

MINUTES OF A SPECIAL MEETING OF THE DEVELOPMENT AUTHORITY OF PEARLAND, CITY OF PEARLAND TEXAS, HELD ON MONDAY, OCTOBER 12, 2015, 3:00 P.M., IN THE FIRST FLOOR CONFERENCE ROOM AT PEARLAND CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

Mayor Reid called the meeting to order at 4:03 p.m. with the following present:

Chairman	Tom Reid
Secretary	Ed Baker
Boardmember	Bill Sloan
Boardmember	Tom Pool

Boardmember Carbone absent.

CALL TO ORDER and ROLL CALL: Chairman Reid, Secretary Baker, Boardmembers Sloan, Pool, and Carbone.

Others in attendance: Claire Bogard Finance Director, Maria E. Rodriguez Deputy City Secretary; Lynne Humphries, Allen Boone Humphries Robinson LLP; Gary Cook Shadow Creek Ranch; Drew Pelter, Shadow Creek Ranch; Rick Witte.

PUBLIC COMMENTS

NEW BUSINESS:

Board Action – Approval of the Development Authority of Pearland Board of Directors Meeting Minutes for September 14, 2014, Regular Meeting held at 4:00 P.M. *DAP Board of Directors.*

Board Action – Resolution No. RDAP-2015-09 – A Resolution authorizing the issuance of \$65,995,000 Development Authority of Pearland Tax Increment Contract Revenue and Refunding Bonds, Series 2015; approving documents relating to the Series 2015 Bonds; authorizing the redemption prior to maturity of certain outstanding Bonds; and containing other provisions related thereto.

John Robuck, stated the amount is a little different from the one listed on the agenda items and if it will be amended to reflect the correct amount if approved by the Board. The summary of bids are in the Boards packets. There were term sheets and bid sheets sent out to 26 banks and financial institution across the area who expressed interest in Bank Bonds or Private Placement Bonds. The winning bid is from Regence Bank BBVA Compass Bank from their subsidiaries of a joint bid 50/50 with a rate of 2.4 percent which is very good in this environment. This is a fixed rate, and a 10 year call and no reserve requirement. Mr. Robuck continued to provide a brief overview of the Tax Increment Contract Revenue and Refunding Bond, Bonds, Series 2015.

Claire Bogard stated at the previous meeting the Board had a question on whether to hold the million dollar reserve. In 2012, the Authority's previous bond sales were all refunded via a private placement which required no reserve and the Bond Reserve was used to reimburse the Developer. A reserve is used for debt payments if by chance the Authority could not make its annual debt service payment. Since there is no debt service reserve requirement, the Board, at staff recommendation, set aside \$1.0 million in order to have some reserve in case of lower taxable value resulting in lower tax increment coming into the Zone to meet its obligations. Based on a \$1 million reserve, that would allow for up to a 13 percent drop in value in a year or a drop in value over several years. The \$1.0 million would only cover one year for a 13 percent drop in value, if values did not rebound the following year. If we were to assume a 10 percent drop in values in a given year, this would require \$745,000 in reserves, based on current value, based on current debt. Staff's recommendation is to keep the \$1.0 million reserve requirement.

John Robuck stated when Bonds are issued as public debt the \$1.0 million is the minimum requirement in the reserve fund. He stated the \$1.0 million dollar reserve fund is a safety net should the values drop.

Discussion ensued between the Board, John Robuck and Lynne Humphries regarding private placement reserve requirements and the interest rate.

Boardmember Carbone stated this item should be looked at again around 2018 or 2019 once the full built out is reached.

No action taken on this item at this time.

ADJOURNMENT

Meeting was adjourned at 4:30 p.m.

Minutes approved as submitted and/or corrected this the 26th day of November, A.D., 2016.



TOM REID
CHAIR

ATTEST:



ED BAKER
SECRETARY