

**AGENDA REQUEST
BUSINESS OF THE CITY COUNCIL
CITY OF PEARLAND, TEXAS**

AGENDA OF:	August 8, 2016	ITEM NO.:	Resolution No. R2016-141
DATE SUBMITTED:	July 29, 2016	DEPT. OF ORIGIN:	Finance
PREPARED BY:	Cynthia Pearson	PRESENTOR:	Cynthia Pearson
REVIEWED BY:	Matt Buchanan	REVIEW DATE:	July 29, 2016
SUBJECT: Resolution No. R2016-141 - A Resolution of the City of Pearland, Texas, authorizing the issuance of the Pearland Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016; authorizing a Sales Tax Remittance Agreement; authorizing a continuing disclosure undertaking in connection with such bonds; and making various findings and provisions related to the subjects.			
EXHIBITS: Resolution NO. R2016-141 June 30 BOSC Board Presentation Term Sheet Refunding Presentation (to be handed out at meeting) – BOSC, Inc.			
EXPENDITURE REQUIRED:		AMOUNT BUDGETED:	
AMOUNT AVAILABLE:		PROJECT NO.:	
ACCOUNT NO.:			
ADDITIONAL APPROPRIATION REQUIRED:			
ACCOUNT NO.:			
PROJECT NO.:			
To be completed by Department:			
<input checked="" type="checkbox"/> Finance	<input checked="" type="checkbox"/> Legal	<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Resolution

EXECUTIVE SUMMARY

BACKGROUND

On June 20, 2016, BOSC, Inc., Financial Advisor for the City and Pearland Economic Development Corporation, informed the City of an opportunity to refund a portion of the PEDC's existing Sales Tax Revenue Bonds due to the historical low interest rate environment. The EDC may "current refund" a portion of its Series 2005 and Series 2006 Sales Tax Revenue Bonds at a lower interest rate and achieve interest cost savings. Staff and our Financial Advisor discussed the refunding with Board at their June 30th meeting where they authorized BOSC to proceed with receiving private placement bids.

The estimated amount of principal to be refunded totals \$14,545,000; with interest rates ranging from 4.0% to 5.00%. This refunding will exceed the minimum 3% net present value savings targeted for refunding's in the City's Financial Management Policy Statements. (The actual bonds to be refunded and actual interest rate and savings will be determined on Monday, August 8, 2016).

This refunding will not restructure or extend the existing debt. The proposed refunding is very similar to refinancing your home. The savings generated by refinancing your home is based on the spread of the old interest rate versus the new interest rate. The refunding or refinancing of the City's existing debt is no different.

PEDC Board of Directors will have a special meeting on August 8 at 5:30 pm at City Hall to consider the bids and term sheets. If the Board approves a bid City Council will need to also approve to move forward with the refunding.

CURRENT AND FUTURE FUNDING /FINANCIAL IMPACTS/DEBT SERVICE

The first debt service payment on the new refunded bonds will be due in fiscal year 2017 with the first annual savings to also begin in fiscal year 2017. The City and Corporation's financial advisor, John Robuck with BOSC, Inc. will review the details with City Council

RECOMMENDED ACTION

Consideration And Possible Approval Of A Resolution Of The City Of Pearland, Texas Approving The Resolution Authorizing The Issuance Of The Pearland Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016; Authorizing A Sales Tax Remittance Agreement; Authorizing A Continuing Disclosure Undertaking In Connection With Such Bonds; And Making Various Findings And Provisions Related To Such Subjects.

RESOLUTION NO. R2016-141

A Resolution of the City of Pearland, Texas, authorizing the issuance of the Pearland Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016; authorizing a Sales Tax Remittance Agreement; authorizing a continuing disclosure undertaking in connection with such bonds; and making various findings and provisions related to the subjects.

WHEREAS, on January 21, 1995, the voters of the City of Pearland, Texas (the "City") approved the levy of a one-half of one percent sales and use tax (the "Sales Tax") to be used for the benefit of the Pearland Economic Development Corporation (the "Corporation"), including, among other things, for paying the costs of acquisition and construction of streets and roads and drainage and related improvements which promote or develop new or expanded business enterprises; and

WHEREAS, the City, by Resolution No. R95-36 duly adopted on May 22, 1995, authorized the creation of the Corporation to act on behalf of the City by receiving and expending revenues from the Sales Tax for various projects which promote or develop new or expanded business enterprises; and

WHEREAS, on June 26, 1995, the Corporation was duly created, incorporated, chartered and organized pursuant to Article 5190.6, Texas Revised Civil Statutes (the "Act"); and

WHEREAS, the Corporation has previously issued its Sales Tax Revenue and Refunding Bonds, Series 2005 and Sales Tax Revenue Bonds, Series 2006 (together, the "Refunded Bonds") and desires to refund the Refunded Bonds in order to realize gross and net present value savings; and

WHEREAS, the refunding of the Refunded Bonds will result in a gross savings of \$_____and a net present value savings of \$_____, and that such benefits are sufficient consideration for the refunding of the Refunded Bonds, and that such refunding is in the best interests of the Corporation and the City; and

WHEREAS, in connection with the issuance of the Bonds, the City has agreed, on behalf of the City and the Corporation, to provide certain financial information and operating data annually in accordance with the Rule (as defined herein); and

WHEREAS, the City and the Corporation desire to enter into a certain Sales Tax Remittance Agreement (the "Sales Tax Remittance Agreement").

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, as follows:

1. Findings and Determinations. It is hereby officially found and determined that all of the facts recited in the preamble hereto are true and correct and the preamble is incorporated into and made a part of this Resolution.

2. Authorization of Sales Tax Remittance Agreement. The Sales Tax Remittance Agreement, substantially in the form attached hereto as Exhibit A, are hereby approved. The City Council, by a majority vote of its members, at a regular meeting, hereby approves the form, terms and provisions of the Sales Tax Remittance Agreement between the City and the Corporation and authorizes the execution and delivery of the Sales Tax Remittance Agreement.

3. Tax Levy and Pledge. The City has covenanted and agreed in the Sales Tax Remittance Agreement and hereby authorizes the appropriate City officials to take all steps necessary and authorized under the Act and other applicable laws to continuously levy and collect the Sales Tax at the rate of ½% so long as any of the Bonds and any Additional Bonds (as defined in the Sales Tax Remittance Agreement) are outstanding in the manner and to the maximum extent permitted by applicable law. The City hereby agrees that it will not cause a reduction, abatement, or exemption in the Sales Tax, or in the rate in which it is authorized to be collected. The City also agrees that any repeal of the right and power to levy the Sales Tax will not be effective until all the Bonds and any Additional Bonds have been paid in full or until they are legally defeased in accordance with the Resolutions authorizing their issuance. The City hereby agrees to pay to the Corporation, by a direct deposit into the Corporation's Sales Tax Revenue Fund, 100% of the revenues collected from the annual levy and assessment of the Sales Tax, less any amounts due to the Comptroller of Public Accounts of the State of Texas for collection costs and other charges, for the term of the Sales Tax Remittance Agreement.

4. Approval of Bond Resolution. The City hereby ratifies the Resolution authorizing the issuance of the Corporation's Sales Tax Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of [\$14,625,000] (the "Bond Resolution"), substantially in the form attached hereto as Exhibit "B," and hereby approves said Bond Resolution and the issuance of the bonds described therein.

5. Continuing Disclosure Undertaking.

(a) The City shall provide annually to the Municipal Securities Rulemaking Board (the "MSRB"), within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the City. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when and if audited financial statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB's internet web site or (ii) filed with the SEC.

(b) The City shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of trustee, if material.

Additionally, the City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 4 (a) above by the time required by such Section.

The City shall also notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by this Section.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by this Section of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of principal payment of the City, but only if either

(a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City

(such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(d) As used in this Section, the following terms have the meanings ascribed to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

6. Further Actions. The Mayor, City Secretary and the other officials of the City are hereby authorized, jointly and severally, to execute and deliver such certificates, documents, or papers necessary and advisable, and to take such actions as are necessary to carry out the intent and purposes of this Resolution.

7. Severability. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any other persons or circumstances shall not be affected thereby.

8. Effective Date. This Resolution shall be in full force and effect from and upon adoption.

9. Repealer. All orders, Resolutions and Resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

PASSED, APPROVED and ADOPTED this the _____ day of _____,

A.D., 2016.

TOM REID
MAYOR

ATTEST:

YOUNG LORFING, TRMC
CITY SECRETARY

APPROVED AS TO FORM:

DARRIN M. COKER
CITY ATTORNEY

EXHIBIT A
SALES TAX REMITTANCE AGREEMENT

EXHIBIT B
BOND RESOLUTION



Pearland Economic Development Corporation

Overview of Refunding Opportunity

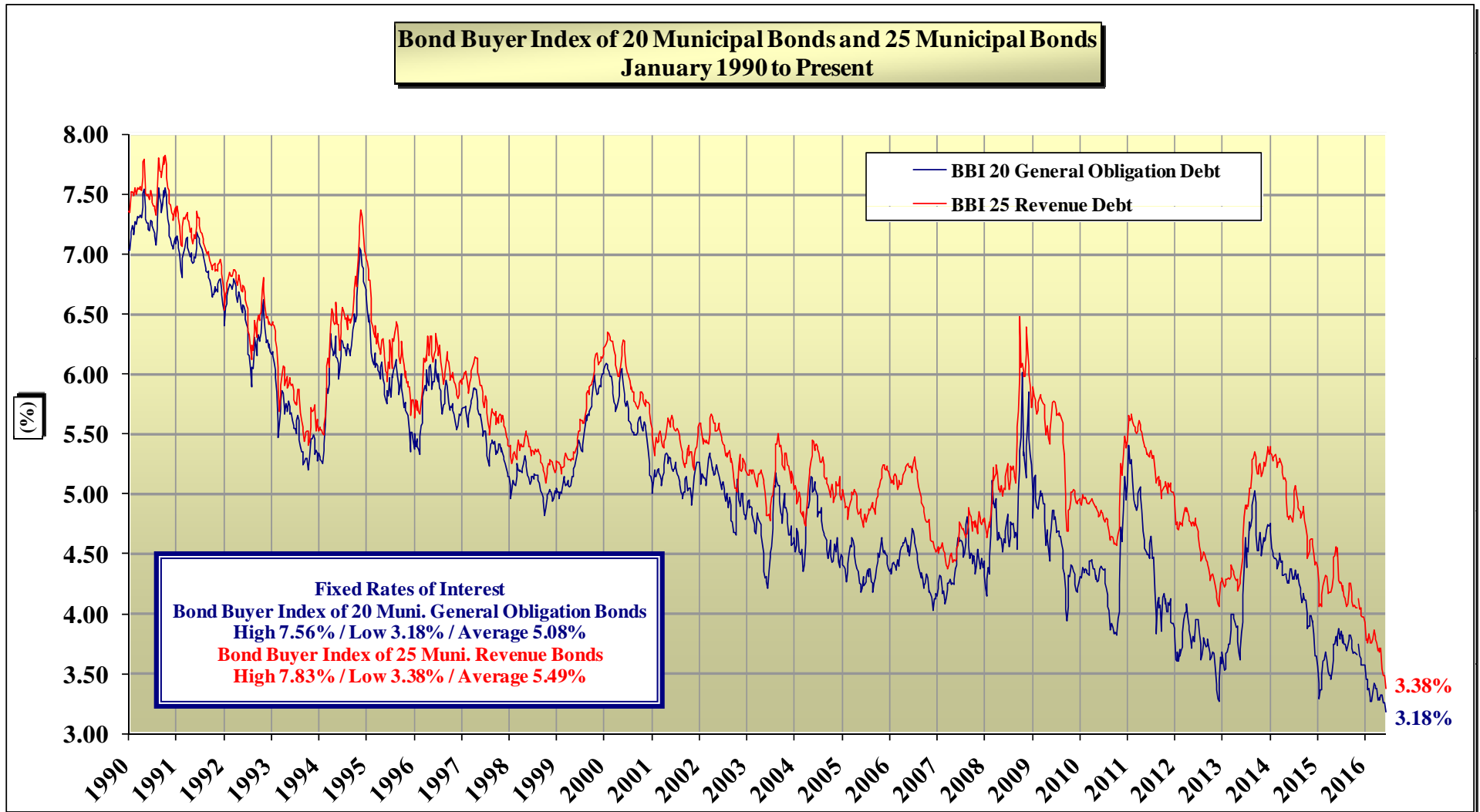
\$14,625,000* Sales Tax Revenue Refunding Bonds, Series 2016

Thursday, June 30, 2016

* Preliminary, subject to change.

Broker/Dealer Services and Securities offered by BOSC, Inc., an SEC registered investment adviser, a registered broker/dealer, member FINRA/SIPC. SEC registration does not imply a certain level of skill or training. Insurance offered by BOSC Agency, Inc., an affiliated agency. Investments and insurance are not insured by FDIC, are not deposits or other obligations of, and are not guaranteed by, any bank or bank affiliate. Investments are subject to risks, including possible loss of principal amount invested.

Current Market Conditions



The BBI 20 is published every Thursday. The rate consists of general obligation bonds maturing in 20 years with an average rating equivalent to Moody's "Aa2" and S&P's "AA." The BBI 25 is also published every Thursday. The rate consists of revenue bonds maturing in 30 years with an average rating equivalent to Moody's "A1" and S&P's "A+".



Pearland Economic Development Corporation

The Corporation has an opportunity to refund a portion of its outstanding Sales Tax Revenue Bonds at a lower interest rate and receive interest cost savings.

Bonds to be Refunded:

Series	Maturity Date	Principal Amount *	Call Date/Price	Interest Rate	Refunding Yield (a)	Savings (b)
Sales Tax Revenue and Refunding Bonds, Series 2005	9/1/2017	\$505,000	9/06/2016 @ 100	5.000%	1.17%	\$15,385
	9/1/2018	530,000	9/06/2016 @ 100	5.000%	1.29%	39,307
	9/1/2019	555,000	9/06/2016 @ 100	4.000%	1.42%	43,143
	9/1/2020	575,000	9/06/2016 @ 100	4.000%	1.57%	57,894
	9/1/2021	600,000	9/06/2016 @ 100	4.100%	1.72%	75,173
	9/1/2022	625,000	9/06/2016 @ 100	4.100%	1.87%	88,055
	9/1/2023	650,000	9/06/2016 @ 100	4.125%	2.03%	99,771
	9/1/2024	675,000	9/06/2016 @ 100	4.200%	2.14%	115,955
	9/1/2025	705,000	9/06/2016 @ 100	4.250%	2.24%	131,917
	9/1/2026	735,000	9/06/2016 @ 100	4.250%	2.34%	143,456
Sales Tax Revenue Bonds, Series 2006	9/1/2017	255,000	9/06/2016 @ 100	4.250%	1.17%	5,462
	9/1/2018	265,000	9/06/2016 @ 100	4.375%	1.29%	15,652
	9/1/2019	280,000	9/06/2016 @ 100	4.375%	1.42%	25,550
	9/1/2020	300,000	9/06/2016 @ 100	4.500%	1.57%	37,350
	9/1/2021	310,000	9/06/2016 @ 100	4.500%	1.72%	46,142
	9/1/2022	325,000	9/06/2016 @ 100	5.000%	1.87%	66,201
	9/1/2023	345,000	9/06/2016 @ 100	5.000%	2.03%	77,178
	9/1/2024	365,000	9/06/2016 @ 100	5.000%	2.14%	89,106
	9/1/2025	385,000	9/06/2016 @ 100	5.000%	2.24%	100,987
	9/1/2026	405,000	9/06/2016 @ 100	5.000%	2.34%	112,359
	9/1/2027	1,190,000	9/06/2016 @ 100	5.000%	2.45%	313,860
	9/1/2028	1,255,000	9/06/2016 @ 100	4.750%	2.50%	283,999
	9/1/2029	1,320,000	9/06/2016 @ 100	4.750%	2.56%	286,611
9/1/2030	1,390,000	9/06/2016 @ 100	4.750%	2.62%	289,259	
Totals:		<u>\$14,545,000</u>				<u>\$2,559,771</u>

* Preliminary, subject to change.

(a) Interest estimated at current market rates.

(b) Includes estimated transaction costs.



Pearland Economic Development Corporation

Estimated Debt Service Requirements – Sales Tax Revenue Bonds

Fiscal Year Ending (9/30)	Current Total Debt Service	Less: Debt Service on the Refunded Bonds*	Plus: The Series 2016 Refunding Bonds		Total Debt Service	Estimated Savings (b)
			Principal*	Interest (a)		
2016	\$1,418,956				\$1,418,956	\$375
2017	1,424,756	1,424,756	\$900,000	\$343,174	1,243,174	181,582
2018	1,423,669	1,423,669	915,000	326,583	1,241,583	182,085
2019	1,425,575	1,425,575	935,000	306,911	1,241,911	183,664
2020	1,431,125	1,431,125	960,000	286,808	1,246,808	184,317
2021	1,429,625	1,429,625	980,000	266,168	1,246,168	183,457
2022	1,431,075	1,431,075	1,005,000	245,098	1,250,098	180,977
2023	1,434,200	1,434,200	1,030,000	223,491	1,253,491	180,709
2024	1,435,138	1,435,138	1,050,000	201,346	1,251,346	183,792
2025	1,438,538	1,438,538	1,075,000	178,771	1,253,771	184,767
2026	1,439,325	1,439,325	1,100,000	155,658	1,255,658	183,667
2027	1,437,838	1,437,838	1,125,000	132,008	1,257,008	180,829
2028	1,443,338	1,443,338	1,150,000	107,821	1,257,821	185,517
2029	1,448,725	1,448,725	1,185,000	83,096	1,268,096	180,629
2030	1,456,025	1,456,025	1,215,000	57,618	1,272,618	183,407
Totals	\$21,517,906	\$20,098,950	\$14,625,000	\$2,914,554	\$18,958,510	\$2,559,771

* Preliminary, subject to change.

(a) Interest estimated at current market rates.

(b) Includes estimated transaction costs and any necessary debt service fund transfers.



Pearland Economic Development Corporation

Tentative Schedule of Events

\$14,625,000* Sales Tax Revenue Refunding Bonds, Taxable Series 2016

June - 2016						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July - 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

August - 2016						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September - 2016						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

<u>Date</u>	<u>Action</u>	<u>Role</u>
Thursday, June 30 th	PEDC Board Meeting to Discuss Plan of Finance and Schedule of Events	BOSC, AK, PEDC
Monday, July 11 th	Prepare Private Placement Bid Form / Term Sheet	BOSC, AK
Monday, July 18 th	Distribute Private Placement Bid Form / Term Sheet	BOSC
Friday, August 5 th	Private Placement Bids Due	BOSC, AK, Bank
Monday, August 8 th	PEDC Special Board Meeting to Approve Bond Sale (Bond Pricing)	BOSC, AK, PEDC, Bank City
	City of Pearland Council Meeting to Approve Bond Sale	
Thursday, September 8 th	Bond Closing	BOSC, AK, PEDC, Bank

PARTICIPANTS

- PEDC – Pearland Economic Development Corporation
- BOSC – BOSC, Inc.
- AK – Andrews Kurth LLP
- Bank – Purchaser
- City – City of Pearland

* Preliminary, subject to change.

TERM SHEET

The following is intended to provide limited introductory information concerning the transaction and does not purport to be comprehensive. This information is qualified in its entirety by reference to the complete legal documents and should be read together therewith.

\$14,640,000*

PEARLAND ECONOMIC DEVELOPMENT CORPORATION

SALES TAX REVENUE REFUNDING BONDS, SERIES 2016

FINANCING OVERVIEW:

The Pearland Economic Development Corporation (the “Corporation”) is contemplating the issuance of \$14,640,000* in Sales Tax Revenue Refunding Bonds, Series 2016 (the “Bonds”). The Corporation will be privately placing the Bonds with an institution in a fixed rate mode.

The Bonds will not be designated as “Qualified Tax-Exempt Obligations” for financial institutions. The Bonds are offered as term bonds or as serial bonds or any combination thereof. Interest will be payable on March 1, 2017, and each September 1 and March 1 thereafter until maturity. The Bonds maturing on September 1, 2027 and thereafter, are subject to redemption on September 1, 2026 or any date thereafter, at the option of the Corporation, at the par value thereof plus accrued interest from the most recent interest payment date to the date of redemption.

Intent to bid should be provided to the Corporation’s Financial Advisor, BOSCO, Inc., on or before Friday, July 29, 2016 (John Robuck by email jrobuck@boscoinc.com) by 1 PM CDT.

Actual bids will need to be submitted on or before Friday, August 5, 2016 (John Robuck by email jrobuck@boscoinc.com) by 10 AM CDT. The winning bidder will be notified by 11 AM CDT pending the Board’s final approval of a Resolution authorizing the issuance of the Bonds (the “Resolution”) at its Board Meeting on Monday, August 8, 2016.

The Corporation will pay a Bank Counsel fee on behalf of the winning bidder in an amount not to exceed \$3,500. The Corporation reserves the right to reject any and all bids and to waive any irregularities (except for irregularities associated with the timeliness of any bid submission). The Corporation may reject bids based upon conditions included in a bid. Any additional questions should be directed to the Financial Advisor.

The sale of the Bonds will be awarded to the bidder which provides the lowest True Interest Cost based on lowest interest cost and cost for paying agent/registrar services and any other fee or charge.

* Preliminary, subject to change.

**NEW OBLIGATION OF THE
PEARLAND ECONOMIC
DEVELOPMENT
CORPORATION TO RECEIVE
INFORMATION FROM
WINNING BIDDER:**

Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the Pearland Economic Development Corporation (the “Corporation”) may not award its Sales Tax Revenue Refunding Bonds, Series 2016 (the “Bonds”) to a bidder unless the winning bidder submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the Corporation as prescribed by the Texas Ethics Commission (“TEC”).

In the event that the bidder’s bid for the Bonds conforms to the specifications provided by the Corporation and is the best bid received, the Corporation, acting through its financial advisor, will promptly notify the bidder. The apparent winning bidder must have submitted a completed Disclosure Form, as described below, **not later than two (2) hours** after the deadline for the submission of bids in order for the Corporation to complete the formal award. If the apparent winning bidder fails to file the Disclosure Form within the time period described in the previous sentence, the Corporation reserves the right to notify the apparent winning bidder that their bid has been rejected and award the sale to the next highest rated bidder.

**PROCESS FOR COMPLETING
THE DISCLOSURE FORM:**

For purposes of completing the Disclosure Form, reference is made to the following information needed to complete it: (a) item 2 – name of governmental entity – **“Pearland Economic Development Corporation”** and (b) item 3 – the identification number and description of the goods or services assigned to this contract by the Corporation: Identification Number: **“Series 2016 – Purchase Agmt.”**; Description: **“Purchase of Bonds.”**

If the winning bidder will also serve as Paying Agent/Registrar for the Bonds, the winning bidder will need to submit a separate Disclosure Form in connection with the Paying Agent/Registrar Agreement. For purposes of completing the Paying Agent/Registrar Disclosure Form, reference is made to the following information needed to complete it: (a) item 2 – name of governmental entity: **“Pearland Economic Development Corporation”** and (b) item 3 – the identification number and description of the goods or services assigned to this contract by the Corporation: Identification Number: **“Series 2016 – PAR”**; Description: **“Paying Agent/Registrar Services”**

The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require a business entity contracting with the Corporation to (i) complete the Disclosure Form electronically at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm and (ii) print, have notarized, sign and deliver, in physical form, the Disclosure Form and certification of filing that is generated by the TEC’s “electronic portal” to the Corporation. **Following the electronic filing with the TEC, the winning bidder must submit an electronic copy of their completed Disclosure Form and certification of filing to Matt Buchanan, President for the Corporation at: mbuchanan@pearlandedc.com with a copy to John Robuck, Financial Advisor to the Corporation at jrobuck@boscinc.com.** Originals of the completed Disclosure Form and the certification of filing must be physically delivered to the Corporation within two business days of the award to the following address:

Matt Buchanan
President
Pearland Economic Development Corporation
1200 Pearland Parkway, Suite 200
Pearland, TX 77581

PREPARATIONS FOR COMPLETION, AND THE SIGNIFICANCE OF, THE REPORTED INFORMATION:

In accordance with the Interested Party Disclosure Act, the information reported on the Disclosure Form **MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP**. No exceptions may be made to that requirement. Time will be of the essence in submitting the Disclosure Form to the Corporation, and no award will be made by the Corporation of the Bonds until a completed Disclosure Form is received. The Corporation reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as and within the time period described herein. Neither the Corporation nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the Corporation that its bid is the conditional winning bid.

MATURITY SCHEDULE:

Redemption Date	Principal Amount ^{*(1)}	Redemption Date	Principal Amount ^{*(1)}
9-01-2017	\$ 905,000	9-01-2024	\$ 1,050,000
9-01-2018	915,000	9-01-2025	1,080,000
9-01-2019	935,000	9-01-2026	1,100,000
9-01-2020	960,000	9-01-2027 ⁽²⁾	1,125,000
9-01-2021	980,000	9-01-2028 ⁽²⁾	1,155,000
9-01-2022	1,005,000	9-01-2029 ⁽²⁾	1,185,000
9-01-2023	1,030,000	9-01-2030 ⁽²⁾	1,215,000

- ⁽¹⁾ The Bidder may elect to create one or more Term Bonds comprised of the above described maturities subject to mandatory sinking fund redemption in each year in accordance with the maturity schedule provided above.
- ⁽²⁾ Subject to redemption on September 1, 2026 or any date thereafter at the option of the Corporation, at par value thereof plus accrued interest from the most recent interest payment date to the date of redemption.

Average Life: 7.856 years*

CLOSING DATE:

Thursday, September 8, 2016*

SECURITY:

The Bonds, when issued, will constitute special limited obligations of the Corporation and will be payable solely from, and secured by a lien on and pledge of, the pledged revenues, and are not payable from nor secured by any other revenues, property or income of the Corporation. The Bonds do not constitute a debt or obligation of the State of Texas or any political subdivision, corporation, or agency thereof, or of the City of Pearland, Texas or the counties of Harris or Brazoria, and the holders thereof shall never have the right to demand payment of any funds raised or to be raised by ad valorem taxation. The Corporation has never defaulted on payments of principal or interest.

PROCEEDS:

Proceeds from the sale of the Bonds will be used for the refunding of certain outstanding obligations (the "Refunded Obligations") of the Corporation. The proceeds will also be used to pay the costs of issuance of the Bonds, including the Financial Advisor's fee and Bond Counsel's fee, all of which are contingent upon the sale of the Bonds, as well as other administrative costs incurred.

* Preliminary, subject to change.

THE CORPORATION: The Pearland Economic Development Corporation is a non-profit corporation created by the City of Pearland, Texas (the “City”) pursuant to Section 4B of Article 5190.6, Texas Revised Civil Statutes, as amended (the “Act”) to promote economic development within the City and the vicinity thereof.

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PAYING AGENT: It is anticipated that the Purchaser will also act as Paying Agent/Registrar on the Bonds. Please list any charges for this service. The Bonds will not be qualified for DTC.