

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



**ANNUAL REPORT  
2008**

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# **CITY OF PEARLAND, TEXAS**

## **CITY COUNCIL**

### **2008 Council Members**

<b>Mayor</b>	Hon. Tom Reid
<b>Mayor Pro-Tem</b>	Hon. Steve Saboe
<b>Council Member</b>	Hon. Helen Beckman
	Hon. Kevin Cole
	Hon. Felicia Kyle
	Hon. Woodrow Owens
<b>City Manager</b>	William Eisen
<b>Director of Finance</b>	Claire Manthei

# REINVESTMENT ZONE NUMBER TWO CITY OF PEARLAND, TEXAS

## BOARD OF DIRECTORS

### 2008 Board Members

- Position 1 Donna Coleman  
State Senator Designee
- Position 2 Gary Davis  
State Representative Designee
- Position 3 Nigel Harrison, Chair  
City of Pearland Designee
- Position 4 Gary Cook, Vice Chair  
City of Pearland Designee
- Position 5 Ken Phillips  
City of Pearland Designee
- Position 6 Jo Knight  
City of Pearland/Alvin Independent  
School District Designee
- Position 7 Mike Pyburn  
Alvin Independent School District Designee
- Position 8 Ron Castillo  
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, Texas on December 21, 1998. The original Zone, also known as "Shadow Creek Ranch", consists 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, County Road 92 (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 13 as Exhibit 1.

## **1<sup>st</sup> Plan Amendment**

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

## **2<sup>nd</sup> Plan Amendment**

On November 13, 2006 by Ordinance 1312 of the City, the 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.

## **3<sup>rd</sup> Plan Amendment**

On November 13, 2006 by Ordinance 1313 of the City, the Plan was amended and the Zone was expanded to provide for the annexation of 8± acres to facilitate the improvement and widening of Broadway/FM 518 from S.H. 288 to F.M. 521. It should be noted that 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 amended follows on page 14 as Exhibit 2.

## **PURPOSE OF ZONE**

The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City of Pearland (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 Reinvestment Zone Financing Plan (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 amended Project Plan.

# STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2008

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. Current levels of participation are detailed in the Project Plan. In 2008, Fort Bend County's participation level dropped from 100% to 75% in accordance with provisions of their Interlocal Agreement. A schedule outlining the varying levels and lengths of participation appears in Table A.

**TABLE A**  
**Taxing Entity Participation**

<b>Taxing Entity</b>	<b>Zone Years</b>	<b>Percent Participation</b>
<b>City of Pearland</b>	1 through 3	100%
	4 through 8	100% (1)
	9 through 30	100% (2)
<b>Brazoria County</b>	1 through 30	38%
<b>Fort Bend County</b>	1 through 10	100%
	11 through 20	75%
	21 through 30	50%
<b>Alvin ISD</b>	1 through 30	100% (3)

(1) 36% to be repaid as an administrative cost, provided never more than \$.44 / \$100.

(2) 64% to be repaid as an administrative cost, provided never more than \$.255 / \$100.

(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 2008 for each participating jurisdiction. Table C illustrates the amount of the City's incremental revenue, which has been transferred to the increment fund. These amounts reflect 100% of collections as of December 31, 2008.

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

<b>Taxing Entity</b>	<b>Base Year</b>	<b>Base Value</b>	<b>2008 Value (2)</b>	<b>Change</b>
<b>Original Zone</b>	<b>1998</b>			
City of Pearland		7,172,980	1,311,194,101	1,304,021,121
Brazoria County		4,143,160	1,229,578,281	1,225,435,121
Fort Bend County		3,029,820	81,615,820	78,586,000
Alvin ISD		4,143,160	1,229,578,281	1,225,435,121
<b>1st Plan Amendment</b>	<b>2006</b>			
City of Pearland		4,381,680	12,579,640	8,197,960
Brazoria County		4,381,680	9,825,100	5,443,420
Fort Bend County		1,026,850	2,754,540	1,727,690
<b>2nd Plan Amendment (3)</b>	<b>2006</b>			
City of Pearland		-		
Brazoria County		-		
Fort Bend County		-		
<b>3rd Plan Amendment (4)</b>	<b>2006</b>			
City of Pearland		-		
Brazoria County		-		
Fort Bend County		-		

- (1) The information in this table was provided by the Brazoria and Fort Bend County Appraisal Districts  
(2) Market value as of January 1, 2008.  
(3) All of the land within the 2nd Plan Amendment area is within the boundaries of the original Zone.  
(4) All of the land within the 3rd Plan Amendment area is either owned by a municipality or within dedicated ROW and thus tax exempt.

**TABLE C**  
**City of Pearland TIRZ No. 2 Tax Increment Revenue Fund Balance by Year (1)**

<b>Year</b>	<b>1999 (2)</b>	<b>2000 (2)</b>	<b>2001 (2)</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
City of Pearland Revenue	\$ 45,111	\$ 46,413	\$ 47,443	\$ 67,388	\$ 167,897	\$ 753,905	\$ 935,516	\$ 4,632,534	\$ 6,312,426	\$ 6,719,800
Rebate to City for Administrative Costs (3)				\$ (23,221)	\$ (60,353)	\$ (299,311)	\$ (344,257)	\$ (1,667,712)	\$ (4,039,953)	\$ (4,067,024)
Brazoria County Revenue						\$ 159,854	\$ 205,459	\$ 815,614	\$ 1,110,573	\$ 1,055,912
Alvin ISD Revenue (4)				\$ 10,969	\$ 207,479	\$ 229,941	\$ 826,613	\$ 2,616,519	\$ 2,917,931	\$ 2,879,739
Other Revenue				\$ 4,130	\$ 80,981	\$ 40,827	\$ 90,358	\$ 267,907	\$ 150,232	
Fort Bend County Revenue								\$ 125,300	\$ 185,540	\$ 189,508
Expenditures for Zone Administration				\$ (11,824)	\$ (154,203)	\$ (134,237)	\$ (305,626)	\$ (302,978)	\$ (127,259)	
Transfers to Development Authority							\$ (1,204,318)	\$ (3,129,978)	\$ (5,106,344)	\$ (3,548,991)
<b>Annual Fund Balance</b>	<b>\$ 45,111</b>	<b>\$ 91,524</b>	<b>\$ 138,967</b>	<b>\$ 194,103</b>	<b>\$ 395,012</b>	<b>\$ 1,166,179</b>	<b>\$ 1,511,781</b>	<b>\$ 1,449,062</b>	<b>\$ 1,930,590</b>	<b>\$ 1,638,990</b>

- (1) Source: City of Pearland, Texas. Fund balances as of 12/31 of each year.  
(2) Note that in years 1999 through 2001 revenue was reported net of expenditures. From year 2002 forward gross revenue is reported along with rebates to the city and other expenditures.  
(3) Rebate for admin costs prior to 2007 is 36%. In 2007 the rebate increased to 64%.  
(4) Note that Alvin ISD revenue is reported net of the 75% rebate back to Alvin ISD.

**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.

**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. These improvements address major road infrastructure, detention, drainage, landscaping and the relocation of pipelines and overhead utilities. 2nd Plan Amendment infrastructure costs are estimated to total \$11,749,618.

**3rd Plan Amendment**

The list of project costs was amended a third time with the approval of the 3rd Plan Amendment. This amendment addressed the need to fund and construct a section of Broadway / FM 518. The project, which required the annexation of 8+ acres, is estimated to cost \$8,000,000.

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 14 as Exhibit 2.

**TABLE D**  
**Reinvestment Zone NO. 2, City of Pearland, Texas - Shadow Creek Ranch**  
**Budget**

Item	TIRZ Budget as approved (08/23/99) (1)	1st Plan Amendment (2)	2nd Plan Amendment (2)	3rd Plan Amendment (2)	TIRZ Budget as Amended (3)
<b>Infrastructure</b>					
<b>Streets</b>					
Pavement	12,610,060	1,634,000			14,244,060
Sidewalks	1,859,400				1,859,400
Landscaping and Irrigation	9,575,350				9,575,350
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			385,107		385,107
<b>Water System</b>	3,026,883	353,000			3,379,883
<b>Wastewater System</b>	6,940,964	1,029,000			7,969,964
<b>Storm Water System</b>	10,195,776	1,649,000			11,844,776
<b>Lakes and Channels</b>					
Improvements	29,121,915	5,625,600			34,747,515
Land Cost	4,597,889	6,675,000			11,272,889
<b>Detention and Drainage</b>					
Land Cost			2,850,000		2,850,000
Beautificaion / Deepening / Pond Creation			200,000		200,000
Site Drainage Facilities			1,842,000		1,842,000
<b>Parks and Recreation</b>					
Improvements	5,155,524	5,573,025			10,728,549
Land Cost	2,363,545				2,363,545
<b>Landscaping</b>					
Business Center Drive			157,500		157,500
Memorial Hermann Drive			67,500		67,500
<b>Overhead Utilities Placed Underground</b>			1,200,000		1,200,000
<b>Pipeline Relocation</b>			700,000		700,000
<b>Major Improvements</b>					
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 Reimbursables					
Miscellaneous	150,000				150,000
Signal	100,000				100,000
SH 288 Access Road	1,000,000				1,000,000
FM 518 Improvements		6,485,500			6,485,500
Broadway / FM 518 Improvements				710,000	7,100,000
<b>Contengencies and Engineering</b>					
Contingencies (10%)	6,920,111	1,733,620			8,653,731
Engineering (15%)	10,534,557	2,880,473	490,000	900,000	14,805,030
Master Drainage Plan Costs		70,000			70,000
Environmental Study Costs		100,000			100,000
<b>Subtotal</b>	108,267,923	34,474,218	11,574,813	8,000,000	162,316,954
<b>Zone Administration / Creation</b>					
TIRZ Administration (1-3 Years)	486,000				486,000
Reimbursable TIRZ Creation Costs	900,000				900,000
Annexation Costs		250,000			250,000
Plan Amendment Costs			175,000		175,000
<b>Subtotal</b>	1,366,000		175,000		1,366,000
<b>Total</b>	109,633,923	34,724,218	11,749,818	8,000,000	164,107,959
<b>City Facilities</b>					
Library					
Improvements	2,395,000				2,395,000
Land Cost	105,000				105,000
Fire / Police Station					
Improvements	2,255,000				2,255,000
Land Cost	245,000				245,000
<b>Subtotal</b>	5,000,000				5,000,000
<b>Educational Facilities</b>					
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
<b>Subtotal</b>	134,100,000				134,100,000
<b>Grand Total</b>	248,733,823	34,724,218	11,749,818	8,000,000	301,207,101

(1) The original TIRZ Budget as approved in 1999 dollars not 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 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, including the following projects initiated in 2008:

- Broadway Improvements from Kirby Drive to Kingsley Drive (LFA No. 08-01-001), a \$8,000,000 project initiated in January 2008 to provide design and construction of water, sewer, drainage, paving, and landscape improvements.
- Broadway Improvements from Kingsley Drive to FM 521 (LFA No. 08-05-001), a \$8,978,949 project initiated in May 2008 to provide design and construction of water, sewer, drainage, paving, and landscape improvements.
- Broadway Landscape (North Side) (LFA No. 08-05-002), a \$859,000 project initiated in May 2008 to provide design and construction of the landscaping north of Broadway Street between Kingsley Drive and F.M. 521.

During calendar year 2008 Shadow Creek Ranch Development Company reported approximately 405 home sales and 448 closings. This brings the total number of homes in the Zone to 3,985 as of December 31, 2008.

### **City Funded Improvements:**

- There were no City funded projects in 2008.

### **TxDOT Funded Improvements:**

- SH 288 Frontage Road construction between Shadow Creek Parkway and Broadway St. was begun in 2008 and is scheduled to be complete in March of 2010.

**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 bonds in 2004, 2005, 2006, and 2007. Those bond sales are outlined in Table E.

**TABLE E**  
**Development Authority of Pearland Outstanding Debt as of Fiscal Year End**

<b>Tax increment Contract Revenue Bonds (1)</b>	<b>Principal Amount Issued</b>	<b>Principal Amount Outstanding</b>	<b>Total Debt Service Outstanding</b>
<b>Series 2004</b>	\$13,995,000	\$11,980,000	\$19,516,819
<b>Series 2005</b>	9,775,000	8,065,000	12,446,120
<b>Series 2006</b>	9,970,000	9,615,000	14,362,990
<b>Series 2007</b>	15,950,000	15,835,000	25,578,762
<b>Total</b>	\$49,690,000	\$45,495,000	\$71,904,691

(1) Series summary provided by RBC Capital Markets Corporation, DAP Financial Advisor

### **Additional LFA's Approved for Reimbursement**

The Zone Board has approved a series of Letter Finance Agreements (LFA's) for reimbursement. Prior to Board action all project costs related to each LFA were reviewed by the Zone's Auditor, Null-Lairson, PC, and summarized in a reimbursement report, which included eligible project costs plus interest.

Table F outlines Letter Finance Agreement approved through the end of 2008.

#### **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.

Because the pace of development is unpredictable, and because the Project Plan provides a best estimate of captured appraised values, 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 Zone was undeveloped land, with a total appraised value of \$7,172,980. On January 1, 2008, the area encompassed by the Zone had a total appraised value of \$1,311,194,101. As a result, the total captured appraised value on the tax roll as of January 1, 2008 was \$1,304,021,121 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, 2008 the total appraised value was \$12,579,640. As a result the total captured appraised value on the roll as of January 1, 2008 was \$8,197,160. All lands associated with the 2nd Plan Amendment are within 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.

It should also be noted that the Zone received an Estimate of Appraised Value indicating that as of January 1, 2009 the Zone had an estimated appraised value of \$1,323,019,900 for properties in Brazoria County and \$104,517,360 for properties in Fort Bend County, totaling \$1,427,537,260. This is an estimate, however, and the actual certified value may be higher or lower.

TABLE F

## Letter Finance Agreements Approved for Reimbursement

Letter Finance Agreement (LFA)	LFA Date	LFA Amount (1)	Reimbursements Through 2008
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	6,665,996	5,243,529
LFA 00-10-002 (V1P1B)	10/9/2000	10,541,854	10,593,290
LFA 01-04-001 (V1P1B)	8/23/2001	2,059,185	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	7,554,651	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	10,200,126
LFA 03-10-002 (Village 3, Phase 1 and 2 Improvements)	10/7/2003	7,809,950	-
LFA 06-03-001 (Elementary School #2 Site)	3/27/2006	1,687,801	-
LFA 06-08-002 (Library Site)	8/28/2006	481,569	-
LFA 04-07-003 (Regional Nature Park)	7/13/2004	760,988	-
LFA 03-10-005 (Kingsley Drive Phase 4 Improvements)	10/07/03	4,486,342	-
LFA 03-10-006 (Village 5 Improvements)	10/07/03	7,055,177	-
LFA 04-07-005 (Village 4, Phase 1 and Refelction Bay North Improvements)	04/07/05	3,354,452	-
LFA 03-10-003 (Village 3, Phase 3 Improvements)	10/07/03	7,711,582	-
LFA 04-07-004 (Village 3, Phase 4 Improvements)	07/13/04	8,204,999	-
LFA 06-01-003 (Remaining Village 4 Improvements)	01/30/06	7,120,532	-
LFA 06-08-001 (Additional Sidewalks)	08/28/06	2,356,305	-
LFA 06-01-001 (Kingsley Drive North)	01/31/06	6,417,644	-
LFA 06-01-002 (Additional Village 4 Improvements)	01/31/06	9,392,437	-
LFA 06-08-0003 (S.H. 228 Frontage Road_	08/31/06	1,276,667	-
LFA 06-10-001 (Road Infrastructure, Pipeline Relocation and Site Drainage; Part of 2nd Plan Amendment)	10/31/06	9,949,618	-
LFA 07-03-002 (Shadow Creek Ranch Town Center Improvements; Part of 2nd Plan Amendment)	03/31/07	1,851,598	-
		\$ 143,028,328	\$ 48,339,700

(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

**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.**

Amended Captured Appraised Value Projections and Gross Incremental Revenue Projections for the annexations were prepared for the Project Plan amendments and the revised projections appear as Exhibits 11A & 11B.

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 December 31, 2008, development schedules for the original Zone remained unchanged from projections in the Project Plan and the total captured appraised value in the TIRZ as of January 1, 2008 was \$1,312,218,281 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**

**2008 ANNUAL REPORT  
EXHIBITS**



**Exhibit 1**

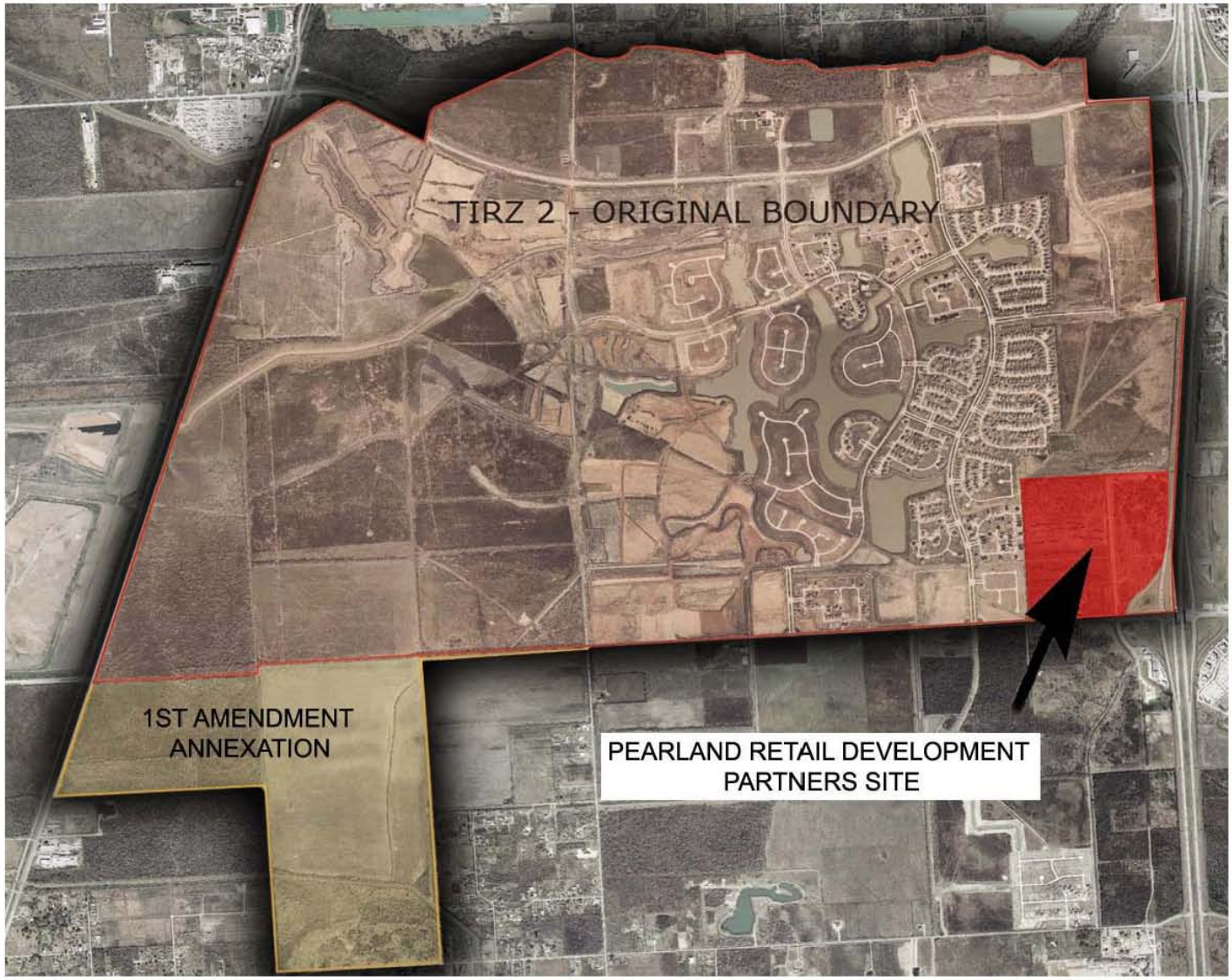


Exhibit 2

**Value Projections  
By Participating Entity by Year**

Calendar Year	Original Zone (1)				1st Plan Amendment (2)			2nd Plan Amendment (3)			Total Value Projection with Amendments (4)			
	City of Pearland (1)	Brazoria County (2)	Ft Bend County (3)	Alvin ISD (4)	City of Pearland	Brazoria County	Fort Bend County	City of Pearland	Brazoria County	Alvin ISD	City of Pearland (1)	Brazoria County (2)	Ft Bend County (3)	Alvin ISD (4)
1998	7,172,980	4,143,160	3,029,820	4,143,160	0	0	0	0	0	0	7,172,980	4,143,160	3,029,820	4,143,160
1999	7,172,980	4,143,160	3,029,820	4,143,160	0	0	0	0	0	0	7,172,980	4,143,160	3,029,820	4,143,160
2000	7,172,980	4,143,160	3,029,820	4,143,160	0	0	0	0	0	0	7,172,980	4,143,160	3,029,820	4,143,160
2001	7,172,980	4,143,160	3,029,820	4,143,160	0	0	0	0	0	0	7,172,980	4,143,160	3,029,820	4,143,160
2002	7,898,600	4,868,780	3,029,820	4,868,780	0	0	0	0	0	0	7,898,600	4,868,780	3,029,820	4,868,780
2003	75,904,290	71,957,400	3,946,890	71,957,400	0	0	0	0	0	0	75,904,290	71,957,400	3,946,890	71,957,400
2004	258,290,690	252,185,610	6,105,080	252,185,610	0	0	0	0	0	0	258,290,690	252,185,610	6,105,080	252,185,610
2005	482,829,675	475,245,642	7,584,033	475,245,642	0	0	0	0	0	0	482,829,675	475,245,642	7,584,033	475,245,642
2006	741,780,867	716,756,867	25,024,000	716,756,867	0	0	0	0	0	0	741,780,867	716,756,867	25,024,000	716,756,867
2007	1,305,294,951	1,031,380,103	133,085,355	917,358,206	0	0	0	15,900,999	15,900,999	15,900,999	1,321,195,949	1,047,281,102	133,085,355	933,259,205
2008	1,786,923,189	1,391,918,462	227,857,845	1,154,870,413	13,551,735	13,551,735	0	85,560,992	85,560,992	85,560,992	1,886,035,916	1,491,031,189	227,857,845	1,240,431,405
2009	2,363,543,777	1,765,826,577	357,665,760	1,399,921,508	108,637,587	98,271,667	10,365,920	88,127,822	88,127,822	88,127,822	2,560,309,185	1,952,226,065	368,031,680	1,488,049,330
2010	2,828,795,243	1,986,142,212	499,757,249	1,665,044,372	253,534,488	179,915,906	73,618,582	90,771,656	90,771,656	90,771,656	3,173,101,387	2,256,829,774	573,375,831	1,755,816,029
2011	3,079,755,247	2,100,595,362	534,228,760	1,834,133,169	314,790,875	185,890,898	128,899,977	93,494,806	93,494,806	93,494,806	3,488,040,928	2,379,981,067	663,128,737	1,927,627,975
2012	3,237,412,007	2,264,555,119	553,883,478	2,004,857,554	336,390,395	201,983,500	134,406,895	96,299,650	96,299,650	96,299,650	3,670,102,052	2,562,838,269	688,290,373	2,101,157,205
2013	3,320,439,689	2,321,728,010	601,654,514	2,146,010,203	361,178,747	223,374,818	137,803,929	99,188,640	99,188,640	99,188,640	3,780,807,076	2,644,291,468	739,458,443	2,245,198,842
2014	3,405,958,201	2,380,616,088	616,422,214	2,261,443,864	370,379,235	229,076,361	141,302,874	102,164,299	102,164,299	102,164,299	3,878,501,734	2,711,856,748	757,725,088	2,363,608,163
2015	3,494,042,268	2,441,270,808	631,632,944	2,318,409,276	379,855,737	234,948,950	144,906,787	105,229,228	105,229,228	105,229,228	3,979,127,233	2,781,448,986	776,539,731	2,423,638,503
2016	3,584,768,857	2,503,745,170	647,299,996	2,377,083,649	389,616,534	240,997,716	148,618,818	108,386,105	108,386,105	108,386,105	4,082,771,497	2,853,128,992	795,918,814	2,485,469,754
2017	3,678,217,244	2,568,093,763	663,437,060	2,437,518,254	399,670,156	247,227,946	152,442,210	111,637,688	111,637,688	111,637,688	4,189,525,088	2,926,959,397	815,879,270	2,549,155,942
2018	3,774,469,083	2,634,372,814	680,058,236	2,499,765,897	410,025,386	253,645,082	156,380,303	114,986,819	114,986,819	114,986,819	4,299,481,287	3,003,004,715	836,438,539	2,614,752,716
2019	3,873,608,477	2,702,640,236	697,178,047	2,563,880,969	420,691,272	260,254,733	160,436,540	118,436,423	118,436,423	118,436,423	4,412,736,173	3,081,331,392	857,614,586	2,682,317,393
2020	3,975,722,053	2,772,955,681	714,811,452	2,629,919,494	431,677,136	267,062,673	164,614,463	121,989,516	121,989,516	121,989,516	4,529,388,704	3,162,007,869	879,425,915	2,751,909,010
2021	4,080,899,036	2,845,380,589	732,973,859	2,697,939,174	442,992,575	274,074,851	168,917,724	125,649,201	125,649,201	125,649,201	4,649,540,812	3,245,104,641	901,891,584	2,823,588,376
2022	4,189,231,328	2,919,978,244	751,681,139	2,767,999,445	454,647,478	281,297,395	173,350,083	129,418,677	129,418,677	129,418,677	4,773,297,483	3,330,694,316	925,031,222	2,897,418,122
2023	4,300,813,589	2,996,813,829	770,949,637	2,840,161,524	466,652,027	288,736,614	177,915,413	133,301,238	133,301,238	133,301,238	4,900,766,854	3,418,851,681	948,865,050	2,973,462,761
2024	4,415,743,318	3,075,954,482	790,796,190	2,914,488,465	479,016,713	296,399,011	182,617,703	137,300,275	137,300,275	137,300,275	5,032,060,306	3,509,653,768	973,413,893	3,051,788,740
2025	4,534,120,939	3,157,469,354	811,238,140	2,991,045,214	491,752,340	304,291,279	187,461,061	141,419,283	141,419,283	141,419,283	5,167,292,562	3,603,179,916	998,699,200	3,132,464,497
2026	4,656,049,889	3,241,429,673	832,293,348	3,069,898,666	504,870,035	312,420,316	192,449,720	145,661,862	145,661,862	145,661,862	5,306,581,786	3,699,511,850	1,024,743,068	3,215,580,528
2027	4,781,636,707	3,327,908,800	853,980,212	3,151,117,721	518,381,262	320,793,223	197,588,039	150,031,717	150,031,717	150,031,717	5,450,049,686	3,798,733,741	1,051,568,251	3,301,149,439
2028	4,910,991,129	3,416,982,302	876,317,682	3,234,773,348	532,297,825	329,417,318	202,880,507	154,532,669	154,532,669	154,532,669	5,597,821,623	3,900,932,289	1,079,198,189	3,389,306,017
<b>Total</b>	<b>4,910,991,129</b>	<b>3,416,982,302</b>	<b>876,317,682</b>	<b>3,234,773,348</b>	<b>532,297,825</b>	<b>329,417,318</b>	<b>202,880,507</b>	<b>154,532,669</b>	<b>154,532,669</b>	<b>154,532,669</b>	<b>5,597,821,623</b>	<b>3,900,932,289</b>	<b>1,079,198,189</b>	<b>3,389,306,017</b>

(1) Value shown reflects actual Certified Values through 2006, and developer projections from 2007 through the end of the Zone. Values vary by participant because of varying boundaries.

(2) Values reflect developer projections as provided for 1st Plan Amendment. Values vary by participant because of varying boundaries.

(3) Values reflect developer projections as provided for 2nd Plan Amendment. Values are constant because of shared boundaries.

(4) Total values reflect Certified Values through 2006 and developer projections from 2007 through the end of the Zone. All property in 3rd Plan Amendment is tax exempt.

**Exhibit 3A**

**Incremental Revenue Projections  
By Participating Entity by Year**

Calendar Year	Original Zone					1st Plan Amendment				2nd Plan Amendment				Amended Total Revenue Projection
	City of Pearland (1)	Brazoria County (2)	Ft Bend County (3)	Alvin ISD (4)	Original Zone Total	City of Pearland	Brazoria County	Fort Bend County	1st Plan Amendment Total	City of Pearland	Brazoria County	Alvin ISD	2nd Plan Amendment Total	
1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	45,111	0	0	0	45,111	0	0	0	0	0	0	0	0	45,111
2000	46,413	0	0	0	46,413	0	0	0	0	0	0	0	0	46,413
2001	47,341	0	0	0	47,341	0	0	0	0	0	0	0	0	47,341
2002	42,115	0	0	0	42,115	0	0	0	0	0	0	0	0	42,115
2003	3,193	986	0	11,140	15,319	0	0	0	0	0	0	0	0	15,319
2004	242,009	74,748	0	844,402	1,161,159	0	0	0	0	0	0	0	0	1,161,159
2005	793,101	205,517	44,052	2,231,376	3,274,047	0	0	0	0	0	0	0	0	3,274,047
2006	2,431,400	579,081	264,114	6,297,335	9,571,931	0	0	0	0	0	0	0	0	9,571,931
2007	2,267,922	986,373	474,717	10,640,587	14,369,598	0	0	0	0	36,675	19,975	64,419	121,070	14,490,668
2008	3,151,632	1,396,015	672,049	14,019,860	19,239,556	30,505	16,776	0	47,281	197,342	107,485	346,631	651,458	19,938,295
2009	4,353,850	1,897,037	1,077,737	17,666,195	24,994,819	244,544	121,649	36,646	402,839	203,262	110,709	357,030	671,001	26,068,659
2010	5,984,646	2,482,711	1,863,364	21,428,268	31,758,989	570,708	222,715	260,260	1,053,683	209,360	114,030	367,741	691,131	33,503,804
2011	7,465,989	2,900,269	2,799,750	25,498,488	38,664,494	708,596	230,112	455,693	1,394,401	215,641	117,451	378,773	711,865	40,770,761
2012	8,224,000	3,105,759	3,075,792	28,094,373	42,499,924	757,217	250,033	475,161	1,482,411	222,110	120,975	390,136	733,221	44,715,556
2013	8,659,206	3,346,193	3,208,232	30,715,368	45,928,998	813,016	276,513	487,171	1,576,699	228,773	124,604	401,840	755,218	48,260,914
2014	8,920,966	3,444,103	3,478,248	32,882,371	48,725,687	833,726	283,570	499,540	1,616,837	235,637	128,342	413,896	777,874	51,120,398
2015	9,150,928	3,531,634	3,564,597	34,654,532	50,901,692	855,058	290,840	512,281	1,658,179	242,708	132,192	426,313	801,211	53,361,081
2016	9,387,790	3,621,791	3,653,538	35,529,076	52,192,195	877,029	298,328	525,404	1,700,761	249,987	136,158	439,102	825,247	54,718,203
2017	9,631,757	3,714,652	3,745,147	36,429,857	53,521,413	899,660	306,040	538,921	1,744,621	257,487	140,243	452,275	850,004	56,116,038
2018	9,883,043	3,810,300	3,839,504	37,357,661	54,890,508	922,970	313,984	552,843	1,789,796	265,211	144,450	465,843	875,505	57,555,809
2019	10,141,868	3,908,817	2,624,461	38,313,299	54,988,445	946,979	322,166	378,122	1,647,266	273,167	148,784	479,819	901,770	57,537,481
2020	10,408,458	4,010,289	2,691,196	39,297,607	56,407,550	971,708	330,593	387,968	1,690,269	281,362	153,247	494,213	928,823	59,026,642
2021	10,683,045	4,114,806	2,759,934	40,311,443	57,869,228	997,179	339,273	398,110	1,734,563	289,803	157,845	509,039	956,687	60,560,479
2022	10,965,870	4,222,458	2,830,734	41,355,895	59,374,757	1,023,414	348,214	408,557	1,780,185	298,497	162,580	524,311	985,388	62,140,330
2023	11,257,180	4,333,339	2,903,657	42,431,274	60,925,451	1,050,437	357,423	419,316	1,827,176	307,452	167,457	540,040	1,014,950	63,767,577
2024	11,557,229	4,447,548	2,978,769	43,539,121	62,522,666	1,078,270	368,908	430,399	1,875,577	318,678	172,481	556,241	1,045,398	65,443,641
2025	11,866,279	4,565,182	3,056,134	44,680,203	64,167,798	1,106,938	376,678	441,814	1,925,429	326,176	177,656	572,928	1,076,760	67,169,988
2026	12,184,601	4,686,345	3,135,819	45,855,518	65,862,284	1,136,466	386,741	453,571	1,976,778	335,962	182,985	590,116	1,109,063	68,948,124
2027	12,512,473	4,811,143	3,217,896	47,066,092	67,607,604	1,166,879	397,105	465,681	2,029,666	346,040	188,475	607,820	1,142,335	70,779,605
2028	12,850,181	4,939,686	3,302,434	48,312,963	69,405,283	1,198,206	407,781	478,155	2,084,142	356,422	194,129	626,054	1,176,605	72,666,030
<b>Total</b>	<b>205,159,598</b>	<b>79,136,781</b>	<b>61,261,874</b>	<b>765,464,124</b>	<b>1,111,022,375</b>	<b>18,189,502</b>	<b>6,243,442</b>	<b>8,605,613</b>	<b>33,038,557</b>	<b>5695749,266</b>	<b>3,102,254</b>	<b>10,004,581</b>	<b>18,802,585</b>	<b>1,162,863,517</b>

- (1) City of Pearland receives Administration Fees over the life of the Zone based on fees of 0% years 1-3; 36% years 4-8; and 64% years 9-30.
- (2) Brazoria County Zone participation 38% (\$0.13661) of total tax rate for life of Zone.
- (3) Ft Bend County Zone 100% participation (\$0.53874) Years 1-10; 75% participation (\$0.404055) years 11-20; and 50% participation (\$0.269370) years 21-2028.
- (4) Assumes Alvin ISD Zone participation of 100%; 25% in the Zone, 75% to ISD for School Projects.

**Exhibit 3B**