

MINUTES OF A REGULAR MEETING OF THE DEVELOPMENT AUTHORITY OF PEARLAND, CITY OF PEARLAND TEXAS, HELD ON MONDAY, October 1, 2018, 4:00 P.M., COMMUNITY DEVELOPMENT HOUSTON 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: Cynthia Pearson, City Finance Director, Rhonda Daugherty, Assistant Finance Director, Carla Campbell Finance Management Assistant, Jon Branson Deputy City Manager, Trent Epperson Assistant City Manager, John McDonald Community Development Director, Maria E. Rodriguez, Deputy City Secretary, John Robuck BOSCO, Inc. Rick Witte, Andrews Kurth LLP,

NEW BUSINESS:

Board Action – Approval of the Development Authority of Pearland Board of Directors Regular Meeting Minutes for November 13, 2017 held at 3:00 p.m.

Boardmember Carbone made the motion, seconded by Boardmember Baker to approve the Meeting Minutes for November 13, 2017, Regular Meeting held at 3:00 P.M.

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

Voting “No” None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-01 - A Resolution of the Development Authority of Pearland (DAP), accepting the 2017 Annual Financial report for the Fiscal Year ending September 30, 2017.

Boardmember Sloan made the motion, seconded by Boardmember Carbone to approve RDAP-2018-01.

Cynthia Pearson Finance Director provided a brief overview of the 2017 Annual Financial Report for the Fiscal Year ending September 30, 2017. She stated the auditors are Whitley Penn. The authority has considered a blended component unit of the City. The auditors have issued an unqualified clean report.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-02 - A Resolution of the Development Authority of Pearland (DAP), accepting the Financial Report for the eleven month period ending August 31, 2018.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve RDAP-2018-02.

Cynthia Pearson Finance Director stated the cash and investments total \$14,729,497 with 100 percent in interest bearing accounts. Funds totaling \$9,250,634 are being held with the bond trustee Regions Bank and are set aside for the September 2018, and the March 2019, annual debt payments, leaving \$5.48 million available for developer reimbursement and a debt service reserve the end of September. Mrs. Pearson continued to provide a brief overview of the Development Authority of Pearland's Financial Report ending August 31, 2018.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-03 - A Resolution of the Development Authority of Pearland (DAP), accepting the Investment Report for the quarters ending September 2017, December 2017, March 2018, and June 2018.

Boardmember Baker made the motion, seconded by Boardmember Carbone to approve RDAP-2018-03.

Cynthia Pearson Finance Director provided an overview of the Investment Report for the quarters ending September 2017, December 2017, March 2018 and June 2018.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-04 - A Resolution of the Development Authority of Pearland

(DAP), ratifying checks 1169 through 1178 totaling \$10,503.24.

Boardmember Carbone made the motion, seconded by Boardmember Baker to approve RDAP-2018-04.

Cynthia Pearson Finance Director stated this item is for the Board's ratification of 10 checks 1169 through 1178 in the amount totaling \$10,503.24. The services provided have been for legal services, professional services, and a courier services.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-05 - A Resolution of the Development Authority of Pearland (DAP), approving a contract with Arbitrage Compliance Specialists, Inc. for Arbitrage compliance services.

Boardmember Sloan made the motion, seconded by Boardmember Carbone to approve RDAP-2018-05.

Cynthia Pearson Finance Director stated this is a request for the Board's approval of a contract with Arbitrage Compliance Specialists, Inc. for Arbitrage compliance services. The IRS regulations state that an entity cannot earn more interest on the bonds than it is paying. Calculations are required every 5 and 10 years until the construction funds are depleted and until the there is no outstanding debt.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – RDAP-2018-06 - A Resolution of the Development Authority of Pearland (DAP), Texas authorizing a developer reimbursement to Shadow Creek Ranch Development Company Liquidating Trust to reimburse for TIRZ Infrastructure Improvements in the amount of \$4,468,000; plus the amount received from Texas Education Agency (TEA) for tax year 2017 supplemental taxes.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve RDAP-2018-06.

Cynthia Pearson Finance Director stated this item is for the approval of the developer reimbursement the cash portion plus the Alvin Independent School District suspense fund. The amount is estimated at \$1.25 million last year's amount was \$1.9 million. The

TIRZ administrators have a financial model that show the anticipated balances going forward until 2029. Once the TIRZ administrators update their financial model next week Staff should have more information regarding the actual amount. It is expected to have more than enough money to complete the projects that have been approved up to this point and have some remaining at the end of TIRZ in 2029.

Discussion ensued between Boardmember Carbone, Cynthia Pearson Finance Director, and John Robuck BOSC, Inc. Financial Advisor regarding the Alvin Independent School District suspense fund, and the Tri Party Agreement Incremental Tax.

Discussion ensued between Jon Branson Deputy, City Manager and Cynthia Pearson Finance Director regarding provide the TIRZ Board with the \$1.25 Million update, and being in touch with Alvin Independent School District to get a better number of the funding amount for next meeting.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Input and Discussion - Receive a Presentation from the Financial Advisors to include an Overview and Schedule of Events for Tax Increment Contract Revenue Bonds, Series 2018.

John Robuck BOSC, Inc. Financial Advisor stated this item is to provide an overview and schedule of events for the Tax Increment Contract Revenue Bonds, Series 2018. The values have been received and we have analysis of what can be issued in bonds for developer reimbursements. The weekly current bond buyer index is at 4.69. Based on the value on capacity we can issue \$6,040,000 in bonds, less issuance cost of approximately \$170,000 equals a total proceeds for Developer Reimbursement \$5,870,000, the all cost 3.275 percent, with an average life of 6.266 years. It is our recommendation to sell these bonds at the next scheduled meeting on October 22, 2018, and close 30 days later after attorney general approval on November 20th. The total debt service requirements is about \$9 million a year. The total debt service requirements are based on the capacity analysis we ran. Currently plugged in are the values for 2018 and the estimated appraised values as of July 2018 to model and structure the bond issue. The estimated value for the City of Pearland is \$2.8 Billion, Brazoria County \$2.3 Billion and Fort Bend is about \$567. Million. Based on those values we are able to structure bond issuance that generates almost \$5.9 Million in proceeds for developer reimbursement. The tentative schedule of events if approved today, we will distribute private placement bid form/term sheet October 1, Private Placement Bids due at 10:00 a.m., on October 22, DAP meeting to approve the sale and City Council Meeting to approve the sale, Bond and close on November 20th.

Rick Witte Bond Council Andrews Kurth LLP, stated the documentation is very similar as

to what has been done in the past and available for any questions.

Discussion ensued between Boardmember Carbone, John Robuck Financial Advisor BOSC, Inc. and Rick Witte Bond Council Andrews Kurth LLP, regarding Bond Council fees and rates.

The Development Authority of Pearland agrees to move forward with the recommendation to sell these bonds at the next scheduled meeting on October 22, 2018.

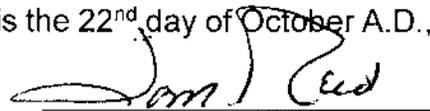
Board Input and Discussion - Regarding the Tax Increment Contract Revenue Bonds, Series 2018.

Cynthia Pearson Finance Director stated this item is a recommendation to combine this item and the previous discussion item in future years as one item.

ADJOURNMENT

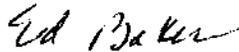
Meeting was adjourned at 4:46 p.m.

Minutes approved as submitted and/or corrected this the 22nd day of October A.D., 2018.



TOM REID
CHAIR

ATTEST:



ED BAKER
SECRETARY