

Agendas and Agenda Materials
Meetings of the Boards of Directors

La Porte Redevelopment Authority



La Porte Tax Increment
Reinvestment Zone

February 19, 2014

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, February 19, 2014 at 6:30 p.m. in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order – Lindsey Pfeiffer, President;
2. Consider approval of the minutes of Board of Directors meeting held on January 22, 2014;
3. Consider Approval of Development Financing Agreement between the City of La Porte, Tax Increment Reinvestment Zone Number One, City of La Porte, La Porte Redevelopment Authority, and Beazer Homes Texas LP;
4. Consider Approval of Agreed Upon Procedures Report for Retreat at Bay Forest LP;
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 January 22, 2014.

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

January 22, 2014

1. CALL TO ORDER – LINDSEY PFEIFFER, CHAIR.

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, the 22nd day of January, 2014, at 6:30 p.m. The meeting was called to order by Chair Lindsey Pfeiffer at 6:30 p.m. in the City Council Chambers of the City Council Conference Room, 604 West Fairmont Parkway, La Porte, Texas; and the roll was called of the duly appointed members of the Board, to-wit:

Peggy Anthone, <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
Lindsey Pfeiffer, <i>Chair</i>	Position 9

and all of the above were present with the exception of Directors Peggy Antone, Alton Porter and Lloyd Graham, thus constituting a quorum. Also present at the meeting was David Hawes of Hawes Hill Calderon, L.L.P.

2. CONSIDER APPROVAL OF THE MINUTES OF BOARD OF DIRECTORS MEETING HELD ON SEPTEMBER 18, 2013.

Upon a motion duly made by Director Martin and being seconded by Director Turnquist, the Board unanimously voted to approve the minutes of September 18, 2013, as presented.

3. CONSIDER FY 2013 ANNUAL AUDIT.

Mr. Hawes presented the audit included in the Board agenda materials and answered questions. Upon a motion duly made by Director Pool and being seconded by Director Meza, the Board unanimously voted to approve the audit.

4. CONSIDER APPROVAL OR OTHER ACTION WITH REGARD TO AUTHORITY INVOICES.

Mr. Hawes presented the invoices included in the Board agenda materials for review. Upon a motion duly made by Director Leopard and being seconded by Director Meza, the board voted unanimously to approve payment of the invoices.

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

The Board received updates regarding development within the Zone. No action was required.

6. BOARD MEMBERS COMMENTS.

A. MATTERS APPEARING ON AGENDA;

B. INQUIRY OF STAFF REGARDING SPECIFIC FACTUAL INFORMATION OR EXISTING POLICY.

No action was taken.

ADJOURNMENT.

There being no further business to come before the Board, Chair Pfeiffer adjourned the meeting at 6:46 p.m.

Signed: _____

Attest: _____

Title: _____

Title: _____

Date: _____

Date: _____

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. Consider approval of a Development Financing Agreement between the City of La Porte, Tax Increment Reinvestment Zone Number One, City of La Porte, the La Porte Redevelopment Authority, and Beazer Homes Texas LP.

DEVELOPMENT AGREEMENT

among

CITY OF LA PORTE, TEXAS,

and

REINVESTMENT ZONE NUMBER ONE,
CITY OF LA PORTE, TEXAS,

and

LA PORTE REDEVELOPMENT AUTHORITY

and

BEAZER HOMES TEXAS LP

DEVELOPMENT AGREEMENT

This Agreement ("Agreement"), effective 10 February, 2014, is made by and among the CITY OF LA PORTE, TEXAS (the "City"), REINVESTMENT ZONE NUMBER ONE, CITY OF LA PORTE, TEXAS (the "Zone"), a tax increment reinvestment zone created by the City, acting by and through its Board of Directors (the "Zone Board"), LA PORTE REDEVELOPMENT AUTHORITY (the "Authority"), a local government corporation created by the City, acting by and through its Board of Directors (the "Authority Board") and BEAZER HOMES TEXAS LP, a Delaware limited partnership (the "Developer").

RECITALS

WHEREAS, by Ordinance No. 99-2325 (the "TIRZ Ordinance"), the City Council of the City created the Zone pursuant to Chapter 311, Texas Tax Code, as amended (the "TIRZ Act"); and

WHEREAS, the Zone Board adopted a final Project Plan and Reinvestment Zone Financing Plan; and

WHEREAS, the City Council approved the final Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 99-2352; and

WHEREAS, the Zone Board recommended that the Zone's boundaries be expanded and adopted an Amended Project Plan and Reinvestment Zone Financing Plan (as amended, the "Project Plan"); and

WHEREAS, the City Council approved the expansion of the Zone's boundaries by Ordinance No. 2014-3508 and approved the Project Plan by Ordinance No. 2014-3509; and

WHEREAS, the City authorized the creation of the Authority to aid, assist and act on behalf of the City in the performance of the City's governmental functions with respect to the common good and general welfare of the City and neighboring areas as described in the TIRZ Ordinance; and

WHEREAS, the City, the Zone and the Authority have entered into that certain Agreement dated July 9, 2001, and approved by Ordinance No. 2001-2498 (the "Tri-Party Agreement"), pursuant to which the City and the Zone contracted with the Authority to administer the Zone, including, but not limited to, the power to engage in activities relating to the acquisition and development of land, to construct and improve infrastructure in the City, to enter into development agreements with developers and builders in the City, and to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Tri-Party Agreement upon the approval of the City Council of the City; and

WHEREAS, the Tri-Party Agreement further provides that the Authority must obtain the prior approval of the City for any project approved in the Project Plan that is constructed or caused to be constructed by the Authority; and

WHEREAS, the TIRZ Act provides that the Zone may enter into agreements as the Zone Board considers necessary or convenient to implement the Project Plan and achieve its purposes; and

WHEREAS, the Authority Board and the Zone Board have determined that it is in the best interest of the Zone and the Authority to contract with the Developer, in order to provide for the efficient and effective implementation of certain aspects of the Project Plan; and

WHEREAS, the Developer desires to proceed with the development of an urban project consisting of residential, commercial and retail development located on land within the Zone (the "Project") prior to the time that the Authority can issue its bonds or otherwise pay the costs of the Public Improvements (as defined herein);

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the City, the Zone, the Authority and the Developer contract and agree as follows:

AGREEMENT

ARTICLE 1 GENERAL TERMS

1.1 Definitions. The terms "Agreement," "Authority," "Authority Board," "City," "Developer," "Project," "Project Plan," "TIRZ Act," "Tri-Party Agreement," "Zone" and "Zone Board" have the above meanings, and the following terms have the following meanings:

"Authority Bonds" shall mean the Authority's tax increment revenue bonds issued in one or more series pursuant to Section 6.1(H) of this Agreement.

"Available Tax Increment" shall mean funds in the Tax Increment Revenue Fund.

"Completion" shall mean completion of construction of the Public Improvements in accordance with the Plans and Specifications so that the Project can be used and maintained for its intended purposes. Completion shall be approved by the City and certified by the engineering firm engaged by Developer to make such certification.

"Contract Progress Payment" shall mean the payment due to a contractor or consultant hired by Developer to complete the Public Improvements. A contract progress payment must be supported not only by a report of a certified public accountant as required in Section 6.1(B), but also by customary documentation including, but not limited to, the name and address of the contractor, a description of the contract pursuant to which the payment is requested, the amount of such payment, the original contract amount, total payments made to date on such contract, an estimate of remaining work to be completed, the cost of such work, and customary lien and subcontractor releases.

"County" shall mean Harris County, Texas.

“Developer Advances” shall mean any funds advanced for Project Costs by the Developer pursuant to Section 6.1 of this Agreement and shall include any interest payable thereon as prescribed in this Agreement.

“HCAD” shall mean the Harris County Appraisal District.

“Parties” or “Party” shall mean the City, the Zone, the Authority and the Developer, the parties to this Agreement.

“Plans and Specifications” shall mean the designs, plans and specifications for the Public Improvements prepared or to be prepared by engineering and landscape architect firms at the direction of Developer in accordance with the Project Plan and as approved by the City in accordance with Section 4.2.

“Pledged Available Tax Increment” shall mean the Available Tax Increment attributable to the Project Site.

“Property Account” means an account within the Tax Increment Revenue Fund for deposit of Pledged Available Tax Increment, the proceeds of Authorized Bonds issued to finance Public Improvements pursuant to this Agreement, and other obligations issued pursuant to Article 6, and earnings from the investment of such amounts.

“Project Costs” shall mean the cost of the Public Improvements.

“Project Site” shall mean the area known as La Porte Outlots Subdivision, located in certain tracts described in Exhibit A, and all improvements located thereon.

“Public Improvements” shall have the meaning provided in Article 3 of this Agreement.

“State” shall mean the State of Texas.

“Tax Increment” shall have the meaning given such term in the Tri-Party Agreement.

“Tax Increment Revenue Fund” shall mean the special fund established by the Authority and funded with payments made by the City and any other participating Taxing Units, pursuant to the Tri-Party Agreement.

“Taxing Unit” shall mean individually and collectively, the City and any other taxing units participating in the Zone.

1.2 Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa.

ARTICLE 2
REPRESENTATIONS

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

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

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

(C) The Project, the Public Improvements and the Project Costs are components of or are consistent with the Project Plan.

(D) This Agreement has been duly authorized, executed and delivered by the Authority and, constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

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

(F) The Authority has an exemption from the payment of sales and use taxes pursuant to the statute under which the Authority was created.

2.2 Representations of the Zone. The Zone hereby represents to the Developer that:

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

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

(C) The Project, the Public Improvements and the Project Costs are components of or are consistent with the Project Plan.

(D) This Agreement has been duly authorized, executed and delivered by the Zone and constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(E) The execution, delivery and performance of this Agreement by the Zone does not require the consent or approval of any person which has not been obtained.

2.3 Representations of the Developer. The Developer hereby represents to the Authority and the Zone that:

(A) The Developer is duly authorized, created and existing in good standing under the laws of the State and is qualified to do business in the State.

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

(C) The Developer will have sufficient capital to perform its obligations under this Agreement at the time it needs to have sufficient capital.

(D) This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(E) The Developer will prepare and record residential covenant/deed restrictions for the Project Site requiring that (1) the square footage for each single-family home constructed thereon shall be no less than 1,629 square feet (as determined by HCAD); (2) upon build-out of the Project Site, at least 64% of the single-family homes will have at least 2,000 square feet (as determined by HCAD); and (3) each single-family home shall have a masonry exterior on 100% of the first-floor front elevation and on not less than 50% of each first-floor side elevation.

ARTICLE 3
THE PUBLIC IMPROVEMENTS

3.1 Public Improvements. The Public Improvements shall be and include the design, construction and installation of certain public infrastructure relating to the Project, such infrastructure being more particularly described in the Plans and Specifications.

3.2 Project Costs. The estimated Project Costs of the Public Improvements are described in Exhibit B. The Public Improvements will be developed pursuant to the Plans and Specifications and a schedule that is mutually agreeable to the Parties. The Project Costs shall include all architectural, engineering, design, legal and other consultant fees and expenses (as further set forth in Section 6.1(A) hereof) related to such Public Improvements. The Project Costs may be modified with approval of the Authority Board.

3.3 Obligation. The Public Improvements shall be designed, acquired, constructed and implemented in accordance with the Plans and Specifications to be approved by the City pursuant to Article 4.

ARTICLE 4
DUTIES AND RESPONSIBILITIES OF THE DEVELOPER

4.1 Construction Manager. Subject to Article 3, the Developer agrees to construct the Public Improvements as described in the Plans and Specifications and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the Public Improvements. The Developer will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction (including the approvals required under the Tri-Party Agreement), provide supervision of all phases of construction of the Public Improvements, provide periodic reports as may be reasonably requested and required by the Authority from time to time of such construction to the Authority Board with copies to the City, and cause the construction to be performed in accordance with the Plans and Specifications.

4.2 Design of the Public Improvements. The Developer shall prepare or cause to be prepared the Plans and Specifications for the Public Improvements. Prior to the commencement of construction or implementation of the Public Improvements, the Plans and Specifications must be submitted to and approved by the City and all other regulatory authorities having jurisdiction. Once the City has approved the Plans and Specifications, no changes thereto can be made without the express written approval of the City, the Zone Board, and the Authority.

4.3 Completion. On the later of completion of the construction of the Public Improvements or thirty days after this Agreement is executed, Developer shall provide the Authority and the City with a final cost summary of all costs associated with such Public Improvements, a Certificate of Completion and evidence that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors.

4.4 Conveyance of Easements. If applicable, the Developer shall grant the City and the Authority all required temporary construction and access easements necessary to maintain the

Public Improvements. The easements granted must be satisfactory for the intended purpose as determined by the City. On property owned by the Authority, the Authority shall grant the Developer at no cost all required temporary construction and access easements necessary to install the Public Improvements.

4.5 Payment of Fees. If applicable, Developer agrees to pay any monthly rates and charges for water and sewer services and shall pay all applicable City building permit fees for the Public Improvements.

4.6 Cooperation. Developer agrees that it will cooperate with the Zone and the Authority and Developer will provide all necessary information to the Authority and its consultants in order to assist the Authority in complying with the Tri-Party Agreement, including, without limitation, the completion of the audit and construction audit required therein.

4.7 Ad Valorem Taxes. The Developer agrees that all real property within the Project Site will be valued for taxation in accordance with Section 23.01, Texas Tax Code, as hereinafter may be amended, and that it will not request such property to be valued for taxation on the basis of inventory as permitted by Section 23.12, Texas Tax Code and as hereinafter may be amended.

4.8 Design and Completion of Public Improvements prior to Effective Date. Prior to the effective date of this Agreement, the Developer has committed and expended funds in amounts for Public Improvements described in Exhibit B, in reliance upon the City's authorization to enlarge the Zone and the Authority's commitment to pay or reimburse such costs in accordance with the terms herein, but no other contract has heretofore been entered into by the Developer with the Authority or the Zone to provide for such expenditures and reimbursement. The Developer represents that the fair market value of the work and property resulting from the funds so committed or expended and benefiting the Authority and the Zone is at least equal to the amounts so committed and expended, respectively. In order to compromise and settle all claims the Developer may have arising out of any failure by the Authority and Zone to reimburse funds heretofore expended by the Developer for such Public Improvements, by entering into this Agreement,

(A) the Authority and the Zone agree to reimburse the Developer for Project Costs of such Public Improvements paid or incurred prior to the date hereof in a total amount of committed funds specified in Exhibit B plus financing costs and/or interest as set forth in Section 6.1 below, attributable thereto in accordance with and subject to the other provisions hereof, without admitting liability of any kind on their part, and

(B) the Developer releases and discharges the Authority and the Zone from all claims of any nature the Developer might make, now or in the future, arising out of any failure by the Authority and Zone to pay or reimburse the Developer for any other work done prior to the date hereof or in any greater amount or on any other conditions for work performed in connection with Public Improvements prior to the date hereof.

4.9 Changes in Project. The Developer shall not make any change in the Project as to the uses of the property or change the boundaries within the Project Site without the express written consent of the City, the Authority Board and the Zone Board.

4.10 No Vested Rights. The Developer expressly understands and agrees that neither this Agreement nor any approvals required herein shall be construed as a “permit,” as defined in Section 245.001 of the Texas Local Government Code, or an application therefor; and, as such, the Developer has no vested right as a “permit” in any order, regulation, ordinance, rule, expiration date or other requirement in effect at the time of execution of this Agreement or at the time any approval pursuant to the terms hereof is obtained. To this end, Developer, for itself, its officers, agents, employees, successors and assigns, hereby releases and holds harmless the City, the Authority and the Zone from any claim or cause of action involving vested rights, including, but not limited to, such a right claimed pursuant to Chapter 245 of the Texas Local Government Code, arising out of this Agreement or the approvals required to be obtained herein.

ARTICLE 5 DUTIES AND RESPONSIBILITIES OF THE AUTHORITY

5.1 Authority Contributions. The Authority shall pay or reimburse to Developer the Project Costs in the amount of the actual costs of the Public Improvements, subject to the conditions of and provided by Articles 3 and 4. The total, actual Project Costs of the Public Improvements, for which the Authority shall be responsible under the terms of this Agreement, is estimated to be \$2,097,297. Attached hereto as Exhibit B is a detailed description of the engineering estimates of the Public Improvements. The Project Costs shall be financed and funded in accordance with Article 6 hereof. In the event a portion of the Public Improvements is determined to be ineligible under the Act, the Project Costs shall be reduced by the amount of such ineligible Public Improvements. If the Authority has already repaid Developer for such ineligible Public Improvements in accordance with this Agreement, the Parties agree that Developer shall reimburse the Authority for such repayment within thirty (30) days of receipt of an invoice from the Authority and all such sums shall bear interest at the rate established in Section 6.1(F) from the date past due until the date of such reimbursement. Should the Developer fail to timely pay such amount, the Authority may, in its sole discretion, withhold the amount due, including accrued interest, from future Contract Progress Payments.

5.2 Project Costs. The Authority shall pay or reimburse the Project Costs in accordance with this Agreement. In the event the Authority does not have funds available at the time all or part of the Project Costs are payable by the Authority in accordance with this Agreement, the Project Costs shall be funded in accordance with Article 6 hereof, and such funding shall not be deemed a default by the Authority under this Agreement.

ARTICLE 6 PUBLIC IMPROVEMENTS FINANCING AND FUNDING

6.1 Developer Advances.

(A) Developer shall advance sufficient funds as such become due for all costs comprising the Project Costs including, without limitation, all costs of design, engineering, materials, labor, construction, and inspection arising in connection with the Public Improvements, including all payments arising under any contracts entered into by Developer pursuant to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits (including any building permit fees)

required as a part of any contracts entered into in accordance with this Agreement and all related legal fees incurred in connection therewith.

(B) The Developer must submit, within sixty (60) days after the latest of recording a final plat of property within the Project Site, signing this Agreement, or completing an identifiable segment of Public Improvements not subject to the platting requirements of the City, a request for a Contract Progress Payment when an identifiable segment of Public Improvements has been completed. Documentation of cost and completion shall be forwarded to the Authority. The Authority, at its expense, shall hire a certified public accountant to calculate the amount due Developer and shall prepare and submit, within a reasonable time, a report to the Authority Board and send a copy to the City Manager of the City. Requests for Contract Progress Payments shall be submitted only when an identifiable segment of Public Improvements has been completed and shall be submitted no more often than once every sixty (60) days. If the Authority does not have sufficient funds to pay any Contract Progress Payment within 30 days of the date the certified public accountant's report is received by the Authority Board, the Developer shall be deemed to have advanced such amount to the Authority as of the date actually expended by the Developer. Interest (as calculated pursuant to Subsection 6.1(F)) on each Developer Advance made pursuant to this subsection shall accrue from the date the Developer expended the funds and shall accrue for a maximum period of five (5) years from such date. At such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the Authority, at its expense, shall hire a certified public accountant to calculate the amount due to the Developer and shall prepare and submit a report to the Authority Board and send a copy to the City Manager of the City certifying (1) the amount due to the Developer for the Developer Advances being repaid, with interest calculated thereon as specified herein and (2) that funds are available to make such payment. Upon receipt of such report, the Authority Board shall promptly authorize and make payment to the Developer.

(C) If, upon completion of the Public Improvements and conveyance of the Public Improvements to the Authority or the City, as applicable, the Authority does not have sufficient funds to reimburse to Developer the unpaid balance of the Project Costs, Developer shall be deemed to have advanced to the Authority an amount equal to the difference between (i) the amount of the Project Costs which has been previously paid by the Authority to Developer and (ii) the final cost of the Public Improvements as evidenced by documentation approved by the Authority Board in accordance with Section 4.3.

(D) Each Developer Advance shall be evidenced by a certificate in the form attached hereto as Exhibit C.

(E) The Authority shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from any of the following sources.

- (1) proceeds of any applicable bank loan;

- (2) proceeds from the sale of applicable Authority Bonds; or
- (3) Pledged Available Tax Increment.

(F) Subject to the limitations described in Section 6.1(B) hereof, interest on each Developer Advance shall accrue at the prime rate of JPMorgan Chase Bank. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day). In no case shall the interest rate exceed one percent per month.

(G) The Authority's obligation to pay the Developer Advances or reimburse the Developer for Project Costs is limited to any Pledged Available Tax Increment. The rights of Developer in and to the Pledged Available Tax Increment granted herein are subject only to (i) the rights of any holders of bonds, notes or other obligations that have been heretofore or are hereafter issued by the City or any other participating taxing unit that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City or any other participating taxing unit, (ii) the rights of any of the holders of bonds and notes that are hereafter issued or incurred by the Authority and which are secured by a pledge of the Tax Increment Revenue Fund, and (iii) the rights of any of the holders of notes that are hereafter issued or incurred by the Authority, which are secured by a pledge, all or a part, of the Tax Increment Revenue Fund, the proceeds of which are used solely to fund the annual operating and administration budget of the Authority approved by the Authority Board and the City Council of the City. Except in the event that (i) the cumulative average sales price (documented at the time Developer sells a finished home to an initial end-user) of all homes within the Project Site is less than \$175,000, or (ii) sufficient tax increment increase does not occur within the term of the Zone or within the Project Site to generate sufficient revenue to repay the Developer Advance(s), it shall be the obligation of the Authority to repay the Developer Advances and accrued interest thereon as set forth in this Agreement from the Pledged Available Tax Increment until such time as the Developer Advances and accrued interest thereof incurred pursuant to this Agreement have been fully repaid or provision for payment thereon to Developer shall have been made in accordance with this Agreement. The Developer Advances constitute a special obligation of the Authority payable solely from the Pledged Available Tax Increment as and to the extent provided in this Agreement. The Developer Advances do not give rise to a charge against the general credit or taxing powers of the Authority, the Zone, the City, the County or any other Taxing Unit and is not payable except as provided in this Agreement. Developer, its successors and assigns, shall not have the right to demand payment thereof out of any funds of the Authority other than the Pledged Available Tax Increment or sources described in Section 6.1(E).

(H) The Authority will evaluate and consider bond issues to reimburse the Developer upon the following circumstances:

- (1) Projected incremental revenue generates 1.25 times coverage for the bonds over projected annual debt service (or such lesser coverage if recommended to the Authority by its financial advisor);
- (2) Projected incremental revenue will be calculated by multiplying estimated or certified incremental value from HCAD by the participant(s) tax rate(s) divided by 100 times one minus a reasonable historical tax collection factor times one minus the City set-aside percentage;
- (3) A reserve fund equal to maximum annual debt service must be funded from the bond proceeds;
- (4) Adequate cash or capitalized interest must be set aside to assure payment of the bonds through the date of the next increment payment; and
- (5) The minimum bond size will be that size that after funding the Reserve Fund, any capitalized interest and any costs of issuance will allow for a reimbursement to the developer of at least \$1.5 million plus developer interest. Reimbursements to multiple developers may be aggregated in a single bond issue to achieve the minimum bond size.

(I) The Authority shall not issue obligations in accordance with this Article unless the resulting debt service requirements on all Zone obligations may be paid in full when due from all money then on deposit in or thereafter required to be deposited to the Property Account during the term of such Zone obligations, assuming that (a) the rates at which property taxes are levied by all taxing units required to make deposits to the Tax Increment Fund do not change from the rates at which they most recently levied property taxes, (b) the assessed value of taxable property (net of exemptions) within the Project Site does not change from the amount then most recently estimated or certified by HCAD, (c) all amounts deposited (or required to be deposited) to the Property Account bear interest at the City's investment rate until expended, (d) proceeds of such obligations are deposited to and set aside in the Property Account as capitalized interest in the amount requested by the Developer and approved by the City Manager of the City, and (e) the Property Account is expended in each year to pay administrative expenses of the Zone in an amount equal to the product of (i) the total amount of such expenses budgeted in the Zone's most recent operating budget and (ii) a fraction, the numerator of which is the current Tax Increment attributable to the Project Site and the denominator of which is the current Tax Increment for the Zone.

(J) The Authority shall provide to Developer, upon the written request of Developer, and on the earliest date such information is available after the date of such request, certified copies of all statements of revenue attributable to the Project Site and the source of such revenue of the Zone and of the Authority the intended use of which is to verify the availability of funds for payment of the Project Costs or Developer Advances, if applicable, pursuant to this Section.

(K) The Zone and the Authority shall use commercially reasonable efforts to cause each Taxing Unit to collect all ad valorem taxes due on property located within the Zone and shall use commercially reasonable efforts to cause such Taxing Units to deposit all tax increments due with the City for transfer to the Tax Increment Revenue Fund pursuant to the Tri-Party Agreement.

ARTICLE 7
INSURANCE; RELEASE

7.1 Insurance. With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall require that each contractor providing work or service on the Public Improvements provide and maintain certain insurance in full force and effect at all times during the construction of the Public Improvements and shall require that the City, the Authority, and the Zone are named as additional insured's under such contractor's insurance policies.

The insurance, at a minimum, must include the following coverage's and limits of liability:

Coverage	Limit of Liability
Worker's Compensation	Statutory
Employer's Liability	Bodily Injury by Accident \$100,000 (each accident) Bodily injury by Disease \$500,000 (policy limit) Bodily injury by Disease \$100,000 (each employee)
Comprehensive General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations (for a period of one year after completion of work)	Bodily Injury and Property Damage, Combined Limits of \$500,000 each Occurrence and \$1,000,000 Aggregate
Automobile Liability Insurance (for automobiles used in performing under this Agreement, including Employer's Non Ownership and Hired Auto Coverage)	\$500,000 Combined Single Limit per Occurrence
Professional Liability Coverage (for professional service contract only)	\$500,000 per occurrence \$1,000,000 aggregate

Defense costs are excluded from the face amount of the policy. Aggregate Limits are per 12 month policy period unless otherwise indicated.

If the amount of any contract awarded by Developer to construct the Public Improvements shall exceed \$1,000,000, Developer shall contract with the contractor to maintain Commercial General

Liability coverage and the Auto Liability coverage for at least twice the combined minimum limits specified above.

The amounts of the insurance required herein shall be reviewed on the fifth (5th) anniversary date of this Agreement and each fifth (5th) year thereafter until the construction of the Project is completed and shall be increased, if necessary, so that the amount of such coverage is at all times generally equal to the limits described herein measured in year 2006 dollars.

(A) Form of Policies. The Authority Board may approve the form of the insurance policies, but nothing the Authority Board does or fails to do relieves Developer of its obligation to provide the required coverage under this Agreement. The Authority Board's actions or inactions do not waive the Zone's or Authority's rights under this Agreement.

(B) Issuers of Policies. The issuer of each policy shall have a certificate of authority to transact insurance business in Texas or a Best's rating of at least A and a Best's Financial Size Category of Class VI or better, according to the most current edition *Best's Key Rating Guide, Property Casualty United States*.

(C) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the Authority, its officers, agents and employees as additional insured parties on the original policy and all renewals or replacements.

(D) Deductibles. Developer shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the Authority or Zone, its officers, agents, or employees.

(E) Cancellation. Each policy must state that it may not be canceled, materially modified, or non-renewed unless the insurance company gives the Authority 30 days' advance written notice. Developer shall (and shall contract with each contractor to) give written notice to the Authority within five days of the date on which total claims by any party against such person reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular Public Improvements or location subject to this Agreement.

(F) Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, the Zone, its officers, agents, or employees.

(G) Primary Insurance Endorsement. Each policy, except Workers' Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured with respect to claims arising under this Agreement.

(H) Liability for Premium. Developer shall pay (or shall contract with contractors to pay) all insurance premiums for coverage required by this Section, and the Authority or Zone shall not be obligated to pay any premiums.

(I) Subcontractors. Notwithstanding the other provisions of this Section, the amount of coverage contracted to be provided by subcontractors shall be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence. Developer shall provide (or shall contract with contractors to provide) copies of insurance certificates to the Authority.

(J) Proof of Insurance. Promptly after the execution of this Agreement and from time to time during the term of this Agreement at the request of the Authority, Developer shall furnish the Authority with certificates of insurance maintained by Developer in accordance with this Section. If requested in writing by the Authority, Developer shall furnish the City with certified copies of Developer's actual insurance policies. If Developer does not comply with the requirements of this Section, the Authority, at its sole discretion, may (1) suspend performance by the Authority hereunder and begin procedures to terminate this Agreement for default or (2) purchase the required insurance with Authority or Zone funds and deduct the cost of the premiums from amounts due to Developer under this Agreement. The Authority shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

7.2 Indemnification and Release.

DEVELOPER SHALL DEFEND, INDEMNIFY, AND HOLD THE AUTHORITY, THE CITY AND THE ZONE, THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY, THE "INDEMNIFIED PERSONS") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

(A) DEVELOPER'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY, "DEVELOPER'S") ACTUAL OR ALLEGED SOLE AND/OR CONCURRENT NEGLIGENCE OR INTENTIONAL ACTS; ;

(B) THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE AND/OR GROSS NEGLIGENCE, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT; AND

(C) THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT.

IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNIFICATION PROVIDED FOR IN THIS SECTION IS AN INDEMNITY BY THE DEVELOPER TO INDEMNIFY AND PROTECT THE INDEMNIFIED PERSONS FROM THE CONSEQUENCES OF THE INDEMNIFIED PERSONS' OWN NEGLIGENCE, INCLUDING GROSS NEGLIGENCE, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE. FURTHERMORE, THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL HAVE NO APPLICATION TO ANY CLAIM, LOSS, DAMAGE, CAUSE OF ACTION, SUIT AND LIABILITY WHERE THE INJURY, DEATH OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE INDEMNIFIED PERSONS UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR ENTITY.

THE INDEMNITY PROVIDED FOR IN THIS SECTION 7.2 SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

If an Indemnified Person or Developer receives notice of any claim or circumstance which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 30-days. The notice must include a description of the indemnification event in reasonable detail, the basis on which indemnification may be due, and the anticipated amount of the indemnified loss. This notice shall not stop or prevent an Indemnified Person from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If an Indemnified Person does not provide this notice within the 30-day period, it does not waive any right to indemnification except to the extent that Developer is prejudiced, suffers loss, or incurs expense because of the delay.

For those matters for which the Developer has the obligation to defend an Indemnified Person pursuant to this Section 7.2, Developer shall assume the defense of the claim at its own expense with counsel chosen by it that is on the approved list established by the Texas Municipal League or that is otherwise approved by the City. Within 10 days after receiving written notice of the indemnification request, Developer shall advise the Indemnified Person as to the chosen counsel. If Developer does not properly notify the Indemnified Persons as required above, the Indemnified Person shall assume and control the defense, and all defense expenses actually incurred by it shall constitute an indemnified loss, which must be paid by the Developer within thirty (30) days of receipt of an invoice from an Indemnified Person. Such indemnified loss shall bear interest at the rate, but not the time, established in Section 6.1 (F) from the due date noted in the invoice until the date of payment. Should the Developer fail to timely pay such amount, the Authority may, in its sole discretion, withhold the amount due, including accrued interest, from future Contract Progress Payments.

If Developer defends a claim against any Indemnified Person, the Indemnified Person may retain separate counsel at the sole cost and expense of such Indemnified Person to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Developer may not settle the claim without the consent or agreement of the Indemnified Person, unless such settlement is at no cost to the Indemnified Person and no judgment is entered against any Indemnified Person.

DEVELOPER RELEASES EACH INDEMNIFIED PERSON FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSON'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE INDEMNIFIED PERSON'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY; PROVIDED, HOWEVER, THIS RELEASE SHALL HAVE NO APPLICATION TO AN INDEMNIFIED PERSON'S FAILURE TO PAY MONIES OWED PURSUANT TO THIS AGREEMENT.

FROM AND AFTER THE DATE OF THIS AGREEMENT, DEVELOPER SHALL REQUIRE ALL CONTRACTORS ENGAGED BY IT TO CONSTRUCT PUBLIC IMPROVEMENTS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE INDEMNIFIED PERSONS TO THE SAME EXTENT AND IN THE SAME FORM AS ITS RELEASE OF AND INDEMNITY TO THE INDEMNIFIED PERSONS HEREUNDER.

THE DEVELOPER SHALL REQUIRE ALL GENERAL CONTRACTORS TO POST PAYMENT AND PERFORMANCE BONDS IN THE AMOUNT OF THE PROJECT COST AND ONE YEAR MAINTENANCE BONDS AS DEEMED APPROPRIATE BY THE AUTHORITY.

ARTICLE 8 DEFAULT

8.1 Default.

(A) If the Authority or the Zone does not perform its obligations hereunder in compliance with this Agreement in all material respects, in addition to the other rights given the Developer under this Agreement, the Developer may enforce specific performance of this Agreement for any such default if such default is not cured or is not commenced and diligently pursued within thirty (30) days after receipt by the Authority and the Zone of a written notice detailing the event of default. Failure of a project to generate sufficient tax increment increase to repay Developer Advances is not a default on the part of the Authority or the Zone.

(B) In the event the Developer completes the Public Improvements and the Project but does not otherwise perform its obligations hereunder as provided in Article 4 in compliance with this Agreement, in addition to the other rights and remedies the Authority and the Zone may have under this Agreement or in law or equity, the Authority and/or the Zone may enforce specific performance or seek actual damages incurred for any such default if such default is not cured within thirty (30) days after receipt by Developer of a written notice of default or such cure is not commenced within ten (10) days after receipt by Developer of a written notice of default and thereafter diligently prosecuted to completion as determined in the discretion of the Authority.

ARTICLE 9
GENERAL

9.1 Inspections, Audits. The Developer agrees to keep such operating records relating to the Public Improvements as may be required by the Authority, or by state and federal law or regulation for a period not to exceed four (4) years after completion unless otherwise required by law. The Developer shall allow the Authority and the Zone access to documents and records in the Developer's possession, custody or control that the Authority deems necessary to assist the Authority in determining the Developer's compliance with this Agreement.

9.2 Developer Operations and Employees. No personnel supplied or used by the Developer in the performance of this Agreement shall be deemed employees, agents or contractors of the Authority, the Zone or the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all worker's compensation benefits. Under no circumstance shall the Authority, the Zone, or the City be deemed responsible for compensation of the above.

9.3 Personal Liability of Public Officials. To the extent not limited by State law, no director, officer, employee or agent of the Zone or the Authority, and no officer, employee or agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement.

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

CITY
City Manager
City of La Porte
604 West Fairmont Parkway
La Porte, Texas 77571
FAX: 281-842-1259

with a copy to:

City Attorney
City of La Porte
604 West Fairmont Parkway
La Porte, Texas 77571
FAX: (281) 471-2047

ZONE

Reinvestment Zone Number One, City of La Porte,
c/o City of La Porte
604 West Fairmont Parkway
La Porte, Texas 77571
Attn: _____
FAX: (281) 471-2047

AUTHORITY

La Porte Redevelopment Authority
c/o City of La Porte
604 West Fairmont Parkway
La Porte, Texas 77571
Attn:
FAX: (281) 471-2047

DEVELOPER

Beazer Homes Texas, LP
10235 West Little York, Suite 200
Houston, Texas 77040
Attn: Jeff Anderson
FAX:

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

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

9.6 Successors and Assigns. All covenants and agreements contained by or on behalf of the Authority and the Zone in this Agreement shall bind their successors and assigns and shall inure to the benefit of the Developer and its successors and assigns. The Authority and the Zone may assign its rights and obligations under this Agreement or any interest herein, with the prior written consent of the Developer. The Developer may sell or otherwise transfer the Project with the prior written consent of the Authority and the Zone. Provided, however, any such purchaser or assignee must specifically assume all of the obligations of the Developer hereunder; notwithstanding, if the Developer is in compliance with this Agreement prior to the assignment, the Developer may retain the right to be reimbursed for actual costs of Project Costs, which are then accrued and vested in the Developer. If such assignment of the obligations by the Developer hereunder is effective, the Developer shall be deemed released from such obligations.

If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder. Nothing in this section shall be construed so as to prevent the Developer from selling any portion of the Project for which a final plat has been approved and recorded in the records of the county clerk.

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

9.8 Construction. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas.

9.9 Venue. All parties hereby irrevocably agree that any legal proceeding arising out of or in connection with this Agreement shall only be brought in the District Courts of Harris County, Texas or in the United States District Court for the Southern District of Texas, in Houston, Texas.

9.10 Severability. All parties agree that should any provision of this Agreement be determined to be invalid or unenforceable, such determination shall not affect any other term of this Agreement, which shall continue in full force and effect.

9.11 No Third Party Beneficiaries. This Agreement shall not bestow any rights upon any third party, but rather, shall bind and benefit the Parties hereto only.

9.12 Authority to Enter Contract. Each party has the full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. The persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective corporations, or limited partnerships.

9.13 No Partnership. Nothing herein contained shall be construed or held to make the Parties hereto partners in the conduct of any business.

9.14 Entire Agreement. This written agreement represents the final agreement between the parties, unless later amended in writing and signed by the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

9.15 Ambiguities. In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.

9.16 Non-Waiver. Failure of either party hereto to insist on the strict performance of any of the agreements contained herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

9.17 Multiple Originals. It is understood and agreed that this Agreement may be executed in a number of identical counterparts each of which shall be deemed an original for all purposes.

9.18 Term. This Agreement shall be in force and effect from the date of execution hereof for a term expiring on the later of (i) December 31 in the year following completion of the Public Improvements pursuant to Section 4.3 hereof or (ii) the date the Developer Advances have been repaid in full. It is expressly understood and agreed that Section 7.2 shall not expire but shall remain in full force and effect regardless of the termination of this Agreement. If the Authority is dissolved, the Tri-Party Agreement requires that the City shall make satisfactory arrangements to provide for the payment of the obligations to the Developer of the Authority hereunder.

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

9.20 Additional Actions. The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent.

[The remainder of this page is intentionally left blank.]

**REINVESTMENT ZONE NUMBER ONE,
CITY OF LA PORTE, TEXAS**

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 2013.

Notary Public in and for
The State of Texas

(SEAL)

LA PORTE REDEVELOPMENT AUTHORITY

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 2013.

Notary Public in and for
The State of Texas

(SEAL)

BEAZER HOMES TEXAS, LP

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

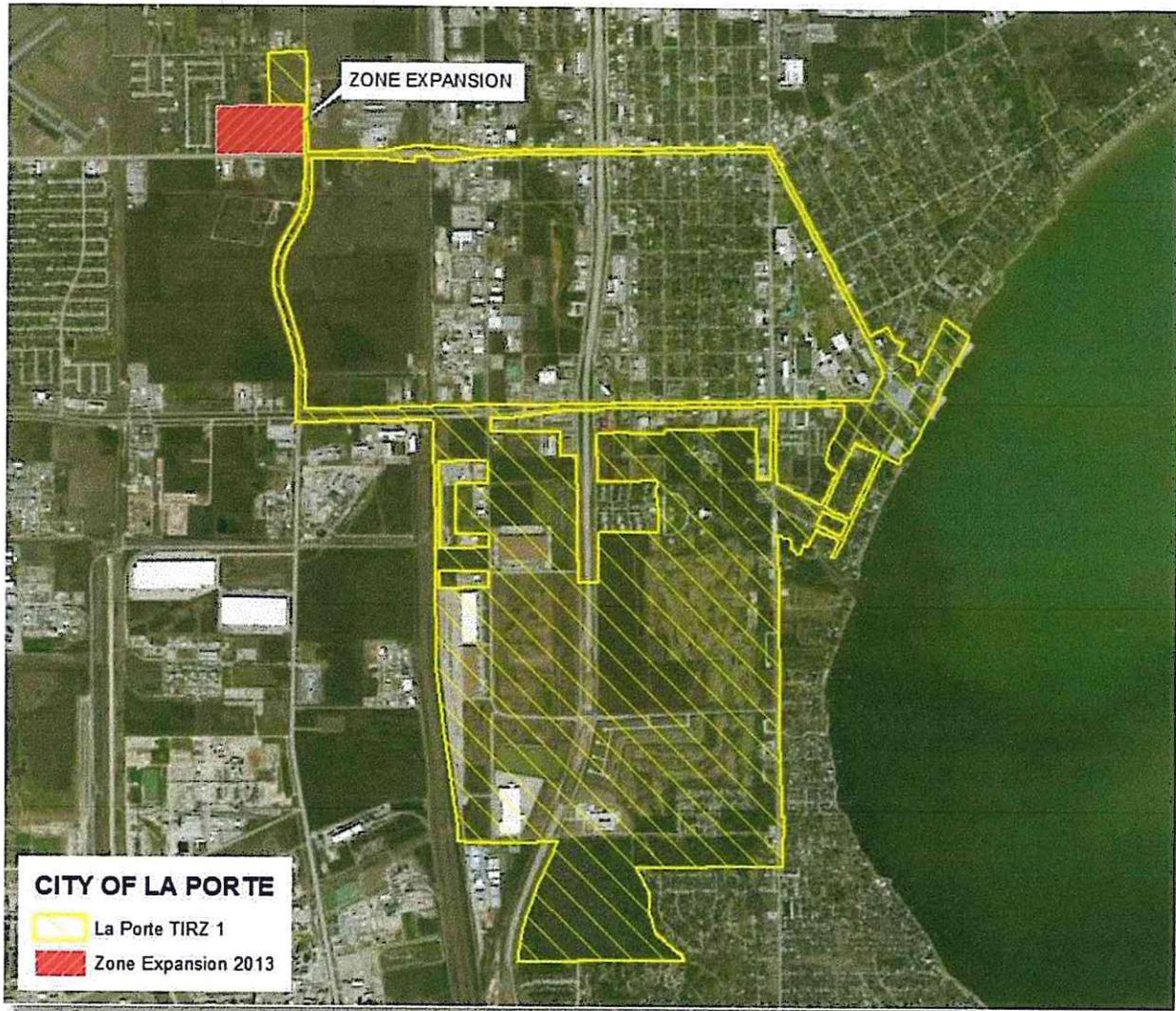
BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 2013.

Notary Public in and for
The State of Texas

(SEAL)

EXHIBIT A
PROJECT SITE



**TAX INCREMENT REINVESTMENT ZONE, NUMBER ONE
CITY OF LA PORTE**

DESCRIPTION OF
17.3705 ACRES (756,658 SQ. FT)
LA PORTE OUTLOTS SUBDIVISION
RICHARD PEARSALL SUVEY, A-612
HARRIS COUNTY, TEXAS

Being all that certain 17.3705 acres (756,658 sq. ft.) of land situated in the Richard Pearsall Survey, A-625, Harris County, Texas, and being all of Lots 56 & 57 and portions of Lots 58, 59, 60, 63, 64 & 65 of the La Porte Outlots Subdivision as recorded under Volume (Vol.) 59, Page (Pg.) 313 of the Harris County Deed Records, and being out of a called 6.6322 acre tract conveyed to Lawrence B. Chapman, Trustee as recorded under Harris County Clerk's File (H.C.C.F.) No. H205928, and out of a called 25.8292 acre tract conveyed to Lawrence B. Chapman, Trustee as recorded under H.C.C.F. No. G933350 and a previously apportioned and occupied area of the north-south excess in the Block between North D Street and Main Street (Spencer Highway) said 17.3705 acre tract being more particularly described as follows:

(Bearings based on the Texas Coordinate System, South Central Zone, NAD83, 2011 Adjustment)

BEGINNING at a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for the northeast corner of the herein described tract, same being located in the south line of Lot 41 and the north line of Lot 60, as apportioned, of said La Porte Outlots, said point lying in the west right-of-way of Sens Road (width varies);

THENCE South 03°02'03" East, along said west right-of-way, a distance of 312.49 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for the most easterly southeast corner of the herein described tract;

THENCE South 86°58'35" West, over and across said 6.6322 acre tract, a distance of 725.27 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for an interior corner of the herein described tract and lying in the west line of a called 80 feet wide pipeline easement conveyed to Humble Pipeline Company as recorded under H.C.C.F. Nos. D550217 & D597345, Vol. 1093, Pg. 302, Vol. 2941, Pg. 218, Vol. 7527, Pg. 283, Vol. 2304, Pg. 258 of the H.C.D.R.;

THENCE South 08°44'42" East, along said west line of pipeline easement, a distance of 281.42 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for an angle point in the south line of the herein described tract;

THENCE South 86°56'46" West, a distance of 916.78 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for the southwest corner of the herein described tract, said point lying in the west line of the aforementioned 25.8292 acre tract, same being the east line of Block 1 of the Final Plat For Spencer Landing Subdivision Section 2 as recorded under Film Code (F.C.) No. 421149 of the Harris County Map Records (H.C.M.R.);

THENCE North 02°42'16" West, along the east line of said Block 1, a distance of 592.13 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for the northwest corner of said Lot 56, as apportioned, and a angle point in said east line of said Block 1;

THENCE North 86°41'45" East, along the north line of Lot 56 and the south line of Lot 41, as apportioned, of the aforementioned La Porte Outlots Subdivision, a distance of 280.96 feet to a 5/8-inch iron rod with a plastic cap stamped "Cobb Fendley & Associates" set for a angle point in the north line of the herein described tract, and the southeast corner of Lot 24 of said Block 1, said point being the southwest corner of a called 0.9358 acre tract conveyed to James Furlow as recorded under H.C.C.F. No. 20130280293;

THENCE North 86°59'53" East, along the south line of Lots 44 & 43 as apportioned and conveyed to James W. Furlow & wife Joan P. Furlow, as recorded under H.C.C.F. Nos. L884630 & L884631 and Lots 42 and 41 as apportioned and conveyed to the La Porte Independent School District, as recorded under H.C.C.F. NO. S583257, a distance of 1329.68 feet to the POINT OF BEGINNING and containing 17.3705 acres (756,658 sq. ft.) of land more or less.

NOTES:

1. Square footage area shown is for information only and surveyor does not certify accuracy of survey to nearest square foot.
2. This metes and bounds description is referenced to a survey drawing prepared by Cobb, Fendley & Associates, Inc. dated June 13, 2013, titled "LAND TITLE SURVEY OF TRACT 1, 17.3705 ACRES, LA PORTE OUTLOTS SUBDIVISION, RICHARD PEARSALL SURVEY, A-625, HARRIS COUNTY, TEXAS".

Cobb, Fendley & Associates, Inc.
13430 Northwest Freeway, Suite 1100
Houston, Texas 77040
Phone: (713) 462-3242

Job No. 1310-004-01-01
June 13, 2013

EXHIBIT B
PUBLIC IMPROVEMENTS

**LA PORTE - BEAZER DEVELOPMENT
PRELIMINARY COST ESTIMATE**

Wednesday, November 20, 2013

ITEM NO.	ITEM DESCRIPTION	UNIT	UNIT PRICE	SECTION ONE		REIMBURSEMENTS	
				QTY	EXT. PRICE	100% ITEMS	70% ITEMS
SECTION 1 - STORM SEWER ITEMS							
1	Mobilization (Section 1-4 Items Only)	LS	\$ 39,052.54	1	\$ 39,052.54		\$ 27,336.78
2	Trench Safety System	LF	\$ 1.00	1,735	\$ 1,735.00		\$ 1,214.50
3	24" RCP ASTM C-76 (All Depths)	LF	\$ 55.00	1,103	\$ 60,665.00		\$ 42,465.50
4	30" RCP ASTM C-76 (All Depths)	LF	\$ 65.00	381	\$ 24,765.00		\$ 17,335.50
5	36" RCP ASTM C-76 (All Depths)	LF	\$ 82.00	251	\$ 20,582.00		\$ 14,407.40
6	Type "C" Precast Concrete Manhole	EA	\$ 4,000.00	12	\$ 48,000.00		\$ 33,600.00
7	Type "B-B" Inlets (Stage I & II)	EA	\$ 2,500.00	12	\$ 30,000.00		\$ 21,000.00
8	Connect to existing storm sewer	EA	\$ 1,500.00	2	\$ 3,000.00		\$ 2,100.00
9	24" Brick Plug for restrictor	EA	\$ 1,000.00	2	\$ 2,000.00		\$ 1,400.00
10	Site Preparation (Utility Corridor)	AC	\$ 3,500.00	0.4	\$ 1,470.00		\$ 1,029.00
SUBTOTAL STORM SEWER					\$ 231,269.54		\$ 161,888.68
SECTION 2 - WATER DISTRIBUTION ITEMS							
1	Trench Safety System	LF	\$ 1.00	3,211	\$ 3,211.00		\$ 2,247.70
2	8" C-900 PVC Water Line	LF	\$ 25.00	1,827	\$ 45,675.00		\$ 31,972.50
3	12" C-900 PVC Water Line (Required per City)	LF	\$ 31.00	1,384	\$ 42,904.00		\$ 30,032.80
4	12" CL 200, D.I. Gate Valve	EA	\$ 2,100.00	6	\$ 12,600.00		\$ 8,820.00
5	8" CL 200, D.I. Gate Valve	EA	\$ 1,100.00	6	\$ 6,600.00		\$ 4,620.00
6	8" Bore	LF	\$ 90.00	82	\$ 7,380.00		\$ 5,166.00
7	16" Bore	LF	\$ 250.00	67	\$ 16,750.00		\$ 11,725.00
8	Site Preparation (Utility Corridor)	AC	\$ 3,500.00	0.8	\$ 2,660.00		\$ 1,862.00
9	16"x8" TS&V	EA	\$ 10,000.00	1	\$ 10,000.00		\$ 7,000.00
10	Blow off Valve	EA	\$ 2,000.00	1	\$ 2,000.00		\$ 1,400.00
11	12"x12" TS&V	EA	\$ 7,000.00	1	\$ 7,000.00		\$ 4,900.00
12	Flushing Valve Assembly	EA	\$ 3,900.00	5	\$ 19,500.00		\$ 13,650.00
SUBTOTAL WATER LINE					\$ 176,280.00		\$ 123,396.00
SECTION 3 - WASTEWATER COLLECTION ITEMS							
1	Trench Safety System	LF	\$ 1.00	3,268	\$ 3,268.00		\$ 2,287.60
2	4' Dia. Manhole	EA	\$ 4,200.00	27	\$ 113,400.00		\$ 79,380.00
3	8" SDR26 PVC Pipe	LF	\$ 35.00	3,268	\$ 114,380.00		\$ 80,066.00
4	4" SDR35 Service (Long)	EA	\$ 1,650.00	37	\$ 61,050.00		\$ 42,735.00
5	4" SDR35 Service (Short)	EA	\$ 600.00	37	\$ 22,200.00		\$ 15,540.00
6	Site Preparation (Utility Corridor)	AC	\$ 3,500.00	0.8	\$ 2,625.00		\$ 1,837.50
7	Sanitary Televising	LF	\$ 3.85	3,268	\$ 12,581.80		\$ 8,807.26
8	Connect to existing line	EA	\$ 1,500.00	2	\$ 3,000.00		\$ 2,100.00
9	12" Bore	LF	\$ 200.00	82	\$ 16,400.00		\$ 11,480.00
SUBTOTAL WASTEWATER COLLECTION					\$ 348,904.80		\$ 244,233.36
SECTION 4 - SWPPP ITEMS							
1	Inlet Protection Barrier Ph. 1	EA	\$ 65.00	12	\$ 780.00		\$ 546.00
2	Filter Fabric Fence	LF	\$ 1.50	3,166	\$ 4,749.00		\$ 3,324.30
3	Sand Bags	EA	\$ 50.00	24	\$ 1,200.00		\$ 840.00
4	Stabilized Construction Entrance/Exit (Including Maintenance and Removal)	EA	\$ 2,500.00	1	\$ 2,500.00		\$ 1,750.00
5	TDPEs Compliance (includes NOI, NOT, Inspection Reports and Street Cleaning)	LS	\$ 1,500.00	1	\$ 1,500.00		\$ 1,050.00
6	Hydro mulch Seeding (from Curb to ROW)	AC	\$ 1,500.00	3	\$ 4,800.00		\$ 3,360.00
7	Broadcast Seeding (All Other Distributed Areas)	AC	\$ 750.00	12.1	\$ 9,067.50		\$ 6,347.25
SUBTOTAL SWPPP					\$ 24,596.50		\$ 17,217.55
SECTION 5 - DETENTION ITEMS (PONDS A & B)							
1	Mobilization (Section 6 Work Only)	LS	\$ 41,453.16	1	\$ 41,453.16	41,453.16	
2	Site Preparation	LS	\$ 5,000.00	2	\$ 10,000.00	10,000.00	
3	Block Sodding	SY	\$ 3.50	1050	\$ 3,675.00	3,675.00	
4	Hydromulch Seeding	AC	\$ 1,500.00	5.3	\$ 7,950.00	7,950.00	
5	Filter Fabric Fence	LF	\$ 1.50	3150	\$ 4,725.00	4,725.00	
6	Inlet Protection Barrier (Stage I)	EA	\$ 65.00	4	\$ 260.00	260.00	
7	Detention Pond Excavation (to be stockpiled onsite)	CY	\$ 5.00	35600	\$ 178,000.00	178,000.00	
8	Concrete Inlet/Outlet Structures	EA	\$ 5,000.00	2	\$ 10,000.00	10,000.00	
9	Floatables Screen	EA	\$ 10,000.00	2	\$ 20,000.00	20,000.00	
10	5" Thick Concrete Reinforced Extreme Event Overflow Swale	CY	\$ 300.00	10	\$ 3,000.00	3,000.00	
11	Eligible Detention Land Cost	LS	\$ 550,000.00	1	\$ 550,000.00	550,000.00	
SUBTOTAL DETENTION					\$ 829,063.16	829,063.16	
SECTION ONE							
SUBTOTAL STORM:				\$ 231,269.54		\$ 161,888.68	
SUBTOTAL SANITARY:				\$ 348,904.80		\$ 244,233.36	
SUBTOTAL WATER:				\$ 176,280.00		\$ 123,396.00	
SUBTOTAL SWPPP:				\$ 24,596.50		\$ 17,217.55	
SUBTOTAL WS&D:				\$ 781,050.84		\$ 546,735.59	
5% CONTINGENCY:				\$ 39,052.54		\$ 27,336.78	
WS&D ENGINEERING:				\$ 84,320.00		\$ 59,024.00	
TOTAL WS&D:				\$ 904,423.38		\$ 633,096.37	
SECTION ONE							
SUBTOTAL DETENTION:				\$ 829,063.16	\$ 829,063.16		
5% CONTINGENCY:				\$ 41,453.16	\$ 41,453.16		
DETENTION ENGINEERING:				\$ 45,465.00	\$ 45,465.00		
TOTAL DETENTION:				\$ 915,981.32	\$ 915,981.32		
REIMBURSEMENTS							
SUBTOTAL REIMBURSEMENTS:					\$ 915,981.32	\$ 633,096.37	
TOTAL REIMBURSEMENTS:				\$ 1,549,077.68			

**LA PORTE - BEAZER DEVELOPMENT
PRELIMINARY COST ESTIMATE**

Tuesday, December 03, 2013

ITEM NO.	ITEM DESCRIPTION	UNIT	UNIT PRICE	SECTION SIX		REIMBURSEMENTS	
				QTY	EXT. PRICE	100% ITEMS	70% ITEMS
SECTION 6 - AMENITY ITEMS (PONDS A & B)							
1	Mobilization	LS	\$ 50,000.00	1	\$ 50,000	\$ 50,000	
2	Six-Foot Trail	LF	\$ 27.00	6,050	\$ 163,350	\$ 163,350	
3	Landscaping (Shrubs & Groundcover)	SF	\$ 8.00	5,500	\$ 44,000	\$ 44,000	
4	Irrigation	SF	\$ 1.25	110,000	\$ 137,500	\$ 137,500	
5	Site Furnishings (Benches)	EACH	\$ 3,000.00	4	\$ 12,000	\$ 12,000	
6	Trees	EACH	\$ 500.00	100	\$ 50,000	\$ 50,000	
SUBTOTAL AMENITY					\$ 456,850	\$ 456,850	

10% CONTINGENCY	\$	45,685	\$	45,685
10% DESIGN FEE	\$	45,685	\$	45,685
TOTAL AMENITY REIMBURSEMENTS	\$	548,220	\$	548,220

EXHIBIT C

CERTIFICATE OF ADVANCE

This Certificate is issued under that certain Development Agreement (the "Development Agreement"), by and among the City of La Porte, Texas (the "City"), the La Porte Redevelopment Authority (the "Authority"), Reinvestment Zone Number One, City of La Porte, Texas (the "Zone"), and Beazer Homes Texas, LP (the "Developer"), dated _____, 2013. Capitalized terms used in this Certificate shall have the meaning provided for in the Development Agreement.

This Certificate evidences a Developer Advance under the Development Agreement in the amount of \$ _____ for the [describe the project category and nature of work completed].

Interest on the Developer Advance evidenced by this Certificate shall accrue at the prime rate of JPMorgan Chase Bank as described in the Development Agreement for the period described in 6.1(B) of the Development Agreement and shall be payable in accordance with the Development Agreement.

By Developer's execution of this Certificate, Developer represents that it has made the expenditures and completed the work described in this Certificate. Copies of the relevant invoices and other appropriate documentation are attached to this Certificate.

By the Authority's execution of this Certificate, the Authority indicates its approval of the expenditures and work described in this Certificate and its approval of the matters set forth in this Certificate and recognizes its obligation to repay such Developer Advance together with interest pursuant to the Development Agreement.

AGREED TO this _____ day of _____, 20 .

**LA PORTE
REDEVELOPMENT AUTHORITY**

By: _____
Name:
Title: Chairman, Board of Directors

ATTEST:

By: _____
Name: _____
Title: Secretary, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 20 .

Notary Public in and for
The State of Texas

(SEAL)

**REINVESTMENT ZONE NUMBER ONE,
CITY OF LA PORTE**

By: _____
Name: _____
Title: Chairman, Board of Directors

ATTEST:

By: _____
Name: _____
Title: Secretary, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 20 .

Notary Public in and for
The State of Texas

(SEAL)

BEAZER HOMES TEXAS, LP

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 20 .

Notary Public in and for
The State of Texas

(SEAL)

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. Consider approval of a Agreed-upon Procedures Report for the Retreat at Bay Forest LP.

Draft - Subject to change

LA PORTE REDEVELOPMENT AUTHORITY
REPORT ON APPLYING AGREED-UPON PROCEDURES TO
CONSTRUCTION, ENGINEERING AND RELATED COSTS REIMBURSABLE
TO RETREAT AT BAY FOREST LP (DEVELOPER)
NOVEMBER 20, 2013

Draft - Subject to change

TABLE OF CONTENTS

SCHEDULE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES

SCHEDULE OF CONSTRUCTION, ENGINEERING AND
RELATED COSTS REIMBURSABLE TO RETREAT AT
BAY FOREST LP (DEVELOPER)

A

SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS
WITH EXHIBIT B OF DEVELOPMENT AGREEMENT

B

Draft - Subject to change

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

November 20, 2013

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 Retreat at Bay Forest LP (the "Developer") 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, and to facilitate the preparation of a comparison of the actual costs incurred with the approved costs as documented as Exhibit B in the 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 the agreements relative to the reimbursement request. Agreements reviewed are referenced in our report.
- B. We calculated the Developer's interest based upon the terms of the Reinvestment Zone Number One, City of La Porte, Texas (the "Zone") agreement with the Developer for interest in accordance with the agreement dated September 27, 2007.

- 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, were 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 SER Construction Partners, Ltd. that the construction contracts have been paid in full and that there are no additional claims against the City, 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 approved costs with the actual reimbursable costs for the projects.
- H. We attended a meeting to present the report, and were available to answer questions relating to the report.

The attached Schedule A titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Retreat at Bay Forest 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 the Developer dated September 27, 2007.

Retreat at Bay Forest LP originally submitted schedules and invoices totaling \$164,499.89, not including interest. We have revised the reimbursable amount to \$224,669.94, including interest of \$36,884.84 calculated through September 24, 2012, the five year limit in accordance with the agreement. The following changes were made to the original schedule:

- A. We calculated interest at the prime commercial lending rate of J. P. Morgan Chase Bank, and limited interest to five years in accordance with the Development Agreement through September 24, 2012. No additional interest will be due under the agreement. The calculation resulted in an increase of \$36,884.84.
- B. We added construction costs in the amount of \$17,108.00 based on actual amounts paid for approved projects.
- C. We adjusted the engineering costs submitted for approved projects based on actual costs, resulting in an increase of \$6,177.21.

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, limited to five years. 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:

Dates	Prime Rate
June 18, 2007 to September 17, 2007	8.25%
September 18, 2007 to October 30, 2007	7.75%
October 31, 2007 to December 10, 2007	7.50%
December 11, 2007 to January 21, 2008	7.25%
January 22, 2008 to January 29, 2008	6.50%
January 30, 2008 to March 17, 2008	6.00%
March 18, 2008 to April 29, 2008	5.25%
April 30, 2008 to October 7, 2008	5.00%
October 8, 2008 to October 28, 2008	4.50%
October 29, 2008 to December 15, 2008	4.00%
December 16, 2008 to September 24, 2012*	3.25%

*Five year limit was reached, no additional interest will accrue

The Authority's obligation to reimburse the Developer is limited to any Pledged Available Tax Increment under the Development Agreement.

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

2013 AUP RETREAT AT BAY FOREST LP

LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
REIMBURSABLE TO RETREAT AT BAY FOREST LP
NOVEMBER 20, 2013

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

DESCRIPTION	REIMBURSABLE COST
SER Construction Partners, Ltd.	
Construction including Pilot Channel, Excavation, Manholes, Water Line, Tap, Bore and Casing for Retreat at Bay Forest	
Amount Paid by Developer	\$ 509,489.90
Less: Amount Allocable to Other Projects	343,054.80
	\$ 166,435.10
 Civil Concepts, Inc.	
Engineering - Construction Management and As-built Drawings Retreat at Bay Forest	
Amount Paid by Developer	21,350.00
 TOTAL AMOUNT REIMBURSABLE TO RETREAT AT BAY FOREST LP AS OF NOVEMBER 20, 2013	
	\$ 187,785.10
Add: Interest Calculated per Agreement*	36,884.84
 TOTAL AMOUNT PAYABLE TO RETREAT AT BAY FOREST LP AS OF NOVEMBER 20, 2013	
	\$ 224,669.94

*Interest was calculated at the prime rate of JPMorgan Chase Bank in accordance with the Development Agreement, and limited to five years. No additional interest will accrue.

LA PORTE REDEVELOPMENT AUTHORITY
SCHEDULE COMPARING ACTUAL REIMBURSABLE COSTS
WITH EXHIBIT B OF DEVELOPMENT AGREEMENT
NOVEMBER 20, 2013

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

DESCRIPTION	ENGINEERING ESTIMATE APPROVED (1)	REIMBURSABLE TO RETREAT AT BAY FOREST LP AT NOVEMBER 20, 2013	ESTIMATED ADDITIONAL COST TO COMPLETE
CONSTRUCTION COSTS			
SOUTH - RETREAT AT BAY FOREST			
Construction, including Pilot Channel, Excavation, Manholes, Water Line, Tap, Bore and Casing	\$ 65,788	\$ 69,097	\$ -
Engineering	6,684	9,394	-
SUBTOTAL SOUTH	\$ 72,472	\$ 78,491	\$ -
NORTH - RETREAT AT BAY FOREST			
Construction, including Pilot Channel, Excavation, Manholes, Water Line, Tap, Bore and Casing	\$ 83,539	\$ 97,338	\$ -
Engineering	8,489	11,956	-
SUBTOTAL NORTH	\$ 92,028	\$ 109,294	\$ -
DEVELOPER INTEREST	\$ -	\$ 36,885	\$ -
TOTAL	\$ 164,500	\$ 224,670	\$ -

(1) Amount approved in the Development Agreement

Draft - Subject to change

ACTUAL AND ESTIMATED ADDITIONAL COSTS TO COMPLETE	ACTUAL OVER (UNDER) ESTIMATE	% VARIANCE OVER (UNDER) ESTIMATE
\$ 69,097	\$ 3,309	5.00%
<u>9,394</u>	<u>2,710</u>	41.00%
<u>\$ 78,491</u>	<u>6,019</u>	
\$ 97,338	\$ 13,799	17.00%
<u>11,956</u>	<u>3,467</u>	41.00%
<u>\$ 109,294</u>	<u>\$ 17,266</u>	
<u>\$ 36,885</u>	<u>\$ 36,885</u>	
<u><u>\$ 224,670</u></u>	<u><u>\$ 60,170</u></u>	

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.

La Porte Redevelopment Authority
Cash Flow Report, FY 2009-2014

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 xfer City of La Porte	city TIRZ payment	\$	461,057.04	
5/20/2013	Wire xfer City of La Porte	Taxes co	\$	557,872.33	
5/31/2013	Interest deposit	interest	\$	46.47	
6/24/2013	Wire xfer 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	Bearer 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	
	Total, Revenues		\$	6,025,636.79	\$ 6,025,636.79
Cleared					
Bank					
	Expenses				
	<i>Checks paid:</i>				
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 Pattillo 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	Inv 4301, 4333	\$	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	TRZ admin fee 2013	\$	160,767.62	
3/28/2013	#142 Hawes Hill Calderon LLP	Inv. 4301, 4375	\$	3,606.75	
7/24/2013	#143 City of La Porte	TRZ 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 4301, 4490 and 4391, 4485	\$	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	
	Total, Checks paid		\$	5,110,420.66	\$ (5,110,420.66)
Bank fees:					
6/18/2010	Wire transfer	service fee	\$	8.00	
6/22/2010	Wire transfer	service fee	\$	8.00	
6/22/2010	Wire transfer	service fee	\$	8.00	
10/20/2010	Wire transfer	service fee	\$	8.00	
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	VOD Audit Fee	service fee	\$	35.00	
	Total, Bank fees		\$	97.00	\$ (97.00)
Checks outstanding					
	None		\$	-	
	Total, Checks outstanding		\$	-	\$ -
Checks submitted for approval					
2/19/2014	#150 McCall Gibson Swedlund Barfoot, PLLC	audit, AUP	\$	9,750.00	
2/19/2014	#151 Hawes Hill Calderon LLP	Inv 4301, 4626, 4301, 4630	\$	13,636.00	
	Total, Checks submitted		\$	23,386.00	\$ (23,386.00)
	Total expenses		\$	5,087,151.66	\$ (5,087,151.66)
Fund balance, Operating Account as of February 19, 2014					
			\$	891,733.13	\$ (891,733.13)

Pledged Securities Report as of 1/31/2014

Amegy Bank

CUSIP	Security Type	Rate	Maturity	Original Face	Market Value
Pledge Code: 22226 Entity Name: LAPORTE REDEV AUTH OPERATIONS					
Primary Bookkeeper: Hawes Hill Calderon, LLP					
31349SZAH	FHLMC ARM POOL # 781637	2.356	5/1/2034	\$6,533,000.00	\$1,011,315.58
FDIC				\$250,000.00	\$250,000.00
Total Pledges: 2				\$6,783,000.00	\$1,261,315.58

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

February 13, 2014

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

Client Number – 537-00

Audit of La Porte Redevelopment Authority as of and for the year ended September 30, 2013, including discussing the audit with the Board of Directors and testing for compliance with the Public Funds Investment Act.

Total Billing	\$ 7,250.00
Less Interim Billing	<u>5,000.00</u>
Balance Due	\$ <u>2,250.00</u>

We appreciate your business.



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February 13, 2014

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

Client Number – 537-00

Preparation of Agreed-Upon Procedures Report dated November 20, 2013, for
Construction, Engineering and Related Cost Reimbursable to Retreat at Bay Forest LP.

Total Due

\$ 2,500.00

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

Invoice

Bill To:

La Porte Redevelopment Authority

Invoice #: 43014630

Date: 2/14/2014

Page: 1

DATE	DESCRIPTION	AMOUNT
	TIRZ Enlargement Project -- final amount due on approval of TIRZ enlargement ordinance	\$10,000.00
		Sales Tax: \$0.00
		Total Amount: \$10,000.00
		Amount Applied: \$0.00
		Balance Due: \$10,000.00

Terms: C.O.D.

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

Invoice

Bill To:

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

Invoice #: 43014626

Date: 2/6/2014

Page: 1

DATE	DESCRIPTION	AMOUNT
2/19/2014	Professional Consulting & Project Management Services February 2014	\$2,000.00
	Board Meeting	\$1,500.00
	Inhouse copies 800 @ .15 each + 16 sets @ \$1.00 each	\$136.00
		Sales Tax: \$0.00
		Total Amount: \$3,636.00
		Amount Applied: \$0.00
		Balance Due: \$3,636.00

Terms: C.O.D.

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, February 19, 2014 at 6:30 p.m. in the Council Chambers of City Hall, 604 West Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items:

1. Call to order – Lindsay Pfeiffer, President
2. Consider approval of the minutes of Board of Directors meeting held on January 22, 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. Consider Approval of Development Financing Agreement between the City of La Porte, Tax Increment Reinvestment Zone Number One, City of La Porte, La Porte Redevelopment Authority, and Beazer Homes Texas LP;
 - b. Consider Approval of Agreed Upon Procedures Report for Retreat at Bay Forest LP;
 - c. Consider approval or other action with regard to authority invoices;
 - d. Receive updates from the city, developers and staff with regard to development within the Zone;
 - e. Board member comments with regard to matters appearing on agenda and inquiry of staff regarding specific factual information or existing policy;
 - f. 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
BOARD OF DIRECTORS OF THE
LA PORTE TAX INCREMENT REINVESTMENT ZONE
CITY OF LA PORTE, TEXAS**

January 22, 2014

1. CALL TO ORDER – LINDSEY PFEIFFER, CHAIR.

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, the 22nd day of January, 2014, at 6:30 p.m. The meeting was called to order by Chair Lindsey Pfeiffer at 6:46 p.m. in the City Council Chambers of the City Council Conference Room, 604 West Fairmont Parkway, La Porte, Texas; and the roll was called of the duly appointed members of the Board, to-wit:

Peggy Anthone, <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
Lindsey Pfeiffer, <i>Chair</i>	Position 9

and all of the above were present with the exception of Directors Peggy Antone, Alton Porter and Lloyd Graham, thus constituting a quorum. Also present at the meeting was David Hawes of Hawes Hill Calderon, L.L.P.

2. CONSIDER APPROVAL OF THE MINUTES OF BOARD OF DIRECTORS MEETING HELD ON SEPTEMBER 18, 2013.

Upon a motion duly made by Director Martin and being seconded by Director Turnquist, the Board unanimously voted to approve the minutes of September 18, 2013, as presented.

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 – LINSEY PFEIFFER, CHAIRPERSON.**

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

- a. **CONSIDER FY 2013 ANNUAL AUDIT;**
- 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.

There being no further business to come before the Board, Chair Pfeiffer adjourned the meeting at 6:47 p.m.

Signed: _____

Attest: _____

Title: _____

Title: _____

Date: _____

Date: _____