

**MINUTES OF THE BOARD OF DIRECTORS MEETING
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO / SHADOW CREEK RANCH
CITY OF PEARLAND TEXAS
OCTOBER 18, 2021 | 4:00 P.M.
CITY HALL ANNEX BUILDING, 3523 LIBERTY DRIVE, PEARLAND, TEXAS**

I. CALL TO ORDER AND ROLL CALL

Chair Phillips called the meeting to order at 4:00 p.m. and declared a quorum.

Directors, City Staff and Consultants present were:

Henry Fuertes, City of Pearland representative board member
Tommy King, representative of State Rep Ed Thompson board member
Kenneth Phillips, City of Pearland representative, board member/chair
David Selsky, City of Pearland/Alvin ISD representative board member
Michael Slevens, City of Pearland representative board member
Buck Stevens, representative of Senator Larry Taylor board member
Trent Epperson, Deputy City Manager, City of Pearland
Ron Fraser, Assistant City Manager, City of Pearland
Robert Upton, Director of Engineering for City of Pearland
Kristen Woolley, Deputy Finance Director, City of Pearland
Suewan Johnson/ABHR attorney for the TIRZ
Alan Mueller, Sue Darcy, a Jan Buehler with Marsh Darcy Partners administrators for the TIRZ

II. PUBLIC COMMENTS

There were no comments.

III. PURPOSE OF THE MEETING:

- 1. Consideration and Possible Action - Regarding the Regular Meeting Minutes of the February 4, 2021, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting.**
A motion by Director Stevens to approve the Regular Meeting Minutes of February 4, 2021, as presented was seconded by Director Fuertes, and passed unanimously.
- 2. Consideration and Possible Action - Financial Report for the period ending July 31, 2021 (unaudited).**
Ms. Woolley reviewed the Income Statement through July 31, 2021, noting the TIRZ collected \$30.1 million in property tax revenue to date for the fiscal year. The report indicated that interest earnings were \$14,000, invoices approved and paid \$33,000, administrative fees paid to the City \$9.6 million, and a net gain of \$21 million. Chair Phillips advised that he and Director King, as members of the invoice review committee, authorized payment of all invoices.
A motion by Director Fuertes to approve the Financial Report as presented was seconded by Director Selsky, and passed unanimously.
- 3. Consideration and Possible Action - Investment Report for the Quarter Ending June 2021.**
Ms. Woolley presented the Quarterly Investment Report for the period ending June 30, 2021, and reported that, due to market conditions, funds were not placed in any investments other than the standard bank account, and interest earned in the quarter was \$5,221.51. Chair Phillips clarified that the funds are held in a Wells Fargo money market account as directed by the City's financial advisor.
A motion by Chair Phillips to approve the Investment Report as presented was seconded by Director Stevens and passed unanimously.

4. Consideration and Possible Action – 2020 Annual Report.

Mr. Mueller presented the report to highlight changes from the previous year and reminded that the information is based on the calendar year 2020. Chair Phillips requested clarification of the LFA amount column in Table F to which Mr. Mueller advised that the column amount indicates the original LFA amount, and that the actual reimbursement amount includes interest. He reiterated that the list is prepared by the Zone's CPA.

A motion by Director Stevens to accept the 2020 Annual Report as presented was seconded by Director Fuertes and passed unanimously.

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

Mr. Mueller stated that the Invoice Review Committee (IRC) consists of Directors Phillips and King who review consultants' invoices on a monthly basis. Reviewing the summary list of invoices, Mr. Mueller stated that invoices 1-13 were reviewed and recommended by the IRC and paid by the City and presented to be ratified by the board. Newly-received invoices 14-22 had not been reviewed by the IRC and are presented for board approval. Discussion followed with all questions being answered satisfactorily.

A motion by Director Selsky to approve invoices 1-22 as presented was seconded by Director Fuertes and passed unanimously.

6. Consideration and Possible Action – New Letter Finance Agreements.

a. Amend LFA 20-09-001 (Project Area Map Revision)

Mr. Mueller stated that the Project Vicinity Map exhibit needed to be replaced with one illustrating an enhanced outline of the area that is eligible for improvement with no change in the authorized budget amount.

A motion by Chair Phillips to approve the amendment to the LFA 20-09-001 document as presented was seconded by Director Selsky and passed unanimously.

7. Consideration and Possible Action – Completed Letter Finance Agreements.

Mr. Mueller advised that there were no completed LFAs.

8. Consideration and Possible Action – Ratification of Development Authority of Pearland developer reimbursements from available surplus increment.

Mr. Mueller reported that the DAP had met prior to this meeting on their regular schedule to meet required deadlines. Mr. Mueller reviewed the August 15, 2021, TIRZ to DAP transfer report noting that the TIRZ Fund Balance as of August 15, 2021, was \$28,048,560.11, the holdbacks for the AISD suspense fund and administration costs were \$7,056,260.78 and \$75,000 respectively. Per the agreements between the DAP and TIRZ, the \$20,917,299.33 net available balance was transferred to the DAP soon after August 15th. The DAP uses the funds to pay the debt service on their bonds or make developer reimbursements. Mr. Mueller completed the review noting that, after the DAP expenses and reserves of \$11,040,741.25, the net available for cash reimbursements in FY 2022 was \$10,876,480.18. The McGrath & Co. report on applying Agreed-Upon Procedures for the distribution of surplus revenue was reviewed noting that \$6,899,802 was dispersed to City of Pearland and \$3,976,578 to 518 SCR. Ltd.

A motion by Director King to ratify the actions of the DAP as presented was seconded by Director Selsky and passed unanimously.

9. Discussion Item – LFA and financial projection update.

Mr. Mueller reviewed the Property Value Projections noting the January 2021 valuation had not yet been certified by the Appraisal District, so an estimated value was used in this projection. Based on this assumption, the assumed future property value growth rate of 2% annually, and the current tax rates of each jurisdiction, the projection shows that all LFAs get reimbursed, but the ending DAP balance at the end of the Zone is now only projected to be \$524,000, which is down from approximately \$8,000,000 in the prior projection. Chair Phillips asked when the bonds would be

paid off to which Mr. Mueller confirmed that would be in 2029. Ms. Darcy and Mr. Mueller pointed out that in the value projections commercial growth was not considered but could be in future projections if a specific commercial development is known to be in development.

10. Discussion Item – City of Pearland projects update.

Mr. Upton reviewed a visual presentation mapping each of the TIRZ projects and provided an update of same, to include: Pearland Library to be completed end of December under budget; fire station #8 is complete with documentation to be submitted in November to LFA for audit; phase 2 of the sports complex at Shadow Creek Regional Park to complete end of October; Shadow Creek trail is complete with documentation being prepared for submittal; further extension of the trail is currently in design phase; the landscaping, street lighting and beautification of sidewalks with Shadow Creek Parkway is in design; intersection improvements at various locations; various sidewalk extensions will be out for bid; widen FM521 from FM2234 to Highway 6 funded by TxDOT and led by Fort Bend County.

Chair Phillips asked for clarification regarding the timing of payments for developer projects and City projects to which Ms. Darcy advised that the City is treated on par with private developers for purposes of being placed in priority order for reimbursements. Mr. Mueller advised that there is only one remaining private developer LFA that has not been audited and is already placed in priority order for reimbursement. That one remaining project is completed and the paperwork is being prepared for the audit to be considered at the next meeting. There was further clarification that reimbursement payments are made in order of the date of completed audit.

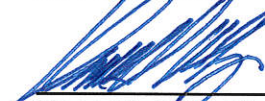
11. Discussion Item – Comments by Mayor Cole, TIRZ Board members or TIRZ Consultants.

There was no discussion.

IV. ADJOURN

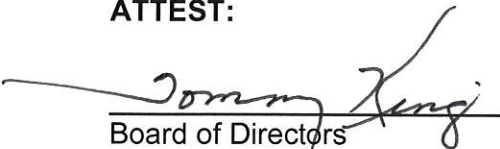
There being no further business, Director Selsky moved to adjourn at 4:50pm, which was seconded by Chair Phillips.

APPROVED:



Kenneth R. Phillips
Chair, Board of Directors

ATTEST:



Board of Directors

Minutes approved as submitted and/or amended on 03.02.2022