

MINUTES OF A REGULAR MEETING OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO (TIRZ # 2), ALSO KNOWN AS SHADOW CREEK RANCH, CITY OF PEARLAND TEXAS, HELD ON MONDAY, SEPTEMBER 26, 2016, AT 5:15 P.M., IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

Vice Chairman Gary Cook called the meeting to order at 5:15 p.m. with the following present:

Chair	Kenneth R. Phillips
Vice Chair	Gary Cook
Boardmember	Tommy King
Boardmember	Herb Fain
Secretary	Mike Pyburn
Boardmember	Ali Hasanali
Boardmember	Larry Loessin

Absent: Boardmembers Coleman, and Knight

Others in attendance: Tom Reid Mayor City of Pearland, Cynthia Pearson, Director of Finance City, Rick Overgaard, Assistant Director of Finance City, Tom March Financial Analyst, Maria E. Rodriguez Deputy City Secretary, City Lynne Humphries Allen Boone Humphries Robinson LLP, Drew Pelter Shadow Creek Development.

CALL TO ORDER AND ROLL CALL

PURPOSE OF THE MEETING:

Board Action – Regarding The Approval of the Regular Meeting Minutes of the August 8, 2016, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting. *TIRZ No. 2.*

Boardmember Pyburn made the motion, seconded by Boardmember Hasanali, to approve the Regular Meeting Minutes of August 8, 2016.

Voting “Aye” Boardmembers, Phillips, King, Fain, Cook, Pyburn, Hasanali and Loessin

Voting “No” None.

Motion Passed 7 to 0, with Boardmembers Knight, and Coleman absent.

Board Action – Resolution No. RTIRZ 2016-01 – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Ratifying Invoices that were paid from June 2016 through September 2016 and approving invoices for payment.

Rick Overgaard Assistant Finance Director City, stated this items is for the Board's consideration and approval of a Resolution ratifying invoices already paid totaling \$7,142.72 and approving an invoice to be paid in the total amount of \$9,229.46.

Boardmember Phillips made the motion, seconded by Boardmember Hasanali, to ratify the previously approved expense by the invoice committee.

Voting "Aye" Boardmembers, Phillips, King, Fain, Cook, Pyburn, Hasanali and Loessin

Voting "No" None.

Motion Passed 7 to 0, with Boardmembers Knight, and Coleman absent.

Boardmember Phillips made a motion seconded by Boardmember Pyburn to approve and pay the invoices that are due and payable at this time set forth in the exhibit to Resolution No. RTIRZ No. 01.

Voting "Aye" Boardmembers, Phillips, King, Fain, Cook, Pyburn, Hasanali and Loessin

Voting "No" None.

Motion Passed 7 to 0, with Boardmembers Knight, and Coleman absent.

Board Discussion and Approval – To receive preliminary update on recapitulation of remaining Developer Reimbursements, and approve any Developer Reimbursement Audits for outstanding reimbursements, if any.

Lynne Humphries, stated the Board has requested a preliminary update on recapitulation of remaining Developer Reimbursements. As construction of these projects is completed, the engineer, auditor, and legal counsel review the construction projects and approve them for reimbursement. Once such approval is obtained, the projects are placed in line, waiting for reimbursement to be made as increment becomes available to either make cash reimbursement from the Zone's funds or to issue bonds payable from Zone Increment Revenue. In accordance with all prior agreements between the Zone and the City of Pearland, priority is given to reimbursement of the Master Developer, Shadow Creek Ranch Development Company. After the Master Developer is reimbursed, further reimbursements are made in the order the projects are completed. Currently, the Zone auditor keeps a list of outstanding reimbursement due and it is a rough estimated amount

of \$43 million principal only, still owed. Should the TIRZ No. 2 Board decide to hire Sue Darcy as Zone Administrator they will create a list of reimbursements along with their name and place in line for payment. At this time no action is needed for this item there are no Developer Reimbursements for today.

Board Discussion and Approval – To receive report on terms of Directors, recognize appointment by Senator Larry Taylor of new Director to Position 1, and approve new Invoice Committee.

Part one of this item to receive report on terms of Directors, recognize appointment by Senator Larry Taylor of new Director to Position 1. No Action taken by the Board.

Boardmember Phillips part two of this item is to approve a new invoice Committee.

Lynne Humphries stated Director Herb Fain has volunteered to be on the Invoice Committee, and Director Mike Pyburn has decided to continue on the Invoice Committee.

Chairman Phillips asked all in favor for Director Herb Fain and Director Mike Pyburn to be on the New Invoice Committee.

Voting “Aye” Boardmembers, Phillips, King, Cook, Hasanali and Loessin

Voting “No” None.

Motion Passed 5 to 0, with Boardmembers Knight, and Coleman absent.
Abstention Fain and Pyburn.

Board Discussion and Approval – Discussion and update on Tax Increment Series 2016 Bonds.

Lynne Humphries stated this is just an update that the Development Authority of Pearland is considering a Bond issue in the estimated amount of \$11,910,000 private placement. Simultaneously once the Alvin ISD suspense funds are released the TIRZ No. 2 board will do a cash reimbursement. The Bond sale will be on October 10th.

Chairman Phillips stated the TIRZ is basically selling additional Bonds to keep up with their payments and fulfill obligations to the Developers and to the City.

Lynne Humphries stated these are not city bonds these are Special Bonds issued payable only from the TIRZ NO. 2.

Boardmember Hasanali requested an update on a being more aggressive with the investment portfolio.

Rick Overgaard stated the City has an account with TexSTAR Investments Pools which has a higher interest rate. The City transferred approximately 4 million dollars last week into that account which will show a jump in the interest rate.

Boardmember Loessin asked to review New Business No. 2, page 38 regarding the attorney rates being billed.

Lynne B. Humphries stated there is a discrepancy in the bill regarding the rate and a credit will be issued on the next bill which will include time for this meeting.

Board Discussion and Approval – Discuss and approve contract with Marsh Darcy Partners, Inc. to serve as Zone Administrator through December 31, 2017.

Lynn B. Humphries stated the normal role of the TIRZ attorneys is to give legal advice and review documents. In the past, Allen Boone Humphries Robinson has been performing these tasks, such as assistance with agenda review and preparation, the annual report, and the TIRZ reimbursements. Marsh Darcy Partners, Inc. is a firm that specializes in staying up with the TIRZ laws as they change to properly satisfy the TIRZ obligations and to make it as efficient as it can be. This contract provides for the Zone Administrator to undertake the role related to full administration and allow the attorneys to provide a more traditional review instead of taking the lead, which will result in a reduction of legal fees

Boardmember Cook stated he agrees Sue Darcy has a long history with the TIRZ and has done an outstanding job.

Discussion ensued Lynn B. Humphries and the Board regarding the City's growth and Marsh Darcy Partners, Inc. expertise on TIRZs. Marsh Darcy Partners, Inc. would be most efficient coming in only as needed to serve as Zone Administrator and help while the City gets up to speed with handling all of the finances of the TIRZ.

Boardmember Phillips stated he will be abstaining from this vote for the simple reason that he has known Sue Darcy for over 30 years, and has represented her in the past. He does not think it is appropriate to vote. However, he does give Ms. Darcy his highest recommendation.

Boardmember Pyburn made the motion to hire Marsh Darcy Partners, Inc. seconded by Boardmember King.

Voting "Aye" Boardmembers, King, Fain, Cook, Pyburn, Hasanali and Loessin

Voting "No" None.

Motion Passed 6 to 0, 1 Abstention Boardmember Phillips, and Boardmembers Knight, and Coleman absent.

Meeting was adjourned at 5:43 p.m.

Minutes approved as submitted and/or corrected this the 23rd day of October, A.D., 2017.

ATTEST:



~~MIKE PYBURN~~
SECRETARY

~~DIRECTOR~~
Kenneth Phillips



KENNETH R. PHILLIPS
CHAIR HERB FAIW