

DAP

Development Authority
of Pearland

Regular Meeting
November 10, 2014



THE DEVELOPMENT AUTHORITY OF PEARLAND

CITY OF PEARLAND
REGULAR DAP MEETING
MONDAY, NOVEMBER 10, 2014, 4:00 P.M.
IN THE FIRST FLOOR | CONFERENCE ROOM | PEARLAND CITY HALL
3519 LIBERTY DRIVE
281.652.1600

I. CALL TO ORDER AND ROLL CALL

II. PUBLIC COMMENTS

III. NEW BUSINESS:

1. **Consideration and Possible Action** – Approval of the Development Authority of Pearland Board of Directors Meeting Minutes for September 29, 2014, Special Meeting held at 4:00 P.M. *DAP Board of Directors.*
2. **Consideration and Possible Action – Resolution No. RDAP- 2014-09** – A Resolution of the Development Authority of Pearland (DAP), accepting the Investment Report for the quarter ending September 2014.
3. **Consideration and Possible Action – Resolution No. RDAP- 2014-10** – 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 \$7,920,000.
4. **Consideration and Possible Action – Resolution No. RDAP-2014-11** – A Resolution Authorizing the issuance of \$_____ Development Authority Of Pearland Tax Increment Contract Revenue Bonds, Series 2014; approving documents relating to the Series 2014 Bonds; and containing other provisions related thereto

IV. ADJOURNMENT

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All agenda supporting documents are available at pearlandtx.gov

MINUTES OF A SPECIAL MEETING OF THE DEVELOPMENT AUTHORITY OF PEARLAND, CITY OF PEARLAND TEXAS, HELD ON MONDAY, SEPTEMBER 29, 2014, 4:00 P.M., IN THE FIRST FLOOR CONFERENCE ROOM AT PEARLAND CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

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

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

Others in attendance: Clay Pearson City of Pearland City Manager; Claire Bogard City of Pearland Director of Finance; Rick Overgaard, Assistant Finance Director, Maria E. Rodriguez City of Pearland Deputy City Secretary; Ryan O'Hara BOSC Inc.; Tim Austin Allen Boone Humphries Robinson; Rick Witte, Andrews Kurth LLP, Gary Cook Shadow Creek Ranch, Development Company, Drew Pelter Shadow Creek Ranch Development Company.

NEW BUSINESS:

Board Action – Approval of the Development Authority of Pearland Board of Directors Meeting Minutes for November 11, 2013, Special Meeting held at 4:00 P.M. *DAP Board of Directors.*

Boardmember Reid made the motion, seconded by Boardmember Pool, to approve the Minutes of the November 11, 2013, Development Authority of Pearland Meeting.

Boardmember Carbone joins the meeting at 4:05.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2014-02 – A Resolution of the Development Authority of Pearland (DAP), Accepting the 2013 Annual Financial Report for the Fiscal Year Ending September 30, 2013.

Boardmember Baker made the motion, seconded by Boardmember Pool, to approve Resolution No. RDAP-2014-02.

Rick Overgaard City of Pearland Assistant Director of Finance stated this is the 2013,

Annual Financial Report for Fiscal Year ending September 30, 2013. The report has been provided by Grant Thornton LLP. The audit was a good clean unqualified audit. He provided the Board with a brief overview of the Financial Audit Report.

Brief discussion ensued between Boardmembers and City of Pearland Director of Finance Claire Bogard, regarding Statement of Revenue and Expenditures.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2014-03 – A Resolution of the Development Authority of Pearland (DAP), Accepting the Financial Report for the Period Ending August 31, 2014.

Boardmember Reid made the motion, seconded by Boardmember Sloan, to approve Resolution No. RDAP-2014-03.

Rick Overgaard Assistant Finance Director, stated there is assets in cash and cash equivalents of \$6,130,000 for development reimbursements, and \$4,342,000 to be used for debt service. He stated the money is in interest bearing accounts, one being Wells Fargo, and the other is Regions Bank. There is a small accounts payable of \$600.00 leaving a total equity of \$10,500,000. On the revenue and expenditures there are transfers in the schedule in the amount of \$10,160,000 for debt service and reimbursements to the Developer. The bond proceeds are \$9,150,000 the expenditures are almost \$9,000,000 for professional Services reimbursement to the developer. Bond payment interest of \$1,054,263 principal \$430,000 along with some bond issuance cost of \$10,600,000 net change in fund balance of \$8,700,000 leaving and ending fund balance of \$10,472,000. There was a bond payment on September 1, of \$3,600,000 which will be on the September financial statement.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2014-04 – A Resolution of the Development Authority of Pearland (DAP), Ratifying Checks 1116 through 1125.

Rick Overgaard Assistant Finance Director stated this item is for the Board to ratify checks 1116 through No.1125 for services provided to the Board. These checks were reviewed

and have been approved by the Invoice Review Committee.

Boardmember Reid explained the policy for the Invoice Review Committee which consists of himself, and Boardmember Baker. The Invoice Review Committee signs the checks prior to the meeting making payments in a timely manner and the Board ratifies the checks at the meeting.

Boardmember Pool made the motion, seconded by Boardmember Carbone, to approve Resolution No. RDAP-2014-04.

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

Voting "No" None.

Motion Passed 5 to.

Board Action – Resolution No. RDAP- 2014-05 – A Resolution of the Development Authority of Pearland (DAP), accepting the Investment Report for the quarters ending December 2013, March 2014, and June 2014.

Boardmember Baker made the motion, seconded by Boardmember Carbone, to approve Resolution No. RDAP-2014-05.

Rick Overgaard City of Pearland Assistant Director of Finance provided the Board with details of the Investment Reports for the quarters ending December 2013, March 2014, and June 2014.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2014-06 – A Resolution of the Development Authority of Pearland (DAP), adopting an Amended Investment Policy, Investment Strategy and approved brokers in accordance with Chapter 2256 of the Government Code ("Public Funds Investment Act").

Boardmember Sloan made the motion, seconded by Boardmember Pool, to approve Resolution No. RDAP-2014-06.

Rick Overgaard Assistant Director of Finance stated each year the Board is required to approve any changes to the Investment Policy, Investment Strategy. The investment policy contains only one minor correction and no proposed changes. Under the definition for

Federal Deposit Insurance Corporation (FDIC), the amount of insurance changed from \$100,000 to \$250,000.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP-2014-07 – A Resolution of the Development Authority of Pearland (DAP), Texas approving a contract with Arbitrage Compliance Specialists, Inc. for Arbitrage Compliance Services.

Boardmember Baker made the motion, seconded by Boardmember Carbone, to approve Resolution No. RDAP-2014-07.

Rick Overgaard Assistant Finance Director stated the IRS does not allow the City to earn more interest than the City is paying on debt. This is a contract to renew services with Arbitrage Compliance Specialist, Inc. for the fiscal year 2015. The Arbitrage calculations is in the amount not to exceed \$7,535.00.

Brief discussion ensued between Boardmembers and City of Pearland Finance Director Claire Bogard and Assistant Finance Director Rick Overgaard regarding the Letter for Arbitrage Compliance Services Exhibit "A" needing to reflect the corrected total amount.

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

Voting "No" None.

Motion Passed 5 to 0.

Board Action – Resolution No. RDAP- 2014-08 – 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 \$6,285,000.

Boardmember Pool made the motion, seconded by Boardmember Baker, to approve Resolution No. RDAP-2014-08.

Claire Bogard City of Pearland Director of Finance stated every year at this time the Board is presented with a request for approval of cash reimbursement to the developer. One of the main function of the Board is to issue debt and or use the cash to reimburse the Developers for infrastructure improvements for the TIRZ also known as Shadow Creek

Ranch. The reimbursements are based on Letters of Finance Agreements approved by the TIRZ at their meetings. To date there is approximately \$182.5 million dollars of audited approved Letters of Financing Agreements which have been audited improvements for reimbursement by the TIRZ Board, of which \$97.6 million which has yet to be reimbursed. The amount excludes accrued interest from the principal for construction. To date the Board has issued \$66. million in debt reimbursement to the developer pursuant to the financing plan including interest of which \$38.million has been made in cash. In August, pursuant to the Tri-Party Agreement, a release of 2013 Alvin ISD suspense funds and all monies from the TIRZ, less operating costs were transferred to Regions Bank, the trustee of the bonds. Regions Bank retained the amount required for annual debt service payments (\$4.5 million) and returned the remaining monies, considered surplus and available for developer reimbursement. The TIRZ also received \$1.3 million in September from the Texas Education Supplemental payment (TEA) for 2013 supplemental taxes. Ms. Bogard continued to provide an overview of the latest cash analysis for the Development Authority of Pearland, and stated after retaining \$15,500 for operating costs and \$1.0 million for reserve, there is \$6,285,000 available for reimbursement.

Brief discussion ensued between the Board, Rick Witte, Andrews Kurth LLP, and City of Pearland Finance Director Claire Bogard regarding the accrued interest rate amount calculations.

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

Voting "No" None.

Motion Passed 5 to 0.

Council Possible Action – Discussion on Bond Sale- Series 2014 in the Estimated amount of \$7,770,000.

Ryan O'Hara BOC, Inc., provided an overview of the bond market. The current Bond Buyer index is at 4.17 percent, the Revenue index is at 4.9 percent. This is a 20 and 25 year index corresponding to double-A and an A-plus market. The last couple of sales have been made to Private Placements. The Private Placement means a qualified bank, or financial institution. The Private Placement is provided the financial documents along with a bid sheet and a term package. The Private Placement expenses are less, giving a much better rate, and do not require a reserve amount. A public sale requires a bond insurance, the preparation of documents, getting ratings and having a reserve deposit, roughly about \$815,000 in this case. It is estimated for all cost rate at the Private Placement to be a little over 3.5 percent. We are looking to sell these bonds with the Board's approval on the afternoon of November 10th and then presenting them to Council that evening for approval.

In anticipation of the amortization of these bonds. The TIRZ goes away, and in 2028, money comes around we make a payment in 2029. That is basically a 15 year amortization. These scenarios are based on a 3.25 interest rate in today's market. As part of the Alvin Independent School District agreement we do not bond against them and

they have the option to exit the TIRZ. We do bond against Pearland, Brazoria County, and Fort Bend County, and that is how we determine the sizing. Provided to us by assessments of the Southwest. The schedule we are trying to adhere to is to get the term sheet and the bid sheet out into the market on October 14, 2014. We will come back to the Board and to City Council on November 10, 2014 for approval of the sale, so that we may close on December 9, 2014.

Boardmember Carbone asked if the 7.7 was based on the 3.25 rating, and at which point will the Board issue the proceeds to the Developer.

Claire Bogard City of Pearland Finance Director stated that it is typically wired-out after closing possibly in December.

Ryan O'Hara BOC, Inc., stated for clarification, at this time we are requesting the Board's approval to move forward to distribute the term sheet and get the best rate from all the bidders. The actual bid result will be provided to the Board at the next meeting.

Rick Witte, Andrews Kurth LLP, stated they will provide all the legal documents before the next meeting. They will be similar to the last two transactions in the past with Private Placement Banks.

Boardmember Carbone made a motion second by Boardmember Sloan to express the intent to move forward with the bond issue as described.

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

Voting "No" None.

Motion Passed 5 to 0.

ADJOURNMENT

Meeting was adjourned at 4:47 p.m.

Minutes approved as submitted and/or corrected this the _____ day of _____, A.D., 2014.

Tom Reid
Chair

ATTEST:

Ed Baker
Secretary

**AGENDA REQUEST
DEVELOPMENT AUTHORITY OF PEARLAND
PEARLAND, TEXAS**

AGENDA OF: 11/10/2014 ITEM NO.: Resolution No. RDAP No. 2014-09 DATE SUBMITTED: 11/03/2014 REPRESENTING: City of Pearland PREPARED BY: Rick Overgaard PRESENTOR: Rick Overgaard
SUBJECT: Resolution Accepting the Investment Report for Quarter ending September 2014
EXHIBITS: Resolution RDAP No. 2014-09 Investment Portfolio Report
EXPENDITURE REQUIRED: None PROJECT: N/A

EXECUTIVE SUMMARY

Pursuant to the Public Funds Investment Act, not less than quarterly, the Investment Officer shall prepare and submit to the entity a report of investment transactions.

Attached is the Investment Report for the quarter ending September 30, 2014. Highlights are:

	<u>Dec 2013</u>	<u>Mar 2014</u>	<u>Jun 2014</u>	<u>Sept 2014</u>
• Beginning Book Value	\$ 8,447,238	\$ 1,809,567	\$ 928,030	\$ 922,341
• Ending Book Value	\$ 1,809,567	\$ 928,030	\$ 922,341	\$ 1,932,932
• Increase/ (Decrease) in Portfolio	\$(6,637,671)	\$ (881,537)	\$ (5,689)	\$ 1,010,591
• Interest Earned for Quarter	\$ 717	\$ 364	\$ 311	\$ 1,095
• Weighted Average Maturity	1 Day	1 Day	1 Day	1 Day
• Total Rate of Return	.12%	.10%	.14%	.10%
• Agency Disc Benchmark	.01%	.01%	.01%	.01%
• One Year T-Bill Benchmark	.12%	.12%	.11%	.11%
• Portfolio Composition:				
Money Market	100%	100%	100%	100%
CD	0%	0%	0%	0%

RECOMMENDED ACTION

Accept the September 2014 Quarterly Investment Report.

Revised 2007-01-09

Development Authority of Pearland
Quarterly Investment Report
June 30, 2014 - September 30, 2014
Period 12

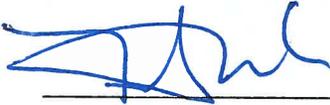
<u>Portfolio at June 30, 2014</u>		<u>Portfolio at September 30, 2014</u>	
Ending Book Value	\$ 922,340.90	Ending Book Value	\$ 1,932,931.60
Ending Market Value	922,340.90	Ending Market Value	1,932,931.60
Accrued Interest Receivable	-	Accrued Interest Receivable	-
Unrealized Gain/(Loss)	-	Unrealized Gain/(Loss)	-
Change in Unrealized Gain/Loss	-	Change in Unrealized Gain/Loss	-
Weighted Average Maturity	1 Day	Weighted Average Maturity	1 Day
Change in Market Value	(5,688.92)	Change in Market Value	1,010,590.70
Yield to Maturity at Cost	0.14%	Yield to Maturity at Cost	0.07%
T-Bill Benchmark	0.11%	T-Bill Benchmark	0.13%
Agency Note Benchmark	0.01%	Agency Note Benchmark	0.01%
<u>Average for Quarter</u>			
	Total Rate of Return		0.10%
	1 Year T-Bill Benchmark Yield		0.11%
	Agency Note Benchmark Yield		0.01%

This quarterly report is in compliance with the investment policy and strategy as established by the City and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Prepared by:


 Claire Bogard
 Director of Finance

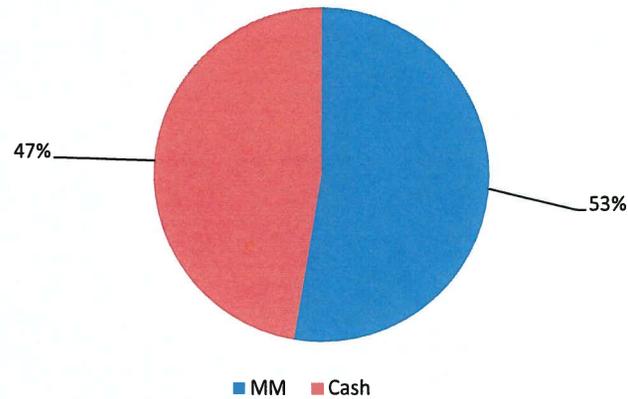

 Rick Overgaard
 Assistant Director of Finance


 Fatima Uwakwe
 Accounting Supervisor

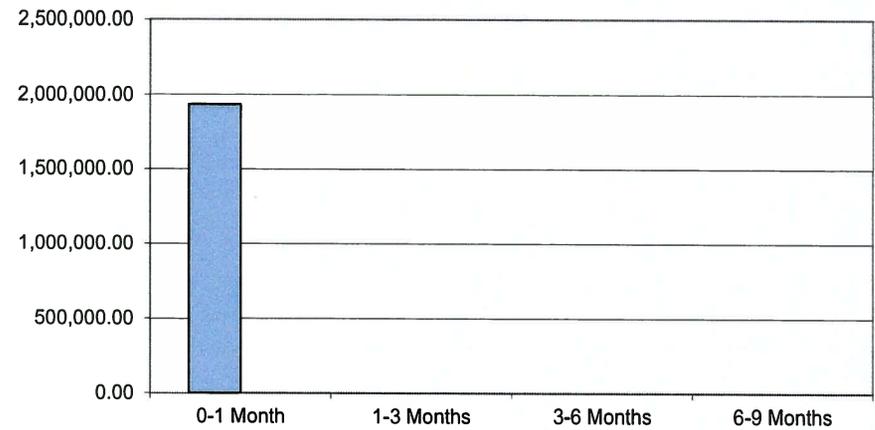
**Development Authority of Pearland
Summary by Type
September 30, 2014**

<u>Description</u>	<u>Face Amount \ Shares</u>		<u>Cost Value</u>		<u>Book Value</u>		<u>Market Value</u>	<u>YTM @ Cost</u>	<u>Days to Maturity</u>	
MM	\$	1,016,477.21	\$	1,016,477.21	\$	1,016,477.21	\$	1,016,477.21	0.14%	1
Cash		916,454.39		916,454.39		916,454.39		916,454.39	0.00%	1
Total/Average	\$	1,932,931.60	\$	1,932,931.60	\$	1,932,931.60	\$	1,932,931.60	0.07%	1

**Group Portfolio Holdings
by Type**



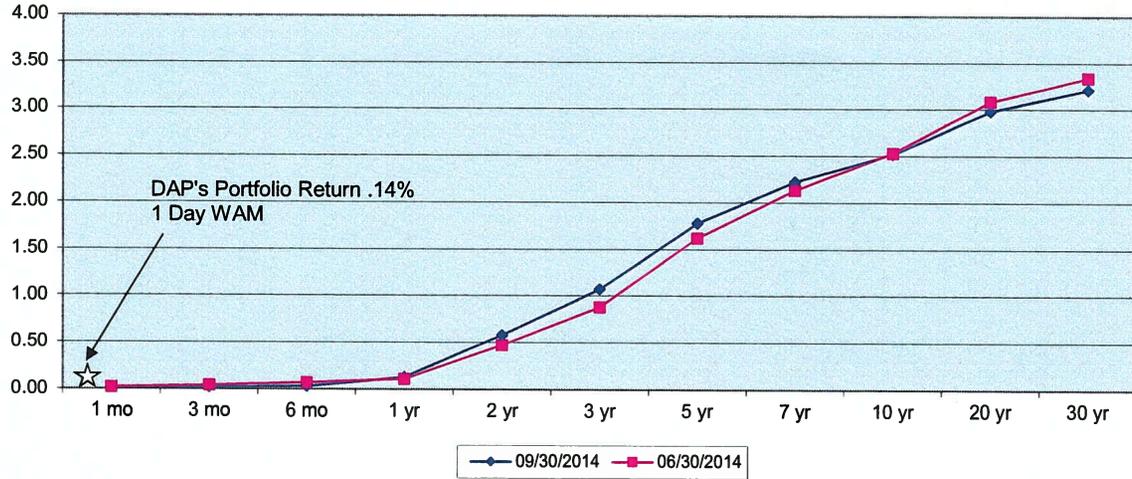
Book Value by Maturity Range



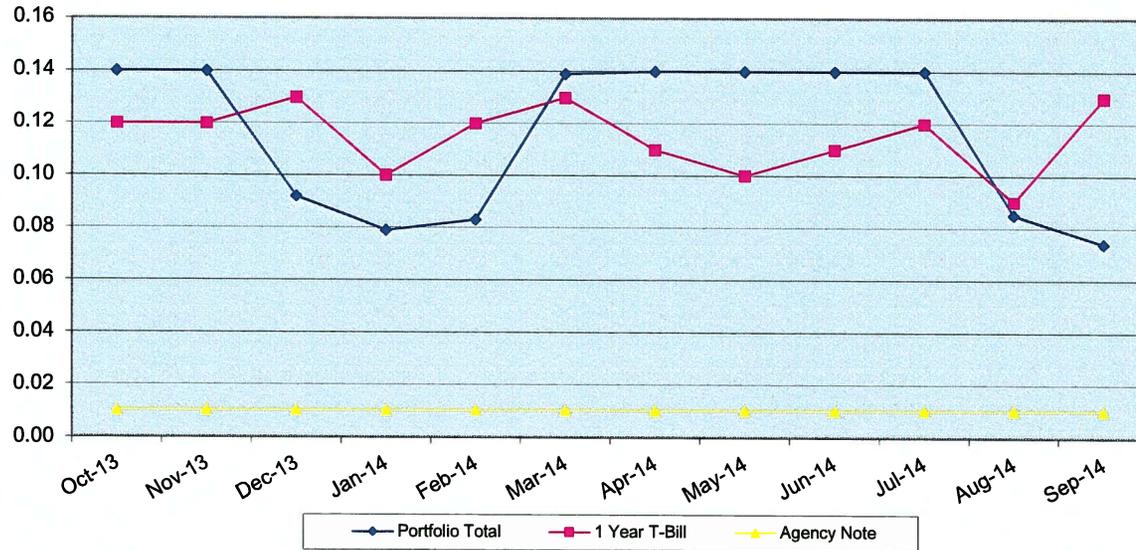
Interest Rates

Date	1 mo	3 mo	6 mo	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	20 yr	30 yr
06/30/2014	0.02	0.04	0.07	0.11	0.47	0.88	1.62	2.13	2.53	3.08	3.34
09/30/2014	0.02	0.02	0.03	0.13	0.58	1.07	1.78	2.22	2.52	2.98	3.21

Yield Curve Comparison



Portfolio vs. Benchmark



City of Pearland
Quarterly Investment Report at Quarterend
 Report Format: By Transaction
 Group By: Security Type
Portfolio/Report Group: 65: Development Authority
As of 9/30/2014

Description	CUSIP/Ticker	Portfolio Name	Settlement Date	Maturity Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Days To Maturity	Accrued Interest	% of Portfolio
Cash												
Regions Bank Cash	RG3948	65: Development Authority	9/1/2012	N/A	0.000	912,154.38	912,154.38	912,154.38	912,154.38	1		47.19
Regions Bank Cash	RG3939	65: Development Authority	10/31/2012	N/A	0.000	4,300.01	4,300.01	4,300.01	4,300.01	1		0.22
Sub Total / Average					0.000	916,454.39	916,454.39	916,454.39	916,454.39	1	0.00	47.41
Money Market												
Wells Fargo Bank MM	WF4258	65: Development Authority	9/30/2006	N/A	0.140	1,016,477.21	1,016,477.21	1,016,477.21	1,016,477.21	1		52.59
Sub Total / Average					0.140	1,016,477.21	1,016,477.21	1,016,477.21	1,016,477.21	1	0.00	52.59
Total / Average					0.074	1,932,931.60	1,932,931.60	1,932,931.60	1,932,931.60	1	0.00	100

City of Pearland

Quarterly Investment Report

Report Format: By CUSIP

Group By: Security Type

Portfolio/Report Group: 65: Development Authority

Begin Date: 6/30/2014, End Date: 9/30/2014

Description	CUSIP/Ticker	Portfolio Name	Ending YTM @ Cost	Maturity Date	Beginning BV	Buy Principal	Sell Principal	Amortized Discount	Amortized Premium	Ending BV	Investment Income-BV
CASH											
Regions Bank Cash	RG3939	65: Development Authority	0.000	N/A	0.29	4,299.72	0.00	0.00	0.00	4,300.01	0.01
Regions Bank Cash	RG3948	65: Development Authority	0.000	N/A	327.48	4,338,210.15	3,426,383.25	0.00	0.00	912,154.38	7.13
Sub Total/Average Cash			0.000		327.77	4,342,509.87	3,426,383.25	0.00	0.00	916,454.39	7.14
MONEY MARKET											
Wells Fargo Bank MM	WF4258	65: Development Authority	0.140	N/A	922,013.13	5,814,335.58	5,719,871.50	0.00	0.00	1,016,477.21	1,088.31
Sub Total/Average Money Market			0.140		922,013.13	5,814,335.58	5,719,871.50	0.00	0.00	1,016,477.21	1,088.31
Total / Average			0.074		922,340.90	10,156,845.45	9,146,254.75	0.00	0.00	1,932,931.60	1,095.45

**Pledged Collateral Reconciliation Report
September 30, 2014**

Bank	Account Number	Account Name	Amount
Wells Fargo	201-0419505	Operating	\$ -
Wells Fargo	201-0419513	Payroll Fund	-
Wells Fargo	001-3042841	Sweep Account	55,723,655.70
Wells Fargo	179-0121790	EMS Payments	-
Wells Fargo	807-1613395	Credit Card Account	-
Wells Fargo	818-4567843	Alvin ISD	4,307,788.83
Wells Fargo	280-7409871	Health Claims	<u>380,657.54</u>
		Total of Bank Balances	\$ 60,412,102.07
		Pledged Collateral for City	79,502,430.65
		FDIC Insurance	<u>250,000.00</u>
		Total Collateral	\$ 79,752,430.65
		Over (Under) Collateralized	\$ 19,340,328.58
		Total % Collateralized	132.0%

Bank	Account Number	Account Name	Amount
Wells Fargo	100-7284258	Development Authority	<u>1,016,477.21</u>
		Total of Bank Balances	\$ 1,016,477.21
		Pledged Collateral for DAP	8,380,786.25
		FDIC Insurance	<u>250,000.00</u>
		Total Collateral	\$ 8,630,786.25
		Over (Under) Collateralized	\$ 7,614,309.04
		Total % Collateralized	849.1%

Bank	Account Number	Amount
Regions	6180003939	\$ 4,300.01
	6180003948	<u>912,154.38</u>
		Total of Bank Balances
		\$ 916,454.39
		Regions Trust Collateral
		\$ 684,783.48
		FDIC Insurance
		<u>250,000.00</u>
		Over (Under) Collateralized
		\$ 18,329.09
		Total % Collateralized
		102.0%
		Total \$ Over (Under) Collateralized
		\$ 26,954,637.62
		Total % Collateralized
		142.2%
		Status
		Collateralized

**AGENDA REQUEST
DEVELOPMENT AUTHORITY OF PEARLAND
PEARLAND, TEXAS**

AGENDA OF: 11/10/2014	ITEM NO.: RDAP 2014-10
DATE SUBMITTED: 10/29/14	REPRESENTING: City of Pearland
PREPARED BY: Claire Bogard	PRESENTOR: Claire Bogard
SUBJECT: Resolution RDAP 2014-10 Authorizing a Developer Reimbursement to Shadow Creek Ranch Development Company LTD to Reimburse for TIRZ Infrastructure Improvements in the amount of \$7,920,000.	
EXHIBITS: Resolution RDAP-2014-10	
EXPENDITURE REQUIRED: Est. \$7,920,000 PROJECT: N/A	

EXECUTIVE SUMMARY

In 2004, by Resolution 2004-107, the City authorized the creation of the Development Authority of Pearland to aid, assist and act on behalf of the City with respect to, and to providing financing for the TIRZ #2, better known as Shadow Creek Ranch, plan of finance. Pursuant to the Tri-Party Agreement between the TIRZ, the City, and the Development Authority, each year in August, all TIRZ revenues after operating expenditures are transferred to the Development Authority for the financing of infrastructure reimbursements.

Financing for the reimbursement of the construction and installation of public infrastructure, pursuant to the plan of finance, is accomplished in two ways; either by the sale of bonds supported by the incremental property value or by the use of cash.

To-date, there is approximately \$182.5 million of audited and actual improvements approved for reimbursement by the TIRZ board, of which \$97.6 million has yet to be reimbursed, excluding accrued interest. On September 29, 2014, the Board approved a cash reimbursement to the developer in the amount of \$6,285,000.

In addition to, the Board just approved \$8,090,000 in Series 2014 bonds yielding \$7,920,000 available for developer reimbursement based on indicative market pricing on October 28, 2014. The actual reimbursement amount will be based on the final results of the bond sale on Monday, November 10, 2014. Payment will be made to the developer upon closing of the Series 2014 bonds, anticipated on December 9, 2014.

RECOMMENDED ACTION

Consideration and approval of a Resolution of the Development Authority of Pearland, Texas authorizing a developer reimbursement to Shadow Creek Ranch Development Company LTD to reimburse for TIRZ infrastructure improvements in the amount of \$7,920,000.

“Board to make amendment upon actual results of the bond sale”

RESOLUTION NO. RDAP-2014-10

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 \$7,920,000.

BE IT RESOLVED BY DAP BOARD OF DIRECTORS:

Section 1. That the Board of Directors hereby authorizes a reimbursement in the amount of \$7,920,000 to Shadow Creek Ranch Development Company LTD for TIRZ infrastructure improvements upon receipt of bond proceeds.

PASSED, APPROVED, AND ADOPTED this _____ day of _____
A.D 2014.

Development Authority of Pearland
Chairman

ATTEST:

Development Authority of Pearland
Secretary

**AGENDA REQUEST
DEVELOPMENT AUTHORITY OF PEARLAND
PEARLAND, TEXAS**

AGENDA OF: 11/10/2014	ITEM NO.: Resolution No. RDAP 2014-11
DATE SUBMITTED: 10/29/14	REPRESENTING: City of Pearland
PREPARED BY: Claire Bogard	PRESENTOR: Ryan O'Hara
SUBJECT: Resolution Authorizing the Issuance of Development Authority of Pearland Tax Increment Contract Revenue Bonds, Series 2014; Approving Documents Relating to the Series 2014 Bonds; and Containing other Provisions Related Thereto	
EXHIBITS: Resolution RDAP 2014-11 PowerPoint Presentaion	
EXPENDITURE REQUIRED: None PROJECT: N/A	

EXECUTIVE SUMMARY

In 1998, by Ordinance No. 891, the City of Pearland created Tax Reinvestment Zone Number Two (TIRZ), otherwise known as Shadow Creek Ranch. The purpose of the TIRZ is to provide financial assistance through public-private partnership enabling the construction and installation of public works facilities including streets, street lights, drainage, water and sewer utilities among others and in 1999, by Ordinance 918 and as amended since then, the financing plan for the TIRZ was approved.

Upon creation of the Zone, new development and the property value and property taxes thereon by the participating entities in the Zone (City of Pearland, Alvin ISD, Brazoria and Fort Bend County) is used to reimburse the developer(s) for the public infrastructure as outlined in the TIRZ financing plan.

In 2004, by Resolution 2004-107, the City authorized the creation of the Development Authority of Pearland to aid, assist and act on behalf of the City with respect to, and to providing financing for the TIRZ plan of finance. Pursuant to the Tri-Party Agreement between the TIRZ, the City, and the Development Authority, each year in August, all TIRZ revenues after operating expenditures are transferred to the Development Authority for the financing of infrastructure reimbursements.

Financing for the reimbursement of the construction and installation of public infrastructure, pursuant to the plan of finance, is accomplished in two ways; either by the sale of bonds supported by the incremental property value or by the use of cash.

To-date, there is approximately \$182.5 million of audited and actual improvements approved for reimbursement by the TIRZ board, of which \$97.6 million has yet to be reimbursed, excluding accrued interest. On September 29, 2014, the Board approved a cash reimbursement to the developer in the amount of \$6,285,000.

At that same meeting, the Authority's Financial Advisor, BOSC, Inc. presented a financial analysis based on estimated values as of 7/1/2014, and recommended the board proceed with a competitive private placement of bonds. A private placement keeps bond closing costs to a minimum and negates the need for a reserve on the bonds, which increases the amount available to the developer. The Board concurred and bid forms were prepared and distributed to 17 financial institutions with bids due on Monday, November 10, 2014.

As of October 28, 2014, based on indicative market pricing, the estimated amount of the bond sale would have been \$8,090,000 with \$7,920,000 available for developer reimbursement. The bonds will actually be priced on Monday, November 10, 2014 with final results presented at the Board meeting. Upon final results, the resolution authorizing the issuance will be completed in its entirety.

With this issuance, the Development Authority will have issued approximately \$74.155 million in debt with approximately \$65.525 million outstanding after this bond sale. Based on an assumed interest rate of 2.65%, reflective of October 28 indicative market pricing, average annual debt service on Series 2014 bonds is \$652,000 and average annual debt service on all debt is \$5.573 million. The Authority maintains its 1.25 bond coverage ratio. All debt is paid off in 2029.

BOSC, Inc., the Authority's financial advisor, will be present to discuss the final results and recommendation of award. After Board approval, City Council is set to take action on the sale at the Council meeting the same night. Bond closing is anticipated December 9, 2014.

RECOMMENDED ACTION

Consideration and approval of a Resolution Authorizing the Issuance of Development Authority of Pearland Tax Increment Contract Revenue Bonds, Series 2014; Approving Documents Relating to the Series 2014 Bonds, and Containing Other Provisions Related Thereto.

DRAFT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$_____ DEVELOPMENT AUTHORITY OF PEARLAND TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2014; APPROVING DOCUMENTS RELATING TO THE SERIES 2014 BONDS; AND CONTAINING OTHER PROVISIONS RELATED THERETO

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DEVELOPMENT AUTHORITY OF PEARLAND:

ARTICLE I

RECITALS

WHEREAS, by Ordinance No. 891, adopted on December 21, 1998, the City of Pearland (the "City") created Reinvestment Zone Number Two, City of Pearland, Texas (the "TIRZ") pursuant to Chapter 311, Texas Tax Code, and by Ordinance No. 1276, adopted on July 10, 2006, the City approved an annexation of land into the TIRZ; and

WHEREAS, by Ordinance No. 918, adopted on August 23, 1999, the City approved a preliminary project plan for the TIRZ and a preliminary reinvestment zone financing plan for the TIRZ, which it amended by Ordinance No. 1276, adopted on July 10, 2006, by Ordinance No. 1312 adopted on November 13, 2006, and by Ordinance No. 1314, adopted on November 13, 2006; and

WHEREAS, by Resolution No. 2004-107, adopted on June 28, 2004, the City authorized the creation of the Development Authority of Pearland (the "Authority") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to, and to provide financing for the TIRZ; and

WHEREAS, by Ordinance No. R2004-17, adopted on October 11, 2004, the City approved and on October 5, 2004, the Boards of Directors of the TIRZ and the Authority approved that certain Agreement by and between the City, the TIRZ, and the Authority, as amended by Amendment No. 1 to the Tri-Party Agreement, dated September 17, 2007 (collectively, the "Tri-Party Agreement"), pursuant to which the City delegated to the Authority the power and authority to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Tri-Party Agreement; and

WHEREAS, the Authority has currently outstanding its \$56,915,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2012) and its \$9,150,000 Tax Increment Contract Revenue Bonds, Series 2013; and

WHEREAS by the Resolution adopted on November 10, 2014, the City authorized the Authority to issue, sell, or deliver its Tax Increment Contract Revenue Bonds, Series 2014; and

WHEREAS, as permitted by the Act, the Authority desires to issue its Tax Increment Contract Revenue Bonds, Series 2014 upon the terms and conditions and for the purposes herein provided.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1: Definitions. In this Resolution, the following terms shall have the following meanings, unless the context clearly indicates otherwise. Terms not defined herein shall have the meanings assigned to such terms in the Indenture:

The term "Business Day" shall mean any day which is not a Saturday, Sunday, or a day on which banking institutions in the city where the designated payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or a legal holiday.

The "Code" means the Internal Revenue Code of 1986, as amended.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Highest Lawful Rate" shall mean with respect to the Series 2014 Bonds the maximum net effective interest rate permitted by law to be paid thereon as provided by Chapter 1204, Texas Government Code, as amended, or any successor thereto.

The term "Indenture" shall mean the Indenture of Trust dated as of May 1, 2012, between the Authority and Regions Bank, as Trustee.

The term "Initial Series 2014 Bond" shall mean the Initial Series 2014 Bond authorized by Section 3.4(d).

The term "Interest Payment Date" shall mean, with respect to the Series 2014 Bonds, March 1, 2015 and each September 1 and March 1 thereafter until maturity or redemption..

The term "Issuance Date" shall mean the date on which each such Series 2014 Bond is authenticated by the Paying Agent/Registrar and delivered to and paid for by the Purchaser.

The term "Purchaser" shall mean the _____ as initial purchaser of the Series 2014 Bonds.

The term "Paying Agent/Registrar" shall mean _____, and its successors in that capacity.

The term "Record Date" shall mean, for any Interest Payment Date, the fifteenth (15th) calendar day of the month next preceding each Interest Payment Date.

The term "Resolution" or "Bond Resolution" shall mean this Resolution Authorizing the Issuance of \$_____ Development Authority of Pearland Tax Increment Contract Revenue Bonds, Series 2014, and all amendments hereof and supplements hereto.

The term "Series 2014 Bond" or "Series 2014 Bonds" shall mean the Authority's Tax Increment Contract Revenue Bonds, Series 2014 authorized by this Resolution.

Section 2.2: Interpretations. All terms defined herein and all pronouns used in this Resolution shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Parity Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Parity Bonds.

ARTICLE III

TERMS OF THE SERIES 2014 BONDS

Section 3.1: Amount, Purpose, Authorization. The Series 2014 Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (1) paying Project Costs and (2) paying costs of issuance, all under and pursuant to the authority of the Act and all other applicable law. None of the proceeds of the Series 2014 Bonds shall be used for the purpose of paying or otherwise providing for educational facilities.

Section 3.2: Name, Designation, Date, and Interest Payment Dates. The Series 2014 Bonds shall be designated as the "DEVELOPMENT AUTHORITY OF PEARLAND TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2014," shall be issued in fully registered form, without coupons and shall be dated November 15, 2014 (the "Dated Date"). The Series 2014 Bonds shall bear interest at the rates set forth in Section 3.3 from the later of the date of delivery, or the most recent Interest Payment

Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable, semiannually on March 1 and September 1, commencing March 1, 2015, until maturity or earlier redemption.

Section 3.3: Principal Amounts and Interest Rates; Numbers and Denomination. The Series 2014 Bonds shall be initially issued in the principal amounts and bearing interest at the rates set forth below, and may be transferred and exchanged as set out in this Resolution. The Series 2014 Bonds shall mature, subject to prior redemption in accordance with this Resolution, on September 1, 2029. The Series 2014 Bonds shall accrue interest from the date of delivery at an interest rate of ____% per annum. The Initial Bond shall be numbered I-1 and the definitive Series 2014 Bonds shall be numbered with R-1. Series 2014 Bonds delivered on transfer of or in exchange for other Series 2014 Bonds shall be numbered in the order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$100,000 or \$5,000 increments thereof, and shall mature on the same date and bear interest at the same rate as the Series 2014 Bond or Series 2014 Bonds in lieu of which they are delivered. The Bonds will be subject to mandatory sinking fund redemption in installments according to the following schedule:

<u>Principal Amount</u>	<u>Maturity Date</u> <u>September 1</u>	<u>Interest Rate</u>
\$	2015	%
	2016	
	2017	
	2018	
	2019	
	2020	
	2021	
	2022	
	2023	
	2024	
	2025	
	2026	
	2027	
	2028	
	2029	

Section 3.4: Execution and Registration of Series 2014 Bonds. (a) The Series 2014 Bonds shall be signed by the Chair or Vice Chair or Director of the Board and countersigned by the Secretary or Director of the Board, by their manual, lithographed, or facsimile signatures. Such facsimile signatures on the Series 2014 Bonds shall have the same effect as if each of the Series 2014 Bonds had been signed manually and in person by each of said Directors or officers.

(b) If any Director or officer of the Authority whose manual or facsimile signature shall appear on the Series 2014 Bonds shall cease to be such Director or officer before the authentication of such Series 2014 Bonds or before the delivery of such Series 2014 Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such Director or officer had remained in such office.

(c) Except as provided below, no Series 2014 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Paying Agent/Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Series 2014 Bond delivered at the Issuance Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Series 2014 Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Authority, and has been registered by the Comptroller.

(d) On the Issuance Date, the Initial Series 2014 Bond, being a single bond representing the entire principal amount of the Series 2014 Bonds, payable in stated installments to the Purchaser or their designee, executed by manual or facsimile signature of the Chair or Vice Chair and Secretary or Director of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, shall be delivered to the Purchaser or their designee. Upon payment for the Initial Series 2014 Bond, the Paying Agent/Registrar shall cancel the Initial Series 2014 Bond and deliver the definitive Series 2014 Bonds to the Purchaser in accordance with Section 3.12.

Section 3.5: Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the registrar and paying agent for the Series 2014 Bonds. The principal of the Series 2014 Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the designated office of the Paying Agent/Registrar. The interest on each Series 2014 Bond shall be payable by check on the Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Owner.

If the date for the payment of principal or interest on any Series 2014 Bond is not a Business Day, then the date for such payment shall be the next succeeding Business

Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 3.6: Successor Paying Agent/Registrars. The Authority covenants that at all times while any Series 2014 Bonds are Outstanding it will provide a commercial bank, or trust company or other entity duly qualified and legally authorized to act as Paying Agent/Registrar for the Series 2014 Bonds. The Authority reserves the right to change the Paying Agent/Registrar for the Series 2014 Bonds on not less than sixty (60) days written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding principal or interest payment date on the Series 2014 Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.7: Special Record Date. If interest on any Series 2014 Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Authority. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of record of an affected Series 2014 Bond as of the close of business on the day prior to the mailing of such notice.

Section 3.8: Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Authority, the Paying Agent/Registrar and any other person may treat the person in whose name any Series 2014 Bond is registered as the absolute Owner of such Series 2014 Bond for the purpose of making and receiving payment of the principal of or interest on such Series 2014 Bond, and for all other purposes, whether or not such Series 2014 Bond is overdue, and neither the Authority nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Series 2014 Bond in accordance with this Section 3.8 shall be valid and effectual and shall discharge the liability of the Authority and the Paying Agent/Registrar upon such Series 2014 Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Series 2014 Bonds remaining unclaimed by the Owner after the

expiration of three (3) years from the date such amounts have become due and payable shall be remitted to the Authority, except to the extent that they are required by law to be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.9: Registration of Bonds. (a) The Series 2014 Bonds shall be registered in the name of _____.

(b) Notwithstanding any other provision of this Resolution to the contrary, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Series 2014 Bond is registered in the Register as the absolute Owner of such Series 2014 Bond for the purpose of payment of principal of and interest on the Series 2014 Bonds, for the purpose of giving notices of redemption and other matters with respect to such Series 2014 Bond, for the purpose of registering transfer with respect to such Series 2014 Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Series 2014 Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payments of principal, premium, if any, and interest on the Series 2014 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Series 2014 Bond certificate evidencing the obligation of the Authority to make payments of amounts due pursuant to this Resolution.

Section 3.10: Reserved.

Section 3.11: Reserved.

Section 3.12: Registration, Transfer, and Exchange. So long as any Series 2014 Bonds remain Outstanding, the Paying Agent/Registrar shall keep the Register at its designated office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Series 2014 Bonds in accordance with the terms of this Resolution.

Each Series 2014 Bond shall be transferable only upon the presentation and surrender thereof at the designated office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Series 2014 Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, a new Series 2014 Bond or Series 2014 Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, aggregate principal amount, and

Dated Date, and bearing interest at the same rate as the Series 2014 Bond or Series 2014 Bonds so presented.

All Series 2014 Bonds shall be exchangeable upon presentation and surrender thereof at the designated office of the Paying Agent/Registrar for a Series 2014 Bond or Series 2014 Bonds of the same maturity, Dated Date, and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Series 2014 Bond or Series 2014 Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate, deliver and exchange Series 2014 Bonds in accordance with the provisions of this Section 3.12. Each Series 2014 Bond delivered in accordance with this Section 3.12 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2014 Bond or Series 2014 Bonds in lieu of which such Series 2014 Bond is delivered.

The Authority or the Paying Agent/Registrar may require the Owner of any Series 2014 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Series 2014 Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the Authority.

The Paying Agent/Registrar shall not be required to transfer or exchange any Series 2014 Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Series 2014 Bond called for redemption during the period beginning thirty days prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that this limitation shall not apply to the exchange by the Owner of the unredeemed portion of a Series 2014 Bond called for redemption in part.

The Bonds are transferable pursuant to this Resolution and the terms of the Private Placement Letter between the Authority and the Purchaser.

ARTICLE IV

Section 4.1: Cancellation of Series 2014 Bonds. All Series 2014 Bonds paid or redeemed in accordance with this Resolution, and all Series 2014 Bonds in lieu of which exchange Series 2014 Bonds or replacement Series 2014 Bonds are authenticated and delivered in accordance herewith, shall be cancelled upon the making of proper records regarding such payment or redemption and retained in accordance with the Paying Agent/Registrar's document retention policy. Upon request of the Authority therefore, the Paying Agent/Registrar shall furnish the Authority with appropriate certificates of cancellation of such Series 2014 Bonds.

Section 4.2: Mutilated, Lost, or Stolen Series 2014 Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Series 2014 Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Series 2014 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Authority or the Paying Agent/Registrar may require the Owner of such Series 2014 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar.

If any Series 2014 Bond is lost, apparently destroyed, or wrongfully taken, the Authority, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2014 Bond has been acquired by a bona fide purchaser, shall execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Series 2014 Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding, provided that the Owner thereof shall have:

- (1) furnished to the Authority and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Series 2014 Bond;
- (2) furnished such security or indemnity as may be required by the Paying Agent/Registrar and the Authority to save them harmless;
- (3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and
- (4) met any other reasonable requirements of the Authority and the Paying Agent/Registrar.

If, after the delivery of such replacement Series 2014 Bond, a bona fide purchaser of the original Series 2014 Bond in lieu of which such replacement Series 2014 Bond was issued presents for payment such original Series 2014 Bond, the Authority and the Paying Agent/Registrar shall be entitled to recover such replacement Series 2014 Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Authority or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Series 2014 Bond has become or is about to become due and payable, the Authority in its discretion

may, instead of issuing a replacement Series 2014 Bond, authorize the Paying Agent/Registrar to pay such Series 2014 Bond.

Each replacement Series 2014 Bond delivered in accordance with this Section 3.14 shall be entitled to the benefits and security of this Resolution to the same extent as the Series 2014 Bond or Series 2014 Bonds in lieu of which such replacement Series 2014 Bond is delivered.

Section 4.3: Redemption. The Series 2014 Bonds are subject to optional and mandatory sinking fund redemption on the dates and for the redemption prices set forth in the form of the Series 2014 Bond in this Resolution.

Principal amounts may be redeemed only in integrals of \$100,000. If a Series 2014 Bond subject to redemption is in a denomination larger than \$100,000, a portion of such Series 2014 Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Series 2014 Bonds for redemption, the Paying Agent/ Registrar shall treat each Series 2014 Bond as representing that number of Series 2014 Bonds of \$100,000 denomination or any integral multiple of \$5,000 in excess thereof. The Paying Agent/Registrar shall select the particular Series 2014 Bonds to be redeemed within any given maturity by lot or other random selection method. Upon surrender of any Series 2014 Bond for redemption in part, the Paying Agent/Registrar, in accordance with this Resolution, shall authenticate and deliver in exchange therefor a Series 2014 Bond or Series 2014 Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Series 2014 Bond so surrendered.

Unless waived by the Owner, notice of any redemption identifying the Series 2014 Bonds to be redeemed shall be given as provided in the form of Series 2014 Bond in this Resolution. Any notice given as provided in this Section 3.15 shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Series 2014 Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Series 2014 Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Series 2014 Bonds or portions thereof so redeemed shall no longer be regarded as Outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Series 2014 Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Section 4.4: Limited Obligations. THE SERIES 2014 BONDS AND ALL PARITY BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED REVENUES, WHICH IS THE SOLE ASSET OF THE AUTHORITY PLEDGED THEREFOR. THE SERIES 2014 BONDS ARE OBLIGATIONS

SOLELY OF THE AUTHORITY AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF PEARLAND, THE STATE OF TEXAS, ALVIN INDEPENDENT SCHOOL DISTRICT, BRAZORIA COUNTY, FORT BEND COUNTY OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. NEITHER THE CITY OF PEARLAND, ALVIN INDEPENDENT SCHOOL DISTRICT, BRAZORIA COUNTY NOR FORT BEND COUNTY IS OBLIGATED TO MAKE PAYMENTS ON THE SERIES 2014 BONDS.

ARTICLE V

FORM OF SERIES 2014 BONDS AND CERTIFICATES

Section 5.1: Forms. The form of the Series 2014 Bonds, including the form of the Paying Agent/Registrar’s authentication certificate, the form of assignment, and the form of the Comptroller’s Registration Certificate for the Series 2014 Bonds to be initially issued, shall be substantially as follows, with such additions, deletions and variations, as may be necessary or desirable and not prohibited by this Resolution:

(a) Form of Bond

United States of America
State of Texas

Number _____ Registered
\$ _____

DEVELOPMENT AUTHORITY OF PEARLAND
TAX INCREMENT CONTRACT REVENUE BOND
SERIES 2014

INTEREST RATE: ____% MATURITY DATE: September 1, 2029
DATED DATE: November 15, 2015

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ THOUSAND AND NO/100 DOLLARS

The DEVELOPMENT AUTHORITY OF PEARLAND (the “Authority”), a not-for-profit local government corporation created by the City of Pearland (the “City”), in the Counties of Brazoria, Fort Bend and Harris, in the State of Texas, for value received, promises to pay, but solely from certain Pledged Revenues as hereinafter provided, to

the Registered Owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this Series 2014 Bond at the designated office of the Paying Agent/Registrar (the "Paying Agent/Registrar"), initially, \$_____, the principal amount identified above, such principal is legal tender for the payment of debts due the United States of America, and to pay, solely from such Pledged Revenues, interest thereon to be paid as described herein, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the date of delivery to the Purchaser, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Series 2014 Bond is payable by check on March 1 and September 1, beginning on March 1, 2015, mailed to the Registered Owner as shown on the books of registration kept by the Paying Agent/Registrar as of the fifteenth (15th) calendar day of the month next preceding each interest payment date, or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Registered Owner.

THIS SERIES 2014 BOND shall be subject to mandatory sinking fund redemption in installments according the following schedule (insert schedule from Section 3.3):

THE SERIES 2014 BONDS AND ALL PARITY BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED REVENUES, WHICH IS THE SOLE ASSET OF THE AUTHORITY PLEDGED THEREFOR. THE SERIES 2014 BONDS ARE OBLIGATIONS SOLELY OF THE AUTHORITY AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF PEARLAND, THE STATE OF TEXAS, ALVIN INDEPENDENT SCHOOL DISTRICT, BRAZORIA COUNTY, FORT BEND COUNTY, HARRIS COUNTY OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. NEITHER THE CITY OF PEARLAND, ALVIN INDEPENDENT SCHOOL DISTRICT, BRAZORIA COUNTY, FORT BEND COUNTY NOR HARRIS COUNTY IS OBLIGATED TO MAKE PAYMENTS ON THE SERIES 2014 BONDS.

THIS SERIES 2014 BOND IS ONE OF A DULY AUTHORIZED SERIES OF SERIES 2014 BONDS aggregating \$_____issued for the purpose of (1) paying Project Costs and (2) paying costs of issuance, all under and pursuant to the authority of the Act and all other applicable laws, and a resolution adopted by the Authority on November 10, 2014 (the "Resolution"). None of the proceeds of the Series 2014 Bonds shall be used for the purpose of paying or otherwise providing for educational facilities. Terms not otherwise defined herein shall have the meaning ascribed thereto in the Resolution.

THIS SERIES 2014 BOND AND THE SERIES OF WHICH IT IS A PART are limited obligations of the Authority that are together with all other Parity Bonds

heretofore or hereafter issued under the Indenture described below, payable from, and are equally and ratably secured by a lien on the Pledged Revenues, which include the Contract Tax Increments, moneys on deposit in the Pledged Revenue Fund, the Debt Service Fund, and interest earned on moneys deposited therein, as defined and more fully provided in the Indenture of Trust dated as of May 1, 2012, between the Authority and Regions Bank, as Trustee (the "Indenture"). This Series 2014 Bond and the series of which it is a part and all other Parity Bonds, together with the interest thereon, are payable solely from such Pledged Revenues.

THE AUTHORITY RESERVES THE RIGHT at its option, to redeem in whole or in part the Series 2014 Bonds on and after September 1, 2024, at par plus accrued interest on the amounts called for redemption to the date fixed for redemption.

UNLESS WAIVED BY THE OWNER, NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the Registered Owners of each Series 2014 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Paying Agent/Registrar. Such notices shall state the redemption date, the redemption price, the place at which Series 2014 Bonds are to be surrendered for payment and, if less than all Series 2014 Bonds Outstanding of a particular maturity are to be redeemed, the numbers of the Series 2014 Bonds or portions thereof of such maturity to be redeemed. When Series 2014 Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS SERIES 2014 BOND IS TRANSFERABLE only upon presentation and surrender at the designated office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS SERIES 2014 BOND IS EXCHANGEABLE at the designated office of the Paying Agent/Registrar for Series 2014 Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

NEITHER THE AUTHORITY NOR THE PAYING AGENT/REGISTRAR shall be required to transfer or exchange any Series 2014 Bond during the period beginning on the fifteenth calendar day of the month next preceding any interest payment date and ending on such interest payment date or to transfer any Series 2014 Bond called for redemption during the 30 day period prior to the redemption date.

THIS SERIES 2014 BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Series 2014 Bond is either (i)

registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE AUTHORITY HAS RESERVED THE RIGHT to issue Additional Parity Bonds, subject to the restrictions contained in the Resolution and the Indenture, which may be equally and ratably payable from, and secured by a lien on and pledge of, the Pledged Revenues in the same manner and to the same extent as the Parity Bonds and this Series 2014 Bond and the series of which it is a part.

IT IS HEREBY DECLARED AND REPRESENTED that this Series 2014 Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Series 2014 Bond have been performed, existed, and been done in accordance with law; that the Series 2014 Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this Series 2014 Bond and all of the Parity Bonds by the creation of the aforesaid lien on and pledge of the Pledged Revenues as provided in the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Series 2014 Bond to be executed by the manual or facsimile signatures of the Chair and Director.

DEVELOPMENT AUTHORITY OF
PEARLAND

Chair, Board of Directors

Director, Board of Directors

(b) Form of Registration Certificate of Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Series 2014 Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Series 2014 Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Paying Agent/Registrar's Authentication Certificate

AUTHENTICATION CERTIFICATE

It is hereby certified that this Series 2014 Bond
has been delivered pursuant to the Bond
Resolution described in the text of this
Series 2014 Bond.

By: _____

Authorized Signature

Date of Authentication: _____

(d) Form of Assignment

Assignment

For value received, the undersigned hereby sells, assigns, and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Series 2014 Bond and all rights thereunder, and hereby irrevocably
constitutes and appoints _____
attorney to transfer said Series 2014 Bond on the books kept for registration thereof,
with full power of substitution in the premises.

DATED: _____

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed
by an institution which is a participant in
the Securities Transfer Agent Medallion
Program ("STAMP") or similar program.

Registered Owner
NOTICE: The signature above must
correspond to the name of the Registered
Owner as shown on the face of this Bond
in every particular, without any alteration,
enlargement or change whatsoever.

(e) The Initial Series 2014 Bond shall be in the form set forth in paragraphs
(a), (b) and (d) of this Section, except for the following alterations:

(i) the Initial Series 2014 Bond shall be numbered I-1

Section 5.2: Legal Opinion. The approving opinion of Bond Counsel may be
printed on the Series 2014 Bonds, but errors or omissions in the printing of such opinion
or such numbers shall have no effect on the validity of the Series 2014 Bonds.

ARTICLE VI

ADDITIONAL BONDS

Section 6.1: Additional Parity Bonds. The Authority reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a lien on the Pledged Revenues, on a parity with the Series 2014 Bonds, and any previously issued Parity Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 6.2: Subordinate Lien Obligations. The Authority reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purposes.

ARTICLE VII

COVENANTS AND PROVISIONS RELATING TO ALL PARITY BONDS

Reference is made to Article V of the Indenture. All covenants made by the Authority therein are hereby incorporated into this Resolution.

ARTICLE VIII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF SERIES 2014 BONDS

Section 8.1: Sale. The Series 2014 Bonds are hereby sold to the Purchaser by means of a private placement, and the price at the par value thereof, is hereby approved and delivery of the Series 2014 Bonds to the Purchaser shall be made upon payment therefor in accordance with the terms of sale and the terms and conditions of the Private Placement Letter, which is attached hereto as Exhibit A, and is hereby approved, and such price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the Authority. The Chair and other appropriate officers, agents and representatives of the Authority are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Series 2014 Bonds.

Section 8.2: Application of Proceeds. Proceeds from the sale of the Series 2014 Bonds shall, promptly upon receipt by the Trustee, be applied as follows:

- (a) \$_____ from proceeds shall be deposited in the Project Fund.
- (b) \$_____ from proceeds shall be used to pay Cost of Issuance.
- (c) All remaining proceeds from the sale of the Series 2014 Bonds shall be deposited into the Debt Service Fund.

ARTICLE IX

TAX EXEMPTION

Section 9.1: Federal Income Tax Exclusion. (a) General. The Authority intends that the interest on the Series 2014 Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the 'Code), and the applicable Income Tax Regulations (the "Regulations"). The Authority covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Series 2014 Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the Authority covenants and agrees to comply with each requirement of this Section 8.1; provided, however, that the Authority shall not be required to comply with any particular requirement of this Section 8.1 if the Authority has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2014 Bonds or if the Authority has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 8.1 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 8.1.

(b) No Private Use or Payment and No Private Loan Financing. The Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2014 Bonds are delivered, that proceeds of the Series 2014 Bonds will not be used, in a manner that would cause the Series 2014 Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the Authority covenants and agrees that it will make such use of the proceeds of the Series 2014 Bonds including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Series 2014 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The Authority covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Series 2014 Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The Authority covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2014 Bonds to be hedge bonds within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2014 Bonds are delivered, the Authority will reasonably expect that the proceeds of the Series 2014 Bonds will not be used in a manner that would cause the Series 2014 Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the Authority covenants and agrees that it will make such use of the proceeds of the Series 2014 Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Series 2014 Bonds, and take such other and further action as may be required so that the Series 2014 Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the Authority does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the Authority will take all necessary steps to comply with the requirement that certain amounts earned by the Authority on the investment of the “gross proceeds” of the Series 2014 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Authority will (i) maintain records regarding the investment of the gross proceeds of the Series 2014 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2014 Bonds separately from records of amounts on deposit in the funds and accounts of the Authority allocable to other bond issues of the Authority or moneys which do not represent gross proceeds of any bonds of the Authority, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2014 Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Series 2014 Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Authority will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to

any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Series 2014 Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The Authority covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2014 Bonds are issued, an information statement concerning the Series 2014 Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Resolution, the Authority's obligations under the covenants and provisions of this Section 8.1 shall survive the defeasance and discharge of the Series 2014 Bonds.

Section 9.2: Continuing Obligation. Notwithstanding any other provision of this Resolution, the Authority's representations and obligations under the covenants and provisions of this Article VIII shall survive the defeasance and discharge of the Series 2014 Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

Section 9.3: Qualified Tax-Exempt Obligations. The Series 2014 Bonds are NOT Qualified Tax-Exempt Obligations for financial institutions.

ARTICLE X

AUTHORIZATION AND CONFIRMATION OF AGREEMENTS

Section 10.1: Agreements. The Board hereby approves issuance of the Series 2014 Bonds and all reasonable agreements necessary or convenient in connection with the issuance of the Series 2014 Bonds, including without limitation the following: Private Placement Letter by and between the Authority and _____, the Purchaser, in the form attached hereto as Exhibit A; the Paying/Agent Agreement attached hereto as Exhibit B; the Indenture attached hereto as Exhibit C; and any and all other documents and agreements reasonable and necessary to issue the Series 2014 Bonds (collectively, the "Agreements"). The Board, by a majority vote of its members, at a regular meeting, hereby approves the form, terms, and provisions of the Agreements and authorizes the execution and delivery of the Agreements.

ARTICLE XI

MISCELLANEOUS

Section 11.1: Further Proceedings. The Chair, Vice Chair, Secretary, Directors, and other appropriate officials of the Authority are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the intent, purposes and terms of this Resolution, including the execution and delivery of such certificates, documents or papers necessary and advisable.

Section 11.2: Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11.3: Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

Section 11.4: Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Paying Agent/Registrar, the Trustee and the Owners of the Series 2014 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, the Trustee and the Owners of the Series 2014 Bonds.

Section 11.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 11.6: Effective Date. This Resolution shall become effective immediately upon passage by this Authority and signature of the Chair, Vice Chair, or Director of the Authority.

[Execution Page Follows]

PASSED AND APPROVED this 10th day of November, 2014.

By: _____

Chair, Board of Directors

ATTEST:

By: _____

Secretary, Board of Directors

Exhibits

- A. Private Placement Letter (Tab 2)
- B. Paying Agent Agreement (Tab 12)



Development Authority of Pearland

Overview of:

\$8,090,000* Tax Increment Contract Revenue Bonds, Series 2014

October 28, 2014

* Preliminary, subject to change.

Broker/Dealer Services and Securities offered by BOSC, Inc., an SEC registered investment adviser, a registered broker/dealer, member FINRA/SIPC. SEC registration does not imply a certain level of skill or training. Insurance offered by BOSC Agency, Inc., an affiliated agency. Investments and insurance are not insured by FDIC, are not deposits or other obligations of, and are not guaranteed by, any bank or bank affiliate. Investments are subject to risks, including possible loss of principal amount invested.



Development Authority of Pearland

Estimated Sources and Uses of Funds

Private Placement (Market Indication)

Principal Amount of the Bonds:	\$8,090,000
Less: Expenses:	(170,000)

Total Proceeds (Developer Reimbursement): \$7,920,000

"All Cost" True Interest Rate (a):	2.957%
Average Life:	7.976 Years

Sale Date 11/10/2014
Closing Date 12/9/2014

(a) Includes transaction costs.



Development Authority of Pearland

Estimated Debt Service Requirements

Development Authority of Pearland
 Tax Increment Contract Revenue and Refunding Bonds, Series 2014

Fiscal Year Ending (9/30)	Current Total Debt Service (a)	Plus: The Series 2014 Bonds			Total Debt Service
		Principal	Interest (b)	Total	
2014	\$5,075,018				\$5,075,018
2015	5,074,295	\$555,000	\$156,025	\$711,025	5,785,320
2016	5,071,965	510,000	199,678	709,678	5,781,642
2017	5,071,460	525,000	186,163	711,163	5,782,622
2018	5,072,696	540,000	172,250	712,250	5,784,946
2019	5,070,416	555,000	157,940	712,940	5,783,356
2020	4,844,654	480,000	143,233	623,233	5,467,886
2021	4,847,093	490,000	130,513	620,513	5,467,606
2022	4,843,479	505,000	117,528	622,528	5,466,006
2023	4,843,424	520,000	104,145	624,145	5,467,569
2024	4,847,112	530,000	90,365	620,365	5,467,477
2025	4,844,927	545,000	76,320	621,320	5,466,247
2026	4,846,868	560,000	61,878	621,878	5,468,745
2027	4,847,535	575,000	47,038	622,038	5,469,573
2028	4,846,741	590,000	31,800	621,800	5,468,541
2029	4,844,296	610,000	16,165	626,165	5,470,461
Totals	\$78,891,975	\$8,090,000	\$1,691,037	\$9,781,037	\$88,673,012

(a) Interest on the Series 2012 Bonds is 3.07% through the 10-Year Put date of 5/21/22 and then 6.00% thereafter.

(b) Interest estimated at 2.65% based on an indication rate as of October 28, 2014.

* Preliminary, subject to change.



Development Authority of Pearland

Debt Service Requirements: Bond Issue Parameters and Coverage Requirements Private Placement (Market Indication – Fixed Rate)

Development Authority of Pearland
Series 2014 Tax Increment Contract Revenue Bonds
Bond Issuance Parameters
Values as of: July 1, 2014

Year	City of Pearland			Brazoria County			Fort Bend County			Total Collections	Coverage 125%	DAP Current Debt	Plus: Series 2014 (a)	Total Debt
	Participation	Tax Rate	Collections	Participation	Tax Rate	Collections	Participation	Tax Rate	Collections					
	Estimated Value: \$1,729,320,485			Estimated Value: \$1,461,237,712			Estimated Value: \$268,082,773							
	1998 Base Year Value: (7,172,980)			1998 Base Year Value: (4,143,160)			1998 Base Year Value: (3,029,820)							
	Estimated Captured Value: \$1,722,147,505			Estimated Captured Value: \$1,457,094,552			Estimated Captured Value: \$265,052,953							
Ending 9/30														
2014	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.468075	1,178,614	7,231,699	5,785,359	5,075,018		5,075,018
2015	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.468075	1,178,614	7,231,699	5,785,359	5,074,295	711,025	5,785,320
2016	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.468075	1,178,614	7,231,699	5,785,359	5,071,965	709,678	5,781,642
2017	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.468075	1,178,614	7,231,699	5,785,359	5,071,460	711,163	5,782,622
2018	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.468075	1,178,614	7,231,699	5,785,359	5,072,696	712,250	5,784,946
2019	36%	0.255000	4,171,902	38%	0.135900	1,881,182	2019-2028	0.312050	1,178,614	7,231,699	5,785,359	5,070,416	712,940	5,783,356
2020	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,844,654	623,233	5,467,886
2021	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,847,093	620,513	5,467,606
2022	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,843,479	622,528	5,466,006
2023	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,843,424	624,145	5,467,569
2024	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,847,112	620,365	5,467,477
2025	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,844,927	621,320	5,466,247
2026	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,846,868	621,878	5,468,745
2027	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,847,535	622,038	5,469,573
2028	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,846,741	621,800	5,468,541
2029	36%	0.255000	4,171,902	38%	0.135900	1,881,182		0.312050	785,743	6,838,827	5,471,062	4,844,296	626,165	5,470,461
										Total:	78,891,975	9,781,037	88,673,012	

(a) Generates \$7,920,000 in proceeds to the Authority. Private Placement with an indication interest rate of 2.65%.
Collection rate of 95%. Appraised value estimates provided by Shadow Creek Ranch.

Average Annual: 5,542,063