

MINUTES OF A SPECIAL MEETING OF THE DEVELOPMENT AUTHORITY OF PEARLAND, CITY OF PEARLAND TEXAS, HELD ON MONDAY, OCTOBER 30, 2017, 4:00 P.M., IN THE LARGE | COMMUNITY DEVELOPMENT CONFERENCE ROOM | PEARLAND CITY HALL ANNEX 3523 LIBERTY DRIVE

Mayor Reid called the meeting to order at 4:00 p.m. with the following present:

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

Others in attendance: Trent Epperson Assistant City Manager, Cynthia Pearson, City Finance Director Rick Overgaard, Assistant Finance Director, Tom March Financial Analyst, Maria E. Rodriguez, Deputy City Secretary, Robert Upton City Engineer, John Robuck BOSC, Inc. Rick Witte, Andrews Kurth LLP, Gary Cook, Shadow Creek Ranch Development Company Ltd, Drew Pelter Shadow Creek Ranch Development Company Ltd.

NEW BUSINESS:

Board Action – Approval of the Development Authority of Pearland Board of Directors Meeting Minutes for October 10, 2016 Regular Meeting held at 4:00 P.M. *DAP Board of Directors.*

Boardmember Carbone made the motion, seconded by Boardmember Pool to approve the Meeting Minutes for October 10, 2016 Regular Meeting held at 4:00 P.M.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-01 - A Resolution of the Development Authority of Pearland (DAP), accepting the 2016 Annual Financial Report for the Fiscal Year ending September 30, 2016.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-01.

Rick Overgaard Assistant Finance Director stated this is the Annual Financial Report for the Fiscal Year ending September 30, 2016. The auditor’s opinion, is unqualified clean, as well as the statements pertaining to the Development Authority. Mr. Overgaard provided a brief overview of the 2016 Annual Financial Report.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-02 - A Resolution of the Development Authority of Pearland (DAP), accepting the Financial Report for the period ending September 30, 2017.

Boardmember Baker made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-02.

Rick Overgaard Assistant Finance Director provided the Board with an overview of the Financial Report for the period ending September 30, 2017.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-03 - A Resolution of the Development Authority of Pearland (DAP), accepting the Investment Report for the quarters ending September 2016, December 2016, March 2017, and June 2017.

Boardmember Sloan made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-03.

Rick Overgaard Assistant Finance Director provided the Board with the details of the Investment Reports for the quarters ending September 2016, December 2016, March 2017, and June 2017.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-04 – A Resolution of the Development Authority of Pearland (DAP), ratifying checks 1158 through 1169 totaling \$17,787.36.

Boardmember Carbone made the motion, seconded by Boardmember Baker to approve Resolution No. RDAP No. 2017-04.

Rick Overgaard Assistant Finance Director stated there is a schedule for processing these checks needing the Board’s approval for ratification of check numbers 1158 through 1169.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-05 - A Resolution of the Development Authority (DAP), Of Pearland Texas approving a contract with Arbitrage Compliance Specialists, Inc. for arbitrage compliance services.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-05.

Rick Overgaard Assistant Director of Finance stated The Development Authority has issued tax-exempt bonds and is planning on issuing additional tax-exempt bonds in the future. IRS regulations state that an entity cannot earn more interest on the bonds than it is paying. If an entity does, this is called arbitrage, and an entity is required to report and pay the gain to the IRS. Attached is the annual contract with Arbitrage Compliance Specialists, Inc. to bring current all rebate reports through September 30, 2018. The total amount of the contract is not to exceed \$2,800.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-06 - A Resolution of the Development Authority of Pearland (DAP), Texas authorizing a developer reimbursement to Shadow Creek Ranch Development Company LTD to reimburse for TIRZ Infrastructure Improvements in the amount of \$5,985,000, plus the amount received from TEA for tax year 2016 supplemental taxes.

Boardmember Baker made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-06.

Cynthia Pearson Finance Director stated this item is for consideration and approval of Resolution RDAP-2017-06 authorizing a cash developer reimbursement to Shadow Creek Ranch Development Company LTD to reimburse for TIRZ infrastructure improvements in the amount of \$5,985,000, plus the amount received from TEA for tax year 2016 supplemental taxes which is anticipated to be \$1,938,413. The cash analysis for reimbursement which is cash and cash equivalents \$6,996,234.02, operating costs total funds to be held \$1,010,000.00 for debt service leaving \$5,986,234.02 monies available for cash reimbursement. As of December 2016, there is \$184,265,431 in actual costs, excluding interest, that have been approved for reimbursement, of which \$161,222,965 has been paid through a combination of issuing bonds or using cash on hand, leaving a balance of \$23,042,466 yet to be reimbursed. Today the Board is being asked for authorization to reimburse \$16 Million leaving a balance of \$8 Million for next year.

Boardmember Carbone requests Staff to provide a list of Developers in the order in which they are scheduled for reimbursement.

Voting “Aye” Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting “No” None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2017-07 - A Resolution of the Development Authority Of Pearland (DAP), Texas authorizing a developer reimbursement to Shadow Creek Ranch Development Company LTD to reimburse for TIRZ infrastructure improvements in the amount of \$8,118,000.

Boardmember Sloan made the motion, seconded by Boardmember Carbone to approve Resolution No. RDAP-2017-07.

Cynthia Pearson Finance Director stated this is a request to the Development Authority of Pearland, Texas to authorize a development reimbursement to Shadow Creek Ranch Development Company LTD to reimburse for TIRZ infrastructure improvements in the amount of \$8,118,000.

Boardmember Carbone stated since the bonds have not been sold these proceeds are not available until December 2017. He would like to Table this item and is not comfortable approving the reimbursement until after the Bond Sale.

Boardmember Carbone made a motion, seconded by Boardmember Pool to Table this item until the next meeting.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting "No" None.

Motion Passed 5 to 0.

Board Input and Discussion - Regarding the Tax Increment Revenue Bonds, Series 2017.

Boardmember Carbone made the motion, seconded by Boardmember Baker to approve the Tax Increment Revenue Bonds, Series 2017.

John Robuck BOSC, Inc. stated the Board has been provided in their packet with the current market review. The current rate is 3.86 percent weekly average bonds across the country, The estimated sources and uses of funds based on assessed evaluations provided by Assessments Southwest the structured bond issue yielded a par amount of \$8,305,000 less cost of issuance \$187,000 resulting in total proceeds for Developer Reimbursement \$8,118,000. All Cost True Interest Rate 3.130 percent which includes issuance cost and proceeds. A private placement is being recommended with no reserve fund requirement. Based on the boards direction, bid forms and term sheets will be prepared and distributed with competitive bids due on Friday November 10, 2017. Approval of the bond sale with the Development Authority of Pearland and City Council would be on Monday, November 13th with bond closing on December 12th.

Boardmember Carbone requested that the 2 (two) counsel provide a breakdown of their fees and duties provided to the Board.

Rick Witte Andrews Kurth LLP, addressed the Board stating the Development Authority of Pearland was originally created to provide a financing mechanism to protect the City. At that time Andrews Kurth LLP, worked with the City as Bond Counsel. Lynne Humphries, Allen Boone Humphries Robinson LLP worked with the TIRZ. It has evolved to a situation in which Andrews Kurth LLP, is the Bond Counsel that drafts all the bond documents for the Development Authority of Pearland, and Lynne Humphries, Allen Boone Humphries Robinson LLP works with the Developer and does all the Tax documentation. There is a separate engagement letter that deals with both firms. Overtime the fees have moved down to somewhere in the middle from the start up development phase. The goal is to provide good legal service, great financial service to the Development Authority of Pearland. With respect to fees we want to do the best we can.

Discussion ensued between the Board and Rick Wittee Andrews Kurth LLP, regarding the operating history of the Development Authority of Pearland and the legal service rates.

Boardmember Carbone stated he would like to see both Counsel present, or a representative from both Counsel at the time the Board approves the Bond sale.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Sloan, and Pool.

Voting "No" None.

Motion Passed 5 to 0.

ADJOURNMENT

Meeting was adjourned at 4:50 p.m.

Minutes approved as submitted and/or corrected this the ____ day of _____ A.D., 2017.

TOM REID
CHAIR

ATTEST:

ED BAKER
SECRETARY