Easement, said curve having a central angle of 16 deg. 34 min. 13 sec. and a radius of 890.00 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.24 feet;

THENCE Westerly, a distance of 168.75 feet along the arc of a curve to the right in the North Right-of-Way of said Drainage Easement (a variable width Right-of-Way along this curve), said curve having a central angle of 48 deg. 20 min. 36 sec. and a radius of 200.00 feet to a 1/2 inch iron rod set at a point for corner;

THENCE North 53 deg. 10 min. 38 sec. West, along the North Right-of-Way of said Drainage Easement, a distance of 35.70 feet to a 1/2 inch iron rod set at a point for corner;

THENCE North 36 deg. 49 min. 22 sec. East, along the South line of that certain 6.7383 Acre tract of land conveyed from HERMANN HOSPITAL ESTATE to HERMANN HEALTH CARE SYSTEM, Inc. by a deed dated November 4, 1997 and recorded Clork's File No. 9774265, F.B.C.D.R., a distance of 260.28 feet to a 1/2 inch iron rod set at a point for corner, from which a 5/8 inch iron rod was found West, 3.93 feet;

THENCE North 12 deg. 29 min. 21 sec. West, along the East line of said 6.7383 Acre tract, at a distance of 131.88 feet pass the Southeast corner of that certain 455.0989 Acre tract of land conveyed from THE BOARD OF TRUSTEES OF THE HERMANN HOSPITAL ESTATE to COMMUNITINE FOUNDATION OF TEXAS, Inc. by a deed dated March 31, 1992 and recorded in Volume 2389, Page 1879, F.B.C.D.R., and continuing in all a distance of 628.88 feet to a 5/8 inch iron rod found at a point for corner;

THENCE North 04 deg. 02 min. 08 sec. East, along the East line of said 455.0989 Acre tract, a distance of 653.62 feet to a point for corner, from which a 5/8 inch iron rod was found West, 0.15 feet;

THENCE North 55 deg. 12 min. 21 sec. West, along the East line of said 455.0989 Acre tract, a distance of 494.84 feet to a point for corner, from which a 5/8 inch iron rod was found North, 0.12 feet;

THENCE North 43 deg. 08 min. 21 sec. West, along the East line of said 455.0989 Acre tract, a distance of 743.89 feet to a point for corner, from which a 5/8 inch iron rod was found South, 0.13 feet;

THENCE North 68 deg. 29 min. 25 sec. West, along the East line of said 455.0989 Acre tract, a distance of 583.65 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.21 feet;

THENCE North 47 deg. 18 min. 47 sec. West, along the East line of said 455.0989 Acre tract, a distance of 578.18 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.12 feet;

THENCE North 39 deg. 50 min. 27 sec. West, along the East line of said 455.0989 Acre tract, a distance of 416.76 feet to a 5/8 inch iron rod found at a point for corner;

THENCE North 29 deg. 42 min. 54 sec. West, along the East line of said 455.0989 Acre tract, a distance of 716.18 feet to a point for corner, from which a 5/8 inch iron rod was found East, 0.23 feet;

THENCE North 12 deg. 32 min. 55 sec. East, along the East line of said 455.0989 Acre tract, a distance of 117.45 feet to a 3/4 inch iron rod set at a point for corner;

TRENCH North 55 deg. 08 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 227.43 feet to a 3/4 inch iron rod set at a point for corner;

TRENCH North 46 deg. 28 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 1212.08 feet to a 3/4 inch iron rod set at a point for corner;

TRENCH North 89 deg. 58 min. 27 sec. East, along the South Right-of-Way of said 125 Foot Drainage Easement, a distance of 1975.40 feet to the POINT OF BEGINNING, containing within these calls 262.296 Acres or 11,425,630 Square Feet of land, as depicted on a plat prepared by Donald K. Hall, R.P.L.S. No. 4070, dated January 12, 1999 and revised February 16, 1999 and April 1, 1999.

WITNESS MY HAND AND SEAL THIS THE 15<sup>th</sup> DAY OF APRIL, 1999.

  
Donald K. Hall Registered Professional Land Surveyor No. 4070

VALUE TECHNOLOGIES, Surveying & Mapping  
14306 Summerwood Lakes Drive  
Houston, Texas 77044-5078

Phone: (281) 225-8876

JOB No.: 1198#848



EXHIBIT A

**Exhibit B**  
**The PID Improvements**

**Exhibit B**  
**The PID Improvements**

| <b>Public Improvements</b> | <b>Cost Estimate</b>         |
|----------------------------|------------------------------|
| Site Work                  | \$ 116,500.00                |
| Storm Sewer                | \$2,178,900.00               |
| Water Line                 | \$ 952,512.50                |
| Sanitary Sewer             | \$2,445,525.00               |
| <b>Subtotal</b>            | <b>\$5,693,437.50</b>        |
| <b>15% Contingencies</b>   | <b>\$ 854,015.63</b>         |
| <b>Subtotal</b>            | <b>\$6,547,453.13</b>        |
| <b>12% Engineering</b>     | <b>\$ 785,694.38</b>         |
| <b><u>TOTAL</u></b>        | <b><u>\$7,333,147.50</u></b> |

**Exhibit B-1**  
**Report on Applying Agreed-Upon Procedures to Construction, Engineering and  
Related Costs Reimbursable to Vicksburg Estates, Limited (Developer)**

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**AND**  
**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**OF**  
**THE CITY OF MISSOURI CITY, TEXAS**  
REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE  
TO VICKSBURG ESTATES, LIMITED (DEVELOPER)  
JUNE 19, 2008

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**

**AND**

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**

**OF**

**THE CITY OF MISSOURI CITY, TEXAS**

REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE  
TO VICKSBURG ESTATES, LIMITED (DEVELOPER)

JUNE 19, 2008

TABLE OF CONTENTS

SCHEDULE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES

SCHEDULE OF CONSTRUCTION, ENGINEERING AND  
RELATED COSTS REIMBURSABLE TO VICKSBURG ESTATES,  
LIMITED (DEVELOPER)

A

SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS  
WITH EXHIBIT B OF TIRZ DEVELOPMENT AGREEMENT

B

SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS  
WITH EXHIBIT B OF PUBLIC IMPROVEMENT DEVELOPMENT  
AGREEMENT

C

**McCALL, GIBSON & COMPANY, PLLC**  
*Certified Public Accountants*

13831 Northwest Frwy.  
Suite 610  
Houston, Texas 77040-5216  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mmccall@mccallgibson.com](mailto:mmccall@mccallgibson.com)

*Member American  
Institute of Certified  
Public Accountants*

*Texas Society of  
Certified Public  
Accountants*

June 19, 2008

Board of Directors  
Public Improvements Zone No. Two and  
Tax Increment Reinvestment Zone No. Two  
City of Missouri City, Texas

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of the Missouri City Public Improvements Zone No. Two (PID No. 2) and Tax Increment Reinvestment Zone No. Two (TIRZ No. 2) and on the invoices and schedules submitted by Vicksburg Estates, Limited ("Developer") as of June 19, 2008. These procedures were performed solely to assist you in determining the amount to be reimbursed to the Developer involved and to facilitate the preparation of a comparison of the actual costs incurred with the Lake Shore Harbour Preliminary Engineer's Estimate as documented as Exhibit B in the Amended Development Agreement dated March 15, 2004.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of Directors of the PID No. 2 and TIRZ No. 2. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

- A. We reviewed certain schedules and supporting invoices submitted by the Developer in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts, and proof of payment for which reimbursement is requested. In addition, we reviewed all agreements provided to us relative to the reimbursement request.

- B. We verified the mathematical accuracy of all engineering invoices greater than \$5,000. We compared the total of the invoices submitted to notations on the final engineering invoices on the project to ascertain whether or not all invoices rendered on the project were included in the reimbursement.
- C. We reviewed the computation of certain costs looking for any amounts required to be paid 100% by the Developer, in accordance with the Development Agreement. Any costs required to be paid by the Developer were deducted.
- D. For the construction contracts, we footed the final pay estimates, and we calculated the extensions of any line item greater than \$5,000.
- E. We obtained verbal confirmation from Hubco, Inc., Allgood Construction Co., Inc., D & W Construction, Ltd., Addicks Services, Inc., and Kenneth Lamb Construction Co., Ltd. that contracts have been paid in full and that there were no outstanding claims against either the PID No. 2, TIRZ No. 2 or the Developer.
- F. We prepared schedules for the TIRZ and PID that compute interest in accordance with the terms of the respective Development Agreements.
- G. We prepared a reimbursement report for the benefit of PID No. 2 and TIRZ No. 2 including the accountant's report and schedule of amounts reimbursable to the Developer and have compared the amounts in the operating and capital improvement budgets with the actual reimbursable costs to complete the projects.

The attached Schedule A titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Limited (Developer)", sets forth their reimbursable costs. This reimbursement is in accordance with the terms and conditions of the Development Agreement by and among the Missouri City Development Authority, TIRZ No. 2 and Vicksburg Estates, Limited dated January 22, 2001. The PID allocation is in accordance with the terms and conditions of the Development Agreement by and among the Missouri City Development Authority, PID No. 2 and Vicksburg Estates, Limited dated June 19, 2002 and amended March 15, 2004.

Vicksburg Estates, Limited originally submitted schedules and invoices totaling \$10,756,665.48, including interest of \$1,156,238.22 calculated at 4.4375% through 12/31/06. Subsequent to our initial draft report, the Developer submitted additional schedules and invoices for Section Three for \$3,033,425.41, including interest of \$299,269.18 calculated at 5.000% through 12/31/06, and land in the amount of \$584,801.25, bringing the total submitted to \$14,374,892.14. We have revised the reimbursable amount to \$7,103,846.25 for the TIRZ costs, including interest of \$2,084,638.21 calculated through June 19, 2008. The reimbursable amount for the PID costs is \$7,709,432.37, including interest of \$1,813,975.03 calculated through June 19, 2008. The following changes were made to the original schedule:

- A. We calculated interest through June 19, 2008, at the prime commercial lending rate of JPMorgan Chase Bank plus 1% compounded semi-annually, which resulted in an addition to the reimbursement of \$2,443,105.83.
- B. We adjusted a formula for Section Three on the Developer Spreadsheet, which added \$24,467.99.
- C. We corrected an invoice for utility construction in Section Three, resulting in a deduction of \$472.52.
- D. We deducted various developer costs detailed in the report for wells, impact fees, Venetian Village, and channel maintenance which totaled \$2,028,714.82.

According to the Development Agreement, the Developer is to be paid interest on the reimbursable amount at the prime commercial lending rate of Chase Manhattan Bank, NA (now known as JPMorgan Chase Bank) plus 1% per annum compounded semiannually. The following details the interest rates used for the periods included:

| Dates                                 | Prime Rate | Prime Rate plus 1% |
|---------------------------------------|------------|--------------------|
| July 17, 1999 to August 24, 1999      | 8.00%      | 9.00%              |
| August 25, 1999 to November 16, 1999  | 8.25%      | 9.25%              |
| November 17, 1999 to February 2, 2000 | 8.50%      | 9.50%              |
| February 3, 2000 to March 21, 2000    | 8.75%      | 9.75%              |
| March 22, 2000 to May 16, 2000        | 9.00%      | 10.00%             |
| May 17, 2000 to January 3, 2001       | 9.50%      | 10.50%             |
| January 4, 2001 to January 31, 2001   | 9.00%      | 10.00%             |
| February 1, 2001 to March 20, 2001    | 8.50%      | 9.50%              |
| March 21, 2001 to April 18, 2001      | 8.00%      | 9.00%              |
| April 19, 2001 to May 15, 2001        | 7.50%      | 8.50%              |
| May 16, 2001 to June 27, 2001         | 7.00%      | 8.00%              |
| June 28, 2001 to August 21, 2001      | 6.75%      | 7.75%              |
| August 22, 2001 to September 16, 2001 | 6.50%      | 7.50%              |
| September 17, 2001 to October 2, 2001 | 6.00%      | 7.00%              |
| October 3, 2001 to November 6, 2001   | 5.50%      | 6.50%              |
| November 7, 2001 to December 11, 2001 | 5.00%      | 6.00%              |
| December 12, 2001 to November 6, 2002 | 4.75%      | 5.75%              |
| November 7, 2002 to June 26, 2003     | 4.25%      | 5.25%              |

|  |       |       |
|--|-------|-------|
| June 27, 2003 to June 29, 2004         | 4.00% | 5.00% |
| June 30, 2004 to August 9, 2004        | 4.25% | 5.25% |
| August 10, 2004 to September 20, 2004  | 4.50% | 5.50% |
| September 21, 2004 to November 9, 2004 | 4.75% | 5.75% |
| November 10, 2004 to December 13, 2004 | 5.00% | 6.00% |
| December 14, 2004 to February 1, 2005  | 5.25% | 6.25% |
| February 2, 2005 to March 21, 2005     | 5.50% | 6.50% |
| March 22, 2005 to May 2, 2005          | 5.75% | 6.75% |
| May 3, 2005 to June 29, 2005           | 6.00% | 7.00% |
| June 30, 2005 to August 8, 2005        | 6.25% | 7.25% |
| August 9, 2005 to September 19, 2005   | 6.50% | 7.50% |
| September 20, 2005 to October 31, 2005 | 6.75% | 7.75% |
| November 1, 2005 to December 12, 2005  | 7.00% | 8.00% |
| December 13, 2005 to January 30, 2006  | 7.25% | 8.25% |
| January 31, 2006 to March 27, 2006     | 7.50% | 8.50% |
| March 28, 2006 to May 9, 2006          | 7.75% | 8.75% |
| May 10, 2006 to June 28, 2006          | 8.00% | 9.00% |
| June 29, 2006 to September 17, 2007    | 8.25% | 9.25% |
| September 18, 2007 to October 30, 2007 | 7.75% | 8.75% |
| October 31, 2007 to December 10, 2007  | 7.50% | 8.50% |
| December 11, 2007 to January 21, 2008  | 7.25% | 8.25% |
| January 22, 2008 to January 29, 2008   | 6.50% | 7.50% |
| January 30, 2008 to March 17, 2008     | 6.00% | 7.00% |
| March 18, 2008 to April 29, 2008       | 5.25% | 6.25% |
| April 30, 2008 to June 19, 2008*       | 5.00% | 6.00% |

\*Assumes no change in prime interest rate

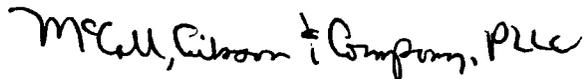
Section 5.02(d)(2) of the agreement dated June 19, 2002, states the report should certify "that funds are available to make such payment". This report does not meet that contract provision.

Schedule B compares the actual reimbursable costs due the Developer with Exhibit B of the Development Agreement and an estimate of the cost to complete the projects for TIRZ No. 2. Schedule C compares the actual reimbursable costs due the Developer with Exhibit B of the Development Agreement and an estimate of the cost to complete the projects for PID No. 2.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express an opinion on the costs to be reimbursed as of June 19, 2008. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Directors and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of the TIRZ No. 2 or PID No. 2 except to comply with filing requirements as required by the respective agreements.

We appreciate this opportunity to be of service to you.



McCall, Gibson & Company, PLLC  
Certified Public Accountants

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**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
 JUNE 19, 2008

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
 EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| <u>DESCRIPTION</u>                                       | <u>TOTAL<br/>COST</u> |
|--|-----------------------|
| <b>Dodson &amp; Associates</b>                           |                       |
| Drainage Plan Update                                     |                       |
| Lake Shore Harbour                                       |                       |
| Amount Paid by Developer                                 | \$ 55.21              |
| <br>   |                       |
| <b>Jones &amp; Carter, Inc.</b>                          |                       |
| Engineering - Review Missouri<br>City Agreement          |                       |
| Amount Paid by Developer                                 | 312.50                |
| <br>   |                       |
| <b>Jones &amp; Carter, Inc.</b>                          |                       |
| Engineering - Review Modifications<br>Lake Shore Harbour |                       |
| Amount Paid by Developer                                 | 62.50                 |
| <br>   |                       |
| <b>Jones &amp; Carter, Inc.</b>                          |                       |
| Engineering - Utilities to serve<br>Lake Shore Harbour   |                       |
| Amount Paid by Developer                                 | 1,856.69              |
| <br>   |                       |
| <b>R. G. Miller Engineers, Inc.</b>                      |                       |
| Engineering - Detention<br>Lake Shore Harbour            |                       |
| Amount Paid by Developer                                 | 9,205.97              |

| ALLOCATIONS                                     |                                       |                                      |
|---|---------------------------------------|--------------------------------------|
| <u>100% DEVELOPER<br/>NON-<br/>REIMBURSABLE</u> | <u>TIRZ<br/>REIMBURSABLE<br/>COST</u> | <u>PID<br/>REIMBURSABLE<br/>COST</u> |
| \$ -  | \$ 27.61                              | \$ 27.60                             |
|   | 156.25                                | 156.25                               |
|   | 31.25                                 | 31.25                                |
|   | 928.35                                | 928.34                               |
|   | 4,602.98                              | 4,602.99                             |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION  | TOTAL<br>COST |
|--|---------------|
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Paving - Lift Station<br>Lake Shore Harbour                    |               |
| Amount Paid by Developer   | \$ 625.15     |
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Section One Well Head Tie-in<br>Lake Shore Harbour             |               |
| Amount Paid by Developer   | 432.82        |
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Offsite Utilities<br>Lake Shore Harbour                        |               |
| Amount Paid by Developer   | 28,455.29     |
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Escrow Agreement for<br>Lake Shore Harbour Section One Channel |               |
| Amount Paid by Developer   | 23,706.25     |
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Utilities - Lift Station<br>Lake Shore Harbour Section One     |               |
| Amount Paid by Developer   | 27,379.92     |

| ALLOCATIONS                            |                              |                             |
|--|------------------------------|-----------------------------|
| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |

|    |   |    |        |    |        |
|----|---|----|--------|----|--------|
| \$ | - | \$ | 312.57 | \$ | 312.58 |
|----|---|----|--------|----|--------|

|  |  |  |        |  |        |
|--|--|--|--------|--|--------|
|  |  |  | 216.41 |  | 216.41 |
|--|--|--|--------|--|--------|

|  |  |  |           |  |           |
|--|--|--|-----------|--|-----------|
|  |  |  | 14,227.65 |  | 14,227.64 |
|--|--|--|-----------|--|-----------|

23,706.25

27,379.92

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| <u>DESCRIPTION</u>  | <u>TOTAL<br/>COST</u> |
|---|-----------------------|
| <b>R. G. Miller Engineers, Inc.</b><br>Engineering - Utilities - Lift Station Two<br>Lake Shore Harbour |                       |
| Amount Paid by Developer  | \$ 10,000.00          |
| <b>R. G. Miller Engineers, Inc.</b><br>Engineering - Utilities - Paving and Lake<br>Lake Shore Harbour  |                       |
| Amount Paid by Developer  | 70,019.19             |
| <b>R. G. Miller Engineers, Inc.</b><br>Engineering - Offsite Utilities<br>Lake Shore Harbour            |                       |
| Amount Paid by Developer  | 30,363.04             |
| <b>HUBCO, Inc.</b><br>Construction - Utilities - Contract One<br>Lake Shore Harbour, Section One        |                       |
| Amount Paid by Developer  | 130,370.00            |
| <b>HUBCO, Inc.</b><br>Construction - Utilities - Contract Two<br>Lake Shore Harbour, Section One        |                       |
| Amount Paid by Developer  | 1,319,812.20          |

| ALLOCATIONS                            |                              |                             |
|--|------------------------------|-----------------------------|
| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |
| \$ -                                   | \$ -                         | \$ 10,000.00                |
|  | 70,019.19                    |                             |
|  | 15,181.52                    | 15,181.52                   |
|  | 130,370.00                   |                             |
| 562,845.10                             | 756,967.10                   |                             |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION  | TOTAL<br>COST |
|--|---------------|
| <b>R. G. Miller Engineers, Inc.</b>                                  |               |
| Engineering - TIRZ Utilities<br>Lake Shore Harbour                   |               |
| Amount Paid by Developer   | \$ 131,066.05 |
| <b>Allgood Construction Company, Inc.</b>                            |               |
| Construction - Utilities to serve<br>Lake Shore Harbour, Section One |               |
| Amount Paid by Developer   | 1,875,914.63  |
| <b>Vinson &amp; Elkins</b>   |               |
| Legal Fees for TIRZ  |               |
| Amount Paid by Developer   | 4,897.61      |
| <b>City of Missouri City PID Fee</b>                                 |               |
| Initial Fee  | 10,000.00     |
| Late Fee and Penalty   | 425.10        |
| Developer Advance  | 2,478.90      |
| <b>Johnston's Water Well Service</b>                                 |               |
| Irrigation Well for<br>Lake Shore Harbour                            |               |
| Amount Paid by Developer   | 21,825.00     |

**ALLOCATIONS**

| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |
|--|------------------------------|-----------------------------|
|--|------------------------------|-----------------------------|

|      |               |      |
|------|---------------|------|
| \$ - | \$ 131,066.05 | \$ - |
|------|---------------|------|

|  |            |              |
|--|------------|--------------|
|  | 565,020.20 | 1,310,894.43 |
|--|------------|--------------|

|  |          |  |
|--|----------|--|
|  | 4,897.61 |  |
|--|----------|--|

|  |  |           |
|--|--|-----------|
|  |  | 10,000.00 |
|  |  | 425.10    |
|  |  | 2,478.90  |

21,825.00

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION   | TOTAL<br>COST |
|---|---------------|
| <b>Addicks Services, Inc.</b>                             |               |
| Generator rental for Water Well<br>Lake Shore Harbour     |               |
| Amount Paid by Developer                                  | \$ 4,150.00   |
| <b>City of Missouri City, Texas</b>                       |               |
| Jogging Trail Costs<br>Lake Shore Harbour                 |               |
| Amount Paid by Developer                                  | 73,784.40     |
| <b>City of Missouri City, Texas</b>                       |               |
| Utility Impact Fees<br>Lake Shore Harbour                 |               |
| Amount Paid by Developer                                  | 187,500.00    |
| <b>Fort Bend County Municipal Utility District No. 47</b> |               |
| Engineering fees for Plan Review<br>Lake Shore Harbour    |               |
| Amount Paid by Developer                                  | 6,319.92      |
| <b>Steel Effects</b>                                      |               |
| Pedestrian Guard Rail - Bridge<br>Lake Shore Harbour      |               |
| Amount Paid by Developer                                  | 27,647.20     |

**ALLOCATIONS**

| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |
|--|------------------------------|-----------------------------|
|--|------------------------------|-----------------------------|

|    |          |    |   |    |   |
|----|----------|----|---|----|---|
| \$ | 4,150.00 | \$ | - | \$ | - |
|----|----------|----|---|----|---|

73,784.40

187,500.00

|  |          |          |
|--|----------|----------|
|  | 3,159.96 | 3,159.96 |
|--|----------|----------|

27,647.20

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION   | TOTAL<br>COST |
|---|---------------|
| <b>Pampered Lawns Central, Inc.</b>                       |               |
| Landscaping and Irrigation<br>Lake Shore Harbour          |               |
| Amount Paid by Developer                                  | \$ 133,584.10 |
| <b>Robert E. Forsythe</b>                                 |               |
| Architect - Landscape for<br>Lake Shore Harbour           |               |
| Amount Paid by Developer                                  | 59,303.43     |
| <b>Division III Constructors, Inc.</b>                    |               |
| Hardscape Entryway & Sidewalks<br>Lake Shore Harbour      |               |
| Amount Paid by Developer                                  | 109,576.00    |
| <b>D &amp; W Construction, Inc.</b>                       |               |
| Connector Street Paving<br>Lake Shore Harbour             |               |
| Amount Paid by Developer                                  | 1,182,556.20  |
| <b>Jones &amp; Carter, Inc.</b>                           |               |
| Engineering - Utilities<br>Venetian Villages, Section One |               |
| Amount Paid by Developer                                  | 49,631.39     |

ALLOCATIONS

| <u>100% DEVELOPER<br/>NON-<br/>REIMBURSABLE</u> | <u>TIRZ<br/>REIMBURSABLE<br/>COST</u> | <u>PID<br/>REIMBURSABLE<br/>COST</u> |
|---|---------------------------------------|--------------------------------------|
|---|---------------------------------------|--------------------------------------|

\$ - \$ - \$ 133,584.10

59,303.43

109,576.00

3,510.00

446,973.00

732,073.20

49,631.39

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION   | TOTAL<br>COST |
|---|---------------|
| <b>Precision Land Surveying, Inc.</b>   |               |
| Survey for<br>Venetian Villages, Section One                                  |               |
| Amount Paid by Developer  | \$ 1,470.50   |
| <br>  |               |
| <b>R. G. Miller Engineers, Inc.</b>   |               |
| Engineering - Utilities<br>Venetian Villages, Section One                     |               |
| Amount Paid by Developer  | 22,153.39     |
| <br>  |               |
| <b>Jones &amp; Carter, Inc.</b>   |               |
| Engineering - Utilities - Lift Station<br>Venetian Villages, Section One      |               |
| Amount Paid by Developer  | 11,538.93     |
| <br>  |               |
| <b>Jones &amp; Carter, Inc.</b>   |               |
| Engineering - Utilities - Offsite Utilities<br>Venetian Villages, Section One |               |
| Amount Paid by Developer  | 18,983.76     |
| <br>  |               |
| <b>D &amp; W Construction, Inc.</b>   |               |
| Paving and Grading Improvements to Serve<br>Lake Shore Harbour, Section Two   |               |
| Amount Paid by Developer  | 785,974.25    |

| ALLOCATIONS                            |                              |                             |
|--|------------------------------|-----------------------------|
| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |
| \$ 1,470.50                            | \$ -                         | \$ -                        |
| 22,153.39                              |                              |                             |
| 11,538.93                              |                              |                             |
| 18,983.76                              |                              |                             |
| 3,575.00                               | 248,382.27                   | 534,016.98                  |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| <u>DESCRIPTION</u>  | <u>TOTAL<br/>COST</u> |
|---|-----------------------|
| <b>R. G. Miller Engineers, Inc.</b>   |                       |
| Engineering - TIRZ Paving<br>Lake Shore Harbour, Section Two  |                       |
| Amount Paid by Developer  | \$ 60,039.64          |
| <b>Addicks Services, Inc.</b>   |                       |
| Water, Wastewater and Drainage to serve<br>Lake Shore Harbour, Section Two<br>Detention Basin, Phase II |                       |
| Amount Paid by Developer  | 2,255,220.00          |
| <b>R. G. Miller Engineers, Inc.</b>   |                       |
| Engineering - Utilities - Detention<br>Lake Shore Harbour, Section Two                                  |                       |
| Amount Paid by Developer  | 30,289.94             |
| <b>Kenneth Lamb Construction Co., Ltd.</b>  |                       |
| Water, Wastewater and Drainage to serve<br>Lake Shore Harbour, Section Two                              |                       |
| Amount Paid by Developer  | 682,153.00            |
| <b>R. G. Miller Engineers, Inc.</b>   |                       |
| Engineering - Utilities<br>Lake Shore Harbour, Section Two  |                       |
| Amount Paid by Developer  | 48,880.59             |

| ALLOCATIONS                                     |                                       |                                      |
|---|---------------------------------------|--------------------------------------|
| <u>100% DEVELOPER<br/>NON-<br/>REIMBURSABLE</u> | <u>TIRZ<br/>REIMBURSABLE<br/>COST</u> | <u>PID<br/>REIMBURSABLE<br/>COST</u> |
| \$ -  | \$ 60,039.64                          | \$ -                                 |
| 1,010,865.00                                    | 1,072,659.48                          | 171,695.52                           |
| 13,576.96                                       | 14,406.93                             | 2,306.05                             |
|   | 2,818.08                              | 679,334.92                           |
|   | 201.93                                | 48,678.66                            |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION  | TOTAL<br>COST |
|--|---------------|
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Utilities - Lift Station<br>Lake Shore Harbour, Section Two        |               |
| Amount Paid by Developer   | \$ 47,985.00  |
| <b>Pampered Lawns Central, Inc.</b>  |               |
| Landscaping and Irrigation for<br>Lake Shore Harbour, Section Two                |               |
| Amount Paid by Developer   | 77,550.00     |
| <b>R. G. Miller Engineers, Inc.</b>  |               |
| Engineering - Utilities - Lift Station Extras<br>Lake Shore Harbour, Section Two |               |
| Amount Paid by Developer   | 11,209.00     |
| <b>Jones &amp; Carter, Inc.</b>  |               |
| Plan Review - Utilities - Walgreens<br>Lake Shore Harbour, Section Two           |               |
| Amount Paid by Developer   | 2,710.00      |
| <b>Miller Survey Group</b>   |               |
| Metes and Bounds for Parkland<br>Dedication, Lake Shore Harbour, Section Two     |               |
| Amount Paid by Developer   | 952.60        |

ALLOCATIONS

| <u>100% DEVELOPER<br/>NON-<br/>REIMBURSABLE</u> | <u>TIRZ<br/>REIMBURSABLE<br/>COST</u> | <u>PID<br/>REIMBURSABLE<br/>COST</u> |
|---|---------------------------------------|--------------------------------------|
|---|---------------------------------------|--------------------------------------|

\$ - \$ 198.23 \$ 47,786.77

77,550.00

11,209.00

2,710.00

952.60

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION  | TOTAL<br>COST |
|--|---------------|
| <b>City of Missouri City, Texas</b>  |               |
| PID No. 2 Advance for<br>Lake Shore Harbour, Section Two                     |               |
| Amount Paid by Developer   | \$ 10,000.00  |
| <br><b>D &amp; W Construction, Inc.</b>                                      |               |
| TIRZ Paving and Grading<br>Lake Shore Harbour, Section Three                 |               |
| Amount Paid by Developer   | 1,035,282.50  |
| <br><b>R. G. Miller Engineers, Inc.</b>                                      |               |
| Engineering - Paving Design to serve<br>Lake Shore Harbour, Section Three    |               |
| Amount Paid by Developer   | 76,354.32     |
| <br><b>Kenneth Lamb Construction Co., Ltd.</b>                               |               |
| Water, Wastewater and Drainage to serve<br>Lake Shore Harbour, Section Three |               |
| Amount Paid by Developer   | 1,323,935.80  |
| <br><b>R. G. Miller Engineers, Inc.</b>                                      |               |
| Engineering - Utilities to serve<br>Lake Shore Harbour, Section Three        |               |
| Amount Paid by Developer   | 162,032.65    |

| ALLOCATIONS                            |                              |                             |
|--|------------------------------|-----------------------------|
| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |
| \$ -                                   | \$ -                         | \$ 10,000.00                |
| 2,275.00                               | 345,733.38                   | 687,274.12                  |
| 167.79                                 | 25,498.58                    | 50,687.95                   |
| 27,530.00                              | 360,458.00                   | 935,947.80                  |
| 356.07                                 | 54,110.92                    | 107,565.66                  |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION   | TOTAL<br>COST |
|---|---------------|
| <b>R. G. Miller Engineers, Inc.</b>   |               |
| Engineering - Lift Station Design<br>Lake Shore Harbour, Section Three                              |               |
| Amount Paid by Developer  | \$ 25,019.22  |
| <b>R. G. Miller Engineers, Inc.</b>   |               |
| Engineering - Detention, Phase II<br>Lake Shore Harbour, Section Three                              |               |
| Amount Paid by Developer  | 50,714.53     |
| <b>Pampered Lawns Central, Inc.</b>   |               |
| Landscaping and Irrigation to serve<br>Lake Shore Harbour, Section Three<br>Lift Station, Phase III |               |
| Amount Paid by Developer  | 24,467.99     |
| <b>Almeda Water Well Service</b>  |               |
| Water Well With Pump to serve<br>Lake Shore Harbour, Section Three                                  |               |
| Amount Paid by Developer  | 56,908.00     |
| <b>R &amp; R Contractors, Inc.</b>  |               |
| Slope Paving for Water Well<br>Lake Shore Harbour, Section Three                                    |               |
| Amount Paid by Developer  | 1,200.00      |

| ALLOCATIONS                            |                              |                             |
|--|------------------------------|-----------------------------|
| 100% DEVELOPER<br>NON-<br>REIMBURSABLE | TIRZ<br>REIMBURSABLE<br>COST | PID<br>REIMBURSABLE<br>COST |

|      |      |              |
|------|------|--------------|
| \$ - | \$ - | \$ 25,019.22 |
|------|------|--------------|

50,714.53

24,467.99

56,908.00

1,200.00

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**JUNE 19, 2008**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION  | TOTAL<br>COST                  |
|--|--------------------------------|
| <b>Fort Bend MUD No. 47</b>  |                                |
| Drainage Channel Maintenance<br>Lake Shore Harbour, Section Three        |                                |
| Amount Paid by Developer   | \$ <u>2,236.69</u>             |
| <b>TOTAL COSTS TO PARTICIPANTS</b>                                       | <b>\$ <u>12,358,578.96</u></b> |
| <br>   |                                |
| <b>Add: Land</b>   |                                |
| <b>Storm Sewer Lake for Detention Purposes</b>                           |                                |
| Section 1 Reserve, 20.0135 Acres @ \$12,500/acre                         | \$ 250,168.75                  |
| Section 2 Reserve, .4376 Acres @ \$12,500/acre                           | 5,470.00                       |
| Section 3 Reserve, 26.3330 Acres @ \$12,500/acre                         | 329,162.50                     |
| <b>Add: Developer Interest *</b>   | <u>3,898,613.24</u>            |
| <b>TOTAL COSTS INCLUDING LAND<br/>AND INTEREST THROUGH JUNE 19, 2008</b> | <b>\$ <u>16,841,993.45</u></b> |

\* Interest is calculated based upon the JPMorgan Chase Bank prime commercial lending rate plus one percent compounded semiannually in accordance with the Development Agreement.

| <b>ALLOCATIONS</b>                              |   |                                      |
|---|---|--------------------------------------|
| <b>100% DEVELOPER<br/>NON-<br/>REIMBURSABLE</b> | <b>TIRZ<br/>REIMBURSABLE<br/>COST</b>   | <b>PID<br/>REIMBURSABLE<br/>COST</b> |
| \$ 2,236.69                                     | \$ -                                    | \$ -                                 |
| <b>\$ 2,028,714.83</b>                          | <b>\$ 4,434,406.79</b>                  | <b>\$ 5,895,457.34</b>               |
| \$ -  | \$ 250,168.75<br>5,470.00<br>329,162.50 | \$ -                                 |
| -   | 2,084,638.21                            | 1,813,975.03                         |
| <b>\$ 2,028,714.83</b>                          | <b>\$ 7,103,846.25</b>                  | <b>\$ 7,709,432.37</b>               |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS**  
**WITH EXHIBIT B OF DEVELOPMENT AGREEMENT**  
**JUNE 19, 2008**  
(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION                             | ESTIMATED<br>COST ALLOCATION<br>EXHIBIT B | TIRZ COSTS<br>TO BE REIMBURSED<br>TO VICKSBURG<br>ESTATES, LTD.<br>AT JUNE 19, 2008 | ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE |
|---|---|---|---|
| <b>TIRZ REFINANCE ZONE ITEMS</b>        |   |   |   |
| <b>Site Work Items</b>                  |   |   |   |
| Mobilization                            | \$ 40,000                                 | \$ 151,292  | \$ -  |
| Clearing, Grubbing and Site Preparation | 97,500                                    | 87,000  | -   |
| Erosion Control During Construction     | 35,000                                    | 132,798   | -   |
| Hydromulch Seeding                      | 14,300                                    | 36,000  | -   |
| <b>SUBTOTAL</b>                         | <b>\$ 186,800</b>                         | <b>\$ 407,090</b>   | <b>\$ -</b>                                 |
| <b>Paving Items</b>                     |   |   |   |
| Concrete Paving with Curbs              | \$ 1,066,400                              | \$ 1,013,441  | \$ 52,959                                   |
| Bridge Across Fort Bend County Drainage | 600,000                                   | 27,647  | 572,353                                     |
| Street Signs and Pavement Markings      | 15,000                                    | -   | 15,000                                      |
| <b>SUBTOTAL</b>                         | <b>\$ 1,681,400</b>                       | <b>\$ 1,041,088</b>   | <b>\$ 640,312</b>                           |
| <b>Lake Used for Detention Purposes</b> |   |   |   |
| Detention/Amenity Lake Earthwork        | \$ 469,000                                | \$ 827,400  | \$ 25,000                                   |
| Engineered Fill                         | 251,250                                   | 223,734   | -   |
| Lake Outfall Structure                  | 150,000                                   | 604,992   | -   |
| Block Sodding                           | 16,236                                    | 28,725  | -   |
| Land Costs for Storm Sewer Lake         | 904,500                                   | 584,801   | -   |
| Regrade Existing Backslope Swales       | 37,500                                    | 31,514  | -   |
| <b>SUBTOTAL</b>                         | <b>\$ 1,828,486</b>                       | <b>\$ 2,301,166</b>   | <b>\$ 25,000</b>                            |
| <b>Sanitary Sewer Items</b>             |   |   |   |
| Lift Station #1                         | \$ 300,000                                | \$ 366,546  | \$ -  |
| 6" Force Main                           | 76,800                                    | -   | -   |
| Air Release Manholes                    | 12,000                                    | 12,275  | -   |
| 12" Sanitary Sewer                      | 55,000                                    | -   | -   |
| Tie Force Main to Manhole               | 1,500                                     | 400   | -   |
| Wet Sand Construction                   | 165,000                                   | -   | -   |
| 4' Manhole                              | 12,000                                    | -   | -   |
| Trench Safety System                    | 3,500                                     | 6,969   | -   |
| <b>SUBTOTAL</b>                         | <b>\$ 625,800</b>                         | <b>\$ 386,190</b>   | <b>\$ -</b>                                 |
| <b>Contingencies</b>                    | <b>\$ 688,876</b>                         | <b>\$ -</b>   | <b>\$ -</b>                                 |
| <b>Engineering</b>                      | <b>633,766</b>                            | <b>472,482</b>  | <b>-</b>                                    |
| <b>TOTAL TIRZ REFINANCE ZONE ITEMS</b>  | <b>\$ 5,645,128</b>                       | <b>\$ 4,608,016</b>   | <b>\$ 665,312</b>                           |
| <b>DISTRICT ITEMS</b>                   |   |   |   |
| <b>Site Work Items</b>                  |   |   |   |
| Mobilization                            | \$ 30,000                                 | \$ 52,500   | \$ -  |
| Clearing, Grubbing and Site Preparation | 45,000                                    | -   | 45,000                                      |
| Erosion Control During Construction     | 25,000                                    | -   | 25,000                                      |
| Hydromulch Seeding                      | 16,500                                    | -   | 16,500                                      |
| <b>SUBTOTAL</b>                         | <b>\$ 116,500</b>                         | <b>\$ 52,500</b>  | <b>\$ 86,500</b>                            |

| TOTAL ACTUAL COSTS<br>TO DATE AND ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE | ACTUAL<br>OVER<br>(UNDER)<br>ESTIMATE | %<br>VARIANCE<br>OVER<br>(UNDER)<br>ESTIMATE |
|---|---------------------------------------|--|
| \$ 151,292  | \$ 111,292                            | 278.23%                                      |
| 87,000  | (10,500)                              | -10.77%                                      |
| 132,798   | 97,798                                | 279.42%                                      |
| <u>36,000</u>   | <u>21,700</u>                         | 151.75%                                      |
| <u>\$ 407,090</u>   | <u>\$ 220,290</u>                     |  |
| \$ 1,066,400  | \$ -                                  | 0.00%  |
| 600,000   | -                                     | 0.00%  |
| <u>15,000</u>   | <u>-</u>                              | 0.00%  |
| <u>\$ 1,681,400</u>   | <u>\$ -</u>                           |  |
| \$ 852,400  | \$ 383,400                            | 81.75%                                       |
| 223,734   | (27,516)                              | -10.95%                                      |
| 604,992   | 454,992                               | 303.33%                                      |
| 28,725  | 12,489                                | 76.92%                                       |
| 584,801   | (319,699)                             | -35.35%                                      |
| <u>31,514</u>   | <u>(5,986)</u>                        | -15.96%                                      |
| <u>\$ 2,326,166</u>   | <u>\$ 497,680</u>                     |  |
| \$ 366,546  | \$ 66,546                             | 22.18%                                       |
| -   | (76,800)                              | -100.00%                                     |
| 12,275  | 275                                   | 2.29%  |
| -   | (55,000)                              | -100.00%                                     |
| 400   | (1,100)                               | -73.33%                                      |
| -   | (165,000)                             | -100.00%                                     |
| -   | (12,000)                              | -100.00%                                     |
| <u>-</u>  | <u>(3,500)</u>                        | -100.00%                                     |
| <u>\$ 379,221</u>   | <u>\$ (246,579)</u>                   |  |
| \$ -  | \$ (688,876)                          | -100.00%                                     |
| <u>-</u>  | <u>(633,766)</u>                      | -100.00%                                     |
| <u>\$ 4,793,877</u>   | <u>\$ (851,251)</u>                   |  |
| \$ 52,500   | \$ 22,500                             | 75.00%                                       |
| 45,000  | 0                                     | 0.00%  |
| 25,000  | 0                                     | 0.00%  |
| <u>16,500</u>   | <u>0</u>                              | 0.00%  |
| <u>\$ 139,000</u>   | <u>\$ 22,500</u>                      |  |

**TAX INCREMENT REINVESTMENT ZONE NO. TWO**  
**SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS**  
**WITH EXHIBIT B OF DEVELOPMENT AGREEMENT**  
**JUNE 19, 2008**  
**(SEE ACCOMPANYING DISCLAIMER OF OPINION AND**  
**EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)**

| DESCRIPTION                    | ESTIMATED<br>COST ALLOCATION<br>EXHIBIT B | TIRZ COSTS<br>TO BE REIMBURSED<br>TO VICKSBURG<br>ESTATES, LTD.<br>AT JUNE 19, 2008 | ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE |
|--------------------------------|---|---|---|
| <b>Storm Sewer Items</b>       |   |   |   |
| 42" RCP Storm Sewer            | \$ 34,000                                 | \$ -  | \$ 34,000                                   |
| 36" RCP Storm Sewer            | 65,000                                    |   | 65,000                                      |
| 30" RCP Storm Sewer            | 181,500                                   |   | 181,500                                     |
| 24" RCP Storm Sewer            | 358,800                                   |   | 358,800                                     |
| 24" RCP Storm Sewer Lead       | 155,400                                   |   | 155,400                                     |
| 6 x 4' RC Box Culverts         | 90,000                                    |   | 90,000                                      |
| 10 x 4' RC Box Culverts        | 675,000                                   |   | 675,000                                     |
| Type C Manhole                 | 188,500                                   |   | 188,500                                     |
| Type BB Inlets                 | 156,000                                   |   | 156,000                                     |
| Concrete Slope Paving          | 230,000                                   |   | 230,000                                     |
| Concrete Rip-Rap               | 35,000                                    |   | 35,000                                      |
| Trench Safety System           | 9,700                                     |   | 9,700                                       |
| <b>SUBTOTAL</b>                | <b>\$ 2,178,900</b>                       | <b>\$ -</b>   | <b>\$ 2,178,900</b>                         |
| <b>Water Line Items</b>        |   |   |   |
| 12" PVC Water Line             | \$ 291,000                                | \$ -  | \$ 291,000                                  |
| 12" Steel Water Line           | 28,125                                    |   | 28,125                                      |
| Auger for 12" Steel Water Line | 22,500                                    |   | 22,500                                      |
| 8" PVC Water Line              | 117,000                                   |   | 117,000                                     |
| 6" PVC Water Line              | 57,600                                    |   | 57,600                                      |
| 4" PVC Water Line              | 33,300                                    |   | 33,300                                      |
| 12" Gate Valve & Box           | 21,850                                    |   | 21,850                                      |
| 8" Gate Valve & Box            | 13,500                                    |   | 13,500                                      |
| 6" Gate Valve & Box            | 3,850                                     |   | 3,850                                       |
| 4" Gate Valve & Box            | 850                                       |   | 850   |
| Flush Valve Assembly           | 78,400                                    |   | 78,400                                      |
| 12" Wet Connection             | 3,000                                     |   | 3,000                                       |
| 2" Blow-Off                    | 4,125                                     |   | 4,125                                       |
| Trench Safety System           | 7,394                                     |   | 7,394                                       |
| <b>SUBTOTAL</b>                | <b>\$ 682,494</b>                         | <b>\$ -</b>   | <b>\$ 682,494</b>                           |
| <b>Sanitary Sewer Items</b>    |   |   |   |
| Lift Station #2                | \$ 350,000                                | \$ 307,978  | \$ 42,022                                   |
| 6" Force Main                  | 6,400                                     |   | 6,400                                       |
| 12" Sanitary Sewer             | 162,500                                   |   | 162,500                                     |
| 10" Sanitary Sewer             | 176,000                                   |   | 176,000                                     |
| 8" Sanitary Sewer              | 291,600                                   |   | 291,600                                     |
| 6" Sanitary Sewer              | 215,600                                   |   | 215,600                                     |
| Wet Sand Construction          | 935,000                                   |   | 935,000                                     |
| 4' Manhole                     | 255,000                                   |   | 255,000                                     |
| 6" Stacks on Sanitary Sewer    | 675                                       |   | 675   |
| Drop Connection                | 32,500                                    |   | 32,500                                      |
| Trench Safety System           | 20,250                                    |   | 20,250                                      |
| <b>SUBTOTAL</b>                | <b>\$ 2,445,525</b>                       | <b>\$ 307,978</b>   | <b>\$ 2,137,547</b>                         |
| <b>Contingencies</b>           | <b>\$ 813,513</b>                         | <b>\$ -</b>   | <b>\$ 813,513</b>                           |
| <b>Engineering</b>             | <b>748,432</b>                            | <b>50,714</b>   | <b>697,718</b>                              |
| <b>TOTAL DISTRICT ITEMS</b>    | <b>\$ 6,985,364</b>                       | <b>\$ 411,192</b>   | <b>\$ 6,596,672</b>                         |
| Developer Interest             | -   | 2,084,638   | -   |
| <b>TOTAL</b>                   | <b>\$ 12,630,492</b>                      | <b>\$ 7,103,846</b>   | <b>\$ 7,261,984</b>                         |

| TOTAL ACTUAL COSTS<br>TO DATE AND ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE | ACTUAL<br>OVER<br>(UNDER)<br>ESTIMATE | %<br>VARIANCE<br>OVER<br>(UNDER)<br>ESTIMATE |
|---|---------------------------------------|--|
| \$ 34,000   | \$ -                                  | 0.00%  |
| 65,000  | -                                     | 0.00%  |
| 181,500   | -                                     | 0.00%  |
| 358,800   | -                                     | 0.00%  |
| 155,400   | -                                     | 0.00%  |
| 90,000  | -                                     | 0.00%  |
| 675,000   | -                                     | 0.00%  |
| 188,500   | -                                     | 0.00%  |
| 156,000   | -                                     | 0.00%  |
| 230,000   | -                                     | 0.00%  |
| 35,000  | -                                     | 0.00%  |
| 9,700   | -                                     | 0.00%  |
| <b>\$ 2,178,900</b>   | <b>\$ -</b>                           |  |
| \$ 291,000  | \$ -                                  | 0.00%  |
| 28,125  | -                                     | 0.00%  |
| 22,500  | -                                     | 0.00%  |
| 117,000   | -                                     | 0.00%  |
| 57,600  | -                                     | 0.00%  |
| 33,300  | -                                     | 0.00%  |
| 21,850  | -                                     | 0.00%  |
| 13,500  | -                                     | 0.00%  |
| 3,850   | -                                     | 0.00%  |
| 850   | -                                     | 0.00%  |
| 78,400  | -                                     | 0.00%  |
| 3,000   | -                                     | 0.00%  |
| 4,125   | -                                     | 0.00%  |
| 7,394   | -                                     | 0.00%  |
| <b>\$ 682,494</b>   | <b>\$ -</b>                           |  |
| \$ 350,000  | \$ -                                  | 0.00%  |
| 6,400   | -                                     | 0.00%  |
| 162,500   | -                                     | 0.00%  |
| 176,000   | -                                     | 0.00%  |
| 291,600   | -                                     | 0.00%  |
| 215,600   | -                                     | 0.00%  |
| 935,000   | -                                     | 0.00%  |
| 255,000   | -                                     | 0.00%  |
| 675   | -                                     | 0.00%  |
| 32,500  | -                                     | 0.00%  |
| 20,250  | -                                     | 0.00%  |
| <b>\$ 2,445,525</b>   | <b>\$ -</b>                           |  |
| \$ 813,513  | \$ -                                  | 0.00%  |
| 748,432   | -                                     | 0.00%  |
| <b>\$ 7,007,864</b>   | <b>\$ 22,500</b>                      |  |
| <b>\$ 2,084,638</b>   | <b>\$ 2,084,638</b>                   |  |
| <b>\$ 13,886,379</b>  | <b>\$ 1,255,887</b>                   |  |

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS**  
**WITH EXHIBIT B OF DEVELOPMENT AGREEMENT**  
**JUNE 19, 2008**  
(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| <u>DESCRIPTION</u>         | <u>ESTIMATED<br/>COST ALLOCATION<br/>EXHIBIT B</u> | <u>PID COSTS<br/>TO BE REIMBURSED<br/>TO VICKSBURG<br/>ESTATES, LTD.<br/>AT JUNE 19, 2008</u> | <u>ESTIMATED<br/>ADDITIONAL COST<br/>TO COMPLETE</u> |
|----------------------------|--|---|--|
| <b>PUBLIC IMPROVEMENTS</b> |  |   |  |
| Water Line                 | \$ 682,494   | \$ 458,968  | \$ 223,526   |
| Sanitary Sewer             | 2,445,525  | 1,092,472   | 1,353,053  |
| Storm Sewer                | 2,178,900  | 1,374,737   | 804,163  |
| Paving                     | 3,065,114  | 1,953,364   | 1,111,750  |
| Site Work                  | 116,500  | 194,600   | (78,100)   |
| Public Landscaping         | 600,000  | 478,265   | 121,735  |
| Contingency                | 1,273,280  |   | 1,273,280  |
| Engineering                | 1,171,417  | 343,051   | 828,366  |
| <b>SUBTOTAL</b>            | <b>\$ 11,533,230</b>                               | <b>\$ 5,895,457</b>   | <b>\$ 5,637,773</b>                                  |
| Developer Interest         | \$ -   | \$ 1,813,975  | \$ -   |
| <b>TOTAL</b>               | <b>\$ 11,533,230</b>                               | <b>\$ 7,709,432</b>   | <b>\$ 5,637,773</b>                                  |

| TOTAL ACTUAL COSTS<br>TO DATE AND ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE | ACTUAL<br>OVER<br>(UNDER)<br>ESTIMATE | %<br>VARIANCE<br>OVER<br>(UNDER)<br>ESTIMATE |
|---|---------------------------------------|--|
| \$ 682,494  | \$ -                                  | 0.00%  |
| 2,445,525   | -                                     | 0.00%  |
| 2,178,900   | -                                     | 0.00%  |
| 3,065,114   | -                                     | 0.00%  |
| 116,500   | -                                     | 0.00%  |
| 600,000   | -                                     | 0.00%  |
| 1,273,280   | -                                     | 0.00%  |
| <u>1,171,417</u>  | <u>-</u>                              | <u>0.00%</u>                                 |
| <b>\$ 11,533,230</b>  | <b>\$ -</b>                           |  |
| <br>  |                                       |  |
| <u>\$ 1,813,975</u>   | <u>\$ 1,813,975</u>                   | -100.00%                                     |
| <b><u>\$ 13,347,205</u></b>   | <b><u>\$ 1,813,975</u></b>            |  |

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**OF**  
**THE CITY OF MISSOURI CITY, TEXAS**  
REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE  
TO VICKSBURG ESTATES, LIMITED (DEVELOPER)  
NOVEMBER 15, 2014

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**OF**  
**THE CITY OF MISSOURI CITY, TEXAS**  
REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE  
TO VICKSBURG ESTATES, LIMITED (DEVELOPER)  
NOVEMBER 15, 2014

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SCHEDULE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES

SCHEDULE OF CONSTRUCTION, ENGINEERING AND  
RELATED COSTS REIMBURSABLE TO VICKSBURG ESTATES,  
LIMITED (DEVELOPER)

A

SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS  
WITH EXHIBIT B OF PUBLIC IMPROVEMENT DEVELOPMENT  
AGREEMENT

B

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

111 Congress Avenue  
Suite 400  
Austin, Texas 78701  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

November 15, 2014

Board of Directors  
Public Improvements District No. Two  
City of Missouri City, Texas

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of the Missouri City Public Improvements District No. Two (PID No. 2) on the invoices and schedules submitted by Vicksburg Estates, Limited ("Developer") as of November 15, 2014. These procedures were performed solely to assist you in determining the amount to be reimbursed to the Developer and to facilitate the preparation of a comparison of the actual costs incurred with the approved costs documented in Exhibit B on the Amended Development Agreement dated October 13, 2010.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of Directors of PID No. 2. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

- A. We prepared certain schedules on behalf of the Developer from supporting invoices submitted by the Developer in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts, and proof of payment for which reimbursement is requested. In addition, we reviewed all agreements provided to us relative to the reimbursement request.
- B. We verified the mathematical accuracy of all engineering invoices greater than \$5,000. We compared the total of the invoices submitted to notations on the final engineering invoices on the project to ascertain whether or not all invoices rendered on the project were included in the reimbursement.

- C. We reviewed the computation of certain costs looking for any amounts required to be paid 100% by the Developer, in accordance with the Development Agreement. Any costs required to be paid by the Developer were deducted.
- D. For the construction contracts, we footed the final pay estimates, and we calculated the extensions of any line item greater than \$5,000.
- E. We obtained verbal confirmation from Harris Construction Co., Ltd., Fort Bend Excavation, Inc., and Clearwater Utilities, Inc. that contracts have been paid in full and that there were no outstanding claims against either PID No. 2 or the Developer.
- F. We prepared schedules for PID No. 2 that compute interest in accordance with the terms of the Development Agreement.
- G. We prepared a reimbursement report for the benefit of PID No. 2 including the accountant's report and schedule of amounts reimbursable to the Developer, and have compared the amounts approved in the Agreement with the actual reimbursable costs to complete the projects.

The attached Schedule A titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Vicksburg Estates, Limited (Developer)", sets forth their reimbursable costs. This reimbursement is in accordance with the terms and conditions of the Development Agreement by and among the Missouri City Development Authority, PID No. 2 and Vicksburg Estates, Limited dated June 19, 2002 and amended October 13, 2010.

A schedule was prepared on behalf of the Developer on the reimbursable amount of \$2,246,277.95, including interest of \$146,974.35 calculated through November 15, 2014. The following changes were made to the original schedule:

- A. We calculated interest through November 15, 2014, at the prime commercial lending rate of JPMorgan Chase Bank plus 1%, and limited interest to two years, which resulted in an interest calculation of \$146,974.35.

According to the Development Agreement, the Developer is to be paid interest on the reimbursable amount at the prime commercial lending rate of Chase Manhattan Bank, NA (now known as JPMorgan Chase Bank) plus 1% per annum, and limited to two years. The following details the interest rates used for the periods included:

| Dates                                   | Prime Rate | Prime Rate plus 1% |
|---|------------|--------------------|
| May 30, 2008, 2008 to October 7, 2008   | 5.00%      | 6.00%              |
| October 8, 2008 to October 28, 2008     | 4.50%      | 5.50%              |
| October 29, 2008 to December 15, 2008   | 4.00%      | 5.00%              |
| December 16, 2008 to November 15, 2014* | 3.25%*     | 4.25%*             |

\*Assumes no change in prime interest rate

Schedule B compares the actual reimbursable costs due the Developer with Exhibit B of the Development Agreement and an estimate of the cost to complete the projects for PID No. 2.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express an opinion on the costs to be reimbursed as of November 15, 2014. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Directors and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of PID No. 2 except to comply with filing requirements as required by the agreement.

We appreciate this opportunity to be of service to you.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants

Missouri City AUP 2014

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**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS**  
**REIMBURSABLE TO VICKSBURG ESTATES, LIMITED (DEVELOPER)**  
**NOVEMBER 15, 2014**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

| DESCRIPTION   | REIMBURSABLE<br>COST   |  |            |  |            |
|---|--|--|------------|--|------------|
| <b>Harris Construction Co., Ltd.</b>  |  |  |            |  |            |
| Construction - Water, Wastewater, Drainage<br>and Lift Station to Serve Lake Shore<br>Harbour, Section 4                  |  |  |            |  |            |
| Amount Paid by Developer  | \$ 1,156,685.60  |  |            |  |            |
| <br><b>R.G. Miller Engineers, Inc.</b>  |  |  |            |  |            |
| Engineering - Water, Wastewater, Drainage,<br>Detention and Lift Station Design to Serve<br>Lake Shore Harbour, Section 4 |  |  |            |  |            |
| Amount Paid by Developer  | \$ 140,669.51  |  |            |  |            |
| Less: Amount Allocable to Other Projects  | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 80%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">49,239.14</td> </tr> <tr> <td></td> <td style="text-align: right;">91,430.37</td> </tr> </table>   |  | 49,239.14  |  | 91,430.37  |
|   | 49,239.14  |  |            |  |            |
|   | 91,430.37  |  |            |  |            |
| <br><b>Fort Bend Excavation, Inc.</b>   |  |  |            |  |            |
| Detention Pond - Drainage to Serve<br>Lake Shore Harbour, Section 4   |  |  |            |  |            |
| Amount Paid by Developer  | \$ 903,154.80  |  |            |  |            |
| Less: 100% Developer  | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 80%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">672,127.80</td> </tr> <tr> <td></td> <td style="text-align: right;">231,027.00</td> </tr> </table> |  | 672,127.80 |  | 231,027.00 |
|   | 672,127.80   |  |            |  |            |
|   | 231,027.00   |  |            |  |            |
| <br><b>Clearwater Utilities, Inc.</b>   |  |  |            |  |            |
| Construction - Water, Wastewater, and Drainage<br>to Serve Lake Shore Harbour, Section 5                                  |  |  |            |  |            |
| Amount Paid by Developer  | 548,230.00   |  |            |  |            |
| <br><b>R.G. Miller Engineers, Inc.</b>  |  |  |            |  |            |
| Engineering - Water, Wastewater, and Drainage<br>to Serve Lake Shore Harbour, Section 5                                   |  |  |            |  |            |
| Amount Paid by Developer  | \$ 162,811.37  |  |            |  |            |
| Less: Amount Allocable to Other Projects  | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 80%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">90,880.74</td> </tr> <tr> <td></td> <td style="text-align: right;">71,930.63</td> </tr> </table>   |  | 90,880.74  |  | 71,930.63  |
|   | 90,880.74  |  |            |  |            |
|   | 71,930.63  |  |            |  |            |
| <b>TOTAL AMOUNT REIMBURSABLE TO VICKSBURG ESTATES,<br/>LIMITED AS OF NOVEMBER 15, 2014</b>                                | <b>\$ 2,099,303.60</b>   |  |            |  |            |
| <b>Developer Interest *</b>   | <b>146,974.35</b>  |  |            |  |            |
| <b>TOTAL AMOUNT PAYABLE TO VICKSBURG ESTATES,<br/>LIMITED AS OF NOVEMBER 15, 2014</b>                                     | <b>\$ 2,246,277.95</b>   |  |            |  |            |

\* Interest is calculated based upon the JPMorgan Chase Bank prime commercial lending rate plus one percent, limited to two years, in accordance with the Development Agreement.

**PUBLIC IMPROVEMENT DISTRICT NO. TWO**  
**SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS**  
**WITH EXHIBIT B OF DEVELOPMENT AGREEMENT**  
**NOVEMBER 15, 2014**  
**(SEE ACCOMPANYING DISCLAIMER OF OPINION AND**  
**EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)**

| DESCRIPTION                | ESTIMATED<br>COST ALLOCATION<br>EXHIBIT B | REIMBURSABLE<br>TO VICKSBURG<br>ESTATES, LTD.<br>AT NOVEMBER 15, 2014 | ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE |
|----------------------------|---|---|---|
| <b>PUBLIC IMPROVEMENTS</b> |   |   |   |
| Site Work                  | \$ 116,500                                | \$ 88,256   | \$ 28,244                                   |
| Storm Sewer                | 2,178,900                                 | 708,719   | 1,470,181                                   |
| Water Line                 | 952,513                                   | 198,008   | 754,505                                     |
| Sanitary Sewer             | 2,445,525                                 | 940,961   | 1,504,564                                   |
| Contingencies              | 854,015                                   |   | 854,015                                     |
| Engineering                | 785,694                                   | 163,360   | 622,334                                     |
| <b>TOTAL IMPROVEMENTS</b>  | <b>\$ 7,333,147</b>                       | <b>\$ 2,099,304</b>   | <b>\$ 5,233,843</b>                         |
| Developer Interest         | -   | 146,974   | -   |
| <b>TOTAL</b>               | <b>\$ 7,333,147</b>                       | <b>\$ 2,246,278</b>   | <b>\$ 5,233,843</b>                         |

| TOTAL ACTUAL COSTS<br>TO DATE AND ESTIMATED<br>ADDITIONAL COST<br>TO COMPLETE | ACTUAL<br>OVER<br>(UNDER)<br>ESTIMATE | %<br>VARIANCE<br>OVER<br>(UNDER)<br>ESTIMATE |
|---|---------------------------------------|--|
| \$ 116,500  | \$ -                                  | 0.00%  |
| 2,178,900   | -                                     | 0.00%  |
| 952,513   | -                                     | 0.00%  |
| 2,445,525   | -                                     | 0.00%  |
| 854,015   | -                                     | 0.00%  |
| 785,694   | -                                     | 0.00%  |
| <u>\$ 7,333,147</u>   | <u>\$ -</u>                           |  |
| \$ 146,974  | \$ 146,974                            |  |
| <u>\$ 7,480,121</u>   | <u>\$ 146,974</u>                     |  |



## MISSOURI CITY DEVELOPMENT AUTHORITY AGENDA ITEM COVER MEMO

February 4, 2019

**To:** Board of Directors of the Missouri City Development Authority  
**Agenda Item:** 5 Consider Authorizing a Tax Increment Reinvestment Zone (TIRZ) No. 1 Reimbursement.  
**Submitted by:** Bertha P. Alexander, Budget & Financial Reporting Manager

### SYNOPSIS

The City advanced funding to TIRZ No.1 for expenditures related to two projects: (1) for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items; and (2) certain sidewalk and public infrastructure improvements along Texas Parkway.

Expenditures for the two projects including interest, totaled \$3,293,696.63. To date, the City received reimbursement of \$1,216,750 leaving a balance due of \$2,076,946.63 to be reimbursed as funds become available.

An analysis of fund balance was recently completed and the City made a request to the Board of Directors for TIRZ No.1 for a second reimbursement in the amount of \$1,073,434. The Board reviewed the item and recommended authorization of the reimbursement.

### STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

### BACKGROUND

In February of 2001, the Missouri City Development Authority (MCDA) and TIRZ No.1 entered into an agreement with the City, where the city would act as the Construction Manager to construct certain improvements along Independence Blvd, including paving, drainage, traffic and water lines and related items, design planning and administrative costs related thereto. The City agreed to provide the funding in advance and the TIRZ would repay the City for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report.

In 2003, the City in accordance with an agreement, provided funding in advance to TIRZ No.1 by paying Lone Star, LLP for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. The agreed upon procedures report was completed and the total expenditures for this project were \$1,988,181.95 with interest of \$1,059,536.43 for a total of \$3,047,718.38.

The City entered into an Economic Development Loan Agreement with MCDA and TIRZ No. 1 in January of 2011. The City agreed to loan funds to TIRZ No.1 to make certain sidewalk and public infrastructure improvements along Texas Parkway. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. The projects were constructed by Triple B Services, LLP. The agreed upon procedures report was completed

and the total expenditures for this project were \$202,580.92 plus interest of \$43,397.33 for a total costs of \$245,978.25.

### BUDGET/FISCAL ANALYSIS

|                                  |                     |
|----------------------------------|---------------------|
| <b>Beginning Fund Balance</b>    | <b>\$ 1,151,264</b> |
| Budgeted Revenues                | 1,055,468           |
| <b>Total Resources Available</b> | <b>\$ 2,206,732</b> |
| <b>Less:</b>                     |                     |
| Budgeted Expenditures            | \$ 505,827          |
| <b>Ending Fund Balance</b>       | <b>\$ 1,700,905</b> |

TIRZ No.1 currently has a fund balance of \$1,757,232. We expect to receive property tax revenues of \$312,000 from Fort Bend County in February 2019 and interest income of \$38,227. We anticipate making debt service payments in June 2019 of \$404,683. After this reimbursement of \$1,073,434, it is projected that the fund will have a balance of \$629,342 which will be reserved for future debt service payments.

**Purchasing Review:** N/A  
**Financial/Budget Review:** Allena J Portis, Director of Financial Services

*Note:* Compliance with the conflict of interest questionnaire requirements, if applicable, and the interested party disclosure requirements (HB 1295) has been confirmed/is pending within 30-days of this Council action and prior to execution.

### SUPPORTING MATERIALS

1. 3 Year History of Expenditures and FY 2019 Budget – TIRZ One
2. 10-16-17 Council Cover Memo
3. 10-16-17 Council Minutes
4. 01-17-19 TIRZ One Agenda
5. 01-17-19 TIRZ One Cover Memo

### STAFF'S RECOMMENDATION

The TIRZ No.1 Board reviewed this item and recommended authorization of the reimbursement request of \$1,073,434 to the City for the improvement expenditures along Texas Parkway and Independence/Lexington Boulevard Projects. The remaining balance of \$1,003,512.63 due to the City can be reimbursed in future years as funds become available.

**Director Approval:** Allena J. Portis, Director of Financial Services

**Assistant City Manager/  
City Manager Approval:** Anthony J. Snipes, City Manager

**HISTORY OF EXPENDITURES AND FY 2019 BUDGET  
TIRZ One - FUND 261**

|   |  | FY 2016              | FY 2017            | FY 2018              | FY 2019                |
|---|--|----------------------|--------------------|----------------------|------------------------|
| <b>BEGINNING FUND BALANCE</b>           |  | (\$1,298,396)        | (\$1,537,561)      | (\$1,862,171)        | (\$1,151,264)          |
| <b>REVENUES</b>                         |  | <b>Actual</b>        | <b>Actual</b>      | <b>Actual</b>        | <b>Original Budget</b> |
| <b>Object and Description</b>           |  |                      |                    |                      |                        |
| <b>40 - PROP.TAX/ASSESSMENTS</b>        | 41101 - INCREMENTAL PROP TAX-FB COUNTY | (\$302,857)          | (\$310,730)        | (\$344,119)          | (\$312,000)            |
|   | 41102 - INCREMENTAL PROP TAX-MC        | \$0                  | \$0                |                      | \$0                    |
|   | 41118 - INCREMENTAL TAX-WCID #2        | \$0                  | \$0                |                      | \$0                    |
| <b>47 - INVESTMENT EARNINGS</b>         | 47000 - INTEREST INCOME                | (\$24,549)           | \$6,241            | (\$45,953)           | (\$38,227)             |
| <b>48 - OTHER SOURCES/DONATION</b>      | 48705 - CONTRIBUTED CAPITAL-DEVELOPERS | \$0                  | \$0                |                      | \$0                    |
|   | 48808 - BOND PROCEEDS-REV REFUNDING    | (\$4,600,000)        | \$0                |                      | \$0                    |
| <b>49 - TRANSFERS FROM &amp; ADM</b>    | 49101 - TRANS FROM 101-GENERAL FUND    | (\$327,502)          | (\$370,629)        | (\$460,897)          | (\$514,938)            |
|   | 49301 - TRANS FROM 301-DEBT SERVICE FD | (\$150,380)          | (\$143,613)        | (\$167,271)          | (\$190,303)            |
| <b>REVENUE TOTAL</b>                    |  | <b>(\$5,405,288)</b> | <b>(\$818,731)</b> | <b>(\$1,018,240)</b> | <b>(\$1,055,468)</b>   |
| <b>EXPENSES</b>                         |  | <b>Actuals</b>       | <b>Actuals</b>     | <b>Actuals</b>       | <b>Original Budget</b> |
| <b>Object and Description</b>           |  |                      |                    |                      |                        |
| <b>53 - PROF/CONTRACT SERVICE</b>       | 53004 - LEGAL SERVICES                 | \$0                  | \$0                |                      | \$0                    |
|   | 53045 - AUDIT SERVICES                 | \$0                  | \$0                | \$5,000              | \$0                    |
|   | 53519 - BANK FEES                      | \$0                  | \$0                |                      | \$0                    |
|   | 53598 - ADMIN EXPENDITURES             | \$1,961              | \$356              | \$449                | \$1,970                |
| <b>53 - PROF/CONTRACT SERVICE Total</b> |  | <b>\$1,961</b>       | <b>\$356</b>       | <b>\$5,449</b>       | <b>\$1,970</b>         |
| <b>56 - OTHER EXPENDITURES</b>          | 56530 - PROPERTY/LIABILITY INSURANCE   | \$0                  | \$0                |                      | \$0                    |
|   | 56995 - OTHER/MISCELLANEOUS EXP.       | \$0                  | \$0                |                      | \$0                    |
| <b>57 - DEBT EXPENDITURES</b>           | 57050 - BOND INTEREST EXPENSE          | \$151,331            | \$95,127           | \$87,357             | \$79,266               |
|   | 57100 - ARBITRAGE COMPLIANCE EXP       | \$0                  | \$3,250            |                      | \$0                    |
|   | 57300 - PAYMENT TO REFUND ESCROW       | \$4,559,047          | \$0                |                      | \$0                    |
|   | 57525 - BOND ISSUE COSTS               | \$92,069             | \$0                |                      | \$0                    |
|   | 57550 - PAY AGENT/REGISTRAR/ESC EXP    | \$1,500              | \$0                |                      | \$0                    |
|   | 57680 - REVENUE BOND PRINCIPAL         | \$315,000            | \$0                |                      | \$0                    |
|   | 57690 - REVENUE REFUNDING PRIN EXP.    |                      | \$350,000          | \$360,000            | \$365,000              |
| <b>58 - CAPITAL OUTLAY</b>              | 58700 - INFRASTRUCTURE IMPROVEMENTS    | \$0                  | \$0                |                      | \$0                    |
| <b>59 - TRANSFERS TO FUNDS</b>          | 59101 - TRANS TO 101-GENERAL FUND      | \$25,214             | \$25,388           | \$39,591             | \$39,591               |
|   | 59260 - TRANS TO FUND 260-MC DEV AUTH  | \$20,000             | \$20,000           | \$20,000             | \$20,000               |
|   | 59401 - TRANS TO FUND 401-METRO TAX    |                      | \$0                | \$855,983            | \$0                    |
|   | 59403 - TRANS TO FUND 403-TRANSP PRJ   |                      | \$0                | \$360,767            | \$0                    |
| <b>EXPENDITURE TOTAL</b>                |  | <b>\$5,166,123</b>   | <b>\$494,121</b>   | <b>\$1,729,147</b>   | <b>\$505,827</b>       |
| <b>ENDING FUND BALANCE</b>              |  | (\$1,537,561)        | (\$1,862,171)      | (\$1,151,264)        | (\$1,700,905)          |



## AGENDA ITEM COVER MEMO

OCTOBER 16, 2017

**To:** Mayor and City Council  
**Agenda Item:** 6(h) Tax Increment Reinvestment Zone (TIRZ) #1 Reimbursement  
**Submitted by:** Wanja Thomas, Financial Analyst

### SYNOPSIS

In 2003, the City, in accordance with an agreement, provided funding in advance to TIRZ #1 by paying Lone Star, LLP for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. Missouri City is requesting reimbursement per agreement, of funds advanced to TIRZ #1 for the development along Independence Blvd. The total expenditures for this project were over \$1.9 million. The independent auditors report is attached that provides the costs paid for improvements by Lone Star, LLP.

In January of 2011 the City agreed to loan funds to TIRZ #1 to make certain sidewalk and public infrastructure improvements along Texas Parkway. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. The total expenditures for this project were over \$200,000 and were constructed by Triple B Services, LLP. The City is requesting reimbursement of the expenditures for sidewalk improvements per the attached independent auditor's report.

### STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

### BACKGROUND

In August of 1999, Missouri City created the Tax Increment Reinvestment Zone No. 1 (TIRZ #1) that included approximately 595.54 acres for the purposes of development in the Fifth Street area of the city. In addition, the City adopted an ordinance (O-99-48) approving the Project Financing Plan for the TIRZ that included estimated project costs of over \$65 million. These projects were categorized as Educational and Non-Educational projects and were for various projects along Fifth Street and Independence Drive to support business development in the area.

In January of 2001, the TIRZ #1 project plan was amended by ordinance (O-01-06) to include an additional 24 acres which increased the estimated zone project costs by \$10 million. This was the First Amended Project & TIRZ Financing Plan dated November 13, 2000 and the project costs of the zone are now estimated at over \$75 million.

In February of 2001, the MCDA and TIRZ #1 entered into an agreement with the City, where the city would act as the Construction Manager to construct certain improvements along Independence Blvd, including paving, drainage, traffic and water lines and related items, design planning and administrative costs related thereto. The City agreed to provide the funding in advance and the TIRZ would repay the City for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report.

In July of 2003, TIRZ #1, MCDA, and the City entered into a Tri-Party agreement with Lone Star Developers for construction of the improvements in accordance with the Financing Plan along Independence Blvd, called the Lexington Place/Square Projects. The developer estimated these improvements to be almost \$4 million. As part of this agenda, the City is requesting reimbursement for the audited expenditures in accordance with the agreements. See attached expenditures for documentation of the Lone Star costs.

In May of 2010 a second Project Financing Plan amendment (O-10-17) was approved by the City to facilitate the expansion of the Zone boundaries and include an additional 277.1 acres. With this expansion the estimated project costs for the zone increased by over \$21 million and included cost for the Texas Parkway/Cartwright Road Redevelopment. Total estimated project costs, including Educational Projects were amended to total over \$96 million.

The City entered into an Economic Development Loan Agreement with MCDA and TIRZ #1 in January of 2011. It was agreed that the City would loan money to the TIRZ to make certain sidewalk and public infrastructure improvements along Texas Parkway. Triple B Services, LLP agreed to perform the improvements at an estimated cost of over \$200,000. The city is seeking reimbursements of these costs per the attached independent auditor's report. See attached expenditures for documentation of the Triple B Services costs.

#### BUDGET/FISCAL ANALYSIS

Fund 261-TIRZ #1 has a FYE 2017 fund balance of \$1,887,729. All debt payments and administrative fees have be paid for FY 2017. Financial Services recommends a reserve balance of \$425,000 remain in the fund to cover December 2017 debt service expenditures.

Reimbursement for the Triple B Services expenditures and interest can be reimbursed 100% with available FY 2017 Fund 261 Fund Balance.

Reimbursement for the Lone Star Construction expenditures and interest can be reimbursed up \$1,216,750 with available FY 2017 Fund 261 Fund Balance. The remaining \$1,830,967 can be reimbursed in future fiscal years as funds become available.

**Purchasing Review:** N/A

**Financial/Budget Review:** Edena J. Atmore, CPA, CPFO, CGFO

*Note:* Compliance with the conflict of interest questionnaire requirements, if applicable, and the interested party disclosure requirements (HB 1295) has been confirmed/is pending within 30-days of this Council action and prior to execution.

#### SUPPORTING MATERIALS

1. Development Agreement dated 2/15/2001
2. Economic Development Loan Agreement dated 1/3/2011
3. Engagement Letter: Agreed-Upon Procedures
4. Fund 261- TIRZ #1 Budget Summary
5. TIRZ #1 Debt Schedule
6. Auditor's Worksheet of Reimbursable Expenditures
7. TIRZ No. 1 September 25, 2017 Draft minutes

#### STAFF'S RECOMMENDATION

The TIRZ #1 Board reviewed this item and recommends authorization of the reimbursement request of \$202,580.92 plus interest of \$43,397.33 from TIRZ #1 to the City for improvement expenditures along Texas Parkway.

The TIRZ #1 Board reviewed this item and recommends authorization of the reimbursement request of 1,988,181.95 plus interest of \$1,059,536.43 for improvement expenditures along Independence Dr. (Lexington Place/Square Projects). Reimbursement for the expenditures and interest will be reimbursed up \$1,216,750 with available FY 2017 Fund 261 Fund Balance. The remaining \$1,830,967 will be reimbursed in future fiscal years as funds become available and subject to authorization.

**Director Approval:** Edena J. Atmore, CPA, CPFO, CGFO

**Assistant City Manager/  
City Manager Approval:** Bill Atkinson

ALLEN OWEN  
Mayor

JERRY WYATT  
Councilmember at Large Position 1

CHRIS PRESTON  
Councilmember at Large Position 2



YOLANDA FORD  
Councilmember District A  
DON SMITH  
Councilmember District B  
ANTHONY G. MAROULIS  
Councilmember District C  
FLOYD EMERY  
Mayor Pro Tem  
Councilmember District D

## CITY COUNCIL MEETING MINUTES

The City Council of the City of Missouri City, Texas, met in regular session on **Monday, October 16, 2017**, at the City Hall, Council Chamber, 2<sup>nd</sup> Floor, 1522 Texas Parkway, Missouri City, Texas, 77489, at 7:00 p.m. to consider the following:

### 1. ROLL CALL

Mayor Owen called the meeting to order at 7:00 p.m.

Those also present: Mayor Pro Tem Emery, Councilmembers Wyatt, Preston, Ford and Smith; City Manager Snipes, City Attorney Iyamu, and City Secretary Jackson. Councilmember Maroulis arrived at 7:11 p.m.

### 2. The PLEDGE OF ALLEGIANCE was led by Boy Scout Troop 1852.

Mayor Owen presented Hurricane Harvey certificates of appreciation to Congressman Al Green and State Representative Ron Reynolds. Missouri City Green's President Pam Andrews presented Mayor Owen with the Golden Star Award for Keep Missouri City Beautiful.

### 3. PRESENTATIONS AND RECOGNITIONS

Missouri City Green presented the Golden Tree Award to HEB for several contributions towards the City's beautification. Director of Public Works/City Engineer Kumar and Utilities Manager McGraw recognized Missouri City Green and the Boy Scouts volunteers participation in the "Inlet Marking Event" held on Saturday, October 7, 2017, as part of community outreach towards the storm water pollution prevention program. Mayor Owen stated the City's thoughts and prayers were with those who lost family and loved ones in Las Vegas.

### 4. PUBLIC COMMENTS

**Sam W. Whitehill**, 4615 Connies Court Lane, requested for his statement to be included with the minutes, see Attachment "A."

**Valerie Tolman**, 4002 Alexis Tate Circle, stated she was a volunteer at the Missouri City Animal Shelter and spoke about the differences they were making in citizens lives.

### 5. STAFF REPORTS

City Manager Snipes thanked everyone who came out to the Community Night Out events. Snipes highlighted Council participation as follows: Mayor Owen participated in the Elkins High School Homecoming Parade; Councilmember Preston participated in the Quail Valley Middle School Annual Town Hall meeting; and, Councilmember Ford joined Rich's Food Corporation hurricane relief/fall festival. Snipes also spoke of the following City events: Family Fun Night on October 20; Survivor of the Fittest Softball Tournament on October 21; Fort Bend County Chamber Challenge Golf Tournament on October 23; Coffee with a Cop on October 25; Missouri City Police Officers Golf Scramble on October 27; Drug Take Back on October 28; and, Tricks & Treats in the Park on October 28. He noted expansion around the City and welcomed LT Foods America, Inc. Snipes gave kudos to Municipal Court members for winning distinguished service awards at the Texas Court Clerks banquet; the Fire Department for participating at the Alzheimer's food drive, and the Human Resources team for preparing the Annual Employee Health Fair. He noted early voting would be held from October 23 through November 3 and Election Day was on November 7.

Director of Parks and Recreation Mangum presented the Missouri City Parks and Recreation Department annual report.

**6. CONSENT AGENDA**

- (a) Consider approving the minutes of the special and regular City Council meetings of October 2, 2017.
- (b) Consider an ordinance rezoning an approximate 3.50 acre tract of land from PD Planned Development District No. 24 to LC-2 local retail district to allow for commercial uses; providing for an amendment to the Comprehensive Plan; providing a penalty; and consider the ordinance on the second and final reading. The subject site is located north of the Oakwick Forest Estates residential subdivision, south of the intersection of Trammel Fresno Road and State Highway 6, and east of a Starbucks (9650 Highway 6).
- (c) Consider an ordinance granting a specific use permit to allow for the location of a church (religious place of assembly); providing for an amendment to the Comprehensive Plan; providing a penalty; and consider the ordinance on the second and final reading. The subject site is located south and west of the intersection of 5th Street and Rothwell Street, east of the intersection of F.M. 1092 and 5th Street.
- (d) Consider an ordinance amending the rules and regulations of PD Planned Development District No. 14 to allow for the location of an adult day care center; providing for an amendment to the Comprehensive Plan; providing a penalty; and consider the ordinance on the second and final reading. The subject site is located within Planned Development No. 4 at 3250 Williamsburg Lane.
- (e) Consider an ordinance amending Section 9, Supplementary District Regulations, and Section 13, Sign Regulations, of Appendix A, Zoning Ordinance, of the Missouri City Code, to provide regulations pertaining to mobile food units; providing a penalty; and consider the ordinance on the second and final reading.
- (f) Consider an ordinance amending Chapter 18, Businesses, of the Missouri City Code, to provide regulations pertaining to mobile food units; providing a penalty; and consider the ordinance on the second and final reading.
- (g) Consider authorizing the negotiation and execution of an agreement with Harris County related to election services for the November 7, 2017, general and special elections.
- (h) Consider ratifying the approval of Tax Increment Reinvestment Zone (TIRZ) No.1 reimbursements for the Texas Parkway sidewalk project and Independence Boulevard project.

Councilmember Smith moved to approve agenda items 6a, 6b, 6c, and 6g pursuant to recommendations by City Staff. Councilmember Maroulis seconded. **MOTION PASSED UNANIMOUSLY.**

Regarding item 6d, Interim Director of Development Services Gomez noted the applicant initiated a process to change the business name to the Wellcare Senior Center. The second reading also reflects change to the business overview outreach as multicultural services.

Councilmember Smith moved to approve agenda item 6d pursuant to recommendations by City Staff. Councilmember Maroulis seconded. **MOTION PASSED UNANIMOUSLY.**

Director of Development Services Spriggs discussed item 6e. He noted changes to strike all references that would have allowed food trucks within commercial districts and limited to industrial districts. It also provides for special events within the Parks and Recreation facilities and events. Councilmember Wyatt requested that the Homeowner Associations (HOAs) have the opportunity to include mobile food trucks at their events as that provision was not noted in the ordinance. City Attorney Iyamu stated Chapter 74 provides specific conditions for approving parks use permits and one of the conditions was that the application complies with the requirement of applicable city ordinances.

Councilmember Smith moved to approve agenda item 6e with an HOA provision. Mayor Pro Tem Emery seconded. **MOTION PASSED UNANIMOUSLY.**

Councilmember Smith moved to approve agenda item 6f pursuant to recommendations by City Staff. Councilmember Maroulis seconded. **MOTION PASSED UNANIMOUSLY.**

Regarding item 6h, Councilmember Wyatt clarified a similar item was approved before.

Councilmember Wyatt moved to approve agenda item 6h pursuant to recommendations by City Staff. Councilmember Smith seconded. **MOTION PASSED UNANIMOUSLY.**

There were no **Zoning Public Hearings and Ordinances.**

**7. PUBLIC HEARINGS AND RELATED ACTIONS**

**(b) Public Hearings and related actions**

- (1) Public hearing to receive comments for or against a proposed ordinance creating Reinvestment Zone No. 16 for tax abatement purposes; encompassing an approximate 6.13-acre tract of land north of Buffalo Run Park, south of Highway 90A, east of Cravens Road, and west of the Sam Houston Tollway; and consider the ordinance on the first of two readings.

Councilmember Wyatt moved to open the public hearing at 8:12 p.m. Mayor Pro Tem Emery seconded. **MOTION PASSED UNANIMOUSLY.**

Councilmember Wyatt moved to close the public hearing at 8:13 p.m. and adopt the ordinance. Councilmember Smith seconded. **MOTION PASSED UNANIMOUSLY.**

There were no **APPOINTMENTS.**

**9. AUTHORIZATIONS**

- (a) Consider authorizing the city manager to negotiate and execute a contract for body worn cameras and an in car modem and video system.

Councilmember Smith inquired about enhancement to the battery life of the cameras. Director of Information Technology Cole stated the City's current system has limitations as the car modem utilizes the Verizon USB modems to provide Verizon connection creating a point of failure, the new modems would utilize imbedded air cards reducing the point of failure. The proposed five year contract would include all maintenance and built in replacement of body worn cameras within the contract period. The full cost of the contract to outfit all units with modem and video system and provide body camera to all sworn officers is \$949,500.00 over the term of the contract.

Councilmember Wyatt moved to authorize the city manager to negotiate and execute a contract for body worn cameras and an in car modem and video system with Utility Associates Inc. Councilmember Smith seconded. **MOTION PASSED UNANIMOUSLY.**

- (b) Consider authorizing the city manager to execute a contract for the reconstruction of Ashmont Drive.

Councilmember Smith moved to authorize the city manager to execute a contract for the reconstruction of Ashmont Drive with RAC Industries, LLC in the amount of \$ 1,451,087.20. Councilmember Wyatt seconded. **MOTION PASSED UNANIMOUSLY.**

- (c) Consider authorizing the city manager to execute a contract for materials testing for the reconstruction of Ashmont Drive.

Councilmember Smith moved to authorize the city manager to execute a contract for materials testing for the reconstruction of Ashmont Drive with Terracon Consultants, Inc in the estimated amount of \$54,764. Councilmember Wyatt seconded. **MOTION PASSED UNANIMOUSLY.**

- (d) Receive a report on the review of the Northeast Oyster Creek Subwatershed land use assumptions and capital improvements plan and consider an order establishing a public hearing date of November 20, 2017, to consider the update said plan for the impact fee.

Director of Public Works/City Engineer Kumar presented the report on the review of the Northeast Oyster Creek Subwatershed land use assumptions and capital improvements plan. Kumar made the recommendation not to change the impact fee and leave it at \$3,000 per acre.

Councilmember Maroulis moved to accept the report and call for a public hearing on Monday, November 20, 2017. Councilmember Wyatt seconded. **MOTION PASSED UNANIMOUSLY.**

Councilmember Smith stepped away at 8:20 p.m. and returned at 8:22 p.m.

- (e) Consider authorizing the City Manager to negotiate and execute an agreement to reinstate and amend the depository services agreement with Amegy Bank National Association.

Assistant Director of Financial Services Jasper presented on the extension request.

Councilmember Wyatt moved to authorize the City Manager to negotiate and execute an agreement to reinstate and amend the depository services agreement with Amegy Bank National Association. Councilmember Smith seconded. **MOTION PASSED UNANIMOUSLY.**

- (f) Consider authorizing the Buffalo Run Park Trail improvement.

Councilmember Smith moved to authorize the Buffalo Run Park Trail improvement with Brooks Concrete, Inc. in the amount of \$155,003.50. Councilmember Ford seconded. **MOTION PASSED UNANIMOUSLY.**

#### 10. ORDINANCES

- (a) Consider an ordinance authorizing the crediting of updated service credits in the Texas Municipal Retirement System and consider the ordinance on the first of two readings.

Councilmember Wyatt moved to adopt the ordinance. Mayor Pro Tem Emery seconded. **MOTION PASSED UNANIMOUSLY.**

#### 11. RESOLUTIONS

- (a) Consider a resolution selecting a representative and an alternate to the Houston-Galveston Area Council 2018 General Assembly and, selecting a representative and an alternate to the Houston-Galveston Area Council 2018 Board of Directors.

Councilmember Maroulis moved to appoint Floyd Emery as the representative and Chris Preston as the alternate. Councilmember Smith seconded. **MOTION PASSED UNANIMOUSLY.**

- (b) Consider a resolution authorizing the execution of an agreement for the lease of golf carts.

Mayor Pro Tem Emery moved to approve the resolution. Councilmember Preston seconded. **MOTION PASSED UNANIMOUSLY.**

- (c) Consider a resolution authorizing Amegy Bank National Association to continue providing banking services for the city and for the city's nonprofit trust for employee benefits and authorizing certain designated officials to continue to open and maintain an account(s) with said bank.

Councilmember Smith moved to approve the resolution. Councilmember Wyatt seconded. **MOTION PASSED UNANIMOUSLY.**

**12. CITY COUNCIL ANNOUNCEMENTS**

Councilmember Preston acknowledged Missouri City residents for keeping Council accountable. Councilmember Maroulis attended Coffee with a Cop and stated it was well attended. Maroulis and Lieutenant Sabrsula had a Cub Scout pack show up at Fire Station No. 1 to earn a badge. Mayor Owen welcomed LT Foods America, Inc. Owen also hosted a leadership group who went through Hurricane Katrina, to help inform the City about agencies that could assist citizens.

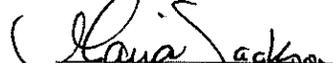
**13. ADJOURN**

The regular City Council meeting adjourned at 8:34 p.m.



Allen Owen, Mayor

ATTEST:

  
\_\_\_\_\_  
Maria Jackson, City Secretary



## REINVESTMENT ZONE NUMBER ONE, CITY OF MISSOURI CITY MEETING AGENDA

Notice is hereby given of a meeting of the Board of Directors of Reinvestment Zone Number One, City of Missouri City to be held on **January 17, 2019**, at **6:00 p.m.** at: **City Hall, Council Chambers, 2<sup>nd</sup> Floor**, 1522 Texas Parkway, Missouri City, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action. The Board of Directors reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. ROLL CALL
2. Consider approval of the minutes of the meeting of June 11, 2018.
3. Public comment.
4. Consider authorizing the reimbursement of expenditures incurred by the City of Missouri City on the Texas Parkway and Independence/Lexington Boulevard Projects.
5. ADJOURN

**In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending Reinvestment Zone Number One, City of Missouri City meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Maria Jackson, City Secretary, at 281.403.8685.**

### CERTIFICATION

I certify that a copy of the January 17, 2019, agenda of items to be considered by Reinvestment Zone Number One, City of Missouri City was posted on the City Hall bulletin board on January 14, 2019, at 12:45 p.m.

  
\_\_\_\_\_  
Maria Jackson, City Secretary

I certify that the attached notice and agenda of items for consideration by the Board of Directors was removed by me from the City Hall bulletin board on the \_\_\_\_ day of \_\_\_\_\_, 2019.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_



## AGENDA ITEM COVER MEMO

January 17, 2019

**To:** Board of Directors of Reinvestment Zone Number One

**Agenda Item:** 4 – Consider Authorizing the Reimbursement of Expenditures Incurred by the City of Missouri City on the Texas Parkway and Independence/Lexington Boulevard Projects

**Submitted by:** Bertha P. Alexander, Budget & Financial Reporting Manager

### SYNOPSIS

On September 25, 2017, this Board approved reimbursement to the City of Missouri City for expenditures related to two projects: (1) for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items; and (2) certain sidewalk and public infrastructure improvements along Texas Parkway.

Expenditures for the two projects including interest, totaled \$3,293,696.63. To date, the City received reimbursement of \$1,216,750 leaving a balance due of \$2,076,946.63 to be reimbursed as funds become available.

An analysis of fund balance has been completed and the City is requesting a second reimbursement in the amount of \$1, 073,434.

### STRATEGIC PLAN 2019 GOALS ADDRESSED

- Have quality development through buildout

### BACKGROUND

In February of 2001, the Missouri City Development Authority (MCDA) and TIRZ #1 entered into an agreement with the City, where the city would act as the Construction Manager to construct certain improvements along Independence Blvd, including paving, drainage, traffic and water lines and related items, design planning and administrative costs related thereto. The City agreed to provide the funding in advance and the TIRZ would repay the City for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report.

In 2003, the City in accordance with an agreement, provided funding in advance to the Tax Increment Reinvestment Zone One (TIRZ #1) by paying Lone Star, LLP for certain improvements and development along Independence Blvd, including paving, drainage, traffic, water line improvements, and other related items. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. The agreed upon procedures report was completed and the total expenditures for this project were \$1,988,181.95 with interest of \$1,059,536.43 for a total of \$3,047,718.38.

The City entered into an Economic Development Loan Agreement with MCDA and TIRZ #1 in January of 2011. The City agreed to loan funds to TIRZ #1 to make certain sidewalk and public infrastructure improvements along Texas Parkway. It was also agreed that the City would be reimbursed for the costs expended on the projects, with interest, and subject to the approval of an independent auditor's report. The

**HISTORY OF EXPENDITURES AND FY 2019 BUDGET**  
**TIRZ 1 - FUND 261**

|  | BEGINNING FUND BALANCE        | FY 2016              | FY 2017*             | FY 2018**            | FY 2019              |
|--|-------------------------------|----------------------|----------------------|----------------------|----------------------|
|  |                               | Actual               | Actual               | Actual               | Original Budget      |
| <b>REVENUES</b>                        |                               |                      |                      |                      |                      |
| 40 - PROP. TAX/ASSESSMENTS             |                               |                      |                      |                      |                      |
| 41101 - INCREMENTAL PROP TAX-FB COUNTY |                               | (\$302,857)          | (\$310,730)          | (\$336,702)          | (\$312,000)          |
| 41102 - INCREMENTAL PROP TAX-MC        |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 41118 - INCREMENTAL TAX-WCID #2        |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 47 - INVESTMENT EARNINGS               |                               |                      |                      |                      |                      |
| 47000 - INTEREST INCOME*               |                               | (\$24,549)           | \$6,241              | (\$45,953)           | (\$38,227)           |
| 48 - OTHER SOURCES/DONATION            |                               |                      |                      |                      |                      |
| 48705 - CONTRIBUTED CAPITAL-DEVELOPERS |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 48808 - BOND PROCEEDS-REV REFUNDING    |                               | (\$4,600,000)        | \$0                  | \$0                  | \$0                  |
| 49101 - TRANS FROM 101-GENERAL FUND    |                               | (\$327,502)          | (\$370,629)          | (\$460,897)          | (\$514,938)          |
| 49301 - TRANS FROM 301-DEBT SERVICE FD |                               | (\$150,380)          | (\$143,613)          | (\$167,271)          | (\$190,303)          |
| <b>REVENUE TOTAL</b>                   |                               | <b>(\$5,405,288)</b> | <b>(\$818,731)</b>   | <b>(\$1,010,823)</b> | <b>(\$1,055,488)</b> |
| <b>EXPENSES</b>                        |                               |                      |                      |                      |                      |
| 53 - PROF/CONTRACT SERVICE             |                               |                      |                      |                      |                      |
| 53004 - LEGAL SERVICES                 |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 53045 - AUDIT SERVICES                 |                               | \$0                  | \$0                  | \$5,000              | \$0                  |
| 53619 - BANK FEES                      |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 53698 - ADMIN EXPENDITURES             |                               | \$1,961              | \$356                | \$449                | \$1,970              |
| 56 - OTHER EXPENDITURES                |                               |                      |                      |                      |                      |
| 56530 - PROPERTY/LIABILITY INSURANCE   |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 56995 - OTHER/MISCELLANEOUS EXP.       |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 57 - DEBT EXPENDITURES                 |                               |                      |                      |                      |                      |
| 57050 - BOND INTEREST EXPENSE          |                               | \$151,331            | \$95,127             | \$87,357             | \$79,266             |
| 57100 - ARBITRAGE COMPLIANCE EXP       |                               | \$0                  | \$3,250              | \$0                  | \$0                  |
| 57300 - PAYMENT TO REFUND ESCROW       |                               | \$4,559,047          | \$0                  | \$0                  | \$0                  |
| 57525 - BOND ISSUE COSTS               |                               | \$92,069             | \$0                  | \$0                  | \$0                  |
| 57550 - PAY AGENT/REGISTRAR/ESC EXP    |                               | \$1,500              | \$0                  | \$0                  | \$0                  |
| 57680 - REVENUE BOND PRINCIPAL         |                               | \$315,000            | \$0                  | \$0                  | \$0                  |
| 57690 - REVENUE REFUNDING PRIN EXP.    |                               | \$350,000            | \$350,000            | \$360,000            | \$365,000            |
| 58 - CAPITAL OUTLAY                    |                               |                      |                      |                      |                      |
| 58700 - INFRASTRUCTURE IMPROVEMENTS    |                               | \$0                  | \$0                  | \$0                  | \$0                  |
| 59 - TRANSFERS TO FUNDS                |                               |                      |                      |                      |                      |
| 59101 - TRANS TO 101-GENERAL FUND      |                               | \$25,214             | \$25,388             | \$39,591             | \$39,591             |
| 59260 - TRANS TO FUND 260-MC DEV AUTH  |                               | \$20,000             | \$20,000             | \$20,000             | \$20,000             |
| 59401 - TRANS TO FUND 401-METRO TAX    |                               | \$0                  | \$0                  | \$855,963            | \$0                  |
| 59403 - TRANS TO FUND 403-TRANSP PRJ   |                               | \$0                  | \$0                  | \$360,767            | \$0                  |
| <b>EXPENDITURE TOTAL</b>               |                               | <b>\$5,166,123</b>   | <b>\$494,121</b>     | <b>\$1,729,147</b>   | <b>\$505,827</b>     |
|  | <b>BEGINNING FUND BALANCE</b> | <b>(\$1,298,396)</b> | <b>(\$1,537,561)</b> | <b>(\$1,862,171)</b> | <b>(\$1,143,847)</b> |
|  | <b>ENDING FUND BALANCE</b>    | <b>(\$1,537,561)</b> | <b>(\$1,862,171)</b> | <b>(\$1,143,847)</b> | <b>(\$1,693,488)</b> |

\*Interest income of \$6,241 in FY17 is due to a change in the fair market value of investments.

\*\*FY18 represents a 15 month year (July 1, 2017 - September 30, 2018).

CITY OF MISSOURI CITY, TEXAS  
 TIRZ #1 REIMBURSEMENT REQUEST  
 Calculated as of September 30, 2017

| Invoice Date | Check Date | Invoice | Payee                             | Amount Paid         | Invoice (including retainage) | Rate* | Effective Date | Interest total      | Total to reimburse  |
|--------------|------------|---------|-----------------------------------|---------------------|-------------------------------|-------|----------------|---------------------|---------------------|
|              |            |         | Total Triple B Services           | 202,580.92          |                               |       | 9/30/2017      | 43,397.33           | 245,978.25          |
|              |            |         | Total Lone Star Road Construction | 1,988,181.95        | 2,072,775.11                  | -     |                | 1,059,536.43        | 3,047,718.38        |
|              |            |         | <b>Total Per request</b>          | <b>2,190,762.87</b> | <b>2,419,667.13</b>           | -     |                | <b>1,102,933.76</b> | <b>3,293,696.63</b> |

projects were constructed by Triple B Services, LLP. The agreed upon procedures report was completed and the total expenditures for this project were \$202,580.92 plus interest of \$43,397.33 for a total costs of \$245,978.25.

It was agreed that the City would loan money to the TIRZ to make certain sidewalk and public infrastructure improvements along Texas Parkway. Triple B Services, LLP agreed to perform the improvements at an estimated cost of \$202,580.92. The city is seeking reimbursements of these costs per the attached independent auditor's report.

#### BUDGET/FISCAL ANALYSIS

Fund 261-TIRZ #1 has a FYE 2018 fund balance of \$1,123,793. All debt payments and administrative fees have been paid for FY 2018. Projected revenues for FY 2019 total \$1,055,468 with projected expenditures of \$505,827 (including debt service and administrative costs) resulting in a projected ending fund balance of \$1,673,434.

Reimbursement for the Lone Star Construction and Triple B Services expenditures and interest can be reimbursed up to \$1,073,434 from the available FY 2019 projected Fund Balance. Financial Services recommends a reserve balance of \$600,000 remain in the fund based on prudent financial planning.

The remaining \$1,003,512.63 due to the City can be reimbursed in future fiscal years as funds become available.

**Purchasing Review:** N/A  
**Financial/Budget Review:**

*Note:* Compliance with the conflict of interest questionnaire requirements, if applicable, and the interested party disclosure requirements (HB 1295) has been confirmed/is pending within 30-days of this Council action and prior to execution.

#### SUPPORTING MATERIALS

1. 3 Year History of Expenditures and FY 2019 Budget – TIRZ 1
2. Auditor's Worksheet of Reimbursable Expenditures
3. TIRZ No 1. Meeting Agenda dated June 11, 2018 with September 25, 2017 Minutes

#### STAFF'S RECOMMENDATION

Staff recommends reimbursement of \$1,073,434 with the remaining \$1,003,512.63 due to the City to be reimbursed in future fiscal years as funds become available.

**Director Approval:** Allena J. Portis, CPA, MPA

**Assistant City Manager/  
City Manager Approval:**



## REINVESTMENT ZONE NUMBER ONE, CITY OF MISSOURI CITY MEETING AGENDA

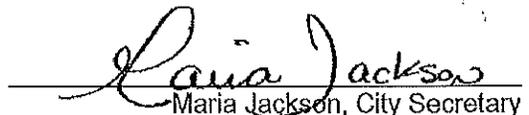
Notice is hereby given of a meeting of the Board of Directors of **Reinvestment Zone Number One**, City of Missouri City to be held on **Monday, June 11, 2018, at 5:30 p.m.** at: **City Hall, Council Conference Room, 2nd Floor, behind the Council Chamber**, 1522 Texas Parkway, Missouri City, Texas, 77489, for the purpose of considering the following agenda items. All agenda items are subject to action. The Board of Directors reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. ROLL CALL
2. Consider approval of the minutes of the meeting of September 25, 2017.
3. Public comments.
4. Consider appointing the General Manager.
5. Consider election of Vice-chairperson and Secretary.
6. Consider authorizing the expenditure of funds for the administration and management of Reinvestment Zone Number One, City of Missouri City.
7. ADJOURN

In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending Reinvestment Zone Number One, City of Missouri City meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Maria Jackson, City Secretary, at 281.403.8686.

### CERTIFICATION

I certify that a copy of the June 11, 2018, agenda of items to be considered by Reinvestment Zone Number One, City of Missouri City was posted on the City Hall bulletin board on June 8, 2018, at 4:00 p.m.

  
\_\_\_\_\_  
Maria Jackson, City Secretary

I certify that the attached notice and agenda of items for consideration by the Board of Directors was removed by me from the City Hall bulletin board on the \_\_\_\_ day of \_\_\_\_\_, 2018.

Signed: \_\_\_\_\_ Title: \_\_\_\_\_