

Draft for Board Approval

**REINVESTMENT ZONE NUMBER TWO
CITY OF PEARLAND, TEXAS**



**ANNUAL REPORT
2023**

TABLE OF CONTENTS

City of Pearland, Texas, City Council.....	3
TIRZ Board of Directors	4
Description of the Zone.....	5
Purpose of the Zone	6
State of the Zone and Plan Implementation in 2023.....	7

TABLES

TABLE A: Taxing Entity Percent Participation.....	7
TABLE B: Base Values by Jurisdiction.....	8
TABLE C: Revenue Fund Balance by Year.....	8
TABLE D: Project Plan & Reinvestment Zone Financing Plan Budget	10
TABLE E: Outstanding Debt as of Fiscal Year End.....	12
TABLE F: Letter Finance Agreements Approved for Reimbursement.....	13

APPENDICES

Exhibit 1: Zone Boundary Map.....	16
Exhibit 2: Amended Zone Boundary Map.....	17

COMPLIANCE

Texas Tax Code Section 311.016 (a):

(1)	7
(2)	9
(3)	12
(4)	14
(5)	14

CITY OF PEARLAND, TEXAS CITY COUNCIL

2023 Council Members

Mayor	Hon. Kevin Cole
Mayor Pro-Tem	Hon. Joseph Koza, Position 1
Council Member	Hon. Tony Carbone, Position 2
	Hon. Alex Kamkar, Position 3 (until Dec 2023)
	Hon. Mona Chavarria, Position 3 (as of Dec 2023)
	Hon. Adrian Hernandez, Position 4
	Hon. Layni Cade, Position 5
	Hon. Jeffrey Barry, Position 6 (until Dec 2023)
	Hon. Chad Thumann, Position 6 (as of Dec 2023)
	Hon. Woody Owens, Position 7 (until May 2023)
	Hon. Rushi Patel, Position 7 (as of May 2023)
City Manager	Trent Epperson

REINVESTMENT ZONE NUMBER TWO CITY OF PEARLAND, TEXAS

BOARD OF DIRECTORS

2023 Board Members

- Position 1 Buck Stevens
State Senator Designee
- Position 2 Thomas King
State Representative Designee
- Position 3 Kenneth R. Phillips, Chair
City of Pearland Designee
- Position 4 Henry Fuertes
City of Pearland Designee
- Position 5 Michael Slevens (until March 2023)
Woody Owens (as of June 2023)
City of Pearland Designee
- Position 6 David Selsky (until March 2023)
Christopher Williams (as of March 2023)
City of Pearland/Alvin Independent
School District Designee
- Position 7 Gabe Garza (until August 2023)
Clay Naiser (as of September 2023)
Alvin Independent School District Designee
- Position 8 Ali Hasanali
Fort Bend County Designee
- Position 9 Larry Loessin
Brazoria County Designee

DESCRIPTION OF ZONE

In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone Number Two, City of Pearland, Texas (the Zone) was established by Ordinance 891 of the City Council of the City of Pearland (the City), Texas on December 21, 1998. The original Zone, also known as “Shadow Creek Ranch”, consisted of 3,467 acres located in Brazoria County and Fort Bend County, Texas. In addition, the Zone is located in Alvin I.S.D. (AISD), Fort Bend I.S.D. (FBISD) and a small portion in Pearland I.S.D. (PISD). The original Zone is generally bounded by Clear Creek on the north, State Highway 288 on the east, Broadway (the extension of FM 518 west of S.H. 288) on the south and FM 521 on the west. A map illustrating the original boundaries of the Zone follows on page 15 as Exhibit 1. On August 23, 1999, by Ordinance No. 918 of the City, the Project Plan and Reinvestment Zone Financing Plan (the Project Plan) for the original TIRZ boundaries was adopted.

1st Plan Amendment

On July 10, 2006, by Ordinance 1276 of the City, the Project Plan was amended and the Zone was expanded to provide for the annexation of 457 acres of vacant land, adjacent to the Zone. 288 acres are in Brazoria County and 169 acres are in Fort Bend County.

2nd Plan Amendment

On November 13, 2006 by Ordinance 1312 of the City, the Project Plan was amended to provide for development of public improvements to serve Shadow Creek Ranch Town Center. The proposed development is within the boundaries of the original Zone and Brazoria County.

3rd Plan Amendment

On November 13, 2006 by Ordinance 1313 of the City, the Project Plan was amended and the Zone was expanded to provide for the annexation of 8± acres to facilitate the improvement and widening of Broadway from S.H. 288 to F.M. 521. The boundaries of the annexed area are within Brazoria County.

The Zone is now composed of 3,932+ acres, of which 3,125± acres are within Brazoria County and 807± acres are within Fort Bend County. A map illustrating the boundaries of the Zone as expanded follows on page 16 as Exhibit 2.

4th Plan Amendment

On August 13, 2018, by Ordinance 1562 of the City, the Project Plan was amended to increase the budget amounts for various categories of improvements to fund public safety, library, parks and recreation, landscaping, and transportation projects. All proposed projects were within the previously approved Infrastructure budget category. This amendment was necessary to update cost estimates and to meet the level of service expected from current residents that could not be anticipated at the time of the original Zone creation.

5th Plan Amendment

On December 9, 2019, by Ordinance 1585 of the City, the Project Plan was amended to increase the budget amounts for the infrastructure and city facility categories of improvements to fund a portion of the FM 521 improvement project and additional funds for the library project. The currently projected increment for the remaining life of the Zone is exceeding original expectations such that sufficient increment is projected to be available to fully fund this amendment.

PURPOSE OF ZONE

The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City and the other participating taxing entities.

The City Council, in adopting the ordinances creating and expanding the Zone, found that the development described in the Project Plan, and its subsequent amendments, would not likely occur, to the quality, standards and densities described in the Project Plan, but for the creation of the Zone.

The City Council further found that improvements in the Zone will significantly enhance the value of all taxable real property in the Zone and will be of general benefit to the City. The Zone will pursue its objective by acting as a financing vehicle for regional public improvements, as described in the Project Plan as amended. The methods of financing and the sources of funding available to the Zone, including the participation levels of the various participating entities, including the City, Brazoria County, Fort Bend County and Alvin ISD, are described in the Project Plan and its amendments.

STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2023

1. The information provided in this section is in accordance with § 311.016 (a) (1) of the Texas Tax Code, which requires inclusion of the amount and source of revenue in the tax increment fund established for the zone.

In addition to the City’s tax increment revenue, interlocal agreements with Brazoria County, Fort Bend County and Alvin ISD provide for each taxing unit’s participation in the Zone. The Project Plan also allows for the participation of Brazoria Drainage District No. 4 and Fort Bend Independent School District, though neither is currently participating. Levels of participation are detailed in the Project Plan and current levels of participation are shown in Table A. The zone is currently in its twentieth year.

**TABLE A
Taxing Entity Participation**

Taxing Entity	Zone Years	Participation
City of Pearland	9 through 30	100% of taxes collected at current tax rate on Captured Appraised Value (1)
Brazoria County	1 through 30	100% of taxes collected at current tax rate on Captured Appraised Value up to a tax rate of \$.1359, or if rate is less than \$.1359 then 38% of actual tax rate.
Fort Bend County	11 through 20	100% of taxes collected at current tax rate on Captured Appraised Value, up to a maximum tax rate of .468075 (2)
Alvin ISD	1 through 30	100% of taxes collected at current tax rate on Captured Appraised Value (3)

- (1) 64% to be repaid as an administrative cost, provided the TIRZ retain at least \$.255 / \$100.
- (2) In years 21 through 30 participation drops to 100% of .31205.
- (3) 75% to be used by AISD for the construction of educational facilities.

The obligations of the participating taxing jurisdictions, as defined in their respective interlocal agreements, include the timely deposit of tax increment into the City’s tax increment revenue fund.

Table B illustrates the growth in appraised value from base year to tax year 2023 for each participating jurisdiction. Table C illustrates the amount of the incremental revenue, which has been transferred to the increment fund. These amounts are based upon actual taxes collected as of December 31, 2023.

TABLE B**Base Market Value by Jurisdiction (1)**

Taxing Entity	Base Year	Base Value	2023 Value (2)	Captured Value
Original Zone	1998			
City of Pearland		7,172,980	3,558,417,626	3,551,244,646
Brazoria County		4,143,160	2,681,084,344	2,676,941,184
Fort Bend County		3,029,820	304,436,504	301,406,684
Alvin ISD		4,143,160	2,468,820,624	2,464,677,464
1st Plan Amendment (3) (4) (5)	2006			
City of Pearland		4,381,680	549,990,925	545,609,245
Brazoria County		3,354,830	139,951,682	136,596,852
Fort Bend County		1,026,850	314,483,115	313,456,265
Overall Zone				
City of Pearland			4,108,408,551	4,096,853,891
Brazoria County			2,821,036,026	2,813,538,036
Fort Bend County			618,919,619	614,862,949
Alvin ISD			2,774,477,826	2,464,677,464

(1) The information in this table was provided by the Brazoria and Fort Bend County Appraisal Districts and Assessments of the Southwest

(2) Market value (less exemptions) as of January 1, 2023.

(3) All of the land within the 2nd Plan Amendment (adopted in 2006) area is within the boundaries of the original Zone.

(4) All of the land within the 3rd Plan Amendment (adopted in 2006) area is either owned by a municipality or within dedicated ROW and thus tax exempt.

(5) Plan Amendment 4 (adopted in 2018) and Amendment 5 (adopted in 2019) did not add any additional land to the boundary of the Zone.

TABLE C**City of Pearland TIRZ No. 2 Tax Increment Revenue & Fund Balance by Year - Current Year and Prior Five Years (1)**

Year	2018	2019	2020	2021	2022	2023
City of Pearland Revenue	\$ 17,760,605	\$ 18,318,960	18,232,418	19,644,482	19,672,687	19,944,849
Rebate to City for Administrative Costs (2)(5)	\$(11,366,788)	\$(10,850,348)	(12,581,844)	(4,871,353)	(19,723,899)	(11,803,639)
Brazoria County Revenue	\$ 2,282,782	\$ 2,370,183	2,808,894	3,103,159	3,035,866	3,238,950
Alvin ISD Revenue (3)	\$ 6,646,434	\$ 6,675,668	6,768,945	7,056,261	7,113,577	9,107,632
Other Revenue	\$ 1,999,108	\$ 1,672,035	2,509,801	2,439,817	2,626,419	3,420,371
Fort Bend County Revenue	\$ 1,807,656	\$ 1,877,666	1,403,852	1,476,429	1,506,922	1,690,240
Expenditures for Zone Administration	\$ (81,293)	\$ (51,644)	(49,323)	(57,556)	(36,755)	(25,804)
Transfers to Development Authority	\$(15,609,092)	\$(18,642,641)	(22,544,542)	(20,917,299)	(21,224,675)	(23,364,808)
Fund Balance (4)	\$ 6,241,023	\$ 4,779,083	119,150	45,412	106,282	272,314

(1) Source: City of Pearland, Texas. Fund balances as of 12/31 of each year.

(2) Rebate for admin costs prior to 2007 is 36%. In 2007 the rebate increased to 64%.

(3) Note that Alvin ISD revenue is reported net of the 75% rebate to Alvin ISD.

(4) In addition to fund balance, as of 12/31/23, AISD had \$9,153,807.28 in the suspense account.

(5) Due to timing of the transfer for the administrative payment with respect to the reporting period, 2021 is low and 2022 is high. The combined amount is 62.5% of the Pearland Revenue for those two years, which is correct for the tax rates in effect for each year.

2. The information provided in this section is in accordance with §311.016 (a) (2) of the Texas Tax Code, which requires inclusion of the amount and purpose of expenditures from the fund.

The Board of Directors of the Zone has been granted by City Council, in accordance with Section 311.010 of Texas Tax Code, the power to administer, manage, and operate the Zone and to implement the Project Plan. The Zone was created for the duration of 30 years, or until dissolved by the City.

The total cost of the public improvements within the Zone, as outlined in the original Project Plan, amounts to \$294,482,034. Of this amount, the City will fund \$35,471,061 worth of improvements, and the Texas Department of Transportation (TxDOT) will fund another \$10,277,050 worth of improvements. The Zone will fund the remaining improvements, which amounts to a cost of \$248,733,923, unadjusted for inflation.

1st Plan Amendment

The original list of project costs was amended with the approval of the 1st Plan Amendment, which included improvements, estimated to total \$34,724,218. These improvements address the water, wastewater, storm sewer, lakes channels, roads and landscaping costs for the 457± acre annexation.

2nd Plan Amendment

The list of project costs was amended again with the approval of the 2nd Plan Amendment, which included improvements estimated to total \$11,749,618. These improvements address major road infrastructure, detention, drainage, landscaping and the relocation of pipelines and overhead utilities. All projects associated with this annexation have been completed.

3rd Plan Amendment

The list of project costs was amended a third time with the approval of the 3rd Plan Amendment, which included improvements estimated to total \$8 million. This amendment addressed the need to fund and construct a section of Broadway. All projects associated with this annexation have been completed.

4th Plan Amendment

The list of project costs was amended a fourth time with the approval of the 4th Plan Amendment, which included improvements estimated to total \$52,324,235. This amendment addressed the need to update the cost estimates for previously approved budget categories

5th Plan Amendment

The list of project costs was amended a fifth time with the approval of the 5th Plan Amendment, which included improvements estimated to total \$7,729,000. This amendment added an additional infrastructure project for FM 521 and updated the cost estimate for the library project.

These costs are detailed in the amended Project Budget, a copy of which follows as Table D. The Zone as now enlarged is composed of 3,932± acres, of which 3,125± acres are within Brazoria County and 807± acres are within Fort Bend County. A map illustrating the boundaries of the Zone as amended follows on page 16 as Exhibit 2.

Table D
Reinvestment Zone No. 2, City of Pearland, TX
Budget

Jan. 1999 ENR Index = 6000
 Jan. 2006 ENR Index = 7600
 Jan. 2018 ENR Index = 10878
 Jan. 2019 ENR Index = 11206

Item	TIRZ Budget as approved ⁽¹⁾ (08/23/99)	1st Plan Amendment ⁽²⁾ (03/27/06)	2nd Plan Amendment ⁽²⁾ (10/23/06)	3rd Plan Amendment ⁽²⁾ (10/23/06)	4th Plan Amendment ⁽³⁾ (06/18/18)	5th Plan Amendment ⁽⁴⁾ (10/28/19)	TIRZ Budget as Amended ⁽⁵⁾
Infrastructure							
Streets							
Pavement	12,610,050	1,634,000					14,244,050
Sidewalls	1,859,400						1,859,400
Landscaping and Irrigation	9,675,350						9,675,350
Entry Monuments	735,320						735,320
Lighting		125,900					125,900
Broadway Widening and Signalization			2,831,789				2,831,789
Business Center Drive Paving			852,722				852,722
Memorial Hermann Drive Paving			383,107				383,107
Water System	3,026,863	363,000					3,389,863
Wastewater System	6,940,964	1,029,000					7,969,964
Storm Water System	10,195,776	1,649,000					11,844,776
Lakes and Channels							
Improvements	29,121,915	5,625,600					34,747,515
Land Cost	4,597,889	6,675,000					11,272,889
Detention and Drainage							
Land Cost			2,850,000				2,850,000
Beautification/Deepening/Pond Creation			200,000				200,000
Site Drainage Facilities			1,842,000				1,842,000
Park and Recreation							
Improvements	5,155,524	5,573,025					10,728,549
Land Cost	2,383,545						2,383,545
Landscaping							
Business Center Drive			157,500				157,500
Memorial Hermann Drive			67,500				67,500
Overhead Utilities Placed Underground			1,200,000				1,200,000
Pipelining Relocation			700,000				700,000
Major Improvements							
Water Plants							
Land Cost	20,000						20,000
WWTP	340,000						340,000
Lift Station	300,000						300,000
Traffic Signals	600,000	550,000					1,150,000
McHard Road Reimburseables							
Miscellaneous	150,000						150,000
Signal	100,000						100,000
SH 288 Access Road	1,000,000						1,000,000
FM 518 Improvements		6,485,600					6,485,600
Broadway / FM 518 Improvements				7,100,000			7,100,000
Contingencies and Engineering							
Contingencies (10%)	8,181,116	1,733,620					9,914,736
Engineering (15%)	11,274,211	2,860,473	490,000	900,000			15,524,684
Master Drainage Plan Costs		70,000					70,000
Environmental Study Costs		100,000					100,000
Shadow Creek Ranch Park Phase II					9,720,000		9,720,000
Shadow Creek Trail - SCR Park Trail to Kirby and SCR Trail System					767,760		767,760
Shadow Creek Trail Phase II - Along Clear Creek Relief Ditch & Library Trail					1,470,000		1,470,000
Shadow Creek Parkway Landscaping, Street Lighting & Sidewalks					7,140,000		7,140,000
Intersection Improvements (BCD/SCP, BCD/Broadway, etc)					7,957,160		7,957,160
Sidewalk Extensions					1,137,701		1,137,701
FM 521 Expansion Project						2,479,000	2,479,000
Subtotal	108,267,923	34,474,218	11,574,618	8,000,000	28,192,621	2,479,000	192,988,380

(1) The original TIRZ Budget as approved in 1999 dollars has not been adjusted for inflation.
 (2) The amended Budgets as approved in 2006 are shown in 2006 dollars and have not been adjusted for inflation.
 (3) The amended Budgets as approved in 2018 are shown in 2018 dollars and have not been adjusted for inflation.
 (4) The amended Budgets as approved in 2019 are shown in 2019 dollars and have not been adjusted for inflation.
 (5) The Budget as amended shows budget line items as approved in their respective years without adjustment for inflation.

Table D (continued)

Item	TIRZ Budget as approved ⁽¹⁾ (08/23/99)	1st Plan Amendment ⁽²⁾ (03/27/06)	2nd Plan Amendment ⁽²⁾ (10/23/06)	3rd Plan Amendment ⁽²⁾ (10/23/06)	4th Plan Amendment ⁽³⁾ (06/18/18)	5th Plan Amendment ⁽⁴⁾ (10/28/19)	TIRZ Budget as Amended ⁽⁵⁾
Zone Administration/Creation							
TIRZ Administration (1-3 Years)	466,000						466,000
Reimbursable TIRZ Creation Costs	900,000						900,000
Annexation Costs		250,000					250,000
Plan Amendment Costs			175,000				175,000
Subtotal	1,366,000	250,000	175,000				1,791,000
Infrastructure Total	109,633,923	34,724,218	11,749,618	8,000,000	28,192,621	2,479,000	194,779,380
City Facilities							
Library							
Improvements	2,395,000				14,253,174	5,250,000	21,898,174
Land Costs	105,000						105,000
Fire/Police Station							
Improvements	2,255,000				9,878,439		12,133,439
Land Costs	245,000						245,000
City Facilities Total	5,000,000	0	0	0	24,131,614	5,250,000	34,381,614
Educational Facilities							
AISD Elementary School	41,600,000						41,600,000
AISD Jr. High School	21,450,000						21,450,000
AISD Fresh/Soph Campus	34,050,000						34,050,000
FBISD Elementary School	11,000,000						11,000,000
FBISD Middle School	26,000,000						26,000,000
Educational Facilities Total	134,100,000	0	0	0	0	0	134,100,000
Grand Total	248,733,923	34,724,218	11,749,618	8,000,000	52,324,235	7,729,000	363,260,994

(1) The original TIRZ Budget as approved in 1999 dollars has not been adjusted for inflation.

(2) The amended Budgets as approved in 2006 are shown in 2006 dollars and have not been adjusted for inflation.

(3) The amended Budgets as approved in 2018 are shown in 2018 dollars and have not been adjusted for inflation.

(4) The amended Budgets as approved in 2019 are shown in 2019 dollars and have not been adjusted for inflation.

(5) The Budget as amended shows budget line items as approved in their respective years without adjustment for inflation.

TIRZ-Funded Projects:

Since the creation of the Zone a series of infrastructure improvements have been funded and constructed. In 2023, there were no Letter Financing Agreements (LFA) approved. The Zone Board approved the agreed upon procedures (AUP) reviews for two completed LFAs: LFA 19-10-002 (Library) and LFA 19-10-003 (Trail Improvements).

City Funded Improvements:

- There were no City funded projects in 2023.

TxDOT Funded Improvements:

- There were no TxDOT funded projects in 2023.

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

Bond Issues

In accordance with a Tri-Party Agreement dated October 11, 2004 between the TIRZ, the City of Pearland, and the Development Authority of Pearland (DAP), the TIRZ has pledged increment to provide for the repayment of debt issued on its behalf. In this regard, the DAP sold Tax Increment Contract Revenue Bonds in 2004, 2005, 2006, 2007, 2009, 2013, 2014, 2016, 2017, 2018, 2019, and 2022. Additionally, in 2015, the DAP sold Tax Increment Contract Revenue and Refunding Bonds, which refunded the then-outstanding bonds issued prior to 2013.

TABLE E

Development Authority of Pearland Outstanding Debt as of December 31, 2023

Tax increment Contract Revenue Bonds	Principal Amount Issued	Principal Amount Outstanding	Total Debt Service Outstanding
Series 2013	\$9,150,000	\$4,560,000	\$5,201,277
Series 2014	\$8,060,000	\$3,410,000	\$3,742,112
Series 2015	\$66,030,000	\$30,350,000	\$33,310,570
Series 2016	\$12,320,000	\$6,233,000	\$6,722,618
Series 2017	\$8,555,000	\$4,650,000	\$5,031,570
Series 2018	\$5,835,000	\$3,480,000	\$3,906,591
Series 2019	\$4,255,000	\$2,730,000	\$2,915,843
Series 2022	\$13,735,000	\$12,185,000	\$13,828,356
Total	\$127,940,000	\$67,598,000	\$74,658,937

In addition to developer reimbursements made via the sale of bonds, the DAP has also made payments from cash reserves. In 2023 the DAP made direct payments to developers totaling \$11,227,800. Total direct payments as of the end of 2022 for the DAP is \$130,738,387, all of which are reflected within in the reimbursements outlined in Table F.

Additional LFA’s Approved for Reimbursement

Following completion of an Agreed Upon Procedures (AUP) review, the Zone Board has approved a series of Letter Financing Agreements (LFA’s) for reimbursement. Prior to Board action all project costs related to each LFA were reviewed by the Zone’s Auditor, McGrath & Co. PLLC, and summarized in a reimbursement report, which included eligible project costs plus interest. Table F outlines Letter Financing Agreements approved through the end of 2022.

TABLE F
Letter Finance Agreements Approved for Reimbursement

Letter Finance Agreement (LFA)	LFA Date	LFA Amount (1)	Reimbursements Through 2023 (2)
Creation Costs	6/19/2000	\$ 900,000	\$ 1,235,408
LFA 99-11-001 (Entry)	11/8/1999	919,150 *	1,220,281
LFA 00-01-001 (V1P1A)	2/21/2000	6,524,629	5,243,529
LFA 00-10-002 (V1P1B)	10/9/2000	10,318,290	10,593,290
LFA 01-04-001 (V1P1B)	8/23/2001	1,967,061	805,884
LFA 03-10-004 (Kingsley Drive, Phase 3)	10/7/2003	3,529,173	2,791,877
LFA 04-07-006 (Traffic Signal Shadow Creek PKWY/Kingsley)	7/13/2004	287,788	293,578
LFA 04-07-007 (Parks and Trails Grading and Infrastructure)	7/13/2004	1,007,256	877,201
LFA 03-10-001 (Remaining Village 2, Phase 2 Improvements)	10/7/2003	7,554,654	8,493,040
LFA 04-07-002 (Fire/Police Station Land Cost)	7/13/2004	408,668	555,954
LFA 02-08-001 (Village 1 and Village 2 Phase 2 Improvements)	8/6/2002	4,727,516	6,029,532
LFA 01-11-002 (Additional Village 1 and Village 2 Improvements)	11/12/2001	24,509,430	33,055,576
LFA 03-10-002 (Village 3, Phase 1 and 2 Improvements)	10/7/2003	7,809,950	11,734,369
LFA 06-03-001 (Elementary School #2 Site)	3/27/2006	1,687,801	1,886,601
LFA 06-08-002 (Library Site)	8/28/2006	481,569	557,100
LFA 04-07-003 (Regional Nature Park)	7/13/2004	760,988	1,168,312
LFA 03-10-005 (Kingsley Drive Phase 4 Improvements)	10/07/03	4,486,342	6,811,005
LFA 03-10-006 (Village 5 Improvements)	10/07/03	7,055,177	11,274,134
LFA 04-07-005 (Village 4, Phase 1 and Refelction Bay North Improvements)	04/07/05	3,354,452	5,223,786
LFA 03-10-003 (Village 3, Phase 3 Improvements)	10/07/03	7,711,582	12,811,167
LFA 04-07-004 (Village 3, Phase 4 Improvements)	07/13/04	8,204,999	13,624,832
LFA 06-01-001 (Kingsley Drive North)	01/31/06	6,417,644	10,329,448
LFA 06-01-002 (Additional Village 4 Improvements)	01/31/06	9,392,437	14,608,001
LFA 06-08-001 (Additional Sidewalks)	08/28/06	2,356,305	2,833,779
LFA 06-01-003 (Remaining Village 4 Improvements)	01/30/06	7,120,532	8,647,692
LFA 06-08-003 (S.H. 228 Frontage Road)	08/31/06	1,276,667	1,661,235
LFA 07-03-001 (Village 7, Phase 1 Broadway Improvements)	3/12/2007	1,271,499	1,811,131
LFA 08-05-001 (Broadway to FM 521)	5/5/2008	9,482,989	8,723,886
LFA 08-05-002 (Broadway Landscape - Northside)	5/5/2008	1,158,218 *	222,515
LFA 10-06-001 (Discovery Bay Extension to SH288)	6/7/2010	912,908	697,765
LFA 10-06-002 (SCH-4 Site)	6/7/2010	2,530,620	2,784,626
LFA 10-06-003 (SCH-5 Site)	6/7/2010	4,935,370	5,417,807
LFA 13-06-001 (SCH-3 Site)	6/24/2013	2,382,379	2,222,811
LFA 06-10-001 (Road Infrastructure, Pipeline Relocation and Site Drainage; Part of 2nd Plan Amendment)	10/23/06	9,949,618	14,250,603
LFA 07-03-002 (Shadow Creek Ranch Town Center Improvements; Part of 2nd Plan Amendment)	03/12/07	1,851,598	2,566,834
LFA 08-01-001 (Broadway Improvements) City of Pearland	1/15/2008	8,449,086	8,527,783
LFA 12-06-001 (Village 7, Phase 1)	6/11/2012	10,571,086	5,536,141
LFA 13-06-002 (Southlake Phase 2)	6/24/2013	9,102,286	4,803,852
LFA 14-06-001 (Southlake Phase 3)	6/24/2013	3,548,252	1,621,624
LFA 14-06-002 (South Grove Phase 1)	6/23/2014	7,448,692	3,378,003
LFA 16-08-001 (Road to serve Reserve at Shadow Cree	8/8/2016	2,075,106	2,667,448
LFA 17-10-001 (CR 59 Improvements)	10/23/2017	1,091,520	622,704
LFA 19-10-001 (City of Pearland Fire Station #8)	10/28/2019	13,825,472	14,296,044
LFA 19-10-002 (Shadow Creek Ranch Library)	10/28/2019	24,050,284	7,020,100
LFA 19-10-003 (Nature Trail Connection)	10/28/2020	790,910	
LFA 19-10-004 (FM 521 Improvements)	10/28/2020	2,479,000	
LFA 20-09-001 (Shadow Creek Park Phase II)	9/23/2020	10,179,283	
LFA 21-02-001 (Shadow Creek Sidewalk Extensions)	2/4/2021	1,216,141	
LFA 22-02-001 (Shadow Creek Trail Phase II)	3/2/2022	1,696,696	
LFA 22-02-002 (Shadow Creek Lighting & Landscaping)	3/2/2022	8,241,095	
LFA 22-02-003 (Intersection Improvements)	3/2/2022	9,184,273	
		\$ 279,194,441	\$ 261,538,288

(1) LFA amounts have been adjusted for inflation per the Project and Financing Plan and related budget.

(2) Amounts reimbursed include actual interest per the Developer Reimbursement Agreement.

* Actual costs exceeded the amount of the LFA. Per the governing agreements, reimbursement is limited to the amount of the LFA

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

In each year subsequent to the base year, the Zone will receive tax increment revenue based on ad valorem property taxes levied and collected by each participating taxing unit on the captured appraised value of the Zone. The captured appraised value of the Zone is the total appraised value of all real property located within the Zone as of January 1, less the total appraised base year (January 1, 1998) value.

As of December 31, 2023, the captured value of the Zone as amended had exceeded the original Project Plan projections of value at the end of the Zone. However, because the pace of development is unpredictable the actual captured appraised value in any future year may not equal the projected estimates of such value.

As of January 1, 1998, the base year for the Zone, the area encompassed by the original Zone was undeveloped land, with a total appraised value of \$7,172,980. On January 1, 2023, the area encompassed by the original Zone had a total appraised value of \$3,558,417,626. As a result, the total captured appraised value (net base year value and exemptions) on the tax roll as of January 1, 2023, was \$3,551,244,646 for the City, as illustrated in Table B.

The City of Pearland base year (2006) value for the 457± acres annexed in the 1st Plan Amendment was \$4,381,680. As of January 1, 2023, the total appraised value was \$549,990,925. As a result, the total captured appraised value on the roll as of January 1, 2023, was \$545,609,245. The 2nd, 4th, and 5th Plan Amendments did not add any land to the boundaries of the original Zone. All lands associated with the 3rd Plan Amendment are either owned by a municipality or are dedicated right-of-way with no taxable value.

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

As previously stated, the City, Brazoria County, Fort Bend County and Alvin ISD are the only taxing units currently participating in the Zone. As of January 1, 2023, the total captured appraised value in the TIRZ was \$4,096,853,891 for the original and annexed areas of the Zone. The total amount of tax increment revenue received is detailed in Table C.

(This report was written in accordance with the provisions of Chapter 311.016 of the Texas Tax Code.)

**REINVESTMENT ZONE NUMBER TWO
CITY OF PEARLAND, TEXAS**

**2023 ANNUAL REPORT
EXHIBITS**

Exhibit 1: Zone Boundary Map

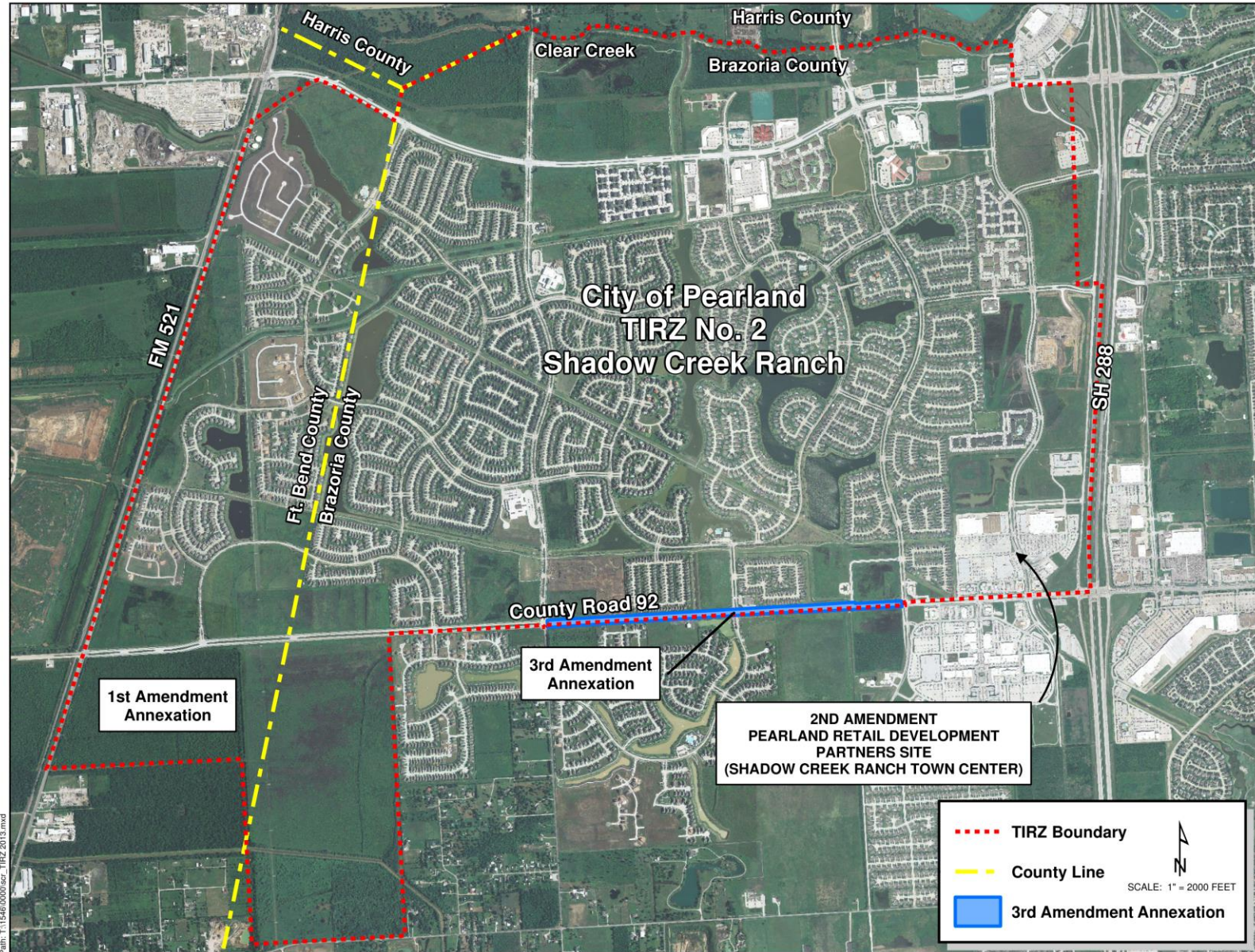
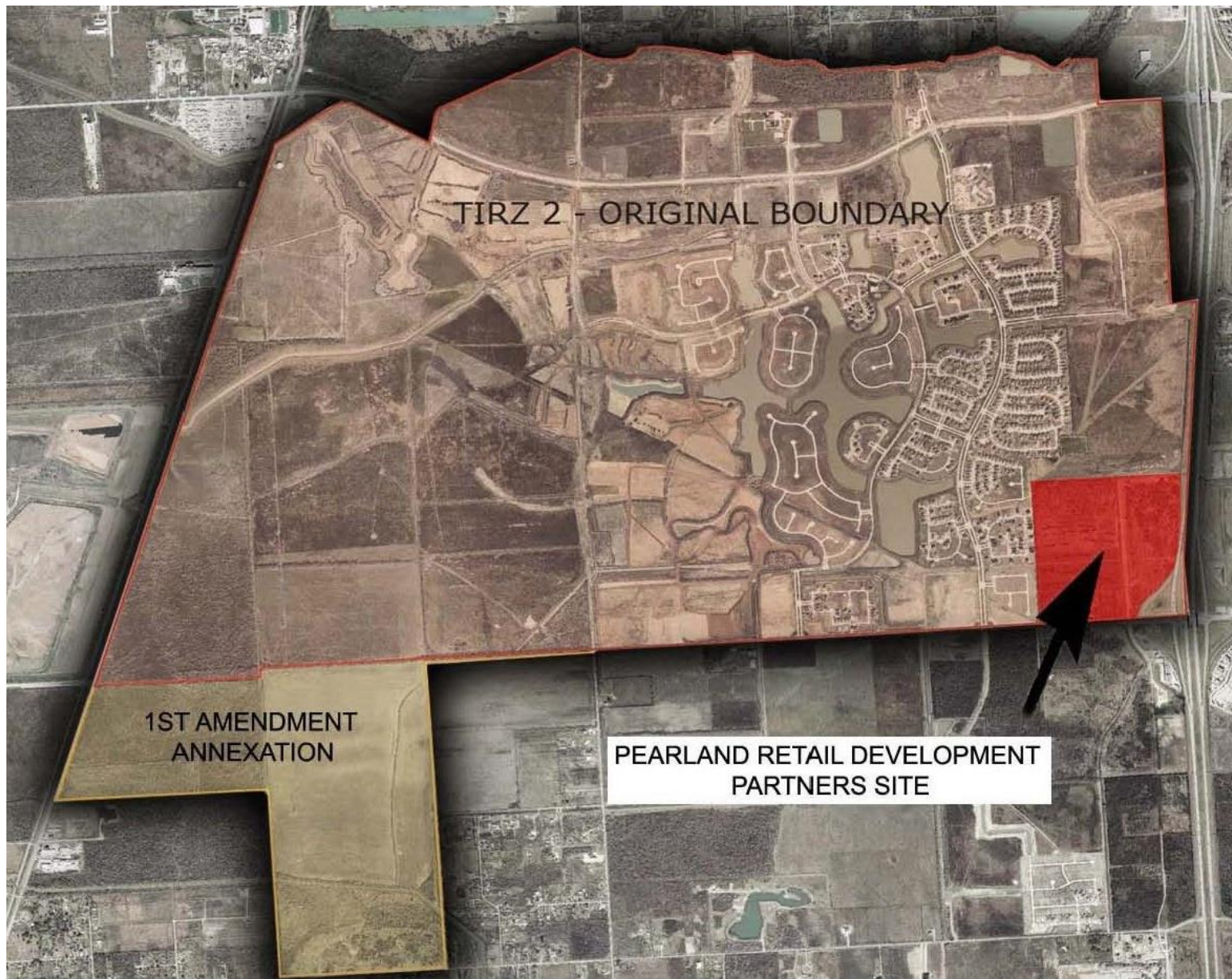


Exhibit 2: Amended Zone Boundary Map



Marsh Darcy Partners, Inc.
10110 Moorberry Lane
Houston, Texas 77080