

**MINUTES OF A REGULAR MEETING OF THE DEVELOPMENT AUTHORITY OF PEARLAND,
CITY OF PEARLAND TEXAS, HELD ON MONDAY, SEPTEMBER 23, 2019, 4:00 P.M.,
COMMUNITY DEVELOPMENT HOUSTON CONFERENCE ROOM PEARLAND CITY HALL
ANNEX 3523 LIBERTY DRIVE**

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

Chairman Tom Reid
Boardmember Tony Carbone
Boardmember Donna Rizzo
Boardmember Tom Pool

Absent Secretary Ed Baker.

Others in attendance: Cynthia Pearson, City Finance Director, Jon Branson Deputy City Manager, Trent Epperson Assistant City Manager, Lynne Humphries Allen Boone Humphries and Robinson LLP, Allan Mueller, Maria E. Rodriguez Interim City Secretary, Michael Muscarello Administrative Assistant, John McCarter Assistant Finance Director, John Robuck BOK, Inc. Rick Witte, Andrews Kurth LLP,

NEW BUSINESS

Board Action - Approval of the Development Authority of Pearland Board of Directors Regular Meeting Minutes for October 22, 2018 held at 4:00 p.m.

Boardmember Carbone made the motion, seconded by Boardmember Pool to approve the Meeting Minutes for October 22, 2018, Regular Meeting held at 4:00 P.M.

Voting "Aye" Boardmembers Reid, Carbone, Rizzo, and Pool.

Voting "No" None.

Motion Passed 4 to 0 with Boardmember Baker absent.

Board Action - Resolution RDAP-2019-01 - A Resolution of the Development Authority of Pearland (DAP), accepting the 2018 Annual Financial Report for the Fiscal Year ending September 30, 2018.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve Resolution RDAP-2019-01.

Director of Finance Cynthia Pearson stated the City is required to submit to an independent audit yearly. She further stated the auditor's opinion was a clean audit, also known as an unqualified opinion. Director of Finance Cynthia Pearson also stated total assets are \$8.4 million, with \$6.6 million of that in cash and cash investments. She further stated liabilities are at \$799.00 and there is a restricted fund balance of \$8.49 million. Director of Finance Cynthia Pearson provided fund expenditures and revenue streams, in addition to the amount of Revenue Bonds issued.

Boardmember Carbone stated the balance sheet does not reflect the amount of debt that has been issued.

Director of Finance Cynthia Pearson stated it is accounted for but not listed on the balance sheet. She further stated that a synopsis of the debt is recorded in the 2018 Annual Financial Report and not itemized on the balance sheet.

Voting "Aye" Boardmembers Reid, Carbone, Rizzo, and Pool.

Voting "No" None.

Motion Passed 4 to 0 with Boardmember Baker absent.

Board Action - Resolution RDAP-2019-02 - A Resolution of the Development Authority of Pearland (DAP), accepting the Financial Report for the period ending August 31, 2019.

Boardmember Rizzo made the motion, seconded by Boardmember Carbone to approve Resolution RDAP-2019-02.

Director of Finance Cynthia Pearson presented the Financial Report and provided the highlights of funds allocated in each area. She further provided revenue, interest earnings and debt service.

Voting "Aye" Boardmembers Reid, Carbone, Rizzo, and Pool.

Voting "No" None.

Motion passed 4 to 0 with Boardmember Baker absent.

Board Action - Resolution RDAP-2019-03 - A Resolution of the Development Authority of Pearland (DAP), accepting the quarterly Investment Reports for the periods ending September 2018, December 2018, March 2019, and June 2019.

Boardmember Reid made the motion, seconded by Boardmember Carbone to approve Resolution RDAP-2019-03.

Director of Finance Cynthia Pearson stated every year the last four quarters of Investment Reports are presented to the Board. She further stated the starting balance was \$971,000 and ended with \$964,000 balance. Director of Finance Cynthia Pearson stated the interest earned on that was approximately \$14,000 and is included in the report.

Voting "Aye" Boardmembers Reid, Carbone, Rizzo, and Pool.

Voting "No" None.

Motion passed 4 to 0 with Boardmember Baker absent

Board Action - Resolution No. RDAP-2019-04 - A Resolution of the Development Authority of Pearland (DAP), ratifying checks 1179 through 1183 totaling \$6,125.41.

Boardmember Pool made the motion, seconded by Boardmember Carbone to approve Resolution RDAP-2019-4.

Director of Finance Cynthia Pearson stated since October 2018 five checks have been written totaling \$6,125.41, the bulk to the City of Pearland for professional services and one to Allen Boone Humphries and Robinson for \$125.00 and have been passed and approved by the Invoice Review Committee.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Rizzo, and Pool

Voting "No" None.

Motion passed 4 to 0 with Boardmember Baker absent.

Board Action - Resolution No. RDAP-2019-05 - A Resolution of the Development Authority of Pearland (DAP), approving a contract with Arbitrage Compliance Specialists, Inc. for Arbitrage compliance services.

Boardmember Carbone made the motion, seconded by Boardmember Pool to approve Resolution RDAP-2019-05.

Director of Finance Cynthia Pearson stated IRS regulations state that an entity cannot earn more interest on bond proceeds than it is paying. She further stated this is the contract with Arbitrage Compliance Specialists, Inc who will do the calculations, so the City is in compliance to bring current all rebate reports through September 30 with the total amount of the contract not to exceed \$1,550.00.

Voting "Aye" Boardmembers Reid, Carbone, Rizzo, and Pool

Voting "No" None.

Motion passed 4 to 0 with Boardmember Bake absent.

Board Action- Resolution No. RDAP-2019-06 - 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 \$6,155,147; which includes the amount received from Texas Education Agency (TEA) for tax year 2018 supplemental taxes.

Boardmember Rizzo made the motion, seconded by Boardmember Carbone to approve Resolution RDAP-2019-06.

Director of Finance Cynthia Pearson stated this is for repayment to the developer for the TIRZ and currently there is \$6,155,147 available but will be used to pay off the original developer in

Shadow Creek Ranch, which will decrease this amount. She further stated staff is asking for the amount to be amended to \$4,357,995 and a later Resolution will be made to pay off the remaining balance.

Allan Mueller provided historical data on the Developers in Shadow Creek Ranch and Letter Finance Agreements. He further stated how the available \$6,155,147 was calculated and used for reimbursement of the developers. Allan Mueller stated in the past the Master Developer has been the one getting the reimbursement, but this will pay them off and begin reimbursing the next in line developers. He further provided a breakdown of the outstanding Letter Finance Agreements after the Master Developer is paid.

Lynne Humphries Allan Boone Humphries and Robinson stated Shadow Creek Retail developed the retail area at FM 518 and SH 288. She further stated Shadow Creek Retail sold the rights to Transwestern, who sold to multiple other successors/owners. Lynne Humphries stated that Transwestern maintains they keep the rights to the receivables from the TIRZ, which puts them next in line for reimbursement. She further stated the other successors/owners are stating they have the rights and are next for reimbursement, causing an issue where the next in line has to show proof they are entitled to reimbursement first.

Conversation ensued between Boardmember Carbone, Lynne Humphries and Allen Mueller regarding interest on the Letter of Finance Agreements.

Deputy City Manager Jon Branson asked if the motion could be amended to read no more than \$6,155,147 in the language.

Boardmember Carbone made the motion, seconded by Boardmember Pool to amend the motion to read not to exceed a \$6,155,147 threshold.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Rizzo, and Pool

Voting "No" None.

Motion to amend passed 4 to 0 with Boardmember Baker absent.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Rizzo, and Pool

Voting "No" None.

Original motion passed 4 to 0 with Boardmember Baker absent.

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 2019. Debt Discussion and Overview AIR-19-428

Director of Finance Cynthia Pearson stated this is a third-party agreement between the City, the TIRZ and the Development Authority that states the Development Authority is the debt issuing

component since the TIRZ cannot issue debt. She further stated each year the City brings in an advisor to determine the amount of debt that can be issued.

John Robuck BOSC Financial Advisor provided a brief summary and recommendation on the issuance of Tax Increment Contract Revenue Bonds to be used for the reimbursement of developers. He provided to the Board estimated sources and funds for the TIRZ Revenue Bonds Series 2019 and stated revenue bonds have a current interest rate of 3.295% and a 5.572 year lifespan.

Conversation ensued between Boardmember Carbone, Lynne Humphries Allan Boone Humphries and Robinson and Allen Mueller regarding bonds and the amount of interest that is being earned.

Voting "Aye" Boardmembers Reid, Baker, Carbone, Rizzo, and Pool

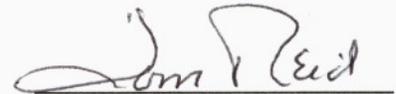
Voting "No" None.

Motion passed 4 to 0 with Boardmember Baker absent.

ADJOURNMENT

Meeting was adjourned at 4:49 p.m.

Minutes approved as submitted and/or corrected this 14th day of October A.D., 2019



TOM REID
CHAIR

ATTEST:



ED BAKER
SECRETARY