

**MINUTES OF THE BOARD OF DIRECTORS MEETING
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO / SHADOW CREEK RANCH
CITY OF PEARLAND TEXAS
SEPTEMBER 24, 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	Ali Hasanali
Director	Larry Loessin

Chair Fain asked those present to introduce themselves and noted that Directors Phillips, Knight and Tonini were absent.

Others in attendance: Tom Reid, Mayor City of Pearland; Cynthia Pearson, Director of Finance City; Rhonda Daugherty, Assistant Director of Finance City; Carla Campbell, Management Assistant Finance City; Maria Rodriguez, Deputy City Secretary; Trent Epperson, Assistant City Manager; 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.

II. PURPOSE OF THE MEETING:

1. Consideration and Possible Action - Regarding the Regular Meeting Minutes of the June 18, 2018, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting.

A motion by Director King to approve the Regular Meeting Minutes of June 18, 2018 as presented was seconded by Director Cook, and passed unanimously.

2. Consideration and Possible Action

a. Financial Report for the period ending July 31, 2018.

Ms. Daugherty reviewed the Income Statement through August 31, 2018 noting current date revenue approximately \$29 million, current date expenditures at approximately \$26.2 million, with a net gain of \$2.8 million. The current year net fund balance is \$8.98 million.

A motion by Director Hasanali to approve the Financial Report as presented was seconded by Director King, and passed unanimously.

3. Consideration and Possible Action - Investment Report for the Quarter Ending June 2018.

Ms. Pearson presented the Investment Report for the period ending June 30, 2018 noting the portfolio market value and interest earned represented by cash and money market funds. She

reviewed the distribution and holdings reports noting the total portfolio is \$2.2 million. The Pledged Collateral Reconciliation Report as of June 30, 2018 indicated a slight over collateralization at 105%.

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

4. 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 six invoices that had been reviewed and approved by the IRC totaling \$21,953. Director Loessin requested clarification of the difference of rates indicated for legal fees, to which Ms. Humphries responded.

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

5. Consideration and Possible Action – City Council approval of TIRZ Plan Amendment #4.

Mr. Mueller advised that the TIRZ Plan Amendment #4, previously reviewed by the Board and recommended to the City Council for approval, was presented as Ordinance No. 1562 as approved on the first reading on July 23, 2018. Director Cook asked whether the other participants in the Zone had received a copy of the document, to which Mr. Mueller advised that they were notified and given a copy, as well as the City Manager, Clay Pearson, had conversations with several. Mr. Epperson expressed appreciation of the Board for its support as well as from City Council; and noted that Mr. Pearson had conversations with the ISD, a meeting with Fort Bend County, and attended a Shadow Creek Ranch Maintenance Association board meeting to report on the plans and receive their input.

6. Consideration and Possible Action – Regarding recommending issuance of Tax Increment Contract Revenue Bonds, Series 2018.

Mr. Mueller presented the recommendation of the issuance of Series 2018 Tax Increment Contract Revenue Bonds noting that the Development Authority of Pearland actually issues the bonds, not the TIRZ Board, but requests review and recommendations from the TIRZ Board prior to taking action to issue the debt. Mr. Mueller reviewed the report prepared by the Financial Advisor to the DAP and City, which recommends the issuance of approximately \$6,040,000 of bonds for Series 2018 that would result in net proceeds for reimbursement of approximately \$5,870,000. Director Loessin asked of the frequency of this type of issuance, to which Ms. Humphries and Mr. Mueller responded. Ms. Humphries noted the actual amount of bonds might change to include additional project reimbursement. Mayor Reid assured that the DAP Board carefully reviews the information and works closely with the auditors and legal counsel to ensure accuracy. Director Hasanali requested clarification of the distinction between the City and the two counties participation rate that indicates a rate set for the City of Pearland in Brazoria County but not set for Fort Bend County. Ms. Humphries and Mr. Mueller responded and reviewed the participation levels in the Brazoria County and Fort Bend County agreements.

A motion by Director Loessin to recommend that the Development Authority of Pearland to proceed with the maximum principal amount of bonds that it can reasonably sell was seconded by Director King, and passed unanimously.

7. Consideration and Possible Action – Regarding authorizing developer reimbursements from available surplus increment.

Mr. Mueller reminded of the two ways that developer advances are reimbursed, being selling bonds and through accumulated cash from Alvin ISD's participation. Ms. Daugherty reviewed the Balance Sheet noting cash in Wells Fargo of approximately \$5.5 million. The \$9.25 million in Regions Bank is reserved for annual debt service payments in September and February. With \$1 million for future debt service reserve and operating costs, the available amount for cash reimbursement is approximately \$4.45 million and an anticipated \$1.9 million from TEA supplemental payments to Alvin ISD, resulting in total cash available of approximately \$6.4 million. Director Cook asked for clarification of the debt service reserve and debt service coverage, to which Mr. Mueller responded.

A motion by Director Loessin to authorize the maximum cash reimbursement to be made by the City was seconded by Director Hasanali, and passed unanimously.

8. Consideration and Possible Action – Revised McGrath & Company engagement letter.

Mr. Mueller advised that the item is unnecessary as it will be addressed by the DAP Board.

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

Mr. Mueller stated that the next meeting will likely occur later in June 2019 for presentation of the 2018 Annual Report, unless there would be a prior need to do a Letter Finance Agreement.

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 Hasanali moved to adjourn at 4:35pm, which was seconded by Director Loessin.

APPROVED:


Herb Fain
Chair, Board of Directors

ATTEST:



Director, Board of Directors

Minutes approved as submitted and/or amended on 10/28/19.