

**MINUTES OF THE BOARD OF DIRECTORS MEETING
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO / SHADOW CREEK RANCH
CITY OF PEARLAND TEXAS
JUNE 18, 2018 4:00 P.M.
CITY HALL ANNEX BUILDING, 3523 LIBERTY DRIVE, PEARLAND, TEXAS.**

I. CALL TO ORDER AND ROLL CALL

Chair Fain called the meeting to order at 4:00 p.m. and declared a quorum with the following Directors present:

Chair	Herb Fain
Vice Chair	Gary Cook
Director	Tommy King
Director	Kenneth R. Phillips
Director	Jo Knight
Director	Geoff Tonini
Director	Ali Hasanali
Director	Larry Loessin

Chair Fain asked those present to introduce themselves and noted new Director Geoff Tonini. Others in attendance: Tom Reid, Mayor City of Pearland; Cynthia Pearson, Director of Finance City; Rhonda Daugherty, Assistant Director of Finance City; Tom March, Financial Analyst City; Maria Rodriguez, Deputy City Secretary; Clay Pearson, City Manager; Jon Branson, Deputy City Manager; Trent Epperson, Assistant City Manager; John McCarter, Budget Officer City; Neelie Walker, Senior Budget Analyst City; Matt Buchanan, Pearland EDC; Daniel Baum and Vince Riley, Pearland Fire Department; Lynne Humphries, Allen Boone Humphries Robinson LLP; Drew Pelter, Shadow Creek Development; James Ross, LJA; Sue Darcy, Alan Mueller, and Jan Buehler, Marsh Darcy Partners; Tayo Ilori CPA CFE, McGrath & Co.

II. PURPOSE OF THE MEETING:

1. Consideration and Possible Action - Regarding the Regular Meeting Minutes of the October 23, 2017, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting.

A motion by Director Phillips to approve the Regular Meeting Minutes of October 23, 2017 as presented was seconded by Director Hasanali, and passed unanimously.

2. Consideration and Possible Action

a. Acknowledgement of service by Mike Pyburn to the Board.

Mr. Mueller reviewed a Resolution thanking Mike Pyburn, an original member of the Board, who submitted a letter of resignation for his Board service. A motion by Director King to approve the Resolution as presented was seconded by Director Cook, and passed unanimously.

b. Elect Board Secretary.

Mr. Mueller advised that Mr. Pyburn had been Secretary of the board and requested a Director to volunteer for the position. Director Hasanali requested clarification of the position and agreed to serve. A motion by Director King was seconded by Director Phillips and passed unanimously.

c. Appoint member to the Invoice Review Committee.

Mr. Mueller advised that Mr. Pyburn had been a member of the Invoice Review Committee, and described the process of the position. Director King volunteered to serve. A motion by Director Phillips to appoint Director King to the Invoice Review Committee was seconded by Director Hasanali, and passed unanimously.

3. Consideration and Possible Action

a. Financial Report for the Fiscal Year ending September 30, 2017.

Mr. March reviewed FY 2017 CAFR reports noting TIRZ reporting of revenue expense and asset liabilities, and the highlighted portions of the notes. Mr. March referred to the Auditors report noting that the TIRZ is a portion of the whole CAFR which received an unqualified opinion.

b. Financial Report for the period ending April 30, 2018.

Mr. March advised that the balance sheet is reporting through April 30, 2018.

A motion by Director Tonini to accept the Financial Reports as presented was seconded by Director Phillips, and passed unanimously.

4. Consideration and Possible Action - Investment Report for the Quarters Ending September 2017, December 2017, and March 2018.

Ms. Pearson presented the Investment Report for the periods ending September 30, 2017, December 31, 2017 and March 31, 2018 noting the portfolio market value and interest earned, and the liquidity of the distribution of holdings.

A motion by Director Hasanali to approve the Investment Report as presented was seconded by Director Cook and passed unanimously.

5. Consideration and Possible Action - 2017 Annual Report.

Mr. Mueller reviewed the 2017 TIRZ Annual Report noting that the reporting is based on a calendar year format. He referred to Table B noting the comparison of base market value by jurisdiction to the 2017 value. A review of Table C of increment revenue compared over years indicates a fund balance of \$3.8 million with an additional \$2.3 million in a suspense account of Alvin ISD. Mr. Mueller referred to the report of bond issues to respond to Director Loessin's question noting that the 2015 series debt refunded all bonds prior to 2013. A review of Table F listed all LFA's approved and outstanding.

A motion by Director Phillips to approve the 2017 Annual Report was seconded by Director King, and passed unanimously.

6. Consideration and Possible Action – Ratification of invoices authorized for payment by the Invoice Review Committee and approving invoices presented for payment.

Mr. Mueller presented the summary of invoices that had been reviewed by the IRC since the last meeting in October 2017.

A motion by Director King to ratify payment of the invoices and pay new invoices as presented was seconded by Director Cook, and passed unanimously.

7. Consideration and Possible Action – Cancellation of LFA 04-07-001.

Mr. Mueller advised that the referenced LFA had been previously approved yet never acted upon; therefore, for recordkeeping purposes, the request is to cancel the agreement as described by Mr. Ross.

A motion by Director Hasanli to cancel the LFA as requested was seconded by Director Cook and passed unanimously.

8. Consideration and Possible Action – Acknowledgement of the assignment of the right to TIRZ reimbursements from Shadow Creek Ranch Development Company, LP to SCRDC Liquidating Trust.

Mr. Cook described the provision of the Development Agreement where the developer had the right to assign its interest to another entity. Mr. Cook advised that the developer's interest has been assigned to a liquidating trust now that the development entity has completed the development of its property. Mr. Mueller further noted that this acknowledgement will aid in directing the City to make payments to the proper entity.

A motion by Director Phillips to acknowledge the assignment from Shadow Creek Ranch Development Company, L.P. to SCRDC Liquidating Trust. The motion was seconded by Director Hasanali, and passed unanimously.

9. Consideration and Possible Action – Professional Services Agreement with McGrath & Co. to perform LFA agreed upon procedures reviews and interest calculations.

Mr. Mueller presented for renewal the Professional Services Agreement with McGrath & Co to review completed LFAs presented for reimbursement and verify interest calculations. To a question from Director Hasanali regarding the new fee schedule, Mr. Ilori replied that the prior fee schedule was from 2010, and the new agreement also contains updated professional standards requirements. He also noted that a management representation letter would be presented for signature.

A motion by Director Hasanali to accept the updated Professional Services Agreement and Management Representation Letter as presented was seconded by Director Phillips, and passed unanimously.

10. Consideration and Possible Action – Auditor's Report for completed LFA numbers 13-06-002 and 14-06-001 and recommendation for reimbursements.

Mr. Ilori presented an updated report for Southlake Phases 2 and 3 and reviewed the details of each schedule. Mr. Mueller reported that both LFAs completed actual cost was substantially less than what was approved in the budget. Ms. Humphries advised that ABHR and LJA had previously reviewed the updated report.

A motion by Director Hasanali to approve the amended Auditor's Report as presented was seconded by Director Tonini, and passed unanimously.

11. Consideration and Possible Action - Projection of future TIRZ Fund performance and payment of existing LFAs.

Mr. Mueller reviewed the highlights and assumptions of the projection model, and presented the tables of value, increment, reimbursement and cash flow projections. He noted that all existing LFAs are expected to be paid off by 2025 and that the end of the zone would be in 2028, with final payments in 2029. Mr. Mueller advised that the projection model would be updated as needed.

12. Consideration and Possible Action – Recommendation to City Council of Plan Amendment #4.

Mr. Epperson presented the proposed amendment reporting that certain projects, including the library and fire station, in the original TIRZ need to be revised for increased budget amounts to match the current scope and cost of the projects. A discussion ensued of each project description and planned improvements. Mr. Epperson reported that the overall recommended budget increase would be approximately \$52 million.

A motion by Director Phillips to recommend to City Council to accept the 4th Amendment to the Project Plan and Reinvestment Zone Financing Plan was seconded by Director Hasanali, and passed unanimously.

13. Discussion Item – Possible dates for next Board meeting.

Mr. Mueller stated that the next meeting will occur later in September when the financial advisor is ready to recommend debt issuance and cash reimbursement calculations have been completed.

Mayor Reid complimented the Board of Directors and acknowledged all of the progress within the Zone and area.

III. ADJOURN

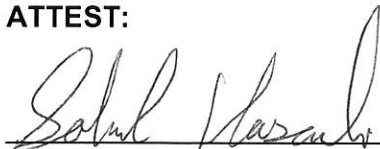
There being no further business, Director Phillips moved to adjourn at 5:25pm, which was seconded by Director King.

APPROVED:



Herb Fain
Chair, Board of Directors

ATTEST:



Sarah Hasanali

Director, Board of Directors

Minutes approved as submitted and/or amended on September 24, 2018.