

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO / SHADOW CREEK RANCH  
CITY OF PEARLAND TEXAS  
OCTOBER 23, 2017 3:00 P.M.  
CITY HALL ANNEX BUILDING, 3523 LIBERTY DRIVE, PEARLAND, TEXAS.**

**I. CALL TO ORDER AND ROLL CALL**

Director Fain called the meeting to order at 3:00 p.m. and declared a quorum with the following Directors present:

Chair	Herb Fain
Vice Chair	Gary Cook
Director	Tommy King
Director	Kenneth R. Phillips
Director	Ali Hasanali
Director	Larry Loessin

Director Fain stated he has been notified by the City he has been appointed as Chair by the City. Director Fain asked those present to introduce themselves. Directors absent were: Coleman, Knight, and Pyburn

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 Rodriguez, Deputy City Secretary; John McDonald, Community Development Director; Lynne Humphries, Allen Boone Humphries Robinson LLP; Drew Pelter, Shadow Creek Development; James Ross, LJA; Taylor Gunn, Perry Homes; Sue Darcy, Alan Mueller, and Jan Buehler Marsh Darcy Partners.

**II. PURPOSE OF THE MEETING:**

**1. Regarding The Approval of the Regular Meeting Minutes of the September 26, 2016, 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 September 26, 2016 as presented was seconded by Director Phillips, and passed unanimously.

**2. Regarding accepting the 2016 Annual Financial Report for the Fiscal Year ending September 30, 2016.**

Mr. Overgaard presented the 2016 Annual Financial report and Audit highlighting the notes and information relevant to the TIRZ, and indicating total assets of \$5.1 million. There was a discussion regarding the final maturity of TIRZ funded debt.

A motion by Director Phillips to accept the report as presented was seconded by Director Hasanali, and passed unanimously.

**3. Regarding accepting the Financial Report for the period ending June 30, 2017.**

Mr. Overgaard reviewed the balance sheet indicating total assets of \$17.9 million through June 30, 2017. He reviewed the income statement including property taxes received from various entities, and noted total revenue of \$23.8 million.

A motion by Director Hasanali to accept the report as presented was seconded by Director King, and passed unanimously.

**4. Regarding adopting an Amended Investment Policy, Investment Strategy and Approved Brokers in accordance with Chapter 2256 of the Government Code ("Public Funds Investment Act").**

Mr. Overgaard presented the Investment Policy and Approved Broker Dealer List, and reported on changes in the policy which allow the City and the TIRZ to invest in pools that contain commercial paper. He reported there was no change to strategy or broker/dealers. Ms. Humphries advised that the Policy was amended by the City in the Fall of 2016. She noted the City will be amending the Investment Policy to comply with legislation enacted in 2017.

A motion by Director King to approve the policy as presented was seconded by Director Cook and passed unanimously.

**5. Regarding adopting the Investment Report for the Quarters Ending September 2016, December 2016, March 2017, and June 2017.**

Mr. Overgaard presented the quarterly investment reports for the quarters ending September 2016, December 2016, March 2017, June 2017; and reviewed the executive summary. In response to a question from Director Phillips, Mr. Overgaard explained the City does not invest directly in US Treasury Bills due to liquidity needs of the Zone and the stability and fluctuation of the T-Bills. In response to a question from Director Hasanali, Mr. Overgaard stated he anticipated interest rates to increase.

A motion by Director Phillips to adopt the reports as presented was seconded by Director Cook, and passed unanimously.

**6. Regarding approving the 2016 Annual Report.**

Mr. Mueller reviewed the 2016 TIRZ Annual Report noting changes from the previous year's report. Ms. Humphries noted Table C pointing out the contributions from each participating entity during the year. Mr. Ross reported that, of the approximately 7,500 homes in TIRZ 2, only 14 had any reported hurricane damage. There was a discussion regarding potential value changes due to Hurricane Harvey. Ms. Humphries asked when or if the City wanted the Annual Report to be presented to City Council, or if the City preferred to just receive a copy of the filed report. Mayor Reid suggested someone should check with Jon Branson, to which Mr. Mueller responded that he would do so.

Following discussion and review of the 2016 Annual Report, a motion by Director King to approve was seconded by Director Hasanali and passed unanimously.

**7. Regarding ratifying invoices authorized for payment by the Invoice Review Committee and approving invoices presented for payment.**

Mr. Overgaard presented the invoices saying that Director Pyburn had reviewed, commented on, and recommended all for approval.

A motion by Director Cook to approve all invoices for payment was seconded by Director Hasanali and passed unanimously.

**8. Regarding authorizing developer reimbursements from available surplus increment.**

Mr. Overgaard presented an update of developer reimbursements and cash reimbursements. Ms. Humphries provided a description of the reimbursement procedure. Director Cook requested clarification of the \$5,985,000 amount as to whether it included the recently received TEA supplemental payment which was \$1.9 million.

Director Phillips made a motion to recommend to the DAP to proceed with a direct-pay reimbursement of \$5,985,000 plus the TEA supplemental payment. The motion was seconded by Director King. Director Cook abstained. The motion passed unanimously.

**9. Regarding recommending issuance of Tax Increment Contract Revenue Bonds, Series 2017.**

Ms. Humphries reviewed the package prepared by John Robuck, the Financial Advisor for the Development Authority, indicating that the DAP expects to issue just over \$8 million in 2018. She further reviewed the current debt service, estimated interest, and revenues. The schedule indicated a possible bond closing on December 12<sup>th</sup>.

A motion by Director Phillips to request the DAP to proceed with the issuance of the bonds was seconded by Director King. Director Cook abstained. The motion passed unanimously.

**10. Regarding LFA #17-10-001 for CR59 Improvements. .**

Mr. Ross presented a new LFA (Letter of Finance Agreement) for improvements to County Road 59 on the southern border in the annexed portion of the TIRZ boundary, which was Plan Amendment No. 1, in the cap amount of \$1,091,520 set in 2006 dollars per the Plan. He said the TIRZ improvements in the Plan Amendment No.1 is under budget to date. There was a discussion of the construction plans of the roadway.

A motion by Director Phillips to approve LFA #17-10-001 as presented was seconded by Director King and passed unanimously.

Director Fain thanked the Mayor for his vision to create a public/private partnership, as a TIRZ Board Director and resident of Shadow Creek Ranch, to create a high quality of life.

Mayor Reid discussed growth of Pearland over the past 20 years. He said the oldest building within the TIRZ is 14 years old. He said the TIRZ is helping to build Pearland into a special place, due in part to the standards set by Shadow Creek Ranch. He thanked the staff and board for their service.

**III. ADJOURN**

There being no further business, Director Phillips moved to adjourn at 4:21pm, which was seconded by Director King.

**APPROVED:**

  
\_\_\_\_\_  
Herb Fain  
Chair, Board of Directors

**ATTEST:**

  
\_\_\_\_\_  
Director, Board of Directors

Minutes approved as submitted and/or amended on June 18, 2018.