

**TAX INCREMENT REINVESTMENT ZONE
NUMBER TWO
CITY OF IOWA COLONY, TEXAS**



**2023 ANNUAL REPORT
REPORT NUMBER THIRTEEN**

Tax Year Ending December 31, 2023

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CITY OF IOWA COLONY, TEXAS

2023 CITY COUNCIL

Mayor

Hon. Will Kennedy

Council Members

Hon. McLean Barnett,
Position 1

Hon. Arnetta Hicks-Murray,
Position 2

Hon. Marquette Green-Young,
Position 4

Hon. Timothy Varlack,
District A

Hon. Kareem Boyce,
District B

Hon. Sydney Hargroder,
District C

**TAX INCREMENT REINVESTMENT ZONE
NUMBER TWO
IOWA COLONY, TEXAS
2023 BOARD OF DIRECTORS**

Position 1	Steven Byrum-Bratsen, Chair (part of year) Term Ending - April 2024
Position 2	Sheila Woods, Chair (part of year) Term Ending - April 2025
Position 3	Leon Davis Term Ending - April 2024
Position 4	Brett Godfrey Term Ending - April 2025
Position 5	Patrick O'Day Term Ending - April 2025

DESCRIPTION OF ZONE

In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Ordinance 2010-2 of the City of Iowa Colony, Texas (the “City”) established Reinvestment Zone Number Two, City of Iowa Colony, Texas, (the “Zone” or “TIRZ”) on March 15, 2010. In 2019, the Zone consisted of approximately 955.89 acres located in Brazoria County, Texas (the “County”) In 2020, the Iowa Colony City Council adopted Ordinance 2020-10 which approved the annexation of approximately 253.049 acres of additional land into the Zone. The Zone now contains a total of 1,082.42 acres. (Figure 1 shows the amended acreages). The City of Iowa Colony envisions that the Zone will serve a vital and long-term role in creating and sustaining revitalization opportunities.

The creation of the Zone was instrumental in facilitating the development of the master planned community project in Iowa Colony. The Meridiana (formerly known as Seven Oaks) Development consists of commercial, single family, mixed-use development spanning across two cities, Iowa Colony, and Manvel. The project proposed that for any meaningful redevelopment of the area to occur, extensive construction of new infrastructure would be required.

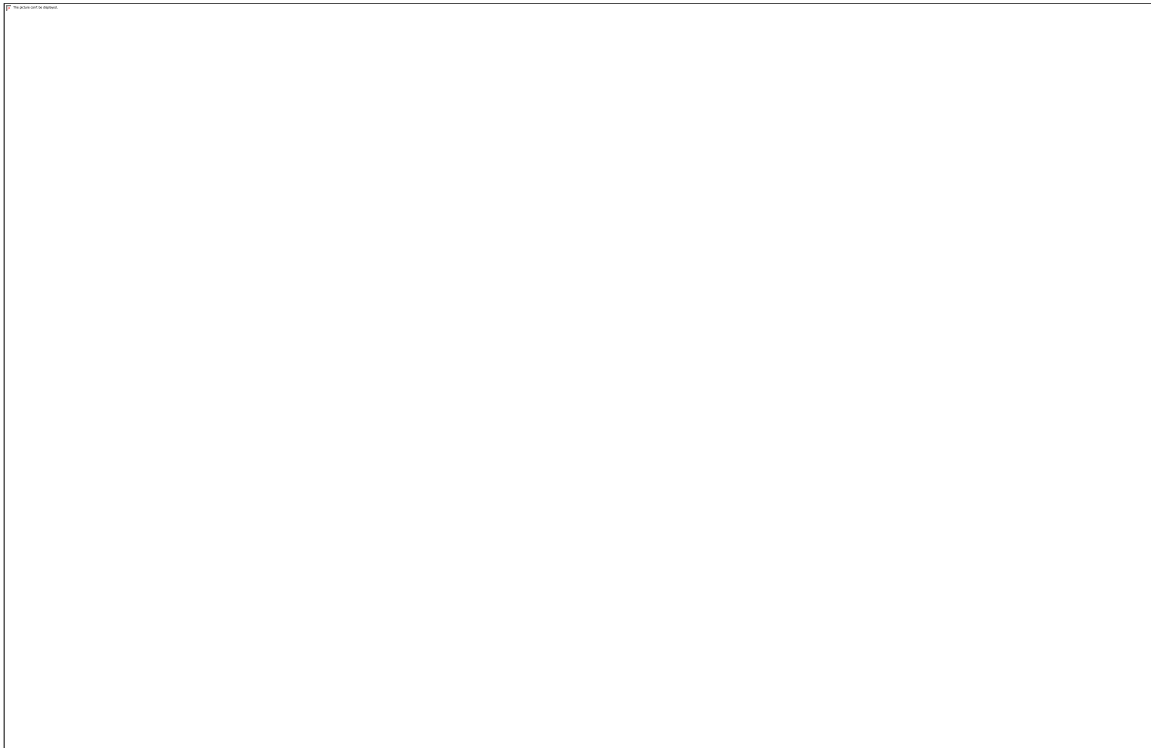


Figure 1: Iowa Colony TIRZ 2 Boundary Map (March 2020)

PURPOSE OF ZONE

This TIRZ was proposed in response to trends that showed Iowa Colony and its commercial tax base at risk of slow to no growth. The TIRZ would provide the financing and management tools needed to help stimulate the development of commercial and residential areas. The purpose of the Zone is to facilitate the redevelopment and will be the catalyst to provide the momentum for further redevelopment within the Zone.

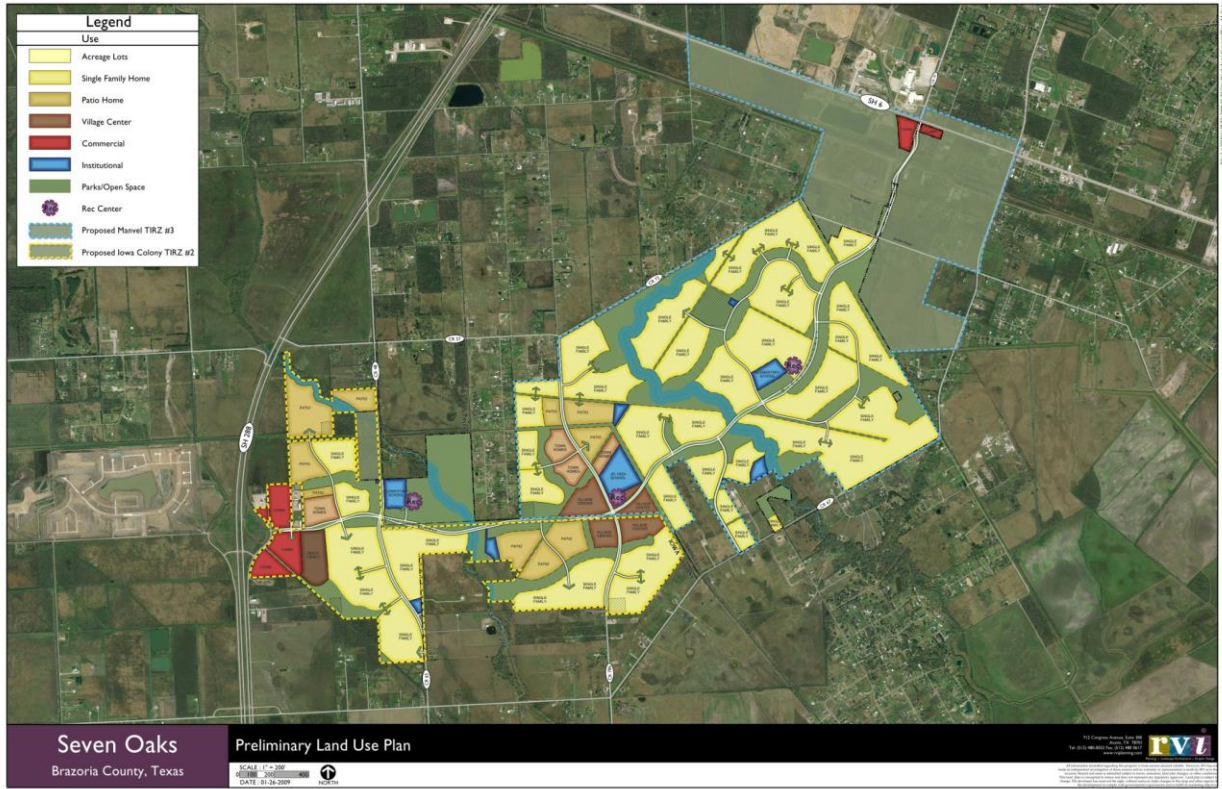
The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City of Iowa Colony (the City), Brazoria County (the County), and any other participating taxing entity.

The City Council, in adopting the ordinances creating the Zone, found that the development described in the Project Plan and Reinvestment Zone Financing Plan (the Project Plan) would not likely occur, to the quality, standards and densities described in the Project Plan, but for the creation of the Zone.

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

The Project Plan & Reinvestment Zone Financing Plan (the “Plan”) has been prepared in accordance with the requirements of Chapter 311 of the Texas Tax Code and outlines the improvements to be funded and implemented by the Zone.

Figure 2: Iowa Colony Seven Oaks Master Plan (Iowa Colony and Manvel)



STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2023

Revenue

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

Since its inception in 2010, the City and Brazoria County have been the sole participating taxing entities in the Zone. The following tables show the participating jurisdictions and the amount and source of revenue in the Zone. The Zone was created for the duration of 40 years and the City initially committed to 90% of its sales tax for the 40 years, or until dissolved by the City. Brazoria County committed 40.49% of its property tax beginning in 2015 for a period of 30 years from the first year of payment.

On August 11, 2016, the City Council approved an amendment to the Plan to authorize participation in the TIRZ #2 with City property taxes. The amendment calls for 100% of the property tax generated within the Zone to be dedicated to the Zone. It further calls for 30% of that amount to be withheld by the City of Iowa Colony for cost of services in the Zone. 2016 was the first year the property tax increment was collected in Iowa Colony.

Table A: Participation Schedule

Jurisdiction	2010 Base Year	2023 Tax Rate (Oct 1, 2023 O&M)	Years
City of Iowa Colony Sales Tax*	\$-0-	1%	2010-2050
City of Iowa Colony Property Tax*	\$-0-	\$0.519209/\$100	2016-2050
Brazoria County Property Tax**	\$0.463101/\$100***	\$0.364948/\$100 ****	2015-2045

Tax Rate Source: Brazoria County Central Appraisal District

* City of Iowa Colony does assess a property tax of \$0.519209/\$100. Property tax began its contribution to TIRZ 2 in 2016. Agreements were approved August 11, 2016. Property tax is applied at 100% of the total increment generated in the Zone less debt service with 30% being withheld by the City for cost of providing city services (Cost of Service (COS)). The total rate for 2023 is \$0.519209/\$100. Sales Tax will be applied at 90%.

** Brazoria County approved their participation by Interlocal Agreement at 40.49%.

*** Brazoria County tax rate approved October 2010.

**** Brazoria County tax rates approved October 2023: \$0.313948/\$100 (General Government); \$0.050/\$100 (Road and Bridge. Combined tax rate is \$0.364948/\$100)

Table B illustrates the growth in appraised value from the base year 2010 to tax year 2023 for the City of Iowa Colony. Table B is used to illustrate growth in appraised value over the life of the TIRZ to show the calculation of the increment. Note: Table B now reflects the adjusted 2010 Base Value as calculated and provided by the Brazoria County Tax Office in their Annual Statement. The Adjusted Base Value will be reflected in future Annual Reports as well. In addition, Table B reflects the TIF Levy paid as of September 30 of each year the end of the fiscal year.

Table B: Increment Generated from Base Year to Present

	City of Iowa Colony Sales Tax	City of Iowa Colony Property Tax***	Brazoria County Property Tax General Fund**	Brazoria County Property Tax Road and Bridge Fund**	Total Levy Paid
2010 Original Base Value	-0-	\$3,776,457	\$3,776,457	N/A	\$-0-
2015 Value	-0-	\$3,803,108	\$3,803,108		
2015 Captured Increment	-0-	-0-	\$-0-		\$-0-
2016 Adjusted Base Value for 2010	-0-	\$2,806,647	\$2,806,587	\$2,794,557	
2016 Value	-0-	\$17,842,967	\$17,691,581	\$17,688,581	
2016 TIF Levy Paid (12-31-16)		\$11,805.95	\$-0-	\$1,595.89	\$23,960.12
2017 Adjusted Base Value	-0-	\$2,638,500	\$2,638,390	\$2,626,390	
2017 Value	-0-	\$45,923,700	\$43,325,723	\$43,215,668	
Levy Paid (12-31-17)	-0-	69,520.39			\$268,001.65
2018 Adjusted Base Value	-0-	\$2,697,565	\$2,697,545	\$2,685,545	
2018 Value	-0-	91,901,166	79,374,488	78,853,948	

Levy Paid (12-31-18)	-0-	\$190,107.51	\$77,894.14		\$259,627.90
2019 Adjusted Base Value	-0-	\$2,775,151	\$2,775,151	\$2,763,151	
2019 Value	-0-	\$156,411,713	\$134,006,913	\$133,178,913	
Levy Paid (12-31-19)	-0-	\$702,814.84	\$143,796.24		\$846,611.08
2020 Adjusted Base Value		\$225,959,580		\$225,959,580	
Levy Paid (4-30-21)	\$5,595.22	\$1,236,245.98	\$224,343.96	NA	\$1,466,185.21
2021 Value	\$10,148.13	\$260,874,195		NA	
Levy Paid 9-30-21		\$1,441,801.67	\$438,602.15****	NA	\$1,880,403.82
2022 Adjusted Base Value		\$2,780,663	\$2,780,663	42,780,663	
2022 Value	13,405.47	\$289,524,457	\$252,783,510	\$250,731,761	
Levy Paid (9-30-22)		\$1,424,297.84	\$862,920.59	\$127,163.94	\$1,637,754.37
2023 Adjusted Base Value		\$2,780,663	\$2,780,663	42,780,663	
2023 Captured Value	\$15,618.71	\$533,465,345	\$424,458,606	\$421,695,639	
Levy Paid (12-31-23)		\$2,172,149	\$907,187	\$144,052	\$3,223,388

* Captured Increment is calculated by taking the difference between the current year value and the base year value. Note: The Base Year Value changes over time.

** Brazoria County collection did not begin until 2015.

*** City of Iowa Colony Property Tax collections did not begin until 2016. This amount is 100% and includes Cost of Service withheld of \$211,024.49 (30%) for 2019.

**** Brazoria County payment is estimated for 2021 as of 5-2-22. Payment is generally made in August of each year.

Table C is used to illustrate the amount of the City’s incremental revenue to the tax increment fund. Note these are actual revenues for the calendar year, and do not reflect the total levy or percent levy paid to date.

Table C: Tax Increment Revenue by Year (12-31-20) ****

Taxing Entity	City Sales Tax*	City Property Tax**	County Property Tax***	Annual Fund Revenue	Grand Total
2020 Base Year – 2016	-0-	-0-	-0-	-0-	
2017	-0-	69,520.39	29,157.07	98,667.46	
2018	-0-	190,105.51	77,796.24	268,001.65	
2019	-0-	702,814.84	143,796.24	846,611.08	
2020	5,595.22	1,236,245.98	224,343.96	1,466,185.21	
2021	10,148.13	1,331,801.67	438,602.15	1,890,551.95	
2022	13,405.47	1,424,297.84	862,920.59	2,300,623.90	
2023	15,618.71	2,172,149.00	907,187	3,094,954.71	7,652,699.67

*TIRZ #2 did not generated any sales tax until 2020. City reimburses the TIRZ 90% of sales tax receipts.

**The City of Iowa Colony approved participation with property taxes in 2016 at a rate of 100% of the total increment produced. Property tax is applied at 100% of the total increment generated in the Zone with 30% being returned to the City for cost of providing city services (Cost of Service (COS)). Sales Tax will be applied at 90%.

*** Brazoria County collection did not begin until 2015. Brazoria County: Increment x 40.49% x Tax Rate = Increment Revenue. This amount reflects the sum of Brazoria County General Fund and Road and Bridge Fund (See Table B for separated amounts).

****Figures originally based on Brazoria County Tax Office Tax Increment Financing Monthly and Annual Reports. However, in 2019, after an audit of the actual income, amounts for each year have been significantly adjusted.

Expenditures

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

The Board of Directors of the Zone has been granted by City Council, in accordance with Section 311.010 of the Texas Tax Code, the power to administer, manage and operate the Zone and to implement the Plan.

The Zone was created on March 15, 2010. The Board of Directors for the Zone was appointed at the same meeting. The Board has met when needed since their appointment.

Zone administrative expenses for 2023 were \$51,751.32 Note: This figure does not include bond issuance expenses.

Considerable activity has taken place in the Zone again in 2023. The developer has continued construction on the project in Iowa Colony. In 2023, \$5,347,671 have been expended in the Zone for development of Zone approved projects. Since reporting began, the developer has invested \$108,086,269.

Interest Due on Outstanding Bonds

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

The Zone issued debt in the years 2018-2023. Total debt issued to date is \$35,370,000.

Tax Increment Bonds	Bond Issue Date	Initial Bond Amount	2023 Outstanding Principle Due	2023 Outstanding Interest Due
Series 2018	12-12-18	\$8,480,000	\$7,965,000	\$5,697,706
Series 2019	12-19-19	\$4,105,000	\$3,935,000	\$2,257,024
Series 2020	9-2-20	\$3,865,000	\$3,705,000	\$1,587,425
Series 2021	9-29-21	\$6,105,000	\$6,010,000	\$2,482,450
Series 2022	8-22-22	\$5,280,000	\$5,280,000	\$4,214,074
Series 2023	9-20-23	\$8,010,000	\$8,010,000	\$6,112,017
Grand Total		\$35,370,000		

Base Value & Captured Appraised Value

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

The captured appraised value of the Zone is the total appraised value of all real property located within the Zone, less the tax increment base value. In each year after the base year, the Zone has received tax increment revenue based on ad valorem property taxes levied and collected by each participating taxing unit on the captured appraised value of the Zone. Please refer to Table B.

Increment Received by Participating Jurisdiction

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

The City of Iowa Colony and Brazoria County are the only two taxing entities participating in the Zone. The increment revenue received for fiscal year ending September 30, 2023 was 3,094,954.71 in Table C.



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Prepared by Ron Cox Consulting for the City of Iowa Colony TIRZ 2 Board