

Agendas and Agenda Materials
Meetings of the Boards of Directors

La Porte
Redevelopment Authority



La Porte Tax Increment
Reinvestment Zone

January 21, 2015

NOTICE OF MEETING OF LA PORTE REDEVELOPMENT AUTHORITY

Notice is hereby given of the meeting of the La Porte Redevelopment Authority to be held Wednesday, January 21, 2015 at 6:30 p.m. in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order;
2. Consider approval of the minutes of Board of Directors meeting held on December 10, 2014;
3. Approve Report Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs reimbursable to La Porte Crossing, LP;
4. Approve Fiscal Year 2014 Annual Financial Report;
5. Consider approval or other action with regard to authority invoices;
6. Receive updates from the city, developers and staff with regard to development within the Zone;
7. Board member comments;
 - a. Matters appearing on agenda;
 - b. Inquiry of staff regarding specific factual information or existing policy
8. Adjournment.

In compliance with the American Disabilities Act, the City of La Porte City will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City Secretary, at 281-470-5019 or TDD 281-471-5030.

A possible quorum of city council members may be present at this meeting and participate in discussions but will take no action.

David W. Hawes
Executive Director



LA PORTE REDEVELOPMENT AUTHORITY,
CITY OF LA PORTE, TEXAS

AGENDA MEMORANDUM

TO: La Porte Redevelopment Authority Board of Directors
FROM: Executive Director
SUBJECT: Agenda Item Materials

2. Consider approval of minutes of the Board of Directors meeting held December 10, 2014.

**MINUTES OF THE MEETING OF THE
LA PORTE REDEVELOPMENT AUTHORITY
CITY OF LA PORTE, TEXAS
BOARD OF DIRECTORS**

December 10, 2014

DETERMINE QUORUM; CALL TO ORDER.

The Board of Directors of the La Porte Redevelopment Authority, City of La Porte, Texas, held a regular meeting, open to the public, on Wednesday, December 10, 2014, at 6:30 p.m., in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, and the roll was called of the duly appointed members of the Board, to-wit:

Peggy Antone, <i>Secretary</i>	Position 1
Dave Turnquist	Position 2
Alton Porter	Position 3
Horace Leopard	Position 4
Doug Martin, <i>Vice Chair</i>	Position 5
JJ Meza	Position 6
Lloyd Graham	Position 7
Chester Pool	Position 8
Lindsay Pfeiffer, <i>Chair</i>	Position 9

and all of the above were present, with the exception of Directors Turnquist, Porter, Graham and Pfeiffer, thus constituting a quorum. Also present were David Hawes, Hawes Hill Calderon, LLP; Scott Livingston, La Porte EDC Director; Alan Mueller, Gromax Development; and Steven Robinson, Port Crossing. The meeting was called to order at 6:47 p.m.

CONSIDER APPROVAL OF THE MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON AUGUST 27, 2014.

Upon a motion duly made by Director Pool, and being seconded by Director Leopard, the Board voted unanimously to approve the Minutes of the August 27, 2014, Board meeting, as presented.

CONSIDER APPROVAL OF LANDSCAPING BIDS FOR BAYSIDE CROSSING.

Mr. Hawes reported bids had been received from three companies and the tabulations were in the Board agenda materials. After review and discussion of the bids received, a motion was duly made by Director Antone, and seconded by Director Pool, and the Board voted unanimously to approve the bid received from Landscape Art for hardscape and landscape work for Bayside Crossing in the total amount of \$654,291.00.

CONSIDER APPROVAL OR OTHER ACTION WITH REGARD TO AUTHORITY INVOICES.

Mr. Hawes went over the Cash Flow Report, FY 2009-2014 and invoices, included in the Board agenda materials. Upon a motion duly made by Director Antone, and being seconded by Director Pool, the Board voted unanimously to approve the Report and payment of invoices, as presented.

Mr. Hawes provided handouts of the Annual Financial Report, dated September 30, 2014, a copy is attached as Exhibit A, and the Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Port Crossing Land, LP, dated December 10, 2014, a copy is attached as Exhibit B. No action from the Board was required.

RECEIVE UPDATES FROM THE CITY, DEVELOPERS AND STAFF WITH REGARD TO DEVELOPMENT WITHIN THE ZONE.

There was general discussion regarding updates with regard to development within the zone. No action from the Board was required.

BOARD MEMBER COMMENTS

- a. **Matters appearing on agenda.**
- b. **Inquiry of staff regarding specific factual information or existing policy.**

No action from the Board was required.

ADJOURNMENT.

There being no further business to come before the Board, the meeting was adjourned at 6:52 p.m.

Secretary

List of Exhibits:

- A. Annual Financial Report, September 30, 2014
- B. Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to Port Crossing Land, LP, December 10, 2014

LA PORTE REDEVELOPMENT AUTHORITY,
CITY OF LA PORTE, TEXAS

AGENDA MEMORANDUM

TO: La Porte Redevelopment Authority Board of Directors
FROM: Executive Director
SUBJECT: Agenda Item Materials

3. Approve a report applying Agreed-upon Procedures to construction, engineering, and related costs reimbursable to La Porte Crossing LP.

LA PORTE REDEVELOPMENT AUTHORITY
REPORT ON APPLYING AGREED-UPON PROCEDURES TO
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE
TO PORT CROSSING LAND, LP (DEVELOPER)

JANUARY 21, 2015

Revised Draft

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January 21, 2015

Board of Directors
La Porte Redevelopment Authority
City of La Porte, Texas
Harris County, 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 La Porte Redevelopment Authority (the "Authority"), solely to assist you with respect to the Construction, Engineering and Related Costs to be paid by the City of La Porte, Texas Reinvestment Zone No. 1 to Port Crossing Land, LP ("Developer") as of November 30, 2014, as set forth in the accompanying schedule. The below listed 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 Capital Improvement Budget as documented as Exhibit B in the Public Improvement Development Agreement.

This agreed-upon procedures engagement 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 Authority. 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 relative to the reimbursement request.
- B. We calculated the Developer's interest based upon the terms of the Reinvestment Zone Number One, City of La Porte, Texas ("La Porte Zone") agreement with the Developer for interest in accordance with the agreement dated May 24, 2006 and the amendment dated April 27, 2011.

- C. We verified the mathematical accuracy of the engineering invoices greater than \$5,000.00. We tested the completeness of the engineering invoices based upon the total engineering invoices billed.
- D. We reviewed the computation of certain costs to gain assurances that the amounts required to be paid 100% by the Developer, in accordance with the Development Agreement, are deleted from the amounts to be reimbursed.
- E. For construction contracts, we footed the final pay estimates and calculated extensions for any line item greater than \$5,000.00.
- F. We obtained verbal confirmation from Angel Brothers Enterprises, Ltd. that the construction contracts have been paid in full and that there are no additional claims against the La Porte Zone or Developer.
- G. We prepared a reimbursement report for the benefit of the Authority 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.
- H. We were available to attend a meeting to present the report, and to answer questions relating to the report.

The attached Schedule A titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Port Crossing Land, LP (Developer)", sets forth their reimbursable costs. This reimbursement is in accordance with the terms and conditions of the Development Agreement by and among the Reinvestment Zone Number One, City of La Porte, Texas, La Porte Redevelopment Authority and Port Crossing Land, LP dated May 24, 2006. That agreement was amended April 27, 2011 to extend the maximum interest date on reimbursable amounts to eight years from the payment date.

Port Crossing Land, LP originally submitted schedules and invoices totaling \$60,112.67. We have revised the reimbursable amount to \$67,714.42 including interest calculated through November 30, 2014. The following changes were made to the original schedule:

- A. We calculated interest through November 30, 2014 at the prime commercial lending rate of J. P. Morgan Chase Bank. That resulted in an increase of \$9,818.32.
- B. We deducted \$617.50 for sales taxes on costs for electrical work for the fountain. The Authority is not subject to sales tax.
- C. We deducted \$1,599.07 for sales tax for the fountain assembly. The Authority is not subject to sales tax.

According to the Development Agreement, the Developer is to be paid interest on the reimbursable amount at the prime commercial lending rate of J. P. Morgan Chase Bank per annum. Interest was calculated on the per annum basis of a year being 365 days. The following details the interest rates used for the periods included:

<u>Dates</u>	<u>Prime Rate</u>
June 5, 2009 to November 30, 2014*	3.25%

*Assumes no change in prime rate

In addition to the current amount reimbursable of \$67,714.42, the Developer has a principal balance due from the 2009 report of \$7,495,141.23, with interest calculated through August 27, 2014 of \$22,690.77. We also calculated interest from August 28, 2014 through November 30, 2014 of \$62,733.31. That brings the total reimbursable through November 30, 2014, to \$7,648,279.73.

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 such an opinion. 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 information and 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 District except to comply with filing requirements as specified by the parties to the agreement.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

2014 Report AUP

LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
REIMBURSABLE TO PORT CROSSING LAND, LP (DEVELOPER)
JANUARY 21, 2015

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

DESCRIPTION		TOTAL
Angel Brothers Enterprises, Ltd.		
Construction Port Crossing - Infrastructure Development		
Amount Paid by Developer	\$ 6,616,616.10	
Less: Amount Reimbursed in 2009	6,591,616.10	\$ 25,000.00
 Jones & Carter, Inc.		
Engineering - Port Crossing Drainage Study Amendment		
Amount Paid by Developer	\$ 19,897.60	
Less: Amount Reimbursed in 2009	17,144.00	2,753.60
 Harry D. Lane Associates		
Engineering - Re-Inspection for Final Approval by Harris County Port Crossing		
Amount Paid by Developer		380.00
 Davidson Electric Co.		
Electrical Connections for Fountain Port Crossing		
Amount Paid by Developer	\$ 10,497.50	
Less: Sales Tax Not Reimbursable	617.50	9,880.00
 Lake Management Services		
Fountain Assembly and Installation Port Crossing		
Amount Paid by Developer	\$ 21,481.57	
Less: Sales Tax Not Reimbursable	1,599.07	19,882.50

Revised Draft

LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
REIMBURSABLE TO PORT CROSSING LAND, LP (DEVELOPER)
JANUARY 21, 2015

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

<u>DESCRIPTION</u>	<u>TOTAL</u>
TOTAL AMOUNT REIMBURSABLE TO PORT CROSSING LAND, LP AS OF NOVEMBER 30, 2014	\$ 57,896.10
Developer Interest *	9,818.32
TOTAL AMOUNT PAYABLE TO PORT CROSSING LAND, LP AS OF NOVEMBER 30, 2014	<u>\$ 67,714.42</u>

* Interest is calculated based upon the J.P. Morgan Chase Bank prime commercial lending rate in accordance with the Development Agreement.

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LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS
WITH EXHIBIT B OF THE DEVELOPMENT AGREEMENT
JANUARY 21, 2015

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

DESCRIPTION	ENGINEERING ESTIMATE EXHIBIT B	REIMBURSABLE COSTS TO PORT CROSSING LAND, LP AT MAY 27, 2009	REIMBURSABLE COSTS TO PORT CROSSING LAND, LP AS OF NOVEMBER 30, 2014
CAPITAL IMPROVEMENT BUDGET			
DESCRIPTION AND ESTIMATED COSTS			
Streets with Storm Systems			
Powell Road (100' ROW)	\$ 1,795,000		
Powell Road (60' ROW)	841,000		
Abandon Powell Road	-		
Wharton Weems Boulevard	968,000		
McCabe Road	225,000		
SUBTOTAL	\$ 3,829,000	\$ 3,560,057	\$ -
Water Distribution System			
12" Public Mains	\$ 320,000		
Offsite Segment Crossing SH 146 (12')	351,000		
SUBTOTAL	\$ 671,000	\$ 383,756	\$ -
Sanitary Sewer System			
Lift Station / Force Main	\$ 437,000		
Public Mains 8" - 12"	308,000		
Offsite Public Mains	66,000		
SUBTOTAL	\$ 511,000	\$ 955,573	\$ -
Drainage Projects			
Stormwater Detention / Drainage			
-Acquisition of 32 Acres	\$ 2,300,000	\$ 2,304,431	\$ -
-Construction: Excavation	1,360,000	1,002,032	
-Construction: Storm Sewer	1,232,000	841,284	25,000
SUBTOTAL	\$ 4,892,000	\$ 4,147,747	\$ 25,000
Sidewalks			
Sidewalks / Pedestrians Trails along Major Roadways / Drainageways	\$ 120,000	\$ 45,448	\$ -
Landscaping			
Along Major Roadways	\$ 300,000	\$ 630,279	\$ 29,763
Clearing			
Public ROW and Easements	\$ 120,000	\$ 182,001	
Engineering			
	\$ 1,303,000	\$ 831,299	\$ 3,133
Developer Interest			
	\$ -	\$ 1,360,327	\$ 9,818
TOTAL	\$ 11,746,000	\$ 12,096,487	\$ 67,714
Reconciliation of amount reimbursable at November 30, 2014:			
Total Principal Cost to Date	\$ 10,794,056		
Total Principal Paid to Date	(3,241,019)		
Total Interest Calculated to Date	3,191,552		
Total Interest Paid to Date	(3,096,310)		
Total Due to Developer at November 30, 3014	<u>\$ 7,648,279</u>		

ESTIMATED ADDITIONAL COST TO COMPLETE	TOTAL ACTUAL COSTS TO DATE AND ESTIMATED ADDITIONAL COST TO COMPLETE	ACTUAL OVER (UNDER) ESTIMATE	% VARIANCE OVER (UNDER) ESTIMATE
\$ -	\$ 3,560,057	\$ (268,943)	-7.02%
\$ -	\$ 383,756	\$ (287,244)	-42.81%
\$ -	\$ 955,573	\$ 444,573	87.00%
\$ -	\$ 2,804,431	\$ 4,431	0.19%
\$ -	\$ 1,002,032	\$ (357,968)	-26.32%
\$ -	\$ 866,284	\$ (365,716)	-29.68%
\$ -	\$ 4,172,747	\$ (719,253)	-14.70%
\$ -	\$ 45,448	\$ (74,552)	-62.13%
\$ -	\$ 660,042	\$ 360,042	120.01%
\$ -	\$ 182,001	\$ 62,001	51.67%
\$ -	\$ 834,432	\$ (468,568)	-35.96%
\$ -	\$ 1,370,145	\$ 1,370,145	
\$ -	\$ 12,164,201	\$ 418,201	

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LA PORTE REDEVELOPMENT AUTHORITY,
CITY OF LA PORTE, TEXAS

AGENDA MEMORANDUM

TO: La Porte Redevelopment Authority Board of Directors
FROM: Executive Director
SUBJECT: Agenda Item Materials

4. Approve the Fiscal Year 2014 annual financial report.

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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January 21, 2015

Board of Directors
La Porte Redevelopment Authority
City of La Porte, Texas

In planning and performing our audit of the financial statements of the La Porte Redevelopment Authority (the "Authority") as of and for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the Authority's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Last year, and again this year, we observed the following deficiencies in the Authority's internal control that we consider to be material weaknesses.

Material Weaknesses

The Authority's management consists of an appointed Board of Directors ("Directors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the Authority. The Directors supervise the performance of the Consultants; however, although the Consultants can be part of the Authority's system of internal control, the Consultants are not members of management. Ultimately, the Directors are responsible for design and implementation of the system of internal control.

Material Weaknesses (Continued)

As is common within the system of internal control of most small organizations, the accounting function of the Authority does not include preparation of the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Authority has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the Authority's system of internal control over financial reporting.

During the course of performing an audit, the auditor prepared journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

Management's Response

The Authority's Board of Directors is appointed from the general population and do not necessarily have governmental accounting expertise. The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements are materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

LA PORTE REDEVELOPMENT AUTHORITY

CITY OF LA PORTE, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2014

REVISED DRAFT SUBJECT TO CHANGE

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REVISED DRAFT SUBJECT TO CHANGE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
La Porte Redevelopment Authority
City of La Porte, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of La Porte Redevelopment Authority (the "Authority"), a component unit of the City of La Porte, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 7 and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

January 21, 2015

LA PORTE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Management's discussion and analysis of La Porte Redevelopment Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Authority's liabilities exceeded its assets by \$8,238,406 for the year ended September 30, 2014. This compares to the previous year, when liabilities exceeded assets by \$8,701,513.
- The total net position deficit of \$8,238,406 results primarily from the Authority having recorded an amount due to Developers of \$7,715,193 for the facilities the Developer constructed and conveyed to the City. The Authority anticipates that with continued development in the area tax increment revenues will be sufficient to cover operating costs, and to reimburse the Developer. The Authority's obligations to the Developer are contingent upon the availability of tax increment for such as described in Note 4.
- The Authority's governmental funds reported a total ending fund balance of \$661,210 this year. This compares to the prior year fund balance \$917,058, showing a decrease of \$255,848 during the current fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Authority's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

LA PORTE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The first of the government-wide statements is the Statement of Net Position. This information is found in the Statement of Net Position column on page 8. The Statement of Net Position is the Authority-wide statement of its financial position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall financial health of the Authority would extend to other non-financial factors.

The government-wide portion of the Statement of Activities on page 10 reports how the Authority's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, tax increment revenues, costs and general expenditures.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the Authority's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the Authority and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position on page 9 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 11 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

LA PORTE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 21 in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by \$8,238,406 as of September 30, 2014.

The following table provides a summary of the Authority's net position as of September 30, 2014, and September 30, 2013:

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2014</u>	<u>2013</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 664,210	\$ 927,058	\$ (262,848)
Current Liabilities	\$ 3,000	\$ -	\$ (3,000)
Long-Term Liabilities	1,084,241	1,193,590	109,349
Due to Developer	7,715,193	8,230,071	514,878
Annexation Deposit	0	10,000	10,000
Accrued Interest	100,182	194,910	94,728
Total Liabilities	<u>\$ 8,902,616</u>	<u>\$ 9,628,571</u>	<u>\$ 725,955</u>
Net Position:			
Unrestricted	<u>\$ (8,238,406)</u>	<u>\$ (8,701,513)</u>	<u>\$ 463,107</u>
Total Net Position	<u>\$ (8,238,406)</u>	<u>\$ (8,701,513)</u>	<u>\$ 463,107</u>

**LA PORTE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Authority's operations for the fiscal years ending September 30, 2014, and September 30, 2013:

	Summary of Changes in the Statement of Activities		
	2014	2013	Change Positive (Negative)
Revenues:			
Tax Increment Revenues	\$ 1,698,270	\$ 1,222,397	\$ 475,873
Interest Revenues	511	581	(70)
Total Revenues	\$ 1,698,781	\$ 1,222,978	\$ 475,803
Expenses for Services	\$ 1,235,674	\$ 599,088	\$ (636,586)
Change in Net Position	\$ 463,107	\$ 623,890	\$ (160,783)
Net Position, Beginning of Year	(8,701,513)	(9,325,403)	623,890
Net Position, End of Year	\$ (8,238,406)	\$ (8,701,513)	\$ 463,107

FINANCIAL ANALYSIS OF THE AUTHORITY'S GOVERNMENTAL FUNDS

The Authority's fund balance as of September 30, 2014, was \$661,210, a decrease of \$255,848 from the prior year.

The General Fund fund balance decreased by \$255,848 due to tax increment revenue being less than operating costs, capital outlay and certain costs to fund the Authority's debt obligations.

LA PORTE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget for the fiscal year ending September 30, 2014. Actual revenues were \$400,092 more than budgeted and actual expenditures were \$411,309 more than budgeted. See the budget to actual comparison on page 23.

CAPITAL ASSETS

When capital projects are completed, the costs of the projects are recorded as a transfer to the City since the maintenance and operations of the facilities will not be the responsibility of the Authority. During the current fiscal year, \$1,125,875 was paid to the Developers for projects including interest. See Note 4 for additional information.

LONG-TERM DEBT ACTIVITY

As of September 30, 2014, the Authority had no bond debt payable.

As of September 30, 2014, the Authority owed \$662,000 to the City of La Porte, Texas plus interest of \$100,182. See Note 8 for more information.

The Sylvan Beach Restoration Project amount due to Harris County, Texas at September 30, 2014 is \$422,241, including interest of \$5,244. See Note 9 for more information.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to La Porte Redevelopment Authority, c/o David Hawes, P. O. Box 22167, Houston, TX 77227.

LA PORTE REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2014

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash, Note 3	\$ 662,290	\$ -	\$ 662,290
Due from Developer	1,920		1,920
TOTAL ASSETS	\$ 664,210	\$ -	\$ 664,210
LIABILITIES			
Accounts Payable	\$ 3,000		\$ 3,000
Accrued Interest Payable - City of La Porte, Note 8		100,182	100,182
Due to Developer, Note 4		7,715,193	7,715,193
Long-Term Liabilities: Note Due After One Year, Notes 8 and 9		1,084,241	1,084,241
TOTAL LIABILITIES	\$ 3,000	\$ 8,899,616	\$ 8,902,616
FUND BALANCE			
Assigned to 2015 Budget Deficit, Note 2	\$ 119,104	\$ (119,104)	\$ -
Unassigned	542,106	(542,106)	-
TOTAL FUND BALANCE	\$ 661,210	\$ (661,210)	\$ -
TOTAL LIABILITIES AND FUND BALANCE	\$664,210		
NET POSITION			
Unrestricted		(8,238,406)	(8,238,406)
TOTAL NET POSITION		\$ (8,238,406)	\$ (8,238,406)

The accompanying notes to the financial
statements are an integral part of this report.

LA PORTE REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total Fund Balance – Governmental Fund	\$ 661,210
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Long-term liabilities for notes payable are not due and payable in the current period, and, therefore, are not reported as assets in the governmental funds.	(1,084,241)
The long-term obligation to the Developer is not recorded in the fund financial statement but is a liability to the Developer in the government-wide entity.	(7,715,193)
Accrued interest on notes payable is not payable with current financial resources and therefore is not reported in the governmental funds.	<u>(100,182)</u>
Total Net Position – Governmental Activities	<u>\$ 8,238,406</u>

REVISED DRAFT SUBJECT TO CHANGE

The accompanying notes to the financial statements are an integral part of this report.

LA PORTE REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
REVENUES			
Tax Increment Revenue (Net of Administrative Costs)	\$ 1,698,270	\$	\$ 1,698,270
Interest Revenues	511		511
TOTAL REVENUES	\$ 1,698,781	\$	\$ 1,698,781
EXPENDITURES/EXPENSES			
Service Operations			
Contracted Services	\$ 53,512	\$ -	\$ 53,512
Professional Services	49,207		49,207
Other	35		35
Capital Outlay	465,000		465,000
Debt Service:			
Interest Expense, City of La Porte, Note 8		35,772	35,772
Interest Expense, Harris County, Note 9		21,151	21,151
Note Payment - Harris County, Note 9	130,500	(130,500)	0
Note Payment - City of La Porte, Note 8	130,500	(130,500)	0
Developer Interest, Note 4	844,402	(421,190)	423,212
Developer Principal, Note 4	281,473	(93,688)	187,785
TOTAL EXPENDITURES/EXPENSES	\$ 1,954,629	\$ (718,955)	\$ 1,235,674
NET CHANGE IN FUND BALANCE	\$ (255,848)	\$ 255,848	
CHANGE IN NET POSITION		463,107	463,107
FUND BALANCE/NET POSITION - OCTOBER 1, 2013	917,058	(9,618,571)	(8,701,513)
FUND BALANCE/NET POSITION - SEPTEMBER 30, 2014	\$ 661,210	\$ (8,899,616)	\$ (8,238,406)

The accompanying notes to the financial
statements are an integral part of this report.

**LA PORTE REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net Change in Fund Balance – Governmental Fund	\$ (255,848)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report interest expenditures as expenditures in the year paid. However, in the Statement of Activities, interest is accrued on notes through fiscal year end.	(56,923)
Governmental funds report note principal payments as expenditures. However, in the Statement of Net Position, note principal payments are reported as decreases in liabilities, and the Statement of Activities is not affected.	354,688
In the Statement of Activities, the cost of interest expense is adjusted to the amount of the current period accrued expense.	<u>421,190</u>
Change in Net Position – Governmental Activities	<u>\$ 463,107</u>

REVISED DRAFT SUBJECT TO CHANGE

The accompanying notes to the financial statements are an integral part of this report.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1. CREATION OF CORPORATION

The City of La Porte, Texas (the "City") authorized the creation of the La Porte Redevelopment Authority (the "Authority") by the Resolution No. 2000-19 passed on December 11, 2000. The Authority was created and organized as a local government corporation pursuant to provisions of Chapter 394 of the Texas Local Government Code. The Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of the Tax Increment Reinvestment Zone (the "Zone") and neighboring areas; to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority receives incremental tax revenues on developed property. The Authority has participation agreements with the City of La Porte, La Porte Independent School District and Harris County to receive certain property tax increments. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of nine members who are appointed by the Mayor with the approval of City Council.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The GASB has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The Authority was created as an instrumentality of the City. The Authority does meet the criteria for inclusion as a component unit of the City. Copies of the financial statements for the City may be obtained from the City Secretary's office.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of constraints placed on the use of assets through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The Authority's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The Authority is viewed as a special purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the Authority's fund financial statements are combined with the government-wide statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Authority has one major governmental fund.

General Fund – To account for all resources not required to be accounted for in another fund.

Basis of Accounting

The Authority uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues reported in the governmental funds to be available if they are collectable within sixty (60) days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Capital Assets

Capital assets are transferred to the City upon completion.

Budgeting

In compliance with the governmental accounting principles, the Authority’s board members should annually adopt an unappropriated budget for the General Fund. During the current fiscal year, the Authority did not amend the budget.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported, regardless of the timing of related cash flows. Fund equity is classified as net position.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, requires the classification of fund balances in governmental funds using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The Authority does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the Authority. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Authority does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The Authority has not adopted a formal policy regarding the assignment of fund balances. As of September 30, 2014, the District has assigned \$119,104 of the General Fund Balance to cover a budget deficit for the fiscal year ending September 30, 2015.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year end, the carrying amount of the Authority's deposits was \$662,290 and the bank balance was the same. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the Authority and held in a third party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2014, as listed below:

GENERAL FUND	\$ <u>662,290</u>
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LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas statute, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. Authority's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds insured, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

At September 30, 2014, the Authority held no investments.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4. DUE TO DEVELOPERS

The Redevelopment Authority is a party to several agreements with Developers who own property in the La Porte Tax Increment Reinvestment Zone No. 1. The Authority is obligated to repay the Developers for public improvements made on the property up to the amount of incremental tax value gained.

The Authority has entered into agreements with the following Developers: Port Crossing Land, LP; 65 La Porte, Ltd.; and Retreat at Bay Forest, LP. Port Crossing Land, LP has completed the public improvements detailed in the agreement with the Authority.

Port Crossing Land, LP's reimbursable expenditures totaled \$12,096,488 including interest at May 27, 2009. In the current fiscal year, the Developer was reimbursed \$1,075,875. To date, reimbursements in the amount of \$6,337,328 have been made to Port Crossing Land, LP for incremental tax value gained. Interest was recalculated, and payments were applied to interest first, then principal. The amount due Port Crossing, LP as of September 30, 2014 is calculated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
Balance Due Developer at 9/30/2012	\$ 8,855,541	\$ 25,233	\$ 8,880,774
Fiscal Year 2013 Interest		283,652	283,652
Fiscal Year 2013 Payment	<u>(675,725)</u>	<u>(258,630)</u>	<u>(934,355)</u>
Balance Due Developer at 9/30/2013	\$ 8,179,816	\$ 50,255	\$ 8,230,071
Fiscal Year 2014 Interest (Adjusted)		386,327	386,327
Fiscal Year 2014 Payment	<u>(268,358)</u>	<u>(807,517)</u>	<u>(1,075,875)</u>
Balance Due Developer at 9/30/2014	\$ 7,911,458	\$ 370,935	\$ 7,540,523

Retreat at Bay Forest, LP's reimbursable expenditures totaled \$224,670, including interest of \$36,885 for the pilot channel and excavation costs as of November 20, 2013. No additional interest will be due under the agreement. During the current fiscal year, a reimbursement of \$50,000 was applied to interest first, then principal. The amount due as of September 30, 2014 is calculated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
Balance Due Developer at 11/20/13	\$ 187,785	\$ 36,885	\$ 224,670
Fiscal Year 2014 Payment	<u>(13,115)</u>	<u>(36,885)</u>	<u>(50,000)</u>
Balance Due Developer at 9/30/2014	\$ 174,670	\$ 0	\$ 174,670

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4. DUE TO DEVELOPERS (Continued)

In addition, two Developers have signed Development Agreements but have not submitted costs for reimbursement of their projects. Estimated costs, based on the agreement, are as follows:

65 La Porte, Ltd.	\$	7,103,500
Beazer Homes Texas LP	\$	2,097,297

Under the agreements, the amount shown is not a payable debt if the tracts do not generate tax increment sufficient to pay the accrued amount.

NOTE 5. TAX INCREMENTS

The City has agreed to deposit their tax increments into the Tax Increment Fund established for the Zone.

The amount of a Participant's tax increment for a year is the amount of property taxes levied and collected by the Participant for that year on the Captured Appraised Value of real property taxable by the Participant and located in the Zone. The Captured Appraised Value of real property taxable by a Participant for a year is the total appraised value of all real property taxable by the Participant and located in the Zone for that year less the Tax Increment Base, which is the total appraised value of all real property taxable by the Participant and located in the Zone on January 1 of the year in which the Zone was designated as such under the Tax Increment Financing Act (the "TIF Act"). In the event property is annexed into the Zone by ordinance of the City, the Tax Increment Base for annexed property is the value of all real property taxable by a Participant and located in the annexed area on January 1 of the year of annexation. No Participant is required to deposit tax increments derived from property annexed into the Zone unless the Participant has agreed to do so.

Each participant is required to collect taxes on property located within the Zone in the same manner as other taxes are collected. The Participant is required to pay into the tax increment fund the collected tax increments by the first day of each calendar quarter or pursuant to the terms of the participation set forth in their respective interlocal agreements.

NOTE 6. CITY OF LA PORTE TAX INCREMENTS

The City and the Zone have established the Tax Increment Fund, a separate fund in the City Treasury into which tax increments will be deposited.

During the current fiscal year, tax increments of \$795,627 were recorded from the City of La Porte, and \$607,293 from the school district based on collected taxes.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7. HARRIS COUNTY TAX INCREMENTS

The Commissioners Court of Harris County (the "County") approved an agreement to participate in the Zone. The amount of participation from years 2001 through 2029 will be 75% of the tax increment attributed to the capture appraised value. Harris County's participation and use of fund is limited to projects described in the agreement.

During the current fiscal year, tax increments of \$295,350 were collected from the County.

NOTE 8. DUE TO CITY OF LA PORTE, TEXAS

The Authority entered into a Reimbursement Agreement with the City of La Porte. The City financed capital improvements on behalf of the Authority. The agreement states that the City will be repaid from available funds subject to certain conditions. Interest accrues at a rate of the Prime Commercial Lending rate of Chase Manhattan Bank, N.A. or its successors, plus one percent per annum, compounded semi-annually, on the unpaid balance. Prior payments were applied to accrued interest.

As of September 30, 2014, the Authority has recorded a due to the City of \$662,000 plus interest calculated at \$100,182. Accrued interest on this obligation in the current fiscal year is \$35,772, with a payment of \$130,500 applied to the outstanding balance.

NOTE 9. DUE TO HARRIS COUNTY, TEXAS

In accordance with a Development agreement dated December 14, 2010, Harris County, Texas advanced funds in the amount of \$600,000 for the Sylvan Beach Restoration Project. The Authority agreed to reimburse the advances plus interest from available tax increment, subject to certain priorities established in the agreement. The project was undertaken by the City of La Porte through a cooperative agreement with the Texas General Land Office, where the state granted funds provided an equal amount of local match was raised to fund the project.

Interest accrues at the prime rate of JP Morgan Chase plus 1%, compounded semi-annually. The total interest to date is calculated as of September 30, 2014 at \$119,335, and payment of \$130,500 was applied, bringing the total amount due to \$422,241.

The following is a summary of transactions for the Sylvan Beach Restoration Project:

	<u>Total Due</u> <u>October 1, 2013</u>	<u>Payment</u>	<u>Interest</u>	<u>Total Due</u> <u>September 30, 2014</u>
Sylvan Beach Restoration Project	<u>\$ 531,590</u>	<u>\$ (130,500)</u>	<u>\$ 21,151</u>	<u>\$ 422,241</u>

Future payments will be based on available tax increments.

LA PORTE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10. ANNEXATION DEPOSIT

During the prior fiscal year, a developer submitted an annexation deposit, and costs were applied, leaving a balance of \$10,000. Annexation fees paid by the authority in the current fiscal year of \$10,000 have been applied to the deposit, leaving a balance of zero at year end.

REVISED DRAFT SUBJECT TO CHANGE

LA PORTE REDEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

REVISED DRAFT SUBJECT TO CHANGE

LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund		Variance Positive (Negative)
	Original and Final Budget	Actual	
REVENUES			
Tax Increment Revenue	\$ 1,298,169	\$ 1,698,270	\$400,101
Interest Income	520	511	(9)
TOTAL REVENUES	\$ 1,298,689	\$ 1,698,781	\$ 400,092
EXPENDITURES			
Professional and Other Services	\$ 111,700	\$ 102,719	\$ 8,981
Capital Improvements	1,431,620	1,851,910	(420,290)
TOTAL EXPENDITURES	\$ 1,543,320	\$ 1,954,629	\$ (411,309)
NET CHANGE IN FUND BALANCE	\$ (244,631)	\$ (255,848)	\$ (11,217)
FUND BALANCE - OCTOBER 1, 2013	917,058	917,058	0
FUND BALANCE - SEPTEMBER 30, 2014	\$ 672,427	\$ 661,210	\$ (11,217)

See accompanying independent auditor's report.

LA PORTE REDEVELOPMENT AUTHORITY

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

REVISED DRAFT SUBJECT TO CHANGE

LA PORTE REDEVELOPMENT AUTHORITY
BOARD MEMBERS AND ZONE ADMINISTRATOR
SEPTEMBER 30, 2014

Authority Mailing Address - La Porte Redevelopment Authority
c/o David Hawes
P. O. Box 22167
Houston, TX 77227

Authority Telephone No. - (713) 541-0447

Position Board Members

1 Peggy Antone – Secretary/Treasurer

2 Dave Turnquist

3 Alton Porter

4 Horace Leopard

5 Doug Martin – Vice Chair

6 JJ Meza

7 Lloyd Graham

8 Chester Pool

9 Lin Pfeiffer - Chairman

Executive Director

David Hawes

See accompanying independent auditor's report.

LA PORTE REDEVELOPMENT AUTHORITY,
CITY OF LA PORTE, TEXAS

AGENDA MEMORANDUM

TO: La Porte Redevelopment Authority Board of Directors
FROM: Executive Director
SUBJECT: Agenda Item Materials

5. Consider approval or other action regarding Authority invoices.

JANUARY 2015 REVENUE/EXPENSE SUMMARY - OPERATING ACCOUNT

			\$	662,343.02	
			\$	29.68	
10/31/2014	Interest deposit	interest			\$ 662,372.70
	<i>Checks outstanding</i>		\$	-	
			\$	-	
					\$ -
	<i>Checks paid</i>		\$	9,647.18	
			\$	-	
			\$	-	
					\$ (9,647.18)
	<i>Checks submitted for approval</i>				
	#167 McCall Gibson Swedlund Barfoot PLLC	audit	\$	5,500.00	
	#168 Hawes Hill Calderon LLP	inv 4918	\$	3,650.80	
	#169 Harris County Treasurer	Inv AH002859 (Sylvan Beach)	\$	250,000.00	
					\$ (259,150.80)

Fund balance, Operating Account as of January 21, 2015

\$ 393,574.72

**La Porte Redevelopment Authority
Cash Flow Report, FY 2009-2015**

Cleared Bank	Operating Account	For	Amount	Subtotal	Total
	Beginning fund balance, 10/1/2009		\$ 265,520.84		
10/15/2009	City of La Porte	county TIRZ payment	\$ 196,067.00		
10/30/2009	Interest deposit (0.30%)	interest	\$ 91.25		
11/30/2009	Interest deposit (0.10%)	interest	\$ 73.20		
12/31/2009	Interest deposit (0.15%)	interest	\$ 36.70		
1/29/2010	Interest deposit (0.10%)	interest	\$ 28.41		
2/26/2010	Interest deposit (0.10%)	interest	\$ 22.06		
3/31/2010	Interest deposit (0.10%)	interest	\$ 25.13		
4/30/2010	Interest deposit (0.20%)	interest	\$ 42.59		
5/31/2010	Interest deposit (0.20%)	interest	\$ 42.60		
6/10/2010	Harris County tax collections	county TIRZ payment	\$ 257,543.00		
6/22/2010	City of La Porte tax collections	city TIRZ payment	\$ 582,670.33		
6/22/2010	LPISD tax collections	ISD TIRZ payment	\$ 512,646.62		
6/30/2010	Interest deposit (0.20%)	interest	\$ 122.57		
7/31/2010	Interest deposit (0.20%)	interest	\$ 130.46		
8/31/2010	Interest deposit (0.20%)	interest	\$ 102.74		
9/30/2010	Interest deposit (0.20%)	interest	\$ 95.55		
10/20/2010	City of La Porte	prior year increment adjustment	\$ 189,261.05		
10/29/2010	Interest deposit (0.20%)	interest	\$ 51.37		
11/30/2010	Interest deposit (0.10%)	interest	\$ 67.56		
12/31/2010	Interest deposit (0.10%)	interest	\$ 65.46		
1/31/2011	Interest deposit (0.10%)	interest	\$ 65.46		
2/28/2011	Interest deposit (0.10%)	interest	\$ 59.13		
3/31/2011	Interest deposit (0.10%)	interest	\$ 65.47		
4/29/2011	Interest deposit (0.10%)	interest	\$ 61.21		
5/31/2011	Interest deposit (0.10%)	interest	\$ 66.05		
6/16/2011	Wire xfer City of La Porte	city TIRZ payment	\$ 717,580.58		
6/16/2011	Wire xfer City of La Porte	city TIRZ payment	\$ 591,594.44		

6/30/2011	Interest deposit (0.10%)	interest	\$ 115.72
7/25/2011	Wire xfer City of La Porte	county TIRZ payment	\$ 171,528.00
7/29/2011	Interest deposit (0.10%)	interest	\$ 166.23
8/31/2011	Interest deposit (0.05%)	interest	\$ 139.39
9/30/2011	Interest deposit (0.05%)	interest	\$ 41.88
10/31/2011	Interest deposit (0.05%)	interest	\$ 6.98
11/30/2011	Interest deposit (0.05%)	interest	\$ 41.88
12/31/2011	Interest deposit (0.05%)	interest	\$ 41.88
1/31/2012	Interest deposit (0.05%)	interest	\$ 44.67
2/29/2012	Interest deposit (0.05%)	interest	\$ 40.04
3/30/2012	Interest deposit (0.05%)	interest	\$ 41.32
4/30/2012	Interest deposit (0.05%)	interest	\$ 42.46
5/24/2012	Wire xfer City of La Porte	city TIRZ payment	\$ 591,728.53
5/24/2012	Wire xfer City of La Porte	city TIRZ payment	\$ 483,366.12
5/31/2012	Interest deposit (0.05%)	interest	\$ 54.15
6/25/2012	Wire xfer City of La Porte	county TIRZ payment	\$ 215,582.00
6/29/2012	Interest deposit (0.05%)	interest	\$ 83.82
7/31/2012	Interest deposit	interest	\$ 100.32
8/31/2012	Interest deposit	interest	\$ 92.56
9/28/2012	Interest deposit	interest	\$ 45.36
10/31/2012	Interest deposit	interest	\$ 53.24
11/30/2012	Interest deposit	interest	\$ 48.37
12/31/2012	Interest deposit	interest	\$ 49.99
1/31/2013	Interest deposit	interest	\$ 49.99
2/28/2013	Interest deposit	interest	\$ 38.04
3/29/2013	Interest deposit	interest	\$ 34.32
4/30/2013	Interest deposit	interest	\$ 31.78
5/20/2013	Wire xfr City of La Porte	city TIRZ payment	\$ 461,057.04
5/20/2013	Wire xfr City of La Porte	taxes co	\$ 557,872.33
5/31/2013	Interest deposit	interest	\$ 46.47
6/24/2013	Wire xfr City of La Porte	Harris County	\$ 203,468.00

6/28/2013	Interest deposit	interest	\$	67.32		
7/31/2013	Interest deposit	interest	\$	84.30		
8/26/2013	Beazer Homes deposit	annexation	\$	25,000.00		
8/30/2013	Interest deposit	interest	\$	37.96		
9/30/2013	Interest deposit	interest	\$	39.64		
10/31/2013	Interest deposit	interest	\$	39.29		
11/29/2013	Interest deposit	interest	\$	36.75		
12/31/2013	Interest deposit	interest	\$	40.56		
1/31/2014	Interest deposit	interest (0.05%)	\$	39.26		
2/28/2014	Interest deposit	interest	\$	34.88		
3/31/2014	Interest deposit	interest	\$	37.87		
4/30/2014	Interest deposit	interest	\$	36.65		
5/31/2014	Interest deposit	interest	\$	36.65		
6/4/2014	Wire xfr City of La Porte	Harris County 2013	\$	295,350.00		
6/16/2014	Wire xfr City of La Porte	2013 tax	\$	607,293.55		
6/16/2014	Wire xfr City of La Porte	Taxes co	\$	795,626.84		
6/30/2014	Interest deposit	interest	\$	68.76		
7/31/2014	Interest deposit	interest	\$	78.41		
8/29/2014	Interest deposit	interest	\$	32.65		
9/30/2014	Interest deposit	interest	\$	29.03		
10/31/2014	Interest deposit	interest	\$	28.12		
11/28/2014	Interest deposit	interest	\$	25.40		
12/31/2014	Interest deposit	interest	\$	29.68		
Total, Revenues					\$	7,724,345.28
					\$	7,724,345.28

Cleared

Bank

Expenses

Checks paid:

11/23/2009	#117 Port Crossing LP	developer reimbursement	\$	165,769.15		
11/19/2009	#118 Hawes Hill Calderon LLP	Inv 3385, 3400, 3422	\$	7,937.24		
2/25/2010	#120 Hawes Hill Calderon LLP	Inv 3514, 3466, 3515	\$	7,552.62		
3/31/2010	#119 Patillo Brown & Hill LLP	interim billing, audit	\$	3,000.00		
6/30/2010	#121 VOID CHECK	error in account posting	\$	-		
7/8/2010	#122 Pattillo, Brown & Hill LLP	audit final invoice	\$	150.00		
7/1/2010	#123 Hawes Hill Calderon LLP	Inv 3523, 3585, 3586, 3614	\$	10,072.29		
7/7/2010	#124 Port Crossing	developer reimbursement	\$	1,033,512.91		
8/5/2010	#125 City of La Porte	meeting expenses	\$	266.67		

8/27/2010	#126 Hawes Hill Calderon LLP	Inv 3642, 3666	\$ 5,640.07
4/27/2011	#127 Hawes Hill Calderon LLP	Inv 3766-3874	\$ 17,686.39
8/22/2011	#128 Port Crossing Land LP	developer reimbursement	\$ 1,205,754.00
8/18/2011	#129 Hawes Hill Calderon LLP	Inv 3936, 3937, 3938, 3954	\$ 9,763.04
2/6/2012	#130 Hawes Hill Calderon LLP	Inv 4064	\$ 13,685.83
4/9/2012	#131 McCall Gibson Swedlund Barfoot PLLC	interim billing - audit	\$ 4,000.00
4/9/2012	#132 Hawes Hill Calderon LLP	Inv 4105	\$ 3,926.83
8/23/2012	#133 Hawes Hill Calderon LLP	Inv 4139, 4170, 4214, 426	\$ 9,835.85
8/29/2012	#134 Port Crossing Land LP	developer reimbursement	\$ 1,095,875.46
9/26/2012	#135 McCall Gibson Swedlund Barfoot PLLC	2011 audit, final bill	\$ 2,400.00
9/27/2012	#136 Hawes Hill Calderon LLP	Inv 4241	\$ 3,550.70
2/22/2013	#137 McCall Gibson Swedlund Barfoot PLLC	2012 audit interim bill	\$ 4,500.00
2/8/2013	#138 Hawes Hill Calderon LLP	inv43014333	\$ 11,537.90
2/12/2013	#139 Harris County Treasurer	inv AH002859	\$ 166,594.19
2/13/2013	#140 City of La Porte	trunkline project	\$ 130,500.00
4/4/2013	#141 City of La Porte	TIRZ admin fee 2013	\$ 160,767.62
3/28/2013	#142 Hawes Hill Calderon LLP	Inv. 43014375	\$ 3,606.75
7/24/2013	#143 City of La Porte	TIRZ admin fee	\$ 53,577.57
7/29/2013	#144 Hawes Hill Calderon LLP	Inv 4446, 4447, 4448, 4470	\$ 9,771.19
7/30/2013	#145 Port Crossing Land LP	developer reimbursement	\$ 934,355.68
8/27/2013	#146 McCall Gibson Swedlund Barfoot, PLLC	2012 EOY audit -- final	\$ 2,500.00
8/22/2013	#147 Hawes Hill Calderon LLP	Inv 43014490 and 43914485	\$ 11,064.00
9/23/2013	#148 Hawes Hill Calderon LLP	Inv 4514, 4517	\$ 11,126.68
1/22/2014	#149 Hawes Hill Calderon LLP	Inv 4539, 4604, 4605, 4606	\$ 10,140.03
2/24/2014	#150 McCall Gibson Swedlund Barfoot, PLLC	audit, AUP	\$ 9,750.00
2/21/2014	#151 Hawes Hill Calderon LLP	inv 43014626, 43014630	\$ 13,636.00
6/18/2014	#152 Andrews Kurth	Inv 10642473	\$ 2,545.00
6/19/2014	#153 McCall Gibson Swedlund Barfoot PLLC	AUP	\$ 3,000.00
6/13/2014	#154 Hawes Hill Calderon LLP	Inv 4694, 4695, 4718, 4719	\$ 9,610.08
6/16/2014	#155 Malladi S. Reddy	construction adv w/int	\$ 232,500.00
6/18/2014	#157 Harris County	Sylvan Beach project	\$ 130,500.00
6/11/2014	#158 VOID	void	\$ -
6/23/2014	#159 City of La Porte	trunkline project	\$ 130,500.00
7/1/2014	#156 Port Crossing Land LP	construction adv w/int	\$ 232,500.00
7/31/2014	#161 Retreat at Bay Forest	AUP - reimbursement	\$ 50,000.00
7/24/2014	#163 Hawes Hill Calderon LLP	inv 43014745	\$ 3,611.61

8/5/2014	#160 Port Crossing Crossing Land LP	AUP - reimbursement	\$ 1,075,874.56	
8/5/2014	#162 City of La Porte	TIRZ admin fee	\$ 53,511.96	
8/29/2014	#164 Hawes Hill Calderon LLP	Inv 43014778	\$ 3,915.71	
12/10/2014	#165	VOID	\$ -	
12/12/2014	#166 Hawes Hill Calderon LLP	TIRZ admin fee	\$ 9,647.18	
Total, Checks paid			\$ 7,071,522.76	\$ (7,071,522.76)
<i>Bank fees:</i>				
6/18/2010	Wire transfer	service fee	\$ 8.00	
6/22/2010	Wire transfer	service fee	\$ 8.00	
6/22/2010	Wire transfer	service fee	\$ 8.00	
10/20/2010	Wire transfer	service fee	\$ 8.00	
6/16/2011	Wire transfer	service fee	\$ 10.00	
6/16/2011	Wire transfer	service fee	\$ 10.00	
7/25/2011	Wire transfer	service fee	\$ 10.00	
10/24/2013	VOID Audit Fee	service fee	\$ 35.00	
Total, Bank fees			\$ 97.00	\$ (97.00)
<i>Checks outstanding</i>			\$ -	
Total, Checks outstanding			\$ -	\$ -
<i>Checks submitted for approval</i>			\$ -	
	#167 McCall Gibson Swedlund Barfoot PLLC	end of year audit	\$ 5,500.00	
	#168 Hawes Hill Calderon LLP	inv 4918	\$ 3,650.80	
	#169 Harris County Treasurer	Inv AH002859 (Sylvan Beach)	\$ 250,000.00	
Total, Checks submitted			\$ 259,150.80	\$ (259,150.80)
Total expenses			\$ 7,330,770.56	\$ (7,330,770.56)
Fund balance, Operating Account as of January 21, 2015				\$ 393,574.72

Pledged Securities Report as of 12/31/2014

AmegyBank

CUSIP	Security Type	Rate	Maturity	Original Face	Market Value
<i>Pledge Code: 22226 Entity Name: LAPORTE REDEV AUTH OPERATIONS</i>					
<i>Primary Bookkeeper: Hawes Hill Calderon, LLP</i>			<i>Secondary Bookkeeper:</i>		
51349SZA4	FHLMC ARM POOL # 781637	2.356	5/1/2034	\$6,533,000.00	\$919,790.81
FDIC				\$250,000.00	\$250,000.00
<i>Total Pledges: 2</i>				<u>\$6,783,000.00</u>	<u>\$1,169,790.81</u>

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

111 Congress Avenue
Suite 400
Austin, Texas 78701
(512) 610-2209
www.mgsbpllc.com

December 23, 2014

La Porte Redevelopment Authority
c/o Ms. Susan Hill
Hawes Hill Calderon, L.L.P.
9610 Long Point Road, Suite 150
Houston TX 77055

Client Number – 537-00

Audit of the La Porte Redevelopment Authority as of and for
the year ended September 30, 2014.

Interim Billing:

\$ 5,500.00

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

Invoice

Bill To:

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

Invoice #: 43014918
Date: 1/15/2015

Page: 1

DATE	DESCRIPTION	AMOUNT
1/21/2015	Project Management Services, January 2015 Board of Directors Meeting Reimbursable expenses as follows: In house copies & Binders 912 @ .15 each & 14 sets @ \$1.00 each	\$2,000.00 \$1,500.00 \$150.80
		Sales Tax: \$0.00
		Total Amount: \$3,650.80
		Amount Applied: \$0.00
		Balance Due: \$3,650.80

Terms: C.O.D.

BARBARA J. SCHOTT
HARRIS COUNTY AUDITOR
1001 Preston, Suite 800
Houston, Texas 77002
(713) 755-1160



REMIT PAYMENT TO:
Harris County Treasurer
Orlando Sanchez
1001 Preston, Room 652
Houston, Texas 77002

Invoice / Statement No.: AH002859

INVOICE

Customer No.: V00024712

CITY OF LAPORTE
ATTN CITY MANAGER
604 W FAIRMONT PKWY
LA PORTE, TX 77571

RECEIVED

DEC 18 2014

Amount Due: 427,758.14

Amount Paid: 250,000.00

(Please detach and mail this top portion with payment)

CITY MANAGER'S
OFFICE

DATE	DESCRIPTION	AMOUNT
02/29/12	SYLVAN BEACH SHORELINE NOTE MATCH OF \$600,000 OR NOTE RECEIVABLE TO CITY OF LA PORTE ON 11/24/2009.	600,000.00
02/29/12	12/01/09-05/31/10: INTEREST	12,750.00
02/29/12	06/01/10-11/30/10: INTEREST	13,020.94
02/29/12	12/01/10-05/31/11: INTEREST	13,297.63
02/29/12	06/01/11-11/30/11: INTEREST	13,580.21
10/30/12	12/01/11-05/31/12: INTEREST	13,945.41
12/12/12	06/01/12-11/30/12: INTEREST	14,165.13
02/12/13	Payment	-166,594.19
07/19/13	12/01/12-02/12/13: INTEREST	5,834.41
07/19/13	02/13/13-05/31/13: INTEREST	6,532.31
12/01/13	06/01/13-11/30/2013: INTEREST	11,188.80
06/12/14	12/01/13-05/31/14: INTEREST	11,426.56
06/17/14	Payment	-130,500.00
12/15/14	06/01/14-06/17/2014: INTEREST	1,025.88
12/15/14	06/18/14-11/30/2014: INTEREST	8,085.05

The above amount is for County services. Amounts are due upon receipt of the invoice. If you have any questions, contact Accounts Receivable at 713-755-1160.

REMIT PAYMENT TO: **HARRIS COUNTY TREASURER**
Orlando Sanchez
1001 Preston, Room 652
Houston, Texas 77002

	Note Receivable issued to City of La Porte on 11/24/2009	% Accessed: Prime plus 1% starting on 12/01/2009	Start Date	End Date		Interests Accrued	Payment received	Loan Balance
1	\$600,000.00	4.25%	12/01/09	5/31/2010	181	\$12,750.00		\$612,750.00
2	\$612,750.00	4.25%	06/01/10	11/30/2010	182	\$13,020.94		\$625,770.94
3	\$625,770.94	4.25%	12/01/10	5/31/2011	181	\$13,297.63		\$639,068.57
4	\$639,068.57	4.25%	06/01/11	11/30/2011	182	\$13,580.21		\$652,648.78
5	\$652,648.78	4.25%	12/01/11	5/31/2012	182	\$13,945.41		\$666,594.19
6	\$666,594.19	4.25%	06/01/12	11/30/2012	182	\$14,165.13		\$680,759.32
7	\$680,759.32	4.25%	12/01/12	2/12/2013	73	\$5,834.41		\$686,593.73
8	\$519,999.54	4.25%	02/13/13	5/31/2013	107	\$6,532.31	(\$166,594.19)	\$519,999.54
9	\$526,531.86	4.25%	06/01/13	11/30/2013	182	\$11,188.80		\$526,531.86
10	\$537,720.66	4.25%	12/01/13	5/31/2014	181	\$11,426.56		\$537,720.66
11	\$549,147.22	4.25%	06/01/14	6/17/2014	16	\$1,025.88		\$549,147.22
12	\$419,673.10	4.25%	06/18/14	11/30/2014	165	\$8,085.05	(\$130,500.00)	\$419,673.10
13	\$427,758.15	4.25%	12/01/14	5/31/2015	181	\$9,089.86		\$427,758.15
						\$115,741.40		\$436,848.01

Description:

Check issued 11/24/09, cleared 12/04/09. Per Harris County Attorney, Douglas Ray, 12/01/09 is date used to start accruing interest of prime rate plus 1%. Per JP Morgan Chase & Co., historical prime rate since 12/16/08, have been 3.25%.

NOTICE OF MEETING OF

LA PORTE TAX INCREMENT REINVESTMENT ZONE

Notice is hereby given of the meeting of the La Porte Tax Increment Reinvestment Zone to be held Wednesday, January 21, 2015 at 6:30 p.m. in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order;
2. Consider approval of the minutes of Board of Directors meeting held on December 10, 2014;
3. Consent agenda – any item may be removed by a board member for discussion
 - Entertain motion and a second to approve the TIRZ items in the same form and manner as was approved in the previous Redevelopment Authority meeting – Lindsey Pfeiffer, Chairperson
 - a. Approve Report Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs reimbursable to La Porte Crossing, LP; Approve Fiscal Year 2014 Annual Financial Report;
 - b. Consider approval or other action with regard to authority invoices;
 - c. Receive updates from the city, developers and staff with regard to development within the Zone;
 - d. Board member comments with regard to matters appearing on agenda and inquiry of staff regarding specific factual information or existing policy;
 - e. Adjournment.

In compliance with the American Disabilities Act, the City of La Porte City will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City secretary, at 281-470-5019 or TDD 281-471-5030.

A possible quorum of city council members may be present at this meeting and participate in discussions but will take no action.

David W. Hawes
Executive Director



**MINUTES OF THE MEETING OF THE
LA PORTE TAX INCREMENT REINVESTMENT ZONE
CITY OF LA PORTE, TEXAS
BOARD OF DIRECTORS**

December 10, 2014

DETERMINE QUORUM; CALL TO ORDER.

The Board of Directors of the La Porte Tax Increment Reinvestment Zone, City of La Porte, Texas, held a regular meeting, open to the public, on Wednesday, December 10, 2014, at 6:30 p.m., in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, and the roll was called of the duly appointed members of the Board, to-wit:

Peggy Antone, <i>Secretary</i>	Position 1
Dave Turnquist	Position 2
Alton Porter	Position 3
Horace Leopard	Position 4
Doug Martin, <i>Vice Chair</i>	Position 5
JJ Meza	Position 6
Lloyd Graham	Position 7
Chester Pool	Position 8
Lindsay Pfeiffer, <i>Chair</i>	Position 9

and all of the above were present, with the exception of Directors Turnquist, Porter, Graham and Pfeiffer, thus constituting a quorum. Also present were David Hawes, Hawes Hill Calderon, LLP; Scott Livingston, La Porte EDC Director; Alan Mueller, Gromax Development; and Steven Robinson, Port Crossing. The meeting was called to order at 6:53 p.m.

CONSIDER APPROVAL OF THE MINUTES OF BOARD OF DIRECTORS MEETING HELD AUGUST 27, 2014.

Upon a motion duly made by Director Pool, and being seconded by Director Antone, the Board voted unanimously to approve the Minutes of the August 27, 2014, Board meeting, as presented.

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

- **Entertain motion and second to approve the TIRZ items in the same form and manner as was approved in the previous Redevelopment Authority meeting**
 - a. **Consider approval of landscaping bids for Bayside Crossing**
 - b. **Consider approval or other action with regard to authority invoices**
 - c. **Receive updates from the city, developers and staff with regard to development within the zone**
 - d. **Board member comments with regard to matters appearing on agenda and inquiry of staff regarding specific factual information or existing policy**
 - e. **Adjournment.**

Upon a motion duly made by Director Pool, and being seconded by Director Leopard, the Board voted unanimously to approve the TIRZ items in the same form and manner as was approved at the previous Redevelopment Authority Board meeting.

ADJOURNMENT.

There being no further business to come before the Board, the meeting adjourned at 6:54 p.m.

Secretary