



SHADOW
CREEK
RANCH

Tax Reinvestment Zone No. 2

Regular Meeting

August 8, 2016



TAX INCREMENT REINVESTMENT ZONE NUMBER TWO (TIRZ NO. 2), ALSO KNOWN AS
SHADOW CREEK RANCH,
CITY OF PEARLAND TEXAS
REGULAR MEETING TIRZ NO.2,
MONDAY, AUGUST 8, 2016 | 4:00 P.M.
FIRST FLOOR CONFERENCE ROOM | PEARLAND CITY HALL | 3519 LIBERTY DRIVE
281.652.1600

I. CALL TO ORDER AND ROLL CALL

II. PURPOSE OF THE MEETING:

1. **Consideration And Possible Action** – Regarding The Approval of the Regular Meeting Minutes of the June 22, 2015, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting. *TIRZ No. 2.*
2. **Consideration and Possible Action – Resolution No. RTIRZ 2016-02** – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), accepting the 2015 Annual Financial Report for the Fiscal Year ending September 30, 2015.
3. **Consideration and Possible Action – Resolution No. RTIRZ 2016-03** – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Adopting an Amended Investment Policy, Investment Strategy and Approved Brokers in accordance with Chapter 2256 of the Government Code (“Public Funds Investment Act”).
4. **Consideration and Possible Action – Resolution No. RTIRZ 2016-04** – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), accepting the Financial Report for the period ending May 31, 2016.
5. **Consideration and Possible Action – Resolution No. RTIRZ 2016-05** – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), accepting the Investment Report for the Quarters Ending June 2015, September 2015, December 2015 and March 2016.
6. **Consideration and Possible Action – Resolution No. RTIRZ 2016-06** – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Ratifying Invoices that were paid from June 2015 through May 2016 and approving invoices for payment.

7. **Consideration and Possible Action – Resolution No. RTIRZ 2016-07 – A** Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), approving the 2015 Annual Report.
8. **Consideration and Possible Action –** To discuss and take necessary action regarding acceptance of Engineering Report and approval of Letter Financing Agreement for Roadway to Serve Reserve at Shadow Creek.

MINUTES OF A REGULAR MEETING OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO (TIRZ # 2), ALSO KNOWN AS SHADOW CREEK RANCH, CITY OF PEARLAND TEXAS, HELD ON MONDAY, JUNE 22, 2015, AT 4:00 P.M., IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

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

Chair	Kenneth R. Phillips
Vice Chair	Gary Cook
Boardmember	Herb Fain
Boardmember	Ali Hasanali
Boardmember	Jo Knight
Boardmember	Larry Loessin

Absent: Boardmembers Coleman, Davis, and Pyburn

Others in attendance: Clay Pearson City Manager City of Pearland; Claire Bogard Director of Finance City of Pearland; Rick Overgaard Assistant Director of Finance City of Pearland; Maria E. Rodriguez Deputy City Secretary City of Pearland; Taylor Gunn Perry Homes, Lynne Humphries Allen Boone Humphries Robinson LLP; James Ross LJA Engineering; Drew Pelter Shadow Creek Ranch Development Company Ltd.

CALL TO ORDER AND ROLL CALL

PURPOSE OF THE MEETING:

Board Action – Regarding The Approval of The Regular Meeting Minutes of the June 23, 2014, Tax Increment Reinvestment Zone Number 2 (TIRZ No. 2) Board of Directors Meeting.

Boardmember Phillips made the motion, seconded by Boardmember Cook, to approve the Regular Meeting Minutes of June 23, 2014.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, and Phillips.

Voting “No” None.

Motion Passed 5 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Boardmember Loessin abstained due to being absent from the meeting of June 23, 2014.

Board Action – Resolution No. RTIRZ- 2015-02 – A Resolution of The Tax Increment Reinvestment Zone No. 2 (TIRZ #2), accepting the 2014 Annual Financial Report for the Fiscal Year ending September 30, 2014. *Mr. Rick Overgaard, Assistant Finance Director.*

Boardmember Knight made the motion, seconded by Boardmember Phillips, to approve Resolution No. RTIRZ-2015-02.

Rick Overgaard City of Pearland Assistant Finance Director stated pursuant to State law, a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The TIRZ No. 2, which is considered a blended unit of the primary government, is included in the audit for the fiscal year ending September 30, 2014. *Mr. Rick Overgaard, Assistant Finance Director.*

Discussion ensued between Boardmember Loessin and Claire Bogard City of Pearland Finance Director regarding if the bond issues could be refinanced at a lower interest rate.

Lynne Humphries with Allen, Boone, Humphries, Robinson LLP stated Contract Revenue Bonds are paid by contracts with participating entities who pay over their tax revenue. They are not secured by property of the City or the District.

Boardmember Phillips stated refinancing the bonds even with costs of today's rate the District will see a substantial interest savings over a period of time.

Lynne Humphries with Allen, Boone, Humphries, Robinson LLP stated a Savings Report was done at the time of the Bond issue that had to be produced for the Attorney General as part of the transcript that was approved. It is filed with the City's records.

Voting "Aye" Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting "No" None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ-2015-03 – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ #2), adopting an Amended Investment Policy, Investment Strategy and approved brokers in accordance with Chapter 2256 of the government code ("Public Funds Investment Act"). *Mr. Rick Overgaard, Assistant Finance Director.*

Boardmember Loessin made the motion, seconded by Boardmember Phillips, to approve Resolution No. RTIRZ-2015-03.

Rick Overgaard City of Pearland Assistant Finance Director stated the Public Funds Investment Act (PFIA) requires the governing body to review its investment policy, investment strategies, and approve broker/dealers not less than annually. At this time the Investment Policy contains no changes this year. He further stated it is required to send an RFP every two years.

Lynne Humphries with Allen, Boone, Humphries, Robinson LLP stated in Section 1 of Resolution No. RTIRZ 2015-03 should be read in its entirety, that the TIRZ has complied with the requirements of the Public Funds Investment Act and the Investment Policy. There are no changes to the Investment Policy. Otherwise it states the modified Investment Policy is attached.

Resolution No. RTIRZ 2015-03

Section 1. That the TIRZ has complied with the requirements of the Public Funds Investment Act and the Investment Policy. **There are no changes to the Investment Policy**, Invest Strategy and approved Brokers are attached hereto as Exhibit “A”, Exhibit “B” and Exhibit “C” and are hereby adopted effective immediately.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ - 2015-04 – A Resolution of The Tax Increment Reinvestment Zone No. 2 (TIRZ #2), the Financial Report for the period ending May 31, 2015. *Ms. Claire Bogard, Finance Director.*

Boardmember Hasanali made the motion, seconded by Boardmember Phillips, to approve Resolution No. RTIRZ- 2015-04.

Claire Bogard City of Pearland Finance Director provided the Board with the following overview of the financial statements (Balance Sheet, Statement of Revenues and Expenditures) for the Tax Increment Reinvestment Zone for the eight month period ending May 31, 2015. She stated cash and investments total \$14,265,467. This includes the Alvin Independent School District suspense fund of \$9,082,394. Of that amount, \$5,642,174 will be released in August 2015. Contributions through May total \$17,379,850 of which \$11,697,253 is from the City of Pearland and \$913,610 from Fort Bend County. In May, the TIRZ received \$4.8 million from Alvin Independent School District, which must be held in the suspense fund for a year, and Brazoria County’s contribution will be received in August. Alvin Independent School District has not received the State payment yet. Last year’s payment of \$1.3 million was received in September. Fiscal year to date expenses total \$7,468,611 of which \$7,467,185 are administration fees to the City. Fund equity as of May 31, 2015 is \$14,265,467 which includes \$9,082,394 in the suspense fund. The current available operating balance is \$5,183,074. Estimate to be transferred to the Development Authority, including an estimate on Brazoria County tax increment to be received in August, totals \$12.4 million of which \$5.8 million will be retained by Regions Bank for annual debt service, leaving approximately \$6.6 million for cash reimbursement to the developer. She further stated \$5.6 million will be released from the Alvin Independent School District suspense fund of \$9,082,394.

Discussion ensued between Boardmembers and Claire Bogard City of Pearland Finance Director regarding a payment to the City of Pearland and a payment to the Development Authority.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ- 2015-05 – A Resolution of The Tax Increment Reinvestment Zone No. 2 (TIRZ #2), accepting the investment report for the quarters ending June 2014, September 2014, December 2014 and March 2015. *Mr. Rick Overgaard, Assistant Finance Director.*

Boardmember Phillips made the motion, seconded by Boardmember Cook, to approve Resolution No. RTIRZ- 2015-05.

Rick Overgaard City of Pearland Assistant Finance Director stated a decrease in portfolio from June 2014 to Sept 2014 represents release of Alvin Independent School District suspense funds in the amount of \$4.1 million and transfer of those funds along with additional funds to the Development Authority. Increase in portfolio represent tax increment payments from the taxing participants to be transferred to the Development Authority in August 2015. Yield on portfolio has decreased, while 1 year T-Bill benchmark has risen. A 3 month CD at a .15% was purchased in April to try and increase yield. Unfortunately, short maturity CD’s do not bring much yield to the portfolio and the CD’s have to mature prior to debt service due dates.

Discussion ensued between Boardmembers and Claire Bogard City of Pearland Finance Director regarding the loss on interest earnings that have been made up by lower interest rates on the debt.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ - 2015-06 – A Resolution of The Tax Increment Reinvestment Zone No. 2 (TIRZ #2), Ratifying Invoices that were paid from May 2014 through June 2015 and approving invoices for payment. *Mr. Rick Overgaard, Assistant Finance Director.*

Boardmember Loessin made the motion, seconded by Boardmember Fain, to approve Resolution No. RTIRZ- 2015-06.

Rick Overgaard City of Pearland Assistant Finance Director stated since the last meeting in June 2014, the invoices review committee has reviewed and approved for payment invoices totaling \$14,421.15. These invoices span more than one fiscal year. The board also has six invoices pending payment for approval totaling \$13,214.76. Upon payment, total operating expenses for FY2015 to date will total \$27,635.91.

Discussion ensued between Boardmembers and Rick Overgaard City of Pearland Assistant Finance Director regarding the general expenditures that were paid out this time last year.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ - 2015-07 – A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ #2), approving the 2014 Annual Report. *Ms. Claire Bogard, Finance Director.*

Boardmember Cook made the motion, seconded by Boardmember Hasanali, to approve Resolution No. RTIRZ- 2015-07.

Claire Bogard City of Pearland Finance Director stated in accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone Number Two, City of Pearland, Texas (the Zone) was established by Ordinance 891 of the City Council of the City of Pearland (the City), Texas on December 21, 1998 and is further known as “Shadow Creek Ranch.” The Zone ends December 2028. After two plan amendments adding 465 acres to the Zone, the Zone is now composed of 3,932+ acres, of which 3,125+ acres are within Brazoria County and 807+ acres are within Fort Bend County. The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City and the other participating taxing entities. Improvements in the Zone significantly enhance the value of all taxable real property in the Zone and are a general benefit. Participating entities in the Zone include the City of Pearland, Brazoria County, Fort Bend County and Alvin Independent School District. These entities participate in the Zone at various levels as described in their respective interlocal agreements, with property tax increment from each being deposited into the Zone.

Discussion ensued between Boardmembers and Lynne Humphries with Allen, Boone, Humphries, Robinson, LLP regarding the consideration of Fort Bend County’s request purposing extending participation of the expansion of Farm Rd 521 through the TIRZ, and the City needing a formal written request or proposal from Fort Bend County.

Discussion ensued between Boardmembers and Claire Bogard City of Pearland Finance Director regarding the tax increment and base market value.

Boardmember Cook made a motion, seconded by Boardmember Phillips to remove LFA 12-06-001 (Village 7, Phase 1) from Table F, Letter Finance Agreements Approved for Reimbursement subject to it being approved on the next Agenda Item.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Lynne Humphries with Allen, Boone, Humphries, Robinson LLP stated she would recommend redoing the chart for next year to be less confusing. She stated she would get with Claire Bogard Director of Finance regarding a different format.

Chair Phillips called for the vote on the original motion as amended.

Voting “Aye” Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting “No” None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Board Action – Resolution No. RTIRZ- 2015-08 – A Resolution of the Board of Directors of the Tax Increment Reinvestment Zone No. 2 (TIRZ #2), approving reimbursement of completed Letter of Financing Agreement 12-06-001 with 518 SCR Ltd. *Mr. Rick Overgaard, Assistant Finance Director.*

Boardmember Cook made the motion, seconded by Boardmember Hasanali, to approve Resolution No. RTIRZ- 2015-08.

McGrath & Co., PLLC Auditor, provided an overview of the Reinvestment Report regarding the LFA 12-06-001 (Village 7, Phase 1). The supporting documentation has been received and reviewed to support the amount of actual costs. The actual cost is \$3,767,158, the interest being calculated at the agreed amount of 6.5 percent \$544,659, for a total reimbursement of \$4,311,817. Said amount of interest will change once the actual date of reimbursement is known.

Lynne Humphries with Allen, Boone, Humphries, Robinson, LLP stated one of the things an auditor does when doing an audit is to confirm any amounts that might have been paid by the Municipal Utility Districts so there is never double dipping. That is one of the reasons the amount of the actual reimbursement is so much less than the Approved LFA.

Voting "Aye" Boardmembers Knight, Hasanali, Fain, Cook, Loessin and Phillips.

Voting "No" None.

Motion Passed 6 to 0, with Boardmembers Coleman, Davis, and Pyburn absent.

Claire Bogard City of Pearland Director of Finance announced her retirement and stated she has enjoyed working with everyone.

ADJOURNMENT

Meeting was adjourned at 5:00 p.m.

Minutes approved as submitted and/or corrected this the 8th day of August, A.D., 2016.

GARY COOK
VICE CHAIR

ATTEST:

MIKE PYBURN
SECRETARY

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: RTIRZ No. R2016-02
DATE SUBMITTED: 07/25/2016	REPRESENTING: City of Pearland
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Cynthia Pearson	REVIEW DATE: June 17, 2016
SUBJECT: RTIRZ 2016- - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), accepting the 2015 Annual Financial Report for the fiscal year ending September 30, 2015.	
EXHIBITS: Resolution RTIRZ 2016- Auditors Opinion Applicable Notes and Financial Statements	
EXPENDITURE REQUIRED: None PROJECT: N/A	

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to State law, a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The TIRZ No. 2, which is considered a blended unit of the primary government, is included in the audit for the fiscal year ended September 30, 2015.

POLICY/GOAL CONSIDERATION

Attached is the auditor's opinion, which is unqualified or clean, as well as the statements pertaining to the TIRZ. Staff will be prepared to review the results with the board.

RECOMMENDED ACTION

Consideration and approval of the resolution accepting the excerpt of the Fiscal Year 2015 Comprehensive Annual Financial Report as prepared by the accounting firm of Whitley Penn, L.L.P.

RESOLUTION NO. RTIRZ 2016-02

**A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ),
Accepting the 2015 Annual Financial Report for the Fiscal Year ending
September 30, 2015.**

BE IT RESOLVED BY TIRZ BOARD OF DIRECTORS:

Section 1. That the Tax Increment Reinvestment Zone No. 2 hereby accepts the excerpt of the Fiscal Year 2015 Comprehensive Annual Financial Report as prepared by the accounting firm of Whitley Penn, L.L.P..

PASSED, APPROVED, AND ADOPTED this 8th day of August A.D 2016.

KENNETH R. PHILLIPS
TIRZ CHAIRMAN

ATTEST:

MIKE PYBURN
TIRZ SECRETARY

REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and Members of
the City Council
City of Pearland, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pearland, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of
the City Council

Emphasis of Matter

As discussed in Note 1 and Note 16 to the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68* for the year ending September 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 17, budgetary comparison information on pages 74 through 75, and pension system supplementary information and other post-employment benefit supplementary information on page 76 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, other supplementary information, and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of
the City Council

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
March 14, 2016

CITY OF PEARLAND, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Tax Increment Reinvestment Zone #2</u>
Assets				
Cash and cash equivalents	\$ 10,530,938	\$ 1,698,576	\$ 17,314,441	\$ 4,952,937
Investments	9,466,449	3,225,894	4,483,470	
Receivables, net of allowance for uncollectibles	6,272,108	8,416,110	2,546,390	
Due from other governments	518,592		7,140,395	
Due from other funds	44,456			
Inventories	210,352			
Prepaid items	83,097	166,894		
Restricted cash and cash equivalents				
Total Assets	<u>\$ 27,125,992</u>	<u>\$ 13,507,474</u>	<u>\$ 31,484,696</u>	<u>\$ 4,952,937</u>
Liabilities				
Accounts payable	\$ 3,135,170	\$ 166,894	\$ 1,349,141	\$ 4,191
Accrued expenditures	1,604,808		2,474,981	
Deposits	90,975			
Due to other funds				
Unearned revenue	460,480	1,562,194	1,431,020	
Total Liabilities	<u>5,291,433</u>	<u>1,729,088</u>	<u>5,255,142</u>	<u>4,191</u>
Deferred Inflows of Resources				
Unavailable revenue	480,322	6,744,771	5,709,375	
Total Deferred Inflows of Resources	<u>480,322</u>	<u>6,744,771</u>	<u>5,709,375</u>	
Fund Balances				
Non-spendable				
Inventories	210,352			
Prepaid items	83,097	166,894		
Restricted				
Debt service		4,866,721		
Capital improvements			20,520,179	
Community development programs				
Public safety				
Economic development				4,948,746
Assigned	1,406,453			
Unassigned	19,654,335			
Total Fund Balances	<u>21,354,237</u>	<u>5,033,615</u>	<u>20,520,179</u>	<u>4,948,746</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,125,992</u>	<u>\$ 13,507,474</u>	<u>\$ 31,484,696</u>	<u>\$ 4,952,937</u>

See Notes to Financial Statements.

Development Authority of Pearland	Non-major Governmental Funds	Total Governmental Funds
\$ 988,693	\$ 10,194,946	\$ 45,680,531
	13,492,962	30,668,775
	5,847,896	23,082,504
	149,352	7,808,339
		44,456
		210,352
	5,900	255,891
968,397		968,397
<u>\$ 1,957,090</u>	<u>\$ 29,691,056</u>	<u>\$ 108,719,245</u>
\$ 556	\$ 310,681	\$ 4,966,633
	34,697	4,114,486
	38,333	129,308
	44,456	44,456
		3,453,694
<u>556</u>	<u>428,167</u>	<u>12,708,577</u>
	<u>3,781,478</u>	<u>16,715,946</u>
	<u>3,781,478</u>	<u>16,715,946</u>
		210,352
	5,900	255,891
968,397		5,835,118
	1,963,607	22,483,786
	4,938,387	4,938,387
	393,582	393,582
988,137	18,179,935	24,116,818
		1,406,453
		19,654,335
<u>1,956,534</u>	<u>25,481,411</u>	<u>79,294,722</u>
<u>\$ 1,957,090</u>	<u>\$ 29,691,056</u>	<u>\$ 108,719,245</u>

CITY OF PEARLAND, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	General Fund	Debt Service	Capital Projects	Tax Increment Reinvestment Zone #2
Revenues				
Property taxes	\$ 13,261,422	\$ 28,757,970	\$	\$ 20,902,201
Sales and use taxes	19,073,940			
Franchise fees	6,663,788			
Licenses and permits	4,544,396			
Fines and forfeitures	2,968,636			
Charges for services	14,228,228			
Investment earnings	123,308	47,779	75,913	11,699
Intergovernmental	11,229	653,322	1,097,268	
Other	1,034,745	115,393	4,482,428	
Total Revenues	61,909,692	29,574,464	5,655,609	20,913,900
Expenditures				
Current:				
General government	8,828,201			
Public safety	31,999,650			
Public works	9,024,549		924,517	
Community services	3,114,754			
Parks and recreation	5,678,666			
Economic development				7,644,683
Debt Service:				
Principal	174,935	12,389,612		
Interest and other charges	27,022	12,978,019	357,492	
Capital outlay	3,860,304		20,464,495	
Intergovernmental		4,792,379		
Total Expenditures	62,708,081	30,160,010	21,746,504	7,644,683
Excess (deficiency) of revenues over expenditures	(798,389)	(585,546)	(16,090,895)	13,269,217
Other Financing Sources (Uses)				
Revenue bonds issued				
Certificates of obligation issued			9,485,000	
Permanent improvement bonds issued			8,495,000	
Refunding bonds issued		47,165,000		
Payments to refunded bond escrow agent		(54,303,290)		
Premium on debt issued		7,608,103	445,228	
Capital leases	574,049			
Sale of capital assets			3,157,291	
Transfers in	3,456,210	613,411	298,415	
Transfers out	(1,332,134)		(884,669)	(12,666,896)
Total Other Financing Sources (Uses)	2,698,125	1,083,224	20,996,265	(12,666,896)
Net change in fund balances	1,899,736	497,678	4,905,370	602,321
Fund balances - beginning	19,454,501	4,535,937	15,614,809	4,346,425
Fund balances - ending	\$ 21,354,237	\$ 5,033,615	\$ 20,520,179	\$ 4,948,746

See Notes to Financial Statements.

Development Authority of Pearland	Non-major Governmental Funds	Total Governmental Funds
\$	\$	\$
	10,895,771	62,921,593
	307,217	29,969,711
		6,971,005
	139,598	4,544,396
	433,165	3,108,234
1,906	172,261	14,661,393
	1,434,955	432,866
	1,443,341	3,196,774
		7,075,907
<u>1,906</u>	<u>14,826,308</u>	<u>132,881,879</u>
15,043	1,626,685	10,469,929
	229,037	32,228,687
	349,064	10,298,130
	293,481	3,408,235
	144,260	5,822,926
14,730,000	3,250,595	25,625,278
3,800,000	7,425,000	23,789,547
2,159,421	1,073,288	16,595,242
	145,716	24,470,515
		4,792,379
<u>20,704,464</u>	<u>14,537,126</u>	<u>157,500,868</u>
(20,702,558)	289,182	(24,618,989)
8,060,000		8,060,000
		9,485,000
		8,495,000
		47,165,000
		(54,303,290)
		8,053,331
		574,049
		3,157,291
12,666,896	8,041	17,042,973
	(349,731)	(15,233,430)
<u>20,726,896</u>	<u>(341,690)</u>	<u>32,495,924</u>
24,338	(52,508)	7,876,935
1,932,196	25,533,919	71,417,787
<u>\$ 1,956,534</u>	<u>\$ 25,481,411</u>	<u>\$ 79,294,722</u>

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Blended Component Units:

Pearland Economic Development Corporation (PEDC)

In 1995, the citizens of Pearland established the Pearland Economic Development Corporation (PEDC) to help the citizens and public officials of Pearland attract new businesses and to help existing businesses to expand. The mechanism to fund the operations of the corporation is through a sales tax levy at a rate of one-half of one percent (1/2%). The PEDC is fiscally dependent upon the primary government because, besides appointing the Board, the City Council also must approve the PEDC's budget and any debt issuances.

Tax Increment Reinvestment Zone (TIRZ #2)

In 1998, the Tax Increment Reinvestment Zone (TIRZ #2) was established for a period of 30 years or until dissolved by the City. The TIRZ #2 provides tax-assisted property development and/or redevelopment in specific geographic areas in accordance with applicable state laws. Besides appointing Board members, the City Council must also approve any debt issuances done on behalf of the TIRZ. A major land owner within the City sits on the Board of Directors for the TIRZ #2.

Development Authority of Pearland

In 2004, the City created the Development Authority of Pearland to provide financing for the development of the TIRZ #2. Proceeds from bond sales are to be used to reimburse developers and fund a debt service reserve. Besides appointing Board members, the City Council must also approve any debt issuances done on behalf of the Development Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges between the City's business-type and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF PEARLAND, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

A. Governmental Activity Debt (continued)

The City issued \$4,860,000 of Certificates of Obligation, Series 2015 dated September 1, 2015. Proceeds from the sale of the certificates will be used for certain street improvements within the City including improvements to Industrial Drive, certain improvements to existing City facilities including Fire Station 2, and to pay the costs of issuance of the certificates.

The City issued \$8,495,000 of Permanent Improvement Bonds, Series 2015 dated September 1, 2015. Proceeds from the sale of the bonds will be used for construction and improvement to City facilities and to pay for the cost of issuance of the bonds.

The City issued \$47,165,000 of Permanent Improvement Refunding Bonds, Series 2015 dated April 1, 2015. Proceeds from the sale of the bonds will be used for the refunding of certain outstanding obligations of the City and to pay for the cost of issuance of the bonds.

The City issued \$8,060,000 of Tax Increment Contract Revenue Bonds Proceeds, Series 2014 dated December 9, 2014. Proceeds from the sale of the bonds were used to reimburse the developer \$7,890,000 for infrastructure within the TIRZ boundaries.

The City issued \$4,625,000 of Certificates of Obligation, Series 2014 dated October 1, 2014. Proceeds from the sale of the certificates will be used for improvements, renovations and additions to the existing public works service center located at East Orange Street and Old Alvin Road, acquisition of land for and the design and construction of two new fire stations located at Yost Road and FM 518 and at Harkey Road and Fite Road, project management for parks, street and facility capital projects within the City, renovations to the existing City Hall Complex, and to pay the costs of issuance of the Certificates.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2015. In general, the City uses the General and Debt Service funds as well as the Economic Development Corporation and Development Authority to liquidate governmental long-term liabilities.

	Balance September 30, 2014	Additions	(Reductions)	Balance September 30, 2015	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 236,730,000	\$ 55,660,000	\$ (46,525,000)	\$ 245,865,000	\$ 9,775,000
Certificates of obligation	56,505,000	9,485,000	(15,960,000)	50,030,000	2,600,000
Sales tax revenue bonds	22,690,000		(7,425,000)	15,265,000	720,000
Tax increment revenue bonds	57,435,000	8,060,000	(3,800,000)	61,695,000	3,855,000
Unamortized premium/(discount)	10,122,356	8,053,331	(1,990,621)	16,185,066	
Total bonds payable	383,482,356	81,258,331	(75,700,621)	389,040,066	16,950,000
Other liabilities:					
Net pension liability	10,013,507	4,693,718		14,707,225	
Obligations under capital leases	4,344,215	574,049	(1,289,549)	3,628,715	1,050,017
Compensated absences	5,682,057	2,856,633	(2,734,483)	5,804,207	968,388
Other post-employment benefits	1,721,250		794,737	2,515,987	
Total Governmental Activities	\$ 405,243,385	\$ 89,382,731	\$ (78,929,916)	\$ 415,696,200	\$ 18,968,405

CITY OF PEARLAND, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

A. Governmental Activity Debt (continued)

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Pearland Economic Development Corporation and Development Authority of Pearland as of September 30, 2015, is as follows:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Pearland Economic Development Corporation				
Sales Tax Revenue Bonds, Series 2005	\$ 10,590,000	2026	2.30-4.42	\$ 6,635,000
Sales Tax Revenue Bonds, Series 2006	10,235,000	2030	3.66-4.75	8,630,000
Development Authority of Pearland				
Tax Increment Revenue Bonds, Series 2012	56,915,000	2029	3.07*	45,830,000
Tax Increment Revenue Bonds, Series 2013	9,150,000	2029	3.77	8,355,000
Tax Increment Revenue Bonds, Series 2014	8,060,000	2029	3.00	7,510,000
Total Component Unit Long-Term Debt				<u>\$ 76,960,000</u>

*Fixed for 10 years, then rate changes to be 65% of LIBOR, not to exceed 6.0%

Current Year Refunding

The Permanent Improvement Refunding Bonds, Series 2015 were issued on April 1, 2015 in the amount of \$47,165,000 to refund certain outstanding obligations of the City in the aggregate principal amount of \$51,210,000. The new bonds bear interest from 2.00% - 5.00% and are due in annual installments ranging from \$320,000 to \$4,975,000 through March 1, 2032. The refunding will save \$7.227 million over 17 years, or annual savings of about \$425,000 with a present value savings percent of 11.17%.

Prior Year Refunding

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2015, approximately \$79 million of previously refunded bonds outstanding were considered defeased.

General Obligation

PIB Series 2006	\$ 21,495,000
CO Series 2006	7,300,000
CO Series 2007	10,160,000
PIB Series 2007	21,295,000
PIB Series 2008	4,870,000
	<u>\$ 65,120,000</u>

Development Authority of Pearland

Series 2006	\$ 6,970,000
Series 2009	6,880,000
	<u>\$ 13,850,000</u>

Total: \$ 78,970,000

CITY OF PEARLAND, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 - Long-Term Debt (continued)

A. Governmental Activity Debt (continued)

The annual requirements to amortize blended component unit revenue bonds outstanding at September 30, 2015, were as follows:

Fiscal Year	Governmental Activities			
	Pearland Economic Development Corporation		Development Authority of Pearland	
	Principal	Interest	Principal	Interest
2016	\$ 720,000	\$ 698,956	\$ 3,855,000	\$ 1,926,237
2017	760,000	664,756	3,975,000	1,806,996
2018	795,000	628,669	4,100,000	1,684,088
2019	835,000	590,575	4,225,000	1,557,256
2020	875,000	556,125	4,040,000	1,426,533
2021	910,000	519,625	4,170,000	1,301,053
2022	950,000	481,075	4,270,000	1,171,494
2023	995,000	439,200	4,210,000	1,037,027
2024	1,040,000	395,138	4,370,000	905,680
2025	1,090,000	348,538	4,535,000	769,071
2026	1,140,000	299,325	4,710,000	627,064
2027	1,190,000	247,838	4,890,000	479,352
2028	1,255,000	188,338	5,075,000	325,747
2029	1,320,000	128,725	5,270,000	166,059
2030	1,390,000	66,025		
	<u>\$ 15,265,000</u>	<u>\$ 6,252,906</u>	<u>\$ 61,695,000</u>	<u>\$ 15,183,654</u>

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: RTIRZ No. 2016-03
DATE SUBMITTED: 06/01/2016	DEPT. OF ORIGIN: Finance
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Rick Overgaard	REVIEW DATE: June 03, 2016
SUBJECT: RTIRZ 2016- - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Adopting an Amended Investment Policy, Investment Strategy and Approved Brokers In Accordance with Chapter 2256 of the Government Code (“Public Funds Investment Act”).	
EXHIBITS: Resolution RTIRZ 2016- Exhibit A - Investment Policy Exhibit B – Strategy Exhibit C - Broker/Dealer List	
FUNDING:	
<input type="checkbox"/> Grant	<input type="checkbox"/> Developer/Other
<input type="checkbox"/> Bonds To Be Sold	<input type="checkbox"/> Bonds- Sold
<input type="checkbox"/> L/P – Sold	<input type="checkbox"/> Cash Opns
<input type="checkbox"/> L/P – To Be Sold	
EXPENDITURE REQUIRED: N/A	AMOUNT BUDGETED: N/A
AMOUNT AVAILABLE:	PROJECT NO.:
ACCOUNT NO	
ADDITIONAL APPROPRIATION REQUIRED:	
ACCOUNT NO.:	
PROJECT NO.:	
To be completed by Department:	
<input checked="" type="checkbox"/> Finance	<input type="checkbox"/> Legal
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution

EXECUTIVE SUMMARY

BACKGROUND

The Public Funds Investment Act (PFIA) requires the governing body to review its investment policy, investment strategies, and approved broker/dealers not less than annually. The governing body must adopt a written instrument by ordinance or resolution stating that it has reviewed the investment policy, investment strategies, approved broker/dealers, and that the written instrument so adopted shall record any changes made to the policy, strategy, and broker/dealers.

POLICY/GOAL CONSIDERATION

The investment policy contains one proposed change as a result of the State Legislature approving a change to the PFIA this past session. The hours of training that an investment officer is required to attend every two years changed from 10 hours to 8 hours. The initial

training when taking office or assuming duties still remains at 10 hours. The effective date for the training change will be September 1, 2015 in accordance with the effective date of the change in State law. Another minor change being proposed as a result of an increase in the City's investment activity is increasing the number of approved brokerage firms selected from "The top six to seven firms..." to "Up to ten firms...".

The PFIA also requires a separate written investment strategy for each fund or pooled group of funds. The strategy must address suitability, safety of principal, liquidity, marketability, diversification, and yield. As such a separate written investment strategy is also included for TIRZ approval. There are no proposed changes to the investment strategy.

Pursuant to the PFIA, the TIRZ must approve a list of broker/dealers with which the TIRZ can do business. The Investment Officer can only do business with those businesses as approved. The TIRZ's investment policy states that "the TIRZ will prepare a Request of Investments Services every two years at a minimum..." In June 2015, the City on behalf of the TIRZ sent out requests for proposals. The City received eleven completed RFP's, with five being from new broker/dealers. Staff evaluated and selected the broker/dealers based on several factors, including completeness of RFP, proper registrations, financials, references, etc. Staff chose two new broker/dealers in addition to the six current broker/dealers that submitted an RFP. An updated approved broker/dealers list is attached as Exhibit C.

The City's investment committee met on August 4, 2015 and concur on the recommendations

FINANCIAL INFORMATION

N/A

RECOMMENDED ACTION

Consideration and approval of the Resolution adopting the TIRZ's Investment Policy, Investment Strategy, and Approved Broker/Dealers.

RESOLUTION NO. RTIRZ 2016-03

A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Adopting an Amended Investment Policy, Investment Strategy and Approved Brokers in accordance with Chapter 2256 of the Government Code (“Public Funds Investment Act”).

WHEREAS, the Public Funds Investment Act codified in Government Code Chapter 2256 governs local government investment; and

WHEREAS, the Public Fund Investment Act (Section 2256.005a), as amended, requires the TIRZ to adopt an Investment Policy and Investment Strategy by rule, order, ordinance or resolution governing the investment of funds under its control; and

WHEREAS, the Public Fund Investment Act (Section 2256.005e), requires the governing body to review and adopt that Investment Policy and Investment Strategy by rule, order, ordinance or resolution not less than annually, recording any changes made thereto; now, therefore,

BE IT RESOLVED BY THE TIRZ BOARD OF DIRECTORS:

Section 1. That the TIRZ has complied with the requirements of the Public Funds Investment Act and the Investment Policy. The modified Investment Policy, Invest Strategy and approved Brokers are attached hereto as Exhibit “A”, Exhibit “B” and Exhibit “C” and are hereby adopted effective immediately.

PASSED, APPROVED, AND ADOPTED this _____ day of _____

A.D., 2016.

TIRZ CHAIRMAN

ATTEST:

TIRZ SECRETARY

TAX INCREMENT REINVESTMENT ZONE NO. 2

**INVESTMENT POLICY
AND
INVESTMENT STRATEGY**

**ADOPTED FEBRUARY 12, 2007
Revised February 2008
Revised April 2009
Revised June 2011
Revised June 2012
Revised June 2014**

Revised August 2015

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ATTACHMENT B – Approved List of Broker/Dealers

TAX INCREMENT REINVESTMENT ZONE NO. 2 INVESTMENT POLICY

1.0 INVESTMENT AUTHORITY AND SCOPE OF POLICY

1.01 Purpose

To establish and provide specific policy and guidelines for the conduct of the investment program of the Tax Increment Reinvestment Zone No. 2.

1.02 Policy

It is the policy of the Tax Increment Reinvestment Zone No. 2 (the "TIRZ") to invest public funds in a manner, which will provide safety of principal while earning the highest reasonable market return in meeting the daily cash flow demands of the TIRZ. All funds will be invested in compliance with all state and local statutes and all Governmental Accounting Standards Board Statements, and related financial accounting standards.

This policy satisfies the requirement of the Public Funds Investment Act (PFIA), Texas Government Code 2256.

1.03 Scope

This Investment Policy shall apply to all the funds and investments of the TIRZ as well as any other funds held in custody by the TIRZ, and include the following funds:

1. General Fund
2. Special Revenue Funds
3. Capital Project Funds
4. Enterprise Funds
5. Trust & Agency Funds
6. Debt Service Funds
7. Internal Service Funds
8. Component Units, excluding those that have adopted a separate investment policy.
Current component units include:
 - a. Pearland Economic Development Corporation
 - b. Tax Increment Reinvestment Zone #2
 - c. Development Authority of Pearland
9. Any other funds or component units as created by the TIRZ.

These funds, as well as funds that may be created from time-to-time, shall be administered in accordance with the provisions of this policy. All funds

invested under this policy shall be considered as a pooled group for investment purposes.

Deferred compensation and the retirement system assets the TIRZ sets aside or holds for its employees are not subject to this policy.

1.04 Delegation of Investment Authority

The Director of Finance, Assistant Director of Finance, and Accounting Supervisor of the City of Pearland are hereby designated as Investment Officers for the TIRZ. The TIRZ may use other employees or the services of a contractor to aid the investment officer(s) in the execution of their duties. Otherwise, unless authorized by law, no other individual(s) has the authority to deposit, withdraw, transfer or manage the investments of the TIRZ. The TIRZ may designate a registered investment advisor to invest for the TIRZ and act as an additional Investment Officer. Authority granted to a person(s) to deposit, withdraw, invest, transfer or manage the TIRZ investments is effective until rescinded by TIRZ Board or until termination of the person's employment or contract.

The Director of Finance is responsible for the management of the investment program. The Investment Officers are responsible for the daily operations of the investment function. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

1.05 Ethics and Conflict of Interest

Investment Officers shall refrain from personal business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Investment Officers who have a personal business relationship with a business organization seeking to sell an investment to the TIRZ and who have anyone related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the TIRZ shall file a statement disclosing that personal interest to the Director of Finance, City Manager, the TIRZ Board and the Texas Ethics Commission.

An Investment Officer has a personal business relationship with a business organization if:

- 1) the investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

- 2) funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
- 3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

1.06 Investment Committee

The TIRZ shall establish an Investment Committee for the purpose of reviewing investment policies and procedures, investment strategies, and investment performance. The members of the Committee shall consist of the City Manager, Assistant City Manager as designated by the City Manager, Director of Finance, and Assistant Director of Finance of the City of Pearland. The City Manager shall be the Chairman of the Committee.

The Investment Committee shall review quarterly investment reports and annually review the recommended changes to the Investment Policy and Investment Strategy and review the list of brokers authorized to engage in investment transactions with the TIRZ.

2.0 INVESTMENT OBJECTIVES AND STRATEGY

2.01 Objective

TIRZ investments shall be made in accordance with federal and state laws, this Investment Policy and ordinances of the TIRZ. The TIRZ investment portfolio shall be designed with the objective of attaining a market rate of return in accordance with its designated benchmark based on the TIRZ cash flow requirements throughout budgetary and economic cycles, commensurate with the TIRZ investment risk constraints and the cash flow characteristics of the portfolio.

2.02 Safety of Principal

The primary objective of the TIRZ investment program is to ensure the safety of all funds. To attain this objective, it is the TIRZ intent to invest in the safest types of securities, pre-qualify broker/dealers, and advisors and to hold all investments until maturity in order to ensure the return of all invested principal unless as stipulated in Section 4.09 of the policy.

2.03 Liquidity

The TIRZ investment must be based on a cash flow analysis, which will provide the liquidity necessary to pay all expected and unexpected obligations. Liquidity shall be achieved by matching investment maturities with budgetary and economic cycles. A portion of the portfolio will be

maintained in liquid short-term investments that can be converted to cash if necessary to meet disbursement requirements. Investment pools and no-load money market mutual funds provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

2.04 Diversification

The TIRZ shall diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investment shall always be selected that provide for stability of income and reasonable liquidity.

2.05 Yield

It will be the objective of the TIRZ to earn a reasonable market yield throughout budgetary and economic cycles within the parameters imposed by its safety and liquidity objectives, investment strategies, and state and federal law. Return on investment is of secondary importance to safety and liquidity objectives. The yield and level of risk for the portfolio will be benchmarked against the yield of the one-year Treasury Bill during the comparable period as well as against an agency note with approximately the same maturity as the weighted average maturity of the portfolio.

2.06 Maturity

The portfolio shall be structured primarily to meet TIRZ obligations and secondly to achieve a reasonable return of interest. The maximum allowable stated maturity of any individual investment owned by the TIRZ shall be one (1) year from date of purchase and all investments must mature prior to August 31st of each year. The settlement date is considered the date of purchase. However, the TIRZ may collateralize its demand deposit accounts, certificates of deposits, and repurchase agreements using longer-dated investments not to exceed thirty (30) years.

The maximum weighted average maturity based on the overall portfolio shall be 9 months, or 274 days.

2.07 Investment Training

Investment Officers shall take (a) 10 hours of training within 12 months after taking office or assuming duties and (b) not less than ~~408~~ 40 hours of training in a two year period that begins on the first day of the fiscal year and consists of the two consecutive fiscal years after that date. Training shall include education in investment controls, security risks, strategy risks, market risks, diversification, and compliance. Training must be provided by an independent source approved by the governing body or

designated Investment Committee. For these purposes, courses or seminars offered by the Government Finance Officers Association, Government Finance Officers Association of Texas, Texas Municipal League, Southwest School of Government Finance, University of North Texas, Texas Association of Counties, Treasury Management Association, or the Government Treasurers Organization of Texas will satisfy the training requirements. An external auditor shall review documentation of training hours annually.

2.08 Quality and Capability of Investment Management

Investment Officers shall at all times be cognizant of the standard of care and the investment objectives as set forth in the Public Funds Investment Act and the TIRZ Investment Policy.

The TIRZ shall provide investment training as required by the Act to ensure the quality and capability of investment management. Staff sets the standard of training required, which may be over the 10 hours as required by the Act.

2.09 Investment Strategy

In accordance with the Act (2256.005(d)) a separate written investment strategy shall be developed for each portfolio/fund or pooled group of funds under the TIRZ control. The strategy shall be reviewed on an annual basis with formal action by the TIRZ Board stating that the strategy has been reviewed and recording any changes made.

2.10 Cash Management

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability to the TIRZ for investment use. The TIRZ shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

3.0 AUTHORIZED INVESTMENTS

3.01 Authorized Investments

Authorized investments under this policy shall be limited to the instruments listed below as authorized and defined by the Public Funds Investment Act.

A. Obligations of the United States or its agencies and instrumentalities.

- B. Obligations of the State of Texas or its agencies and instrumentalities
- C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities.
- D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
- E. Collateralized certificates of deposit of banks or savings banks doing business in Texas, collateralized to 102%, and guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations of the United State Government, including mortgage backed securities, which pass the bank test, but excluding those mortgage backed securities defined in Section 2256.009(b) of the Act.
- F. Constant dollar local government investment pools as defined by the Act (2256.016 and 2256.019) and approved by TIRZ Board resolution.
- G. AAA-rated, SEC registered no-load money market mutual funds and no-load mutual fund and as further defined in Section 2256.014 of the Act.
- H. Collateralized repurchase agreements as defined by the Public Funds Investment Act placed through a primary government securities dealer or a financial institution doing business in this state with a defined maturity date and as further defined in Section 2256.011 of the Act.
- I. Interest bearing checking accounts that are fully collateralized at 102% of the ledger balance.
- J. Certificates of deposit through the Certificate of Deposit Account Registry Service (CDARS) program.

3.02 Certificates of Deposit

- A. Depository certificates of deposit (CD) may be purchased from any depository institution located in the State of Texas.
It is not necessary for a Texas depository institution to be on the TIRZ approved broker/dealer list as CD's are considered depository in nature. Prior to purchase, however, all agreements with the depository institution must be completed prior to the purchase of a CD from the depository institution.
- B. All CD's, whether purchased from a brokerage firm or a depository institution require three bids.
- C. Amounts purchased over the FDIC limit whether from a depository institution or brokerage firm must be collateralized.

3.03 Unauthorized Investments

Specifically prohibited investments are:

1. Collateralized mortgage obligations
2. Commercial Paper, including Pools which invest in Commercial Paper
3. All swaps including but not limited to even-basis swaps, interest rate swaps
4. Forwards and futures
5. Options
6. Foreign Exchange
7. Planned amortization classes (PAC)
8. Regular floaters tied to government securities
9. Investments with various interest rate caps, floors, and collars
10. Investment pools in which the TIRZ would own more than 10% of the market value of the pool
11. Any other investments that are not on the authorized investment list

3.04 Investments with Required Ratings

Investments with minimum required ratings such as investment pools and no-load mutual funds do not qualify as authorized investments during the period the investment does not have the minimum rating. Investment ratings shall be checked monthly online by an Investment Officer to ensure that the ratings have not been downgraded. The TIRZ shall take all prudent measures that are consistent with its investment policy to liquidate investments that do not have the minimum rating.

4.0 INVESTMENT CONTROLS

4.01 Selection of Investment Broker/Dealers

The Investment Officers will maintain a list of financial institutions, primary broker/dealers, and local government investment pools authorized by the TIRZ Board to provide investment services to the TIRZ. Annually, the TIRZ Board will approve the list of financial institutions and broker/dealers authorized to conduct business with the TIRZ. Investment Officers shall not conduct business with any firm not approved by TIRZ Board, except for the purchase of CD's from Texas depository institutions.

The City of behalf of the TIRZ will prepare a Request for Investment Services every two years at a minimum and notice of said request will be published in the City's official paper and on the City's on-line bidding system. All financial institutions and broker/dealers who desire to become qualified bidders for investment services must fill out the application and return it to the City by the stated day and time. After review of all applicants, a list of selected financial institutions and broker/dealers will

be prepared by the Investment Officers and reviewed by the Investment Committee. The following may be required with the application: most recent audited financial statement, list of local government clients, and statements of qualifications.

Criteria used in the selection of the authorized broker/dealers will include, but are not limited to material litigation against the firm, regulatory status of the dealer, completed packet, references from local government clients, background and expertise in investment of public funds.

Up to ten ~~The top six to seven~~ firms shall be selected to appear on the TIRZ approved list. If, after a firm is selected, they no longer qualify to appear on the TIRZ approved dealer list, or provide services inconsistent with acceptable levels, the Investment Officers may recommend TIRZ Board to remove the firm from the approved list and replace it with the next qualified candidate based on the previous Request for Investment Services ranking. Should an approved bank merge with or be acquired by another bank while on the TIRZ approved list, the new bank must agree to meet the same collateralization and certification requirements, or the bank shall be removed from the approved list.

4.02 Certification

A written copy of this Investment Policy shall be presented to any firm seeking to engage in a financial transaction with the TIRZ. The authorized representative of the firm shall execute a written instrument substantially in the form of Attachment A of this Policy and to the effect that the representative has:

1. received and thoroughly reviewed the investment policy of the TIRZ; and
2. acknowledged that the organization has implemented reasonable procedures and controls in effort to preclude investment transactions that are not authorized by the TIRZ Investment Policy except to the extent that the authorization is dependent on an analysis of the makeup of the TIRZ entire portfolio or requires interpretation of subjective investment standards.

The Investment Officer(s) may not transact business with any firm that has not executed and returned this certification. (2256.005(I)).

The TIRZ may contract with a registered investment advisor for the management of the TIRZ portfolio. The advisor shall review the Policy and execute all transactions in accordance with the provisions and controls of the Policy.

4.03 Delivery vs. Payment Settlement

It shall be the policy of the TIRZ that all securities shall be purchased on a "Delivery vs. Payment" (DVP) basis, except for investment pools and mutual funds. By so doing, TIRZ funds are not released until the TIRZ or its approved custodian has received the securities purchased or pledged.

4.04 Internal Control and Annual Audit

The Director of Finance or designee shall establish a system of internal controls. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, or imprudent actions by employees or Investment Officers of the TIRZ. Controls and managerial emphasis deemed most important include the following:

Imperative Controls:

- A. Safekeeping receipts and record management
- B. Documentation of investment bidding
- C. Written confirmations
- D. Reconciliation and comparisons of security receipts with investments and bank records
- E. Compliance with investment policies
- F. Accurate and timely reporting
- G. Adequate training and development of Investment Officers

Controls Where Practical

- A. Control of collusion
- B. Segregation of duties
- C. Clear delegation of authority
- D. Staying informed about market conditions, changes and trends that require adjustments in investment strategies.

The TIRZ, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the TIRZ established investment policies. This annual audit shall be performed by an external auditor and will include formal review of the quarterly reports.

4.05 Standard of Care

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. the investment of all funds over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
2. whether the investment decision was consistent with the TIRZ Investment Policy.

The Director of Finance and the Investment Officers are not personally responsible for changes in the market.

4.06 Competitive Bidding

All purchases of investments will be placed after receiving competitive quotes from at least three financial institutions, broker/dealers, investment pools or any combination thereof. Quotes will be accepted either written or electronically, or a combination thereof. An exception to this rule may be made when time limitations preclude the bidding process.

The investment will be made with the broker/dealer offering the greatest return and quality to the TIRZ. If three bids/offers are solicited but three responses are not received within the time frame specified in the solicitation of the bid/offer, the Investment Officer may act based on the responses received as long as the solicitation of and failure to receive the bids/offers is documented. Any investments purchased must have the signature of at least two Investment Officers, when both are present.

4.07 Portfolio Diversification

The TIRZ will diversify its investments by security type, institution, and broker/dealer. Requests for bids/offers from broker/dealers shall rotate among approved broker/dealers to ensure that the same brokers are not solicited for every bid/offer request, and to ensure competition among broker/dealers.

With the exception of U.S Treasury Securities and interest bearing checking accounts that are fully collateralized, no more than 75% of the TIRZ total investment portfolio will be invested in a single security type. If the TIRZ elects to participate in more than one investment pool, the total percent invested in all pools shall not exceed the maximum percent allowed.

Diversification requirements are as follows:

<u>Investment Type</u>	<u>Maximum Investment %</u>
Repurchase Agreements	Up to 50%
Certificates of Deposit**	Up to 50%
US Treasury Bills/Notes	Up to 100%
Other US Government Securities	Up to 50%
Authorized Investment Pools	Up to 75% in total
CDARS Program	Up to 25%
No-Load MM Mutual Funds	Up to 50%
No-Load Mutual Funds	Per PFIA
Sweep Accounts/DDA***	Up to 100%

** FDIC coverage or fully collateralized

*** Fully collateralized at 102% of value

4.08 Electronic Funds Transfer

The TIRZ may use electronic means to transfer or invest all funds collected or controlled by the TIRZ.

4.09 Selling Of Securities Before Maturity

While it is the TIRZ intent to hold securities to maturity to ensure safety of principal, if the TIRZ needs to sell securities in order to meet disbursement needs or to take advantage of interest rates, the City Manager and the Director of Finance must both approve the sale of the security.

5.0 Arbitrage

Arbitrage rebate provisions require that the TIRZ compute earnings on investments from each issue of bonds on an annual basis to determine if a rebate to the IRS is required. The TIRZ is required to perform specific calculations relative to the actual yield earned on the investment of the funds and the yield that could have been earned if the funds had been invested at a rate equal to the yield on the bonds sold by the TIRZ. The regulations require extreme precision in the monitoring and recording facets of the investments as a whole, and particularly as it relates to yields and computations to insure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance, or subject the TIRZ to severe penalties.

The TIRZ investment position as it relates to arbitrage regulations is as follows: Investments on bond proceeds will be made with safety of principal and liquidity in mind, but with a competitive rate of return. When project timing and cash flows allow, bond proceeds may be invested in instruments allowed under Section 3.0, if the investment can be

purchased solely with the individual bond proceeds, and not commingled with operating funds or multiple issues. All investments purchased with bond funds shall be documented clearly and reported to the TIRZ arbitrage consultant for tracking and review. Arbitrage rebate calculations will be performed annually on all debt issues and funds set aside annually for any positive arbitrage. Arbitrage will be rebated to the IRS, as necessary.

6.0 Investment Reporting

The Investment Officers shall report to TIRZ Board on no less than a quarterly basis in accordance with the Act (2256.023). The report shall include a detailed listing of all purchases, sales, and payments and a description of each security held as well as management summary information.

The report must be prepared and signed by all Investment Officers and contain a statement of compliance with regard to the TIRZ Investment Policy and the Act (2256.023).

Market prices used to determine market value in the investment reports shall be obtained from an independent source.

7.0 INVESTMENT COLLATERAL AND SAFEKEEPING

7.01 Collateral

The Investment Officer(s) or Investment Advisor shall ensure that all TIRZ funds in time and demand deposits, certificates of deposits and/or repurchase agreements are insured or collateralized consistent with the Public Funds Collateral Act (Texas Government Code 2257) and federal law as well as the then current bank depository contract. The TIRZ chooses to accept collateral based on the list of investments authorized under the Public Funds Investment Act. The right of collateral substitution is granted with the approval of the Director or Assistant Director of Finance. The Director or Assistant Director of Finance may approve and release pledged collateral. The TIRZ shall request additional collateral in the event Investment Officer(s) deems that deposits or investments are not sufficiently protected by the pledged collateral.

Collateral will equal 102% of the ledger balance of time and demand deposits, plus principal and accrued interest on certificates of deposit, and repurchase agreements and be held by an independent party outside the bank's or counter-parties' holding company. Pledged collateral will be evidenced by original safekeeping receipts, which are held at the Federal Reserve Bank and readily available to the TIRZ. The bank and/or counter-

party will be responsible for the monitoring and maintaining of margin levels at all times.

7.02 Safekeeping

All TIRZ securities shall be held in independent safekeeping by the TIRZ, the TIRZ depository bank or a TIRZ approved custodian in a third party financial institution. All safekeeping will be evidenced by original safekeeping receipts. Safekeeping receipts shall be maintained by the Investment Officer(s), and shall be available for review upon request.

8.0 INVESTMENT POLICY ADOPTION

The TIRZ Investment Policy shall be adopted by resolution annually by the TIRZ Board. The policy shall be reviewed annually by the Investment Committee. Any modifications made thereto must be approved by the TIRZ Board and documented by formal action.

GLOSSARY

Accrued Interest: Term designating the interest due on a bond or other fixed income security that must be paid by the buyer of a security to its seller.

Agency: A security, almost always debt, issued by a corporation sponsored by the U.S. Government. Examples: bonds of the Tennessee Valley Authority.

Agency Notes: One to two year obligations offered at a discount from par by U.S. Government Agencies, such as the Federal National Mortgage Association, the Federal Home Administration, and the Farm Credit System.

Bid: The price offered by a buyer of securities – when you are selling securities, you ask for a bid.

Broker: A broker brings buyers and sellers together for a commission.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate.

Collateral: Evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Component Unit: Based on generally accepted account principles, the Pearland Economic Development Corporation, TIRZ #2, and the Development Authority of Pearland are considered component units of the City, and as such are included in the TIRZ annual financial reports.

Confirmation: Commonly called a "confirm." The confirmation is a notice to a customer that payment is due on a purchase, or that net proceeds are available on a sale of securities. Federal securities law requires that a confirmation be sent promptly following each purchase and sale.

Conflict of Interest: Term used to describe a financial situation where a person prejudicially places personal affairs before those of constituents that the person is supposed to serve or represent.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Current Maturity: Used to designate the remaining lifetime of an already outstanding bond.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery versus Payment: Delivery of securities first, with an exchange of money for the securities after delivery.

Derivatives: (a) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying indices or securities, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security.

Discount: The difference between the cost price of a security and its maturity value when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value. Example: U.S. Treasury Bills.

Discount Yield: Measurement of return that computes interest on face value of security rather than on the dollar amount invested. Used in figuring yield on U.S. Treasury Bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Equivalent Bond Yield: Used to compare the discount yield on money market securities to the coupon yield on government bonds.

Face Value: The dollar amount that appears on the face of the bond certificate. It is the dollar amount the issuer promises to pay to the holder at maturity. Also called par value.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals. Examples: S&L's, small business firms, students, farmers, farm cooperatives.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per depositor.

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Farm Credit Bank (FFCB): Fiscal agent for the Farm Credit System, a public government sponsored enterprise (GSE) created in 1916 to lend to agricultural and rural America. Funds for loans are obtained through the issuance of Farm Credit Debt Securities.

Federal Home Loan Bank (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac): Public government sponsored enterprise (GSE) created in 1970 to expand the secondary market for mortgages in the US. Along with other GSEs, Freddie Mac buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases.

Federal National Mortgage Association (FNMA or Fannie Mae): FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. FNMA, is a private stockholder-owned

corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of the seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Financial Assets: Cash and other assets that, in the normal course of operations, will become cash.

Government National Mortgage Association (GNMA or Ginnie Mae): A fixed income security that represents an undivided interest in a pool of federally insured mortgages put together by GNMA. GNMA securities are commonly backed by FHA or VA mortgages.

Liquidity: A liquid assets is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable sizes can be done at those quotes.

Local Government Investment Pool (LGIP): An entity created under the public funds investment act to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are 1) preservation and safety of principal, 2) liquidity, and 3) yield.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, etc.) with a one-year maturity or less, and often 30-days or less, are issued and traded.

Offer: The price asked by a seller of securities.

Overnight Repo: A repurchase agreement with expiration set for the following business day.

Par Value: The dollar amount that appears on the face of the bond certificate. It is the dollar amount the issuer promises to pay to the holder at maturity. Also, called face value.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions.

Principal: The face amount (par value) of a debt security.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. For bonds and notes, it is the coupon rate divided by the price.

Repurchase Agreement (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.

Safekeeping: A services to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vault for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission: Agency created by Congress to protect investors in security related transactions by administering securities legislation.

Sell: To transfer ownership for a monetary consideration. The term is used in conjunction with the disposition of stocks, bonds, or other financial assets.

Structured Notes: Notes issued by Government Sponsored Enterprises (FFCB, FHLB, FHLMC, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g.: call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon bearing U.S. Treasury Securities issued as direct obligations of the U. S. Government and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio.

ATTACHMENT A

CERTIFICATION BY BUSINESS ORGANIZATION

This certification is executed on behalf of Tax Increment Reinvestment Zone No. 2 (the Investor) and _____ (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter into an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment transactions conducted between the Business Organization and the Investor that are not authorized by the entity's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or required an interpretation of subjective investment standards.
4. The Business Organization will rely upon instructions from only the persons authorized on behalf of the Tax Increment Reinvestment Zone No. 2 as stated in the Investment Policy and TIRZ resolution designating investment officers.

Qualified Representative of the Business Organization

Signature: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT B

APPROVED/AUTHORIZED LIST OF BROKER/DEALERS

Comerica Securities
Duncan Williams
First Southwest Company
~~Frost National Bank~~
Wells Fargo Bank
CastleOak Securites
Gilford Securities
SAMCO Securities
Oppenheimer & Co.

Certificates of deposit may be purchased from Texas depository institutions, which are not on the approved broker/list, as they are considered depository in nature. Certificates of deposit purchased from brokerage firms, however, must be on the approved broker/dealer list as they fall under the Public Funds Investment Act. All deposits over the FDIC limit must be collateralized.

TAX INCREMENT REINVESTMENT ZONE NO. 2 INVESTMENT STRATEGY

The Tax Increment Reinvestment Zone No. 2 (“TIRZ”) shall adopt by resolution a separate written investment strategy for each of the funds under its control. For Investment purposes, the TIRZ shall use a “Pooled Fund Group” which means that all funds under the TIRZ’s control shall be treated as one fund.

INVESTMENT STRATEGY

I. Suitability

Investments are to be purchased based on the financial requirements of the TIRZ. The TIRZ shall strive to maintain the level of investment of all fund balances, reserves and bond funds as close as possible to 100%. Any investment eligible in the Investment Policy is suitable for all TIRZ funds, including component units.

II. Safety of Principal

Investments of the TIRZ shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. All investments shall be of high quality with no perceived default risk. It is the TIRZ’s full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal.

III. Liquidity

The TIRZ’s investment portfolio will remain sufficiently liquid to enable the TIRZ to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with budgetary and economic cycles, and forecasted cash flow requirements. A portion of the portfolio will be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements. Investment pools and money market mutual funds provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

IV. Marketability

The TIRZ shall invest in securities that, if the need arises, can be liquidated before maturity. Investments will never be prematurely sold

at less than book value plus accrued interest, without the approval of the Director of Finance and the City Manager.

V. Diversification

The TIRZ will diversify its investments by security type and by broker/dealer. With the exception of U.S. Treasury securities and fully collateralized demand deposit accounts, no more than 75% of the TIRZ's total investment portfolio will be invested in a single security type.

VI. Yield

The investment portfolio shall obtain a competitive rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The TIRZ shall attempt to obtain an acceptable return provided that the requirements of safety and liquidity are first met. The yield of the one-year U.S. Treasury Bill shall be a yield objective or benchmark as well as benchmarked against an agency note with maturity, which approximates the weighted average maturity of the portfolio.

ATTACHMENT B

APPROVED/AUTHORIZED LIST OF BROKER/DEALERS

Comerica Securities
Duncan Williams
First Southwest Company
Wells Fargo Securities
CastleOak Securities
Gilford Securities
SAMCO Securities
Oppenheimer & Co.

Certificates of deposit may be purchased from Texas depository institutions, which are not on the approved broker/list, as they are considered depository in nature. Certificates of deposit purchased from brokerage firms, however, must be on the approved broker/dealer list as they fall under the Public Funds Investment Act. All deposits over the FDIC limit must be collateralized.

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
CITY OF PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: RTIRZ 2016-04
DATE SUBMITTED: 6/9/2016	DEPARTMENT OF ORIGIN: Finance
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Cynthia Pearson	REVIEW DATE: June 17, 2016
SUBJECT: RTIRZ 2016-0 - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Accepting the Financial Report for the Period Ending May 31, 2016.	
EXHIBITS: RESOLUTION NO. RTIRZ 2016- Balance Sheet Income Statement	
EXPENDITURE REQUIRED: None	AMOUNT BUDGETED:
AMOUNT AVAILABLE:	PROJECT NO.:
ACCOUNT NO.:	
ADDITIONAL APPROPRIATION REQUIRED: None	
ACCOUNT NO.:	
PROJECT NO.:	
To be completed by Department:	
<input checked="" type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

EXECUTIVE SUMMARY

Attached are the financial statements (Balance Sheet and Statement of Revenues and Expenditures) for the Tax Increment Reinvestment Zone for the eight month period ending May 31, 2016.

- Cash and Investments total \$15,981,088. This includes the Alvin ISD suspense fund of \$9,948,263. Of that amount, \$5,039,466.67 ^[RO1][CD2] will be released in August 2016.
- Contributions through May total \$19,337,030, of which \$12,978,747 is from the City of Pearland and \$1,323,278 from Fort Bend County. In May, the TIRZ received \$5.0 million from Alvin ISD, which must be held in the suspense fund for a year, and Brazoria County's contribution will be received in August ^[RO3]. AISD has not received the State payment yet. Last year's payment of \$1.5 million was

received in September. Fiscal year to date expenses total \$8,310,843, of which \$8,306,397 are administration fees to the City.

- Fund equity as of May 31, 2016 is \$15,981,088, which includes \$9,948,263 in the suspense fund. The current available operating balance is \$6,032,825.

RECOMMENDED ACTION

Presentation and acceptance of May 2016 Financial Statements.

RESOLUTION NO. RTIRZ 2016-04

A RESOLUTION OF THE TAX INCREMENT REINVESTMENT ZONE NO. 2 (TIRZ), ACCEPTING THE FINANCIAL REPORT FOR THE PERIOD ENDING MAY 31, 2016.

BE IT RESOLVED BY TIRZ BOARD OF DIRECTORS:

Section 1. That the TIRZ hereby accepts the Financial Report for the period ending May 31, 2016.

PASSED, APPROVED, AND ADOPTED this _____ day of _____ . A.D 2016.

TIRZ CHAIRMAN

ATTEST:

TIRZ SECRETARY

PEARLAND ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
FOR MONTH ENDED NOVEMBER 30, 2006
(Unaudited)

ASSETS:

Cash and Cash Equivalents	14,393,138
Investments	4,004,113
Sales Tax Receivable	765,087
Accounts Receivable	-
Accrued Interest Receivable	12,498
Fixed Assets	-
Prepaid Expenses	-
Total Assets	<u>19,174,835</u>

LIABILITIES:

Accounts Payable	17,160
Total Liabilities	<u>17,160</u>

EQUITY:

Equity	19,157,675
Total Equity	<u>19,157,675</u>

Total Liabilities and Equity	<u>19,174,835</u>
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PEARLAND ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
FOR MONTH ENDED OCTOBER 31, 2006
(Unaudited)

ASSETS:

Cash and Cash Equivalents	13,929,927
Investments	3,989,257
Sales Tax Receivable	908,663
Accounts Receivable	-
Accrued Interest Receivable	24,898
Fixed Assets	-
Prepaid Expenses	-
Total Assets	<u>18,852,745</u>

LIABILITIES:

Accounts Payable	18,071
Total Liabilities	<u>18,071</u>

EQUITY:

Equity	18,834,674
Total Equity	<u>18,834,674</u>

Total Liabilities and Equity	<u>18,852,745</u>
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**TIRZ#2
BALANCE SHEET
FOR MONTH ENDED MAY 31, 2016**

ASSETS:

Cash and Cash Equivalents	6,032,825
Cash in Bank - A.I.S.D.	9,948,263
A.I.S.D. Receivable	
Short Term - CD Investment	-
Receivable / Interest	-
Total Assets	<u>15,981,088</u>

LIABILITIES:

Deferred Revenue	-
Total Liabilities	<u>-</u>

EQUITY:

Equity	15,981,088
Total Equity	<u>15,981,088</u>

Total Liabilities and Equity	<u>15,981,088</u>
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TIRZ #2
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
FOR MONTH ENDED MAY 31, 2016

	FY2016	FY2015
	ACTUAL	ACTUAL
	TO - DATE	TO - DATE
REVENUES		
Taxes		
Alvin ISD	5,035,004	4,768,987
Brazoria County		
City of Pearland	12,978,747	11,697,253
Fort Bend County	1,323,278	913,610
Interest	6,155	7,804
Miscellaneous		
TOTAL	19,343,184	17,387,654
EXPENDITURES		
Miscellaneous Services	4,446	1,426
Payment to City of Pearland	8,306,397	7,467,185
Payment to Development Authority		
Transfers		
TOTAL	8,310,843	7,468,611
Net Change in Fund Balance	11,032,342	9,919,043
BEGINNING FUND BALANCE	4,948,746	4,346,424
ISD Suspense Fund	9,948,263	9,082,394
ENDING AVAILABLE FUND BALANCE	6,032,825	5,183,074

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: RTIRZ No. 2016-05
DATE SUBMITTED: 06/01/2016	REPRESENTING: City of Pearland
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Cynthia Pearson	REVIEW DATE: June 20, 2016
SUBJECT: RTIRZ 2016- - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Accepting the Investment Report for the Quarters Ending June 2015, September 2015, December 2015 and March 2016.	
EXHIBITS: Resolution RTIRZ 2016- Investment Portfolio Reports	
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 are the Investment Reports for the quarters ending June 30, 2015, September 30, 2015, December 31, 2015, and March 31, 2016. Highlights are:

	Jun 2015	Sept 2015	Dec 2015	Mar 2016
• Beginning Book Value	\$ 11,842,146	\$ 14,318,523	\$ 4,952,937	\$ 7,454,144
• Ending Book Value	\$ 14,318,523	\$ 4,952,937	\$ 7,454,144	\$ 13,867,694
• Increase/ (Decrease) in Portfolio	\$ 2,476,377	\$ (9,365,586)	\$ 2,501,207	\$ 6,413,550
• Interest Earned for Quarter	\$ 3,394	\$ 2,314	\$ 1,273	\$ 3,158
• Weighted Average Maturity	2 Days	1 Day	1 Day	1 Day
• Rate of Return at Quarter End	.10%	.10%	.08%	.11%
• Average Rate of Return for Quarter	.10%	.09%	.09%	.11%
• Average One Year T-Bill Benchmark for Quarter	.25%	.35%	.46%	.58%
• Average Agency Disc Benchmark for Quarter	.01%	.01%	.01%	.01%
• Portfolio Composition: Money Market	65%	99%	66%	57%

Cash	35%	1%	34%	43%
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Decrease in portfolio from June 2015 to Sept 2015 represents release of Alvin ISD suspense funds in the amount of \$4.3 million and transfer of those funds along with additional funds to the Development Authority. Increase in portfolio represent tax increment payments from the taxing participants to be transferred to the Development Authority in August 2016. Yield on portfolio increased to its highest rate of return throughout the year at the end of the 4th quarter. The 1 year T-Bill benchmark has continued to rise substantially and is over double the rate that it was at this time last year.

RECOMMENDED ACTION

Accept the June 2015, September 2015, December 2015 and March 2016 Quarterly Investment Reports.

RESOLUTION NO. RTIRZ 2016-05

**A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ),
accepting the Investment Report for the Quarters Ending June 2015,
September 2015, December 2015 and March 2016.**

BE IT RESOLVED BY THE TIRZ BOARD OF DIRECTORS:

Section 1. That the Board hereby accepts the Investment Reports for the
Quarter ending June 2015, September 2015, December 2015, and March 2016.

PASSED, APPROVED, AND ADOPTED this _____ day of _____,
A.D., 2016.

TIRZ CHAIRMAN

ATTEST:

TIRZ SECRETARY

**Tax Increment Reinvestment Zone No. 2
Quarterly Investment Report
March 31, 2015 to June 30, 2015**



This report is prepared for the Tax Increment Reinvestment Zone No. 2 in accordance with Chapter 2256 of the Public Funds Investment Act (PFIA). Section 2256.023 (a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Investment Officer and includes the disclosures required in the PFIA.

Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	Treasury 1 Year	Interest Earned	Days To Maturity
4/30/2015	13,305,267.59	13,305,267.59	0.00	0.10	0.23	1,009.84	3
5/31/2015	14,265,894.54	14,265,868.00	26.54	0.10	0.24	1,204.60	2
6/30/2015	14,318,523.12	14,318,523.12	0.00	0.10	0.28	1,179.39	2
Total / Average	13,963,228.42	13,963,219.57	8.85	0.10	0.25	3,393.83	2

Claire Bogard 8/28/15
 Claire Bogard, Director of Finance Date

Rick Overgaard 8/21/15
 Rick Overgaard, Assistant Director of Finance Date

Carrie Ditta 8/24/15
 Carrie Ditta, Accounting Supervisor Date



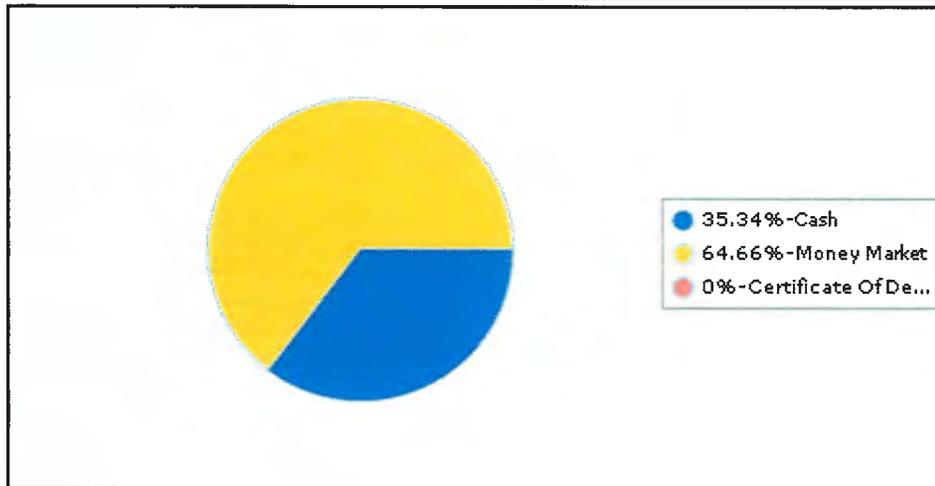
City of Pearland Distribution by Security Type - Book Value Report Group: TIRZ II

Begin Date: 3/31/2015, End Date: 6/30/2015

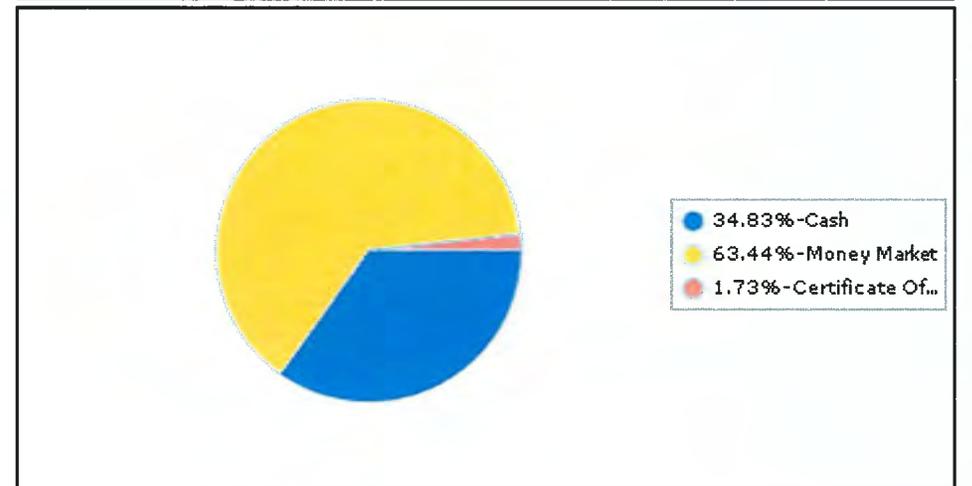
Security Type Allocation

Security Type	Book Value 3/31/2015	% of Portfolio 3/31/2015	Book Value 6/30/2015	% of Portfolio 6/30/2015
Cash	4,184,642.92	35.34	4,987,382.95	34.83
Money Market	7,657,503.16	64.66	9,083,140.17	63.44
Certificate Of Deposit	0.00	0.00	248,000.00	1.73
Total / Average	11,842,146.08	100.00	14,318,523.12	100.00

Portfolio Holdings as of 3/31/2015



Portfolio Holdings as of 6/30/2015





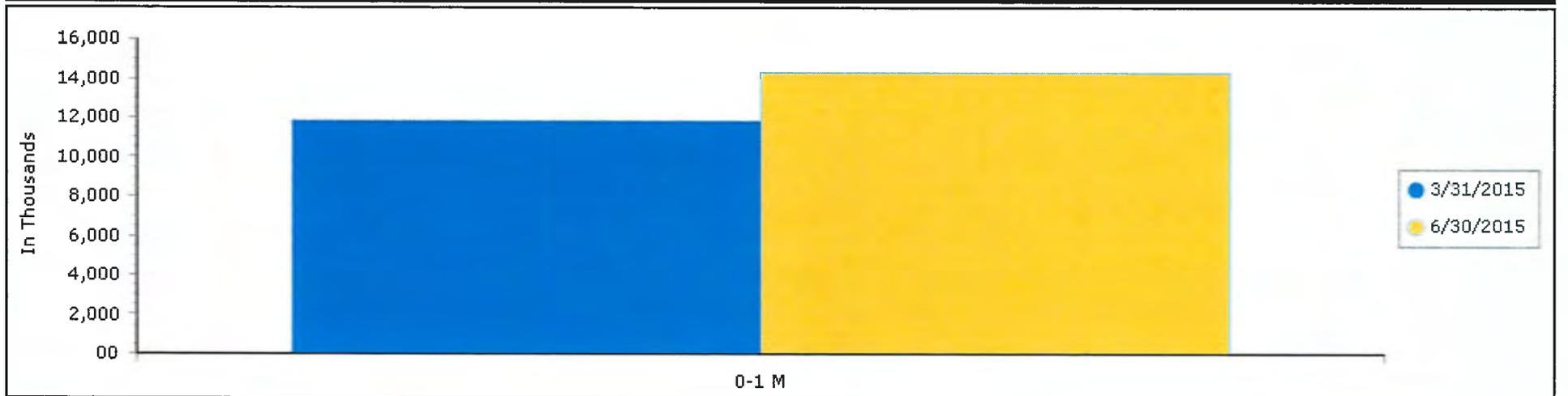
City of Pearland Distribution by Maturity Range - Book Value Report Group: TIRZ II

Begin Date: 3/31/2015, End Date: 6/30/2015

Maturity Range Allocation

Maturity Range	Book Value 3/31/2015	% of Portfolio 3/31/2015	Book Value 6/30/2015	% of Portfolio 6/30/2015
0-1 Month	11,842,146.08	100.00	14,318,523.12	100.00
Total / Average	11,842,146.08	100.00	14,318,523.12	100.00

Portfolio Holdings



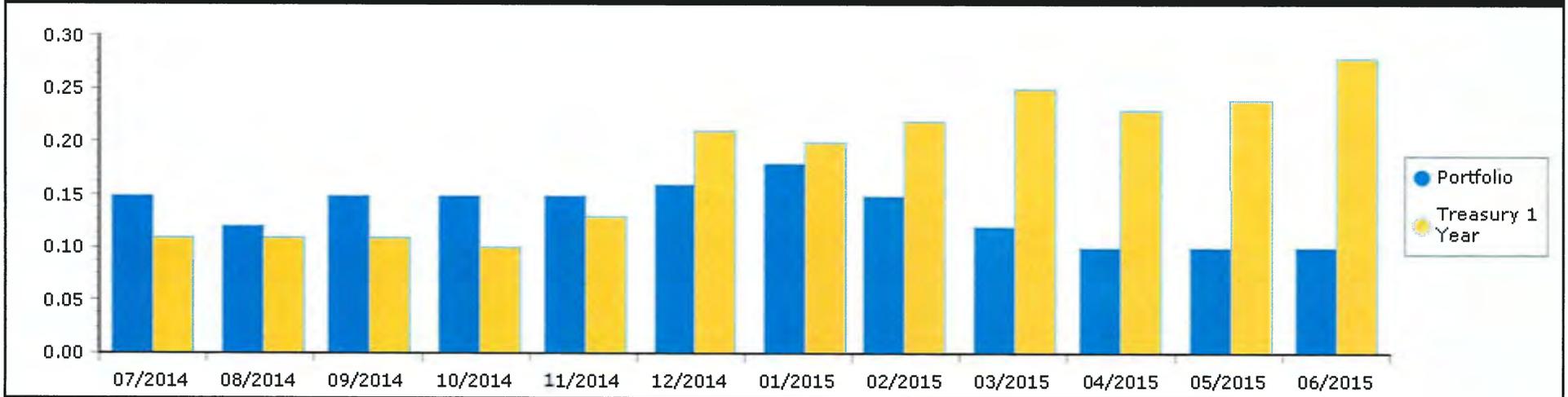


City of Pearland Total Rate of Return - Book Value by Month Report Group: TIRZ II

Begin Date: 7/31/2014, End Date: 6/30/2015

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV	Treasury 1 Year
7/31/2014	12,845,347.13	1,613.71	0.00	1,613.71	13,090,374.26	0.01	0.15	0.11
8/31/2014	13,293,775.02	901.75	0.00	901.75	9,113,190.68	0.01	0.12	0.11
9/30/2014	5,671,258.27	611.44	0.00	611.44	4,964,353.99	0.01	0.15	0.11
10/31/2014	4,346,424.18	561.71	0.00	561.71	4,390,707.13	0.01	0.15	0.10
11/30/2014	4,427,737.16	578.74	0.00	578.74	4,585,689.84	0.01	0.15	0.13
12/31/2014	4,724,477.17	843.59	0.00	843.59	6,140,934.90	0.01	0.16	0.21
1/31/2015	7,308,273.10	1,418.01	0.00	1,418.01	9,558,487.35	0.01	0.18	0.20
2/28/2015	11,413,022.97	1,409.81	0.00	1,409.81	11,598,676.87	0.01	0.15	0.22
3/31/2015	11,785,740.58	1,179.78	0.00	1,179.78	11,816,025.65	0.01	0.12	0.25
4/30/2015	11,842,146.08	1,009.84	0.00	1,009.84	12,489,672.30	0.01	0.10	0.23
5/31/2015	13,305,267.59	1,204.60	0.00	1,204.60	13,831,405.20	0.01	0.10	0.24
6/30/2015	14,265,869.02	1,179.39	0.00	1,179.39	14,293,338.03	0.01	0.10	0.28

Annualized TRR-BV





City of Pearland
Portfolio Holdings by Security Type
Report Group: TIRZ II

Date: 6/30/2015

Description	Face Amount / Shares	Settlement Date	Cost Value	Market Price	Market Value	% Portfolio	Credit Rating	Days To Call/Maturity
CUSIP		YTM @ Cost	Book Value	YTM @ Market	Accrued Interest	Unre. Gain/Loss	Credit Rating	Duration To Maturity
Cash								
Wells Fargo Sweep Cash		5/31/2006	4,987,382.95	100.00	4,987,382.95	34.83%	None	1
WFSWEEP	4,987,382.95	0.09	4,987,382.95	0.09		0.00	None	0
			4,987,382.95		4,987,382.95	34.83%		1
Sub Total Cash	4,987,382.95	0.09	4,987,382.95	0.09		0.00		0
Certificate Of Deposit								
Peoples Natl Bk 0.15 7/30/2015		4/30/2015	248,000.00	100.00	248,000.00	1.73%	None	30
71123RCG6	248,000.00	0.15	248,000.00	0.15	0.00	0.00	None	0.08
			248,000.00		248,000.00	1.73%		30
Sub Total Certificate Of Deposit	248,000.00	0.15	248,000.00	0.15	0.00	0.00		0.08
Money Market								
Wells Fargo MM		5/30/2006	9,083,140.17	100.00	9,083,140.17	63.44%	None	1
WF7843	9,083,140.17	0.10	9,083,140.17	0.10		0.00	None	0
			9,083,140.17		9,083,140.17	63.44%		1
Sub Total Money Market	9,083,140.17	0.10	9,083,140.17	0.10		0.00		0
			14,318,523.12		14,318,523.12	100.00%		2
TOTAL PORTFOLIO	14,318,523.12	0.10	14,318,523.12	0.10	0.00	0.00		0

Pledged Collateral Reconciliation Report June 30, 2015

Bank	Account Number	Account Name	Amount
Wells Fargo	807-1613395	Credit Card Account	-
Wells Fargo	001-3042841	Sweep Account	79,349,081.68
Wells Fargo	7169195455	False Alarm Reduction Program	141,401.66
Wells Fargo	818-4567843	Alvin ISD	9,083,140.17
Wells Fargo	179-0121790	EMS Payments	-
Wells Fargo	280-7409871	Health Claims	<u>296,369.84</u>
Total of Bank Balances			\$ 88,869,993.35
Pledged Collateral for City			103,397,356.12
FDIC Insurance			<u>250,000.00</u>
			\$ 103,647,356.12
Over (Under) Collateralized			\$ 14,777,362.77
Total % Collateralized			116.6%

Bank	Account Number	Account Name	Amount
Wells Fargo	100-7284258	Development Authority	<u>462,574.83</u>
Total of Bank Balances			\$ 462,574.83
Pledged Collateral for DAP			242,106.33
FDIC Insurance			<u>250,000.00</u>
			\$ 492,106.33
Over (Under) Collateralized			\$ 29,531.50
Total % Collateralized			106.4%
Total % Collateralized			116.6%
Status			Collateralized

**Tax Increment Reinvestment Zone No. 2
Quarterly Investment Report
June 30, 2015 to September 30, 2015**



This report is prepared for the Tax Increment Reinvestment Zone No. 2 in accordance with Chapter 2256 of the Public Funds Investment Act (PFIA). Section 2256.023 (a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Investment Officer and includes the disclosures required in the PFIA.

Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	Treasury 1 Year	Interest Earned	Days To Maturity
7/31/2015	16,002,760.25	16,002,760.25	0.00	0.10	0.30	1,340.64	1
8/31/2015	5,065,814.22	5,065,814.22	0.00	0.10	0.38	565.91	1
9/30/2015	4,952,937.45	4,952,937.45	0.00	0.10	0.37	407.29	1
Total / Average	8,673,837.31	8,673,837.31	0.00	0.10	0.35	2,313.84	1

Claire Bogard 11-10-15
 Claire Bogard, Director of Finance Date

[Signature] 11/9/15
 Rick Overgaard, Assistant Director of Finance Date

Carrie Ditta 11/9/15
 Carrie Ditta, Accounting Supervisor Date



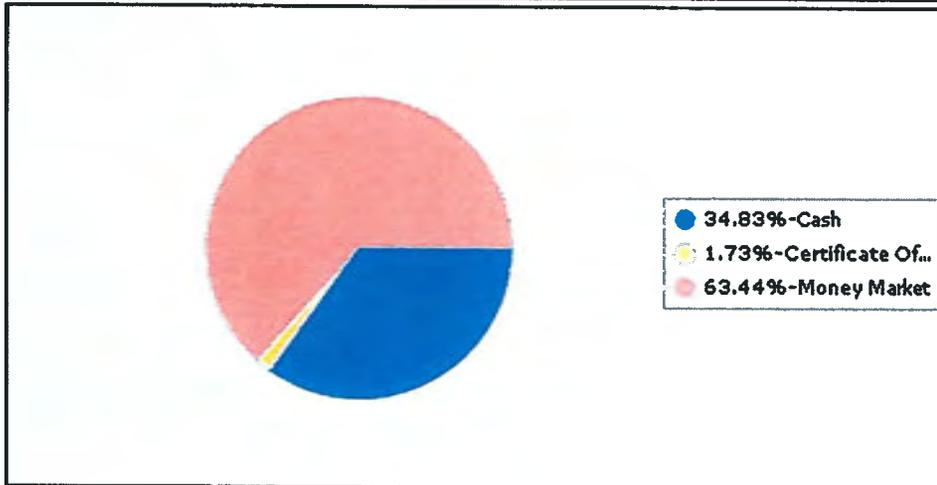
City of Pearland Distribution by Security Type - Book Value Report Group: TIRZ II

Begin Date: 6/30/2015, End Date: 9/30/2015

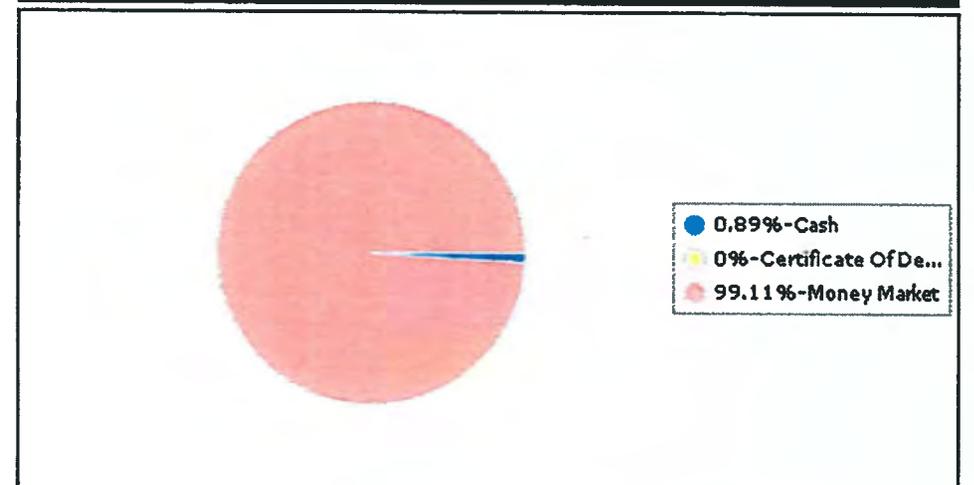
Security Type Allocation

Security Type	Book Value 6/30/2015	% of Portfolio 6/30/2015	Book Value 9/30/2015	% of Portfolio 9/30/2015
Cash	4,987,382.95	34.83	43,955.47	0.89
Certificate Of Deposit	248,000.00	1.73	0.00	0.00
Money Market	9,083,140.17	63.44	4,908,981.98	99.11
Total / Average	14,318,523.12	100.00	4,952,937.45	100.00

Portfolio Holdings as of 6/30/2015



Portfolio Holdings as of 9/30/2015





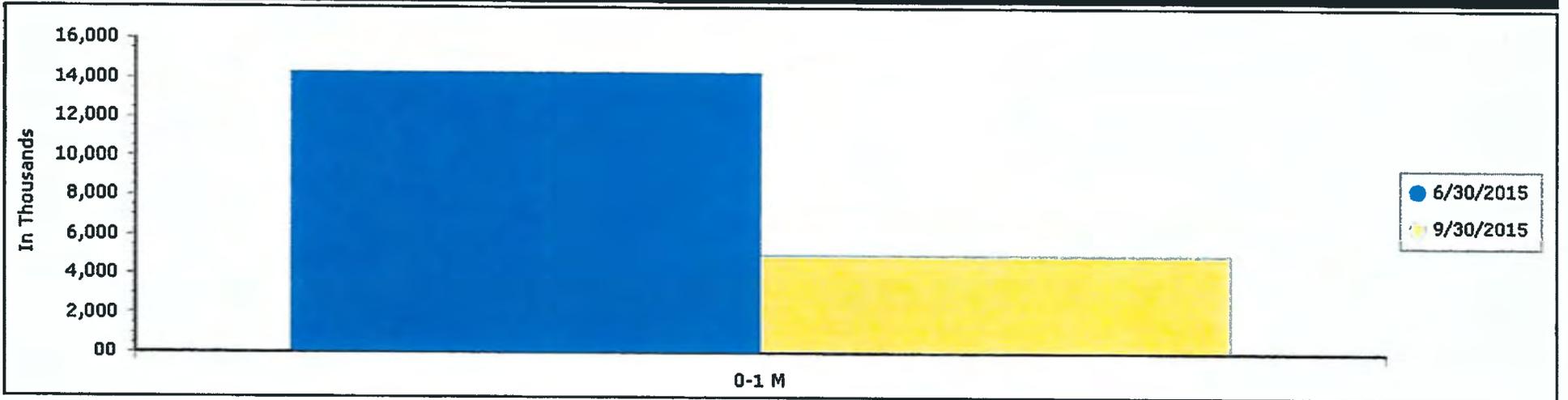
City of Pearland
Distribution by Maturity Range - Book Value
Report Group: TIRZ II

Begin Date: 6/30/2015, End Date: 9/30/2015

Maturity Range Allocation

Maturity Range	Book Value 6/30/2015	% of Portfolio 6/30/2015	Book Value 9/30/2015	% of Portfolio 9/30/2015
0-1 Month	14,318,523.12	100.00	4,952,937.45	100.00
Total / Average	14,318,523.12	100.00	4,952,937.45	100.00

Portfolio Holdings



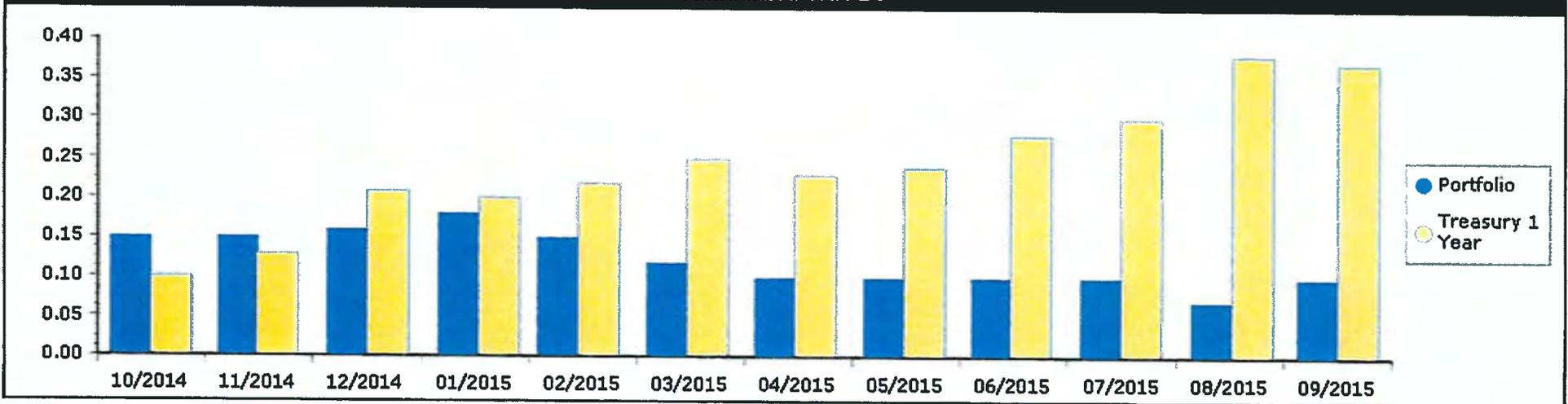


City of Pearland Total Rate of Return - Book Value by Month Report Group: TIRZ II

Begin Date: 10/31/2014, End Date: 9/30/2015

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV	Treasury 1 Year
10/31/2014	4,346,424.18	561.71	0.00	561.71	4,390,707.13	0.01	0.15	0.10
11/30/2014	4,427,737.16	578.74	0.00	578.74	4,585,689.84	0.01	0.15	0.13
12/31/2014	4,724,477.17	843.59	0.00	843.59	6,140,934.90	0.01	0.16	0.21
1/31/2015	7,308,273.10	1,418.01	0.00	1,418.01	9,558,487.35	0.01	0.18	0.20
2/28/2015	11,413,022.97	1,409.81	0.00	1,409.81	11,598,676.87	0.01	0.15	0.22
3/31/2015	11,785,740.58	1,179.78	0.00	1,179.78	11,816,025.65	0.01	0.12	0.25
4/30/2015	11,842,146.08	1,009.84	0.00	1,009.84	12,489,672.30	0.01	0.10	0.23
5/31/2015	13,305,267.59	1,204.60	0.00	1,204.60	13,831,405.20	0.01	0.10	0.24
6/30/2015	14,265,869.02	1,179.39	0.00	1,179.39	14,293,338.03	0.01	0.10	0.28
7/31/2015	14,318,523.12	1,340.64	0.00	1,340.64	15,369,418.61	0.01	0.10	0.30
8/31/2015	16,002,760.25	565.91	0.00	565.91	10,004,769.84	0.01	0.07	0.38
9/30/2015	5,065,814.22	407.29	0.00	407.29	5,005,396.05	0.01	0.10	0.37

Annualized TRR-BV





City of Pearland
Portfolio Holdings by Security Type
Report Group: TIRZ II

Date: 9/30/2015

Description	Face Amount / Shares	Settlement Date YTM @ Cost	Cost Value Book Value	Market Price YTM @ Market	Market Value Accrued Interest	% Portfolio Unre. Gain/Loss	Credit Rating Credit Rating	Days To Call/Maturity Duration To Maturity
Cash								
Wells Fargo Sweep Cash		5/31/2006	43,955.47	100.00	43,955.47	0.89%	None	1
WFSWEEP	43,955.47	0.09	43,955.47	0.09		0.00	None	0
			43,955.47		43,955.47	0.89%		1
Sub Total Cash	43,955.47	0.09	43,955.47	0.09		0.00		0
Money Market								
Wells Fargo MM		5/30/2006	4,908,981.98	100.00	4,908,981.98	99.11%	None	1
WF7843	4,908,981.98	0.10	4,908,981.98	0.10		0.00	None	0
			4,908,981.98		4,908,981.98	99.11%		1
Sub Total Money Market	4,908,981.98	0.10	4,908,981.98	0.10		0.00		0
TOTAL PORTFOLIO	4,952,937.45	0.10	4,952,937.45	0.10	4,952,937.45	100.00%		1
						0.00		0

**Tax Increment Reinvestment Zone No. 2
Quarterly Investment Report
September 30, 2015 to December 31, 2015**



This report is prepared for the Tax Increment Reinvestment Zone No. 2 in accordance with Chapter 2256 of the Public Funds Investment Act (PFIA). Section 2256.023 (a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Investment Officer and includes the disclosures required in the PFIA.

Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	Treasury 1 Year	Interest Earned	Days To Maturity
10/31/2015	5,088,813.15	5,088,813.15	0.00	0.10	0.26	421.30	1
11/30/2015	5,224,038.53	5,224,038.53	0.00	0.10	0.48	427.60	1
12/31/2015	7,454,143.68	7,454,143.68	0.00	0.10	0.65	424.17	1
Total / Average	5,922,331.79	5,922,331.79	0.00	0.10	0.46	1,273.07	1

ROL
Rick Overgaard, Assistant Director of Finance

5/20/16
Date

CDitta
Carrie Ditta, Accounting Supervisor

5/20/16
Date



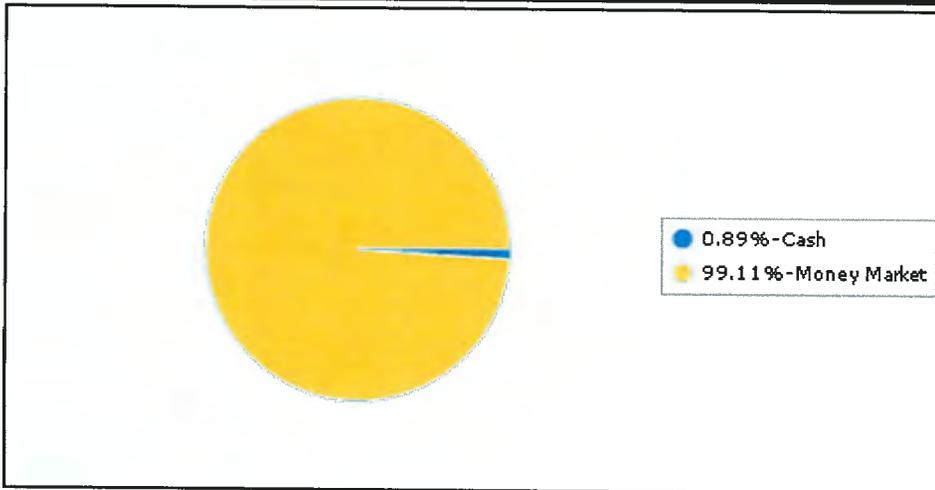
City of Pearland Distribution by Security Type - Book Value Report Group: TIRZ II

Begin Date: 9/30/2015, End Date: 12/31/2015

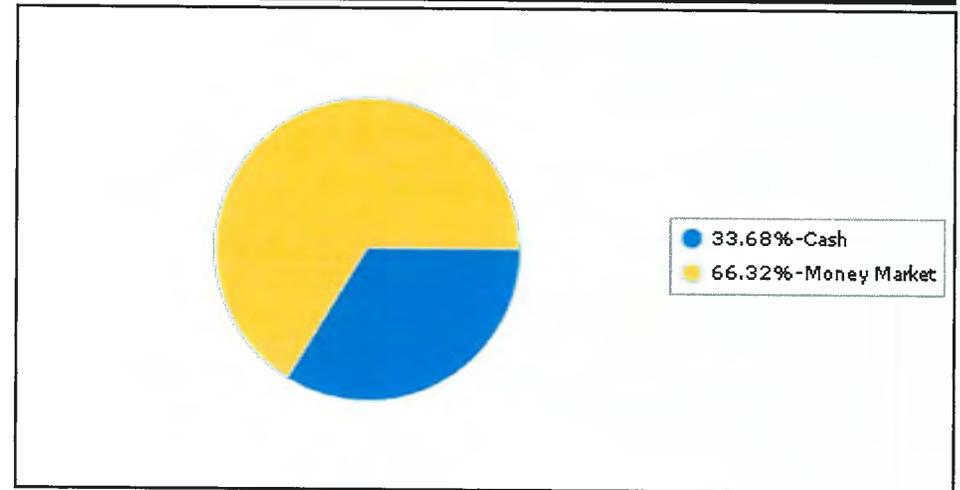
Security Type Allocation

Security Type	Book Value 9/30/2015	% of Portfolio 9/30/2015	Book Value 12/31/2015	% of Portfolio 12/31/2015
Cash	43,955.47	0.89	2,510,500.32	33.68
Money Market	4,908,981.98	99.11	4,943,643.36	66.32
Total / Average	4,952,937.45	100.00	7,454,143.68	100.00

Portfolio Holdings as of 9/30/2015



Portfolio Holdings as of 12/31/2015





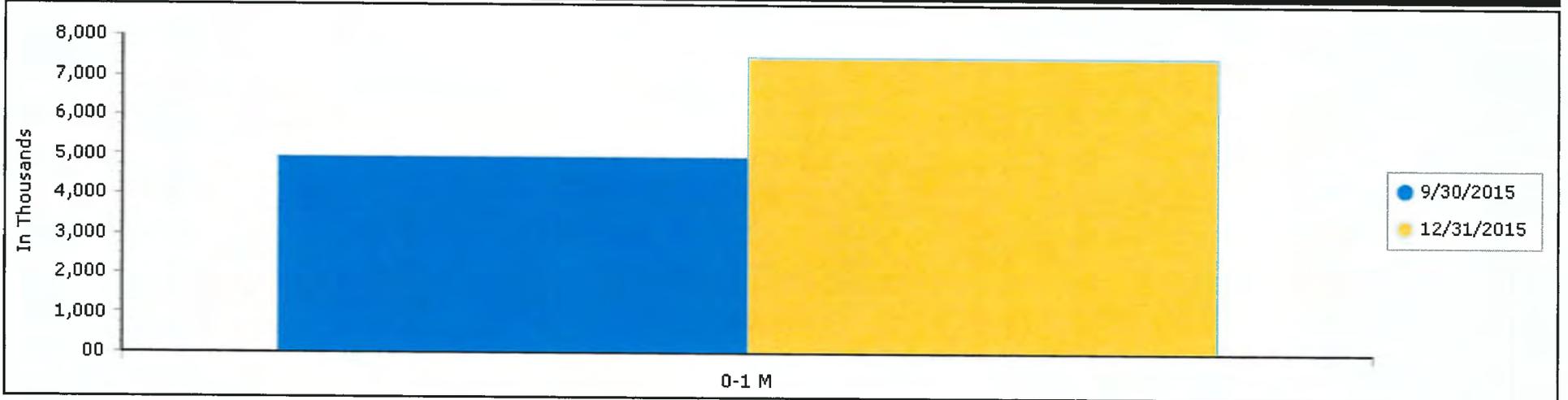
City of Pearland
Distribution by Maturity Range - Book Value
Report Group: TIRZ II

Begin Date: 9/30/2015, End Date: 12/31/2015

Maturity Range Allocation

Maturity Range	Book Value 9/30/2015	% of Portfolio 9/30/2015	Book Value 12/31/2015	% of Portfolio 12/31/2015
0-1 Month	4,952,937.45	100.00	7,454,143.68	100.00
Total / Average	4,952,937.45	100.00	7,454,143.68	100.00

Portfolio Holdings



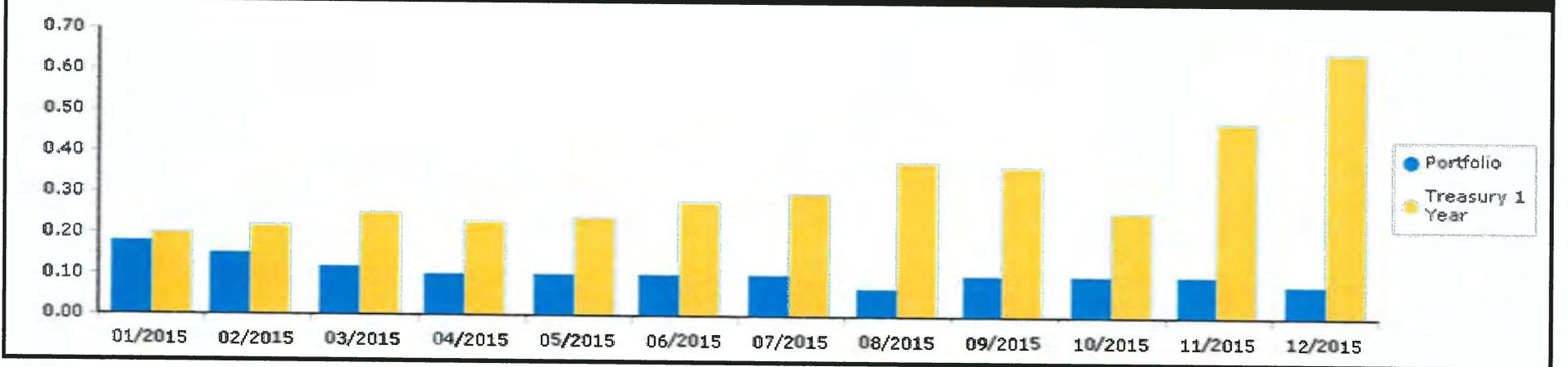


City of Pearland Total Rate of Return - Book Value by Month Report Group: TIRZ II

Begin Date: 1/31/2015, End Date: 12/31/2015

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV	Treasury 1 Year
1/31/2015	7,308,273.10	1,418.01	0.00	1,418.01	9,558,487.35	0.01	0.18	0.20
2/28/2015	11,413,022.97	1,409.81	0.00	1,409.81	11,598,676.87	0.01	0.15	0.22
3/31/2015	11,785,740.58	1,179.78	0.00	1,179.78	11,816,025.65	0.01	0.12	0.25
4/30/2015	11,842,146.08	1,009.84	0.00	1,009.84	12,489,672.30	0.01	0.10	0.23
5/31/2015	13,305,267.59	1,204.60	0.00	1,204.60	13,831,405.20	0.01	0.10	0.24
6/30/2015	14,265,869.02	1,179.39	0.00	1,179.39	14,293,338.03	0.01	0.10	0.28
7/31/2015	14,318,523.12	1,340.64	0.00	1,340.64	15,369,418.61	0.01	0.10	0.30
8/31/2015	16,002,760.25	565.91	0.00	565.91	10,004,769.84	0.01	0.07	0.38
9/30/2015	5,065,814.22	407.29	0.00	407.29	5,005,396.05	0.01	0.10	0.37
10/31/2015	4,952,937.45	421.30	0.00	421.30	5,027,218.90	0.01	0.10	0.26
11/30/2015	5,088,813.15	427.60	0.00	427.60	5,160,705.30	0.01	0.10	0.48
12/31/2015	5,224,038.53	424.17	0.00	424.17	6,446,766.81	0.01	0.08	0.65

Annualized TRR-BV





City of Pearland
Portfolio Holdings by Security Type
Report Group: TIRZ II

Date: 12/31/2015

Description	Face Amount / Shares	Settlement Date	Cost Value	Market Price	Market Value	% Portfolio	Credit Rating	Days To Call/Maturity
CUSIP		YTM @ Cost	Book Value	YTM @ Market	Accrued Interest	Unre. Gain/Loss	Credit Rating	Duration To Maturity
Cash								
Wells Fargo Sweep Cash		5/31/2006	2,510,500.32	100.00	2,510,500.32	33.68%	None	1
WFSWEEP	2,510,500.32	0.09	2,510,500.32	0.09		0.00	None	0
Sub Total Cash	2,510,500.32	0.09	2,510,500.32	0.09	2,510,500.32	33.68%	0.00	1
Money Market								
Wells Fargo MM		5/30/2006	4,943,643.36	100.00	4,943,643.36	66.32%	None	1
WF7843	4,943,643.36	0.10	4,943,643.36	0.10		0.00	None	0
Sub Total Money Market	4,943,643.36	0.10	4,943,643.36	0.10	4,943,643.36	66.32%	0.00	1
TOTAL PORTFOLIO	7,454,143.68	0.10	7,454,143.68	0.10	7,454,143.68	100.00%	0.00	1

Pledged Collateral Reconciliation Report December 31, 2015

Bank	Account Number	Account Name	Amount
Wells Fargo	807-1613395	Credit Card Account	-
Wells Fargo	001-3042841	Sweep Account	90,925,459.89
Wells Fargo	7169195455	False Alarm Reduction Program	211,067.61
Wells Fargo	818-4567843	Alvin ISD	4,943,643.36
Wells Fargo	179-0121790	EMS Payments	-
Wells Fargo	280-7409871	Health Claims	<u>166,474.82</u>
Total of Bank Balances			\$ 96,246,645.68
Pledged Collateral for City			108,226,429.71
FDIC Insurance			<u>250,000.00</u>
			\$ 108,476,429.71
Over (Under) Collateralized			\$ 12,229,784.03
Total % Collateralized			112.7%

Bank	Account Number	Account Name	Amount
Wells Fargo	100-7284258	Development Authority	<u>986,970.15</u>
Total of Bank Balances			\$ 986,970.15
Pledged Collateral for DAP			834,381.86
FDIC Insurance			<u>250,000.00</u>
			\$ 1,084,381.86
Over (Under) Collateralized			\$ 97,411.71
Total % Collateralized			109.9%
Total % Collateralized			112.7%
Status			Collateralized

**Tax Increment Reinvestment Zone No. 2
Quarterly Investment Report
December 31, 2015 to March 31, 2016**



This report is prepared for the Tax Increment Reinvestment Zone No. 2 in accordance with Chapter 2256 of the Public Funds Investment Act (PFIA). Section 2256.023 (a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Investment Officer and includes the disclosures required in the PFIA.

Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	Treasury 1 Year	Interest Earned	Days To Maturity
1/31/2016	11,946,854.65	11,946,854.65	0.00	0.10	0.54	913.28	1
2/29/2016	12,487,009.14	12,487,009.14	0.00	0.10	0.53	1,078.56	1
3/31/2016	13,867,694.33	13,867,694.33	0.00	0.10	0.66	1,166.51	1
Total / Average	12,767,186.04	12,767,186.04	0.00	0.10	0.58	3,158.35	1



 Rick Overgaard, Assistant Director of Finance

5/20/16

 Date



 Carrie Ditta, Accounting Supervisor

5/20/16

 Date



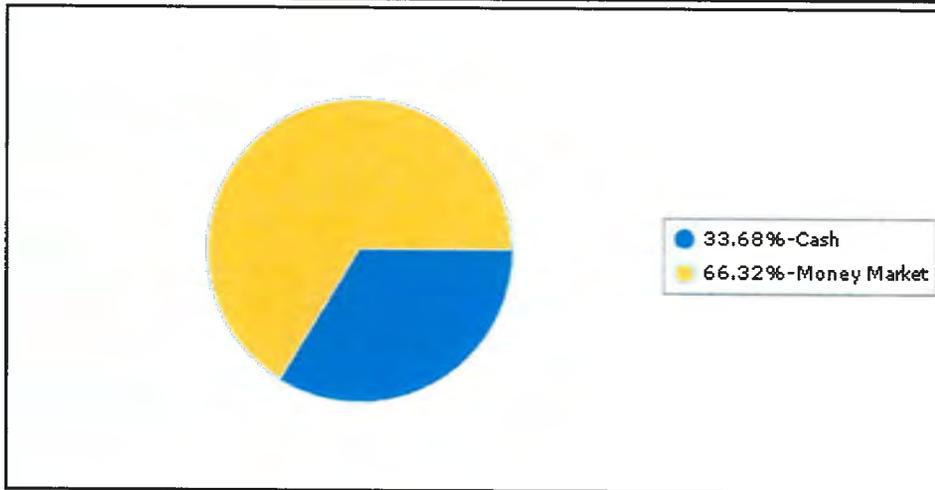
City of Pearland
Distribution by Security Type - Book Value
Report Group: TIRZ II

Begin Date: 12/31/2015, End Date: 3/31/2016

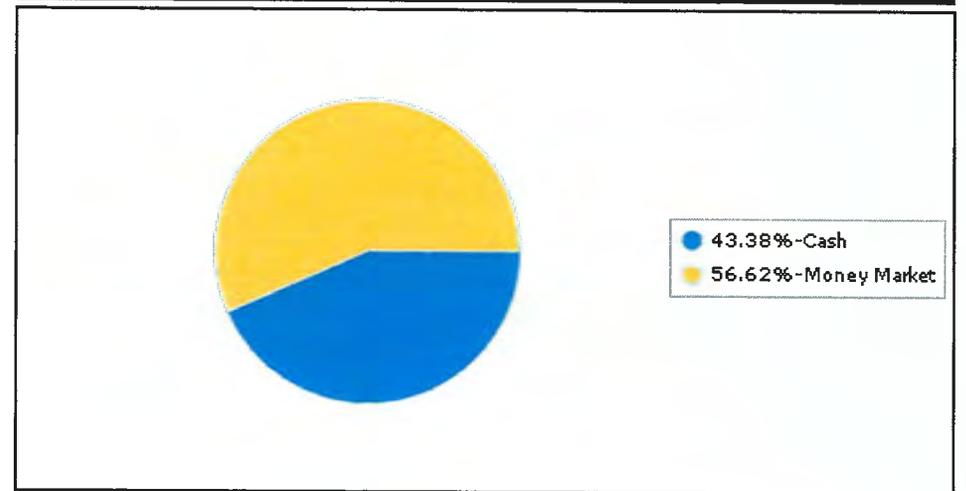
Security Type Allocation

Security Type	Book Value 12/31/2015	% of Portfolio 12/31/2015	Book Value 3/31/2016	% of Portfolio 3/31/2016
Cash	2,510,500.32	33.68	6,015,118.23	43.38
Money Market	4,943,643.36	66.32	7,852,576.10	56.62
Total / Average	7,454,143.68	100.00	13,867,694.33	100.00

Portfolio Holdings as of 12/31/2015



Portfolio Holdings as of 3/31/2016





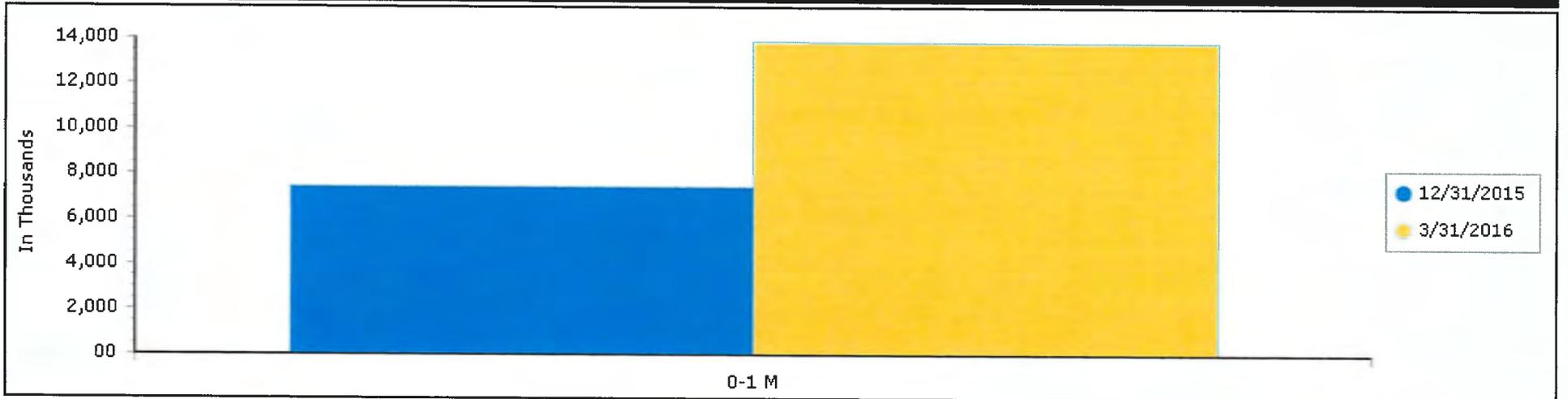
City of Pearland
Distribution by Maturity Range - Book Value
Report Group: TIRZ II

Begin Date: 12/31/2015, End Date: 3/31/2016

Maturity Range Allocation

Maturity Range	Book Value 12/31/2015	% of Portfolio 12/31/2015	Book Value 3/31/2016	% of Portfolio 3/31/2016
0-1 Month	7,454,143.68	100.00	13,867,694.33	100.00
Total / Average	7,454,143.68	100.00	13,867,694.33	100.00

Portfolio Holdings



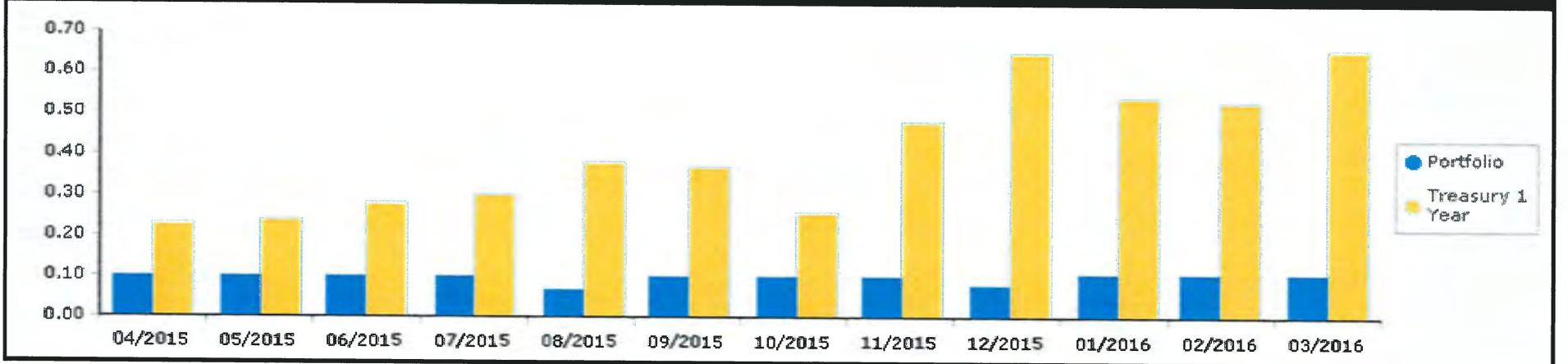


City of Pearland Total Rate of Return - Book Value by Month Report Group: TIRZ II

Begin Date: 4/30/2015, End Date: 3/31/2016

Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	TRR-BV	Annualized TRR-BV	Treasury 1 Year
4/30/2015	11,842,146.08	1,009.84	0.00	1,009.84	12,489,672.30	0.01	0.10	0.23
5/31/2015	13,305,267.59	1,204.60	0.00	1,204.60	13,831,405.20	0.01	0.10	0.24
6/30/2015	14,265,869.02	1,179.39	0.00	1,179.39	14,293,338.03	0.01	0.10	0.28
7/31/2015	14,318,523.12	1,340.64	0.00	1,340.64	15,369,418.61	0.01	0.10	0.30
8/31/2015	16,002,760.25	565.91	0.00	565.91	10,004,769.84	0.01	0.07	0.38
9/30/2015	5,065,814.22	407.29	0.00	407.29	5,005,396.05	0.01	0.10	0.37
10/31/2015	4,952,937.45	421.30	0.00	421.30	5,027,218.90	0.01	0.10	0.26
11/30/2015	5,088,813.15	427.60	0.00	427.60	5,160,705.30	0.01	0.10	0.48
12/31/2015	5,224,038.53	424.17	0.00	424.17	6,446,766.81	0.01	0.08	0.65
1/31/2016	7,454,143.68	913.28	0.00	913.28	9,917,387.57	0.01	0.11	0.54
2/29/2016	11,946,854.65	1,078.56	0.00	1,078.56	12,225,687.03	0.01	0.11	0.53
3/31/2016	12,487,009.14	1,166.51	0.00	1,166.51	13,243,519.38	0.01	0.11	0.66

Annualized TRR-BV





City of Pearland
Portfolio Holdings by Security Type
Report Group: TIRZ II

Date: 3/31/2016

Description CUSIP	Face Amount / Shares	Settlement Date YTM @ Cost	Cost Value Book Value	Market Price YTM @ Market	Market Value Accrued Interest	% Portfolio Unre. Gain/Loss	Credit Rating Credit Rating	Days To Call/Maturity Duration To Maturity
Cash								
Wells Fargo Sweep Cash WFSWEEP	6,015,118.23	5/31/2006 0.09	6,015,118.23	100.00 0.09	6,015,118.23	43.38% 0.00	None None	1 0
Sub Total Cash	6,015,118.23	0.09	6,015,118.23	0.09	6,015,118.23	43.38%	0.00	1 0
Money Market								
Wells Fargo MM WF7843	7,852,576.10	5/30/2006 0.10	7,852,576.10	100.00 0.10	7,852,576.10	56.62% 0.00	None None	1 0
Sub Total Money Market	7,852,576.10	0.10	7,852,576.10	0.10	7,852,576.10	56.62%	0.00	1 0
TOTAL PORTFOLIO	13,867,694.33	0.10	13,867,694.33	0.10	13,867,694.33	100.00%	0.00	1 0

Pledged Collateral Reconciliation Report March 31, 2016

Bank	Account Number	Account Name	Amount
Wells Fargo	807-1613395	Credit Card Account	-
Wells Fargo	001-3042841	Sweep Account	87,067,220.50
Wells Fargo	7169195455	False Alarm Reduction Program	247,389.05
Wells Fargo	818-4567843	Alvin ISD	7,852,576.10
Wells Fargo	179-0121790	EMS Payments	-
Wells Fargo	280-7409871	Health Claims	<u>390,778.39</u>
Total of Bank Balances			\$ 95,557,964.04
Pledged Collateral for City			107,593,515.43
FDIC Insurance			<u>250,000.00</u>
			\$ 107,843,515.43
Over (Under) Collateralized			\$ 12,285,551.39
Total % Collateralized			112.9%

Bank	Account Number	Account Name	Amount
Wells Fargo	100-7284258	Development Authority	<u>981,791.08</u>
Total of Bank Balances			\$ 981,791.08
Pledged Collateral for DAP			835,962.96
FDIC Insurance			<u>250,000.00</u>
			\$ 1,085,962.96
Over (Under) Collateralized			\$ 104,171.88
Total % Collateralized			110.6%
Total % Collateralized			112.8%
Status			Collateralized

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: Resolution No. RTIRZ-2016-06
DATE SUBMITTED: 7/25/2016	REPRESENTING: City of Pearland
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Cynthia Pearson	REVIEWED DATE: June 17, 2016
SUBJECT: RTIRZ 2016- - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), Ratifying Invoices that were paid from June 2015 through May 2016 and Approving Invoices for Payment	
EXHIBITS: Resolution RTIRZ 2016- A-List of Invoices for Ratification B-List of Pending Invoices for Approval	
EXPENDITURE REQUIRED: \$28,127.43. PROJECT: N/A	

EXECUTIVE SUMMARY

Since the last meeting in June 2015, the invoice review committee has reviewed and approved for payment invoices totaling \$22,386.46 (Exhibit A). These invoices span more than one fiscal year. The board also has four invoices pending payment for approval totaling \$5,740.97. Upon payment, total operating expenses for FY2016 to date will total \$28,127.43.

RECOMMENDED ACTION

Consideration and approval of a Resolution ratifying invoices already paid totaling \$22,386.46 and approving an invoice to be paid totaling \$5,740.97.

RESOLUTION NO. RTIRZ 2016- 06

**A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ),
Ratifying Invoices that were paid from June 2015 through May 2016
and approving invoices for payment.**

BE IT RESOLVED BY TIRZ BOARD OF DIRECTORS:

Section 1. That the TIRZ hereby ratifies invoices that were paid from June 2015 through May 2016 pursuant to Exhibit A.

PASSED, APPROVED, AND ADOPTED this _____ day of
_____. A.D 2016.

TIRZ CHAIRMAN

ATTEST:

TIRZ SECRETARY

PEARLAND TIRZ #2
RATIFICATION OF INVOICES
JUNE 2015 TO MAY 2016

EXHIBIT A

<u>ACCTNG PERIOD</u>	<u>TRANS DATE</u>	<u>INVOICE</u>	<u>DESCRIPTION</u>	<u>ACCOUNT NUMBER</u>	<u>TRANSACTION AMOUNT</u>
ALLEN BOONE HUMPHRIES LLP					
09/15	AP	06/04/15	74167 CONSULTING SERVICES	066-7900-555.11-07	\$ 1,239.50
12/15	AP	09/04/15	75884 CONSULTING SERVICES	066-7900-555.11-07	956.25
12/15	AP	06/30/15	74637 CONSULTING SERVICES	066-7900-555.11-07	512.50
12/15	AP	06/30/15	74637 CONSULTING SERVICES	066-7900-555.11-07	28.00
03/16	AP	10/29/15	76914 CONSULTING SERVICES	066-7900-555.11-04	202.50
06/16	AP	03/24/16	78586 CONSULTING SERVICES	930-610-100.5400.070	1,380.00
06/16	AP	03/24/16	79259 CONSULTING SERVICES	930-610-100.5400.070	82.50
06/16	AP	03/29/16	79797 CONSULTING SERVICES	930-610-100.5400.070	127.50
VENDOR TOTAL -					4,528.75
MCGRATH AND CO. PLLC					
09/15	AP	06/11/15	6028597 CONSULTING SERVICES	066-7900-555.11-08	1,370.00
VENDOR TOTAL -					1,370.00
ERRAND RUNNER					
12/15	AP	06/28/15	1362 CONSULTING SERVICES	066-7900-555.11-08	111.70
VENDOR TOTAL -					111.70
LJA ENGINEERING & SURVEYING INC					
09/15	AP	05/08/15	201503831 CONSULTING SERVICES	066-7900-555.11-04	2,595.46
09/15	AP	06/05/15	201505257 CONSULTING SERVICES	066-7900-555.11-04	6,683.55
12/15	AP	09/18/15	201505846 CONSULTING SERVICES	066-7900-555.11-04	357.50
02/16	AP	11/06/15	201511114 CONSULTING SERVICES	066-7900-555.11-04	1,072.50
03/16	AP	10/02/15	201509646 CONSULTING SERVICES	066-7900-555.11-04	2,356.09
03/16	AP	09/04/15	201508086 CONSULTING SERVICES	066-7900-555.11-04	1,835.03
07/16	AP	04/01/16	201603388 CONSULTING SERVICES	930-610-100.5400.160	1,475.88
VENDOR TOTAL -					16,376.01
FINAL TOTALS -					\$ 22,386.46

ABHR

Allen Boone Humphries Robinson LLP

Taxpayer ID 74-3091731

June 4, 2015

6/24/15

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Ms. Claire Bogard
City of Pearland
3519 Liberty Drive
Pearland, TX 77581

6.23.15

Client/Matter:
Statement Number:
Billing Attorney:

Page: 1

PRZ002-01

74167

Lynne B. Humphries

General Account

Professional Fees

Fees for services posted through June 4, 2015, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
04/28/15	Jessica Holoubek	Answer questions regarding contractor insurance	0.25
04/28/15	Susan Hostetler	Check payment, performance and maintenance bonds and certificate of liability insurance for contract for Shadow Grove Phase 1 Amenity Improvements; email to insurance agent regarding information needed to approve certificate of liability insurance	0.75
04/29/15	Susan Hostetler	Review revised certificate of liability insurance for contract for Shadow Grove Phase 1 Amenity Improvement; update and finalize checklist for review; email to Beverly Westbrook regarding contract, bonds and insurance	0.25
05/03/15	Susan Hostetler	Review annual report for the Zone and provide comments	0.50
05/13/15	Susan Hostetler	Review and revise annual report for the Zone	0.25
05/18/15	Susan Hostetler	Edit annual report	0.25
05/18/15	Lynne B. Humphries	Receive and review annual report to be submitted to participating tax entities	0.50
05/26/15	Lynne B. Humphries	Receive and review and exchange of emails regarding action and approval items for the next TIRZ 2 Board of Directors meeting	0.25
05/27/15	Lynne B. Humphries	Exchange of emails in preparation for the Board of Directors meeting on June 22, 2015	0.25
05/29/15	Lynne B. Humphries	Review summary of activity from last month and instruction to legal assistant regarding additional action to be taken	0.25
06/03/15	Lynne B. Humphries	Receive and review and forward on to Claire Bogard the email exchange between James Ross, the TIRZ engineer,	0.25

and Mark McGrath, the auditor, regarding the reimbursement approval for TIRZ LFA # 12-06-001

Total Fees: \$ 1,200.00

Expenses and Other Items

Expenses and Other Items posted through June 4, 2015

12/05/14 SLO Courier charges: City of Pearland 39.50
Total Expenses and Other Items: 39.50

RATE SUMMARY

<u>Professional</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Jessica Holoubek	470.00	0.25	117.50
Susan Hostetler	275.00	2.00	550.00
Lynne B. Humphries	355.00	1.50	532.50

Total Fees: \$ 1,200.00
Total expenses and other items: \$ 39.50
Total Amount Due: \$ 1,239.50

Allen Boone Humphries Robinson LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

June 4, 2015

Reinvestment Zone No. 2, City of Pearland, Texas

Page: 1

General

Client/Matter: PRZ002-01
Statement Number: 74167
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through June 4, 2015, as follows:	1,200.00
Expenses and other items posted through June 4, 2015	39.50
Total Amount Due:	\$ <u>1,239.50</u>

Please return this page with your payment to the remittance address below.

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, Texas 77210-4346**

Checks should be made payable to Allen Boone Humphries Robinson LLP

Please include the invoice number on your check

Total amount payable in U.S. dollars

ABHR

9/18/15 JJ

Allen Boone Humphries Robinson LLP

Taxpayer ID 74-3091731

~~June 30, 2015~~

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Ms. Claire Bogard
City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Page: 1
Client/Matter: PRZ002-01
Statement Number: 74637
Billing Attorney: Lynne B. Humphries

General Account

Professional Fees

Fees for services posted through June 19, 2015, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
06/12/15	Susan Hostetler	Work on information needed for upcoming Board of Directors meeting; email responding to request for information from Claire Bogard	0.25
06/15/15	Lynne B. Humphries	Work in preparation of the TRIZ Board of Directors meeting on June 22	0.25
06/16/15	Lynne B. Humphries	Receive and review the draft report for reimbursement for SCR Village 7 phase 1	0.25
06/17/15	Lynne B. Humphries	Telephone conference with Gary Cook and follow up exchange of emails with Claire BOgard at the City of Pearland, Texas regarding next bond sale of the DAP to reimburse for TIRZ 2 expenses	0.50
06/17/15	Lynne B. Humphries	Receive and review and exchange of emails regarding schedule for upcoming action needed for TIRZ planning including annual reports and also presentations to COunties	0.25
Total Fees:			\$ 12.50

CITY OF PEARLAND
PURCHASING DEPARTMENT
15 SEP 17 AM 11:43

Expenses and Other Items

Expenses and Other Items posted through June 19, 2015

12/05/14	SLO	Courier charges: City of Pearland to Allen Boone Humphries Robinson (Houston)	28.00
Total Expenses and Other Items:			28.00

RATE SUMMARY

<u>Professional</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Susan Hostetler	275.00	0.25	68.75
Lynne B. Humphries	355.00	1.25	443.75

Total Fees:	\$	512.50
Total expenses and other items:	\$	28.00
Total Amount Due:	\$	540.50

*OK to pay
9.23
9.8.15*

Allen Boone Humphries Robinson LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

June 30, 2015

Reinvestment Zone No. 2, City of Pearland, Texas

Page: 1

General

Client/Matter: PRZ002-01
Statement Number: 74637
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through June 19, 2015, as follows:	512.50
Expenses and other items posted through June 19, 2015	28.00
Total Amount Due:	\$ <u>540.50</u>

Please return this page with your payment to the remittance address below.

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, Texas 77210-4346**

Checks should be made payable to Allen Boone Humphries Robinson LLP

Please include the invoice number on your check

Total amount payable in U.S. dollars

9/18/15

ABHR

Allen Boone Humphries Robinson LLP

Taxpayer ID 74-3091731

September 4, 2015

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Ms. Claire Bogard
City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Page: 1
Client/Matter: PR2002-01
Statement Number: 75884
Billing Attorney: Lynne B. Humphries

General Account

Professional Fees

Fees for services posted through August 21, 2015, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
06/22/15	Susan Hostetler	Prepare for Board of Directors meeting	0.25
06/22/15	Lynne B. Humphries	Prepare for, review the meeting and action files, discuss developer reimbursement remaining with James Ross, and attend Board of Directors meeting; follow up notes regarding pending business and action items for the next meeting; mark up preliminary agenda of items that will be needed before year end	2.25
08/21/15	Lynne B. Humphries	Receive, review and respond to Claire Bogard regarding release of AISD suspense payment.	0.25
Total Fees:			\$ 956.25

RECEIVED
CITY OF PEARLAND
15 SEP 17 AM 11:48

RATE SUMMARY

<u>Professional</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Susan Hostetler	275.00	0.25	68.75
Lynne B. Humphries	355.00	2.50	887.50

CB
OK to pay
9.9.15

066-7900-555-11-07

Total Fees:	\$	956.25
Total expenses and other items:	\$	0.00
Total Amount Due:	\$	<u>956.25</u>

Allen Boone Humphries Robinson LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

September 4, 2015

Reinvestment Zone No. 2, City of Pearland, Texas

Page: 1

General

Client/Matter: PRZ002-01
Statement Number: 75884
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through August 21, 2015, as follows:	956.25
Expenses and other items posted through August 21, 2015	0.00
Total Amount Due:	\$ <u>956.25</u>

Please return this page with your payment to the remittance address below.

Allen Boone Humphries Robinson LLP
PO Box 4346
✓ Department 90
Houston, Texas 77210-4346

Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S. dollars

RECEIVED
FINANCE DEPARTMENT

2015 DEC 14 AM 11:16

ABHR

ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

October 29, 2015

ENTERED
10/29/15

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Ms. Claire Bogard
City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Approved:		Date:
Acct#	Project#	Amt.
Acct#	Project#	Amt.

Client/Matter: PRZ002-01
Statement Number: 76914
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through October 16, 2015, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
09/21/15	Janelle N. Hedges	Research regarding electronically filed developer reimbursement agreement	0.25
09/21/15	Susan Hostetler	Research master and subdeveloper financing agreements to confirm reimbursement criteria	0.25
09/21/15	Lynne B. Humphries	Receive and review and exchange of emails regarding interest rates and limitation on non master developer reimbursement and request to auditor to update the expected interest rate and with the the District's engineer regarding the remaining TIRZ items still to be constructed	0.50

Total Fees: 270.00

Expenses and Other Items

Expenses and Other Items posted through October 16, 2015, as follows:

09/16/15	INVOICE CREDIT	(67.50)
Total Expenses and Other Items:		-67.50

RATE SUMMARY

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Janelle N. Hedges	E-Filer	95.00	0.25	23.75
Susan Hostetler	Legal Assistant	275.00	0.25	68.75
Lynne B. Humphries	Partner	355.00	0.50	177.50

LB
10/29/15

Total Fees:	\$	270.00
Total Expenses and Other Items:	\$	-67.50
Total Amount Due:	\$	202.50

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

October 29, 2015

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General	Client/Matter:	PRZ002-01
	Statement Number:	76914
	Billing Attorney:	Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through October 16, 2015	270.00
Expenses and Other Items posted through October 16, 2015	-67.50
Total Amount Due:	\$202.50

Please return this page with your payment to the remittance address below.

Allen Boone Humphries Robinson LLP

✓ PO Box 4346
✓ Department 90
Houston, TX 77210-4346

*Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars*

RECEIVED
FINANCE DEPARTMENT

2016 FEB -5 AM 10:49



ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

January 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 78586
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through January 15, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
10/19/15	Lynne B. Humphries	Receive and review and exchange of emails with Darrin Coker, City of Pearland, Texas attorney, regarding appointment by St. Senator's office	0.25
11/06/15	Sean Abbott	Discussion with staff of Sen. Larry Taylor relating to appointment of TIRZ board member	1.00
11/06/15	Trey Lary	Conference call with Senator Taylor's Capitol office regarding Appointment to Board of Directors	1.00
11/10/15	Sean Abbott	Research relating to legislative appointment	0.25
11/11/15	Sean Abbott	Communication relating to Senate appointment to TIRZ board	0.25
11/11/15	Susan Hostetler	Follow up regarding legislative appointees to the Board of Directors and telephone conference with City Secretary's office to confirm appointed board members	0.25
11/16/15	SHARED FEES	Services related to analysis and implementation of 2015 Texas legislation affecting water districts and water district directors, particularly changes in director and vendor conflict of interest disclosures, additional audit filing requirement, and new annual eminent domain filing requirement, including: bill analysis; meetings to evaluate bill impacts and to coordinate preparation of uniform written memoranda for ABHR water district clients; drafting, editing, and finalizing memoranda; rollout of information to ABHR lawyers; rollout of implementation directives to ABHR legal assistants; attend Texas Ethics Commission conference on new conflict disclosure requirements; ongoing conferences with State Comptroller's Office to coordinate logistics of new audit and eminent domain filings;	0.50

		preparation of tracking and filing system to confirm State Comptroller's receipt of annual eminent domain filings.	
11/18/15	SHARED FEES	Services related to analysis and implementation of 2015 Texas legislation affecting tax increment reinvestment zones and directors, particularly changes in director and vendor conflict of interest disclosures, including: bill analysis; meetings to evaluate bill impacts and to coordinate preparation of uniform written memoranda for ABHR clients; drafting, editing, and finalizing memoranda; rollout of information to ABHR lawyers; rollout of implementation directives to ABHR legal assistants; attend Texas Ethics Commission conference on new conflict disclosure requirements.	1.00
12/07/15	Sean Abbott	Draft letter to Sen. Taylor's Office RE: TIRZ board appointment	0.75
12/29/15	Lynne B. Humphries	Receive and review and exchange of emails with Claire Bogard and James Ross regarding next Tax Increment Reinvestment Zone No. 2 Board of Directors meeting and agenda items	0.25

Total Fees: 1,985.71

RATE SUMMARY

Professional	Title	Rate	Hours	Amount
Sean Abbott	Attorney	375.00	2.25	843.75
SHARED FEES		281.58	0.50	140.79
SHARED FEES		464.92	1.00	464.92
Susan Hostetler	Legal Assistant	275.00	0.25	68.75
Lynne B. Humphries	Partner	355.00	0.50	177.50
Trey Lary	Partner	290.00	1.00	290.00

OK
2/26

1,985.71

Total Fees:	\$	1,985.71
Total Expenses and Other Items:	\$	0.00
Total Amount Due:	\$	1,985.71

930-610-100,5400.000
 605.71
1,380.00

OK
 CAP
 3/10/16

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

January 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General

Client/Matter: PRZ002-01
Statement Number: 78586
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through January 15, 2016	1,985.71
Expenses and Other Items posted through January 15, 2016	0.00
Total Amount Due:	<u>\$1,985.71</u>
	\$ 1,380. ⁰⁰

Please return this page with your payment to the remittance address below.

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346**

*Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars*

#4914

ABHR

ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

February 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 79259
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through February 12, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
01/28/16	Tracie Brownlee	Email correspondence regarding acknowledgment of Form for House Bill 1295	0.25
01/29/16	Chelsea Wappler	Create District account with Texas Ethics Commission regarding House Bill 1295 requirements	0.25
Total Fees:			82.50

RATE SUMMARY

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Tracie Brownlee	Legal Assistant	170.00	0.25	42.50
Chelsea Wappler	District Project Assistant	160.00	0.25	40.00
Total Fees:				\$ 82.50
Total Expenses and Other Items:				\$ 0.00
Total Amount Due:				\$ 82.50

930-610-100.5400.070

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

February 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General

Client/Matter: PRZ002-01
Statement Number: 79259
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through February 12, 2016	82.50
Expenses and Other Items posted through February 12, 2016	0.00
Total Amount Due:	\$82.50

Please return this page with your payment to the remittance address below.

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346**

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Total amount payable in U.S.dollars*

RECEIVED
FINANCE DEPARTMENT

2016 APR 18 PM 12:09

ABHR

ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

March 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 79797
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through March 18, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
03/15/16	Tracie Brownlee	Review Certificate of Liability Insurance for Earth First Landscapes	0.50
03/17/16	Tracie Brownlee	Review District email.	0.25
Total Fees:			127.50

RATE SUMMARY

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Tracie Brownlee	Legal Assistant	170.00	0.75	127.50
Total Fees:				\$ 127.50
Total Expenses and Other Items:				\$ 0.00
Total Amount Due:				\$ 127.50

*OK to PM
930-610-100.5400.07
Jef 4/25/16*

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

March 29, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General	Client/Matter:	PRZ002-01
	Statement Number:	79797
	Billing Attorney:	Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through March 18, 2016	127.50
Expenses and Other Items posted through March 18, 2016	0.00
Total Amount Due:	\$127.50

Please return this page with your payment to the remittance address below:

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346**

*Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars*

P.O. 152303

ERRAND RUNNER

Invoice No. 1362

5401 Ryan Acres
Pearland, Texas 77584
Ph. 281-793-9669

9/17/15

INVOICE

Customer

Name City Hall - City Council Date 6/28/2015
 Address 3519 Liberty Order No. _____
 City Pearland State TX Zip 77581 Rep Young Lorfing
 Phone 281-652-1651

Qty/Hrs	Description	Unit Price	Total
3	Delivery of TIRZ pkgs. on 6/17 (p/u 2:00)	\$21.85	\$65.55
	71 miles at \$.65/mile	\$0.65	\$46.15
		Sub Total	\$111.70
		TOTAL	\$111.70

CITY OF PEARLAND
PURCHASING DEPARTMENT

15 SEP 17 AM 11:43

OK to pay
8-27-31

SECOND REQUEST PLEASE REMIT!

Payment Details

_____ Cash
 _____ Check/# _____

Name June Billing

PLEASE MAKE CHECKS PAYABLE TO:
DEE HILL/ERRAND RUNNER

Thank you for using our services!

066-7940 - 555 - 11-02

5/24/15

LJA Engineering, Inc.



2929 Briarpark Drive Phone 713.953.5200
Suite 600 Fax 713.953.5026
Houston, TX 77042 www.ljaengineering.com

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

May 08, 2015
Project No: 1546-0000
Invoice No: 201503831

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 5/1/2015

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing
Department Head			
Ross, James	6.50	143.00	\$929.50
CADD Technician			
Dimas, Omar	33.50	49.73	\$1,665.96
	40.00		\$2,595.46
Total Labor			\$2,595.46
		Total This Phase	\$2,595.46
		Total Amount Due	\$2,595.46

Approved By: James Ross
James Ross

LB
623.15

Billing Backup

Wednesday, May 13, 2015

LJA Engineering, Inc.

Invoice 201503831 Dated 05/01/15

12:36 PM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

		Billed Hours	Billing Rate	Current Billing	
CADD Technician					
828	Dimas, Omar	4/21/2015	10.00	49.73	\$497.30
			TIRZ - (2027-07XX) Projects		
828	Dimas, Omar	4/23/2015	9.00	49.73	\$447.57
			TIRZ - (2027-07XX) Projects		
828	Dimas, Omar	4/24/2015	5.00	49.73	\$248.65
			TIRZ (2027-07XX) Projects		
828	Dimas, Omar	4/27/2015	5.00	49.73	\$248.65
828	Dimas, Omar	4/28/2015	1.50	49.73	\$74.60
828	Dimas, Omar	4/30/2015	3.00	49.73	\$149.19
Department Head					
091	Ross, James	4/28/2015	2.00	143.00	\$286.00
			LFA Reimbursement Packages: 12-06-001, 16-06-002, and 14-06-001		
091	Ross, James	4/29/2015	1.50	143.00	\$214.50
			LFA Reimbursement Packages: 12-06-001, 16-06-002, and 14-06-001		
091	Ross, James	4/30/2015	3.00	143.00	\$429.00
			LFA Reimbursement Packages: 12-06-001, 16-06-002, and 14-06-001		
			40.00		\$2,595.46
Total Labor					\$2,595.46
Total This Phase					\$2,595.46
Total Amount Due					\$2,595.46

6/24/15

LJA Engineering, Inc.



2929 Briarpark Drive Phone 713.953.5200
Suite 600 Fax 713.953.5026
Houston, TX 77042 www.ljaengineering.com

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

June 05, 2015
Project No: 1546-0000
Invoice No: 201505257

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 5/29/2015

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing
CADD Technician			
Dimas, Omar	16.50	49.73	\$820.55
Department Head			
Ross, James	41.00	143.00	\$5,863.00
	57.50		\$6,683.55
Total Labor			\$6,683.55
		Total This Phase	\$6,683.55
		Total Amount Due	\$6,683.55

Approved By: James Ross
James Ross

6.23.15

Billing Backup

Wednesday, June 10, 2015

LJA Engineering, Inc.

Invoice 201505257 Dated 05/29/15

12:42 PM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

Department Head		Billed Hours	Billing Rate	Current Billing
091	Ross, James	5/4/2015 3.00	143.00	\$429.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/5/2015 3.00	143.00	\$429.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/6/2015 2.50	143.00	\$357.50
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/7/2015 2.00	143.00	\$286.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/8/2015 2.00	143.00	\$286.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/11/2015 3.00	143.00	\$429.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/12/2015 3.00	143.00	\$429.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/13/2015 2.50	143.00	\$357.50
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/14/2015 2.00	143.00	\$286.00
		Reimbursement submittals for LFA 12-06-001 and 13-06-002		
091	Ross, James	5/18/2015 2.00	143.00	\$286.00
		LFA Reimbursement Package for 12-06-001 and 13-06-002		
091	Ross, James	5/19/2015 2.50	143.00	\$357.50
		LFA Reimbursement Package for 12-06-001 and 13-06-002		
091	Ross, James	5/21/2015 3.00	143.00	\$429.00
		LFA Reimbursement Package for 12-06-001 and 13-06-002		
091	Ross, James	5/22/2015 5.00	143.00	\$715.00
		LFA Reimbursement Package for 12-06-001 and 13-06-002		

091	Ross, James	5/26/2015	2.50	143.00	\$357.50
				LFA Reimbursement Package for 12-06-001 and 13-06-002	
091	Ross, James	5/28/2015	3.00	143.00	\$429.00
				LFA Reimbursement Package for 12-06-001 and 13-06-002	
	CADD Technician				
828	Dimas, Omar	5/15/2015	3.00	49.73	\$149.19
828	Dimas, Omar	5/18/2015	2.00	49.73	\$99.46
				TIRZ_LFA-12-06-001 & TIRZ_LFA-13-06-002	
828	Dimas, Omar	5/19/2015	2.00	49.73	\$99.46
				TIRZ_LFA-12-06-001 & TIRZ_LFA-13-06-002	
828	Dimas, Omar	5/20/2015	2.00	49.73	\$99.46
				TIRZ_LFA-12-06-001 & TIRZ_LFA-13-06-002	
828	Dimas, Omar	5/21/2015	2.50	49.73	\$124.33
				TIRZ_LFA-12-06-001 & TIRZ_LFA-13-06-002	
828	Dimas, Omar	5/22/2015	1.00	49.73	\$49.73
				TIRZ_LFA-12-06-001 & TIRZ_LFA-13-06-002	
828	Dimas, Omar	5/26/2015	1.00	49.73	\$49.73
				LFA-TIRZ (12-06-001) & (13-06-002)	
828	Dimas, Omar	5/27/2015	1.00	49.73	\$49.73
				LFA-TIRZ (12-06-001) & (13-06-002)	
828	Dimas, Omar	5/28/2015	1.00	49.73	\$49.73
				LFA-TIRZ (12-06-001) & (13-06-002)	
828	Dimas, Omar	5/29/2015	1.00	49.73	\$49.73
				LFA-TIRZ (12-06-001) & (13-06-002)	
			57.50		\$6,683.55
	Total Labor				\$6,683.55
		Total This Phase			\$6,683.55
			Total Amount Due		\$6,683.55

LJA Engineering, Inc.



2929 Briarpark Drive
Suite 600
Houston, TX 77042

Phone 713.953.5200
Fax 713.953.5026
www.ljaengineering.com

9/17/15

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

July 08, 2015
Project No: 1546-0000
Invoice No: 201505846

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 6/26/2015

Phase 100 - Meetings
Engineering Services

	Billed Hours	Billing Rate	Current Billing	
Department Head				
Ross, James	2.50	143.00	\$357.50	
	2.50		\$357.50	
Total Labor				\$357.50
		Total This Phase		\$357.50
		Total Amount Due		\$357.50

RECEIVED
ENGINEERING DEPARTMENT
16 SEP 17 AM 11:43

Approved By:

James Ross

OK to pay
CB (27.3)

066-7940 - 555-11-04

Billing Backup

Thursday, July 02, 2015

LJA Engineering, Inc.

Invoice 201505846 Dated 06/26/15

10:00 AM

Project 1546-0000

Project 1546-0000

Phase 100 - Meetings

Engineering Services

		Billed Hours	Billing Rate	Current Billing
Department Head				
091 Ross, James	6/22/2015	2.50	143.00	\$357.50
	Prepare for and attend TIRZ Meeting			
		2.50		\$357.50
Total Labor				\$357.50
Total This Phase				\$357.50
Total Amount Due				\$357.50

F.U. 1100820

Claire or Rick

F4 2015

RECEIVED
FINANCE DEPARTMENT

2015 DEC 14 AM 11:16

ENTERED
02/14/15

for 9/10

Project? **LA**

LJA Engineering, Inc.

RECEIVED
USE DEPARTMENT

2929 Briarpark Drive
Suite 600
Houston, TX 77042

Phone 713.953.5200
Fax 713.953.5026
www.ljaengineering.com

15 SEP -8 AM 1:11

Claire Manthel
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Jodie		9-8-15
Approved:		Date:
Acct#	Project#	Amt.
Acct#	Project#	Amt.

TIRZ Shoreline Creek
Ranch

September 04, 2015

Project No: 1546-0000

Invoice No: 201508086

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 8/30/2015

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing
CADD Technician			
Dimas, Omar	24.50	52.71	\$1,291.40
Department Head			
Ross, James	3.50	143.00	\$500.50
	28.00		\$1,791.90
Total Labor			\$1,791.90
		Total This Phase	\$1,791.80

Phase Z99 - Reimbursable Expenses

Reimbursable Expenses

Mileage		\$43.13	
Total Reimbursables		\$43.13	\$43.13
		Total This Phase	\$43.13
	Total Amount Due		\$1,835.03

Approved By

James Ross

James Ross

OK to pay
EB

Billing Backup

Wednesday, September 02, 2015

LJA Engineering, Inc.

Invoice 201508086 Dated 08/28/15

08:08 AM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

		Billed Hours	Billing Rate	Current Billing	
Department Head					
091	Ross, James	8/28/2015	2.00	143.00	\$286.00
LFA Reimbursement Package for 14-06-001 and 14-06-002.					
091	Ross, James	8/29/2015	1.50	143.00	\$214.50
LFA Reimbursement Package for 14-06-001 and 14-06-002.					
CADD Technician					
828	Dimas, Omar	8/18/2015	4.00	52.71	\$210.84
TIRZ - LFA -12-06-001 -13-06-002 -14-06-001 -14-06-002					
828	Dimas, Omar	8/19/2015	8.00	52.71	\$421.68
TIRZ - LFA -12-06-001 -13-06-002 -14-06-001 -14-06-002					
828	Dimas, Omar	8/20/2015	3.00	52.71	\$158.13
TIRZ - LFA -12-06-001 -13-06-002 -14-06-001 -14-06-002					
828	Dimas, Omar	8/24/2015	1.50	52.71	\$79.07
TIRZ -13-06-002 -14-06-001 -14-06-002					
828	Dimas, Omar	8/26/2015	3.00	52.71	\$158.13
TIRZ -13-06-002 -14-06-001 -14-06-002					
828	Dimas, Omar	8/27/2015	2.00	52.71	\$105.42
TIRZ -13-06-002 -14-06-001 -14-06-002					

828	Dimas, Omar	8/28/2015	3.00	52.71	\$158.13
		TIRZ			
		-13-06-002			
		-14-06-001			
		-14-06-002			
			28.00		\$1,791.90
Total Labor					\$1,791.90
			Total This Phase		\$1,791.90

Phase Z99 - Reimbursable Expenses

Reimbursable Expenses

Mileage

E13646	6/22/2015 TIRZ Meeting	\$43.13	
Total Reimbursables		\$43.13	\$43.13
		Total This Phase	\$43.13
Total Amount Due			\$1,835.03

12-06-001 - Village 7, Phase 1 3,767,158 SIPSUR
 13-06-002 - Southlake Phase 2 9,102,286 SIPSUR CTF
 14-06-001 - Southlake Phase 3 2,812,460 SIPSUR
 14-06-002 - Shadrin Grove Phase 1 5,904,075

FY15

P.O. 100874

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FINANCE DEPARTMENT

RECEIVED
FINANCE DEPARTMENT

LJA Engineering, Inc.
2929 Briarpark Drive Phone 713.953.5200
Suite 600 Fax 713.953.5026
Houston, TX 77042 www.ljaengineering.com

15 OCT 13 PH 1:09

LA

~~Finance Claire~~
Claire Manthel
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Not Projects

ENTERED
(12/15/15)

10/13/15

October 02, 2015
Project No: 1546-0000
Invoice No: 201509646

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 9/25/2015

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing
Department Head			
Ross, James	11.50	143.00	\$1,644.50
CADD Technician			
Dimas, Omar	13.50	52.71	\$711.59
	25.00		\$2,356.09
Total Labor			\$2,356.09
		Total This Phase	\$2,356.09
		Total Amount Due	\$2,356.09

Approved By: James Ross
James Ross

Claire
Jodie Projects 10-13-15

Approved:	Date:	
Acct#	Project#	Amt.
Acct#	Project#	Amt.

ok to pay
CS

Billing Backup

Tuesday, October 06, 2015

LJA Engineering, Inc.

Invoice 201509646 Dated 09/25/15

10:44 AM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

		Billed Hours	Billing Rate	Current Billing	
Department Head					
091	Ross, James	8/28/2015	1.00	143.00	\$143.00
					LFA 13-06-002 Reimbursement Package
091	Ross, James	9/9/2015	1.50	143.00	\$214.50
					LFA 13-06-002 Reimbursement Package
091	Ross, James	9/11/2015	2.00	143.00	\$286.00
					LFA 14-06-001 Reimbursement Package
091	Ross, James	9/15/2015	2.00	143.00	\$286.00
					LFA 13-06-002 and 14-06-001 Reimbursement package
091	Ross, James	9/17/2015	2.00	143.00	\$286.00
					LFA 13-06-002 and 14-06-001 Reimbursement package
091	Ross, James	9/21/2015	2.00	143.00	\$286.00
					Reimbursement Package for LFA 13-06-002 and 14-06-001.
091	Ross, James	9/24/2015	1.00	143.00	\$143.00
					Reimbursement Package for LFA 13-06-002 and 14-06-001.
CADD Technician					
828	Dimas, Omar	8/31/2015	4.00	52.71	\$210.84
					TIRZ; 13-06-002 - Smithlake 2 14-06-001 - Smithlake 3 14-06-002 - Shadow Grove Phase 1
828	Dimas, Omar	9/1/2015	4.00	52.71	\$210.84
828	Dimas, Omar	9/2/2015	1.00	52.71	\$52.71
828	Dimas, Omar	9/4/2015	1.00	52.71	\$52.71
828	Dimas, Omar	9/8/2015	1.50	52.71	\$79.07
					TIRZ 14-06-001 14-06-002
828	Dimas, Omar	9/9/2015	1.00	52.71	\$52.71
					TIRZ 14-06-001 14-06-002
828	Dimas, Omar	9/10/2015	1.00	52.71	\$52.71
					TIRZ 14-06-001 14-06-002
			25.00		\$2,356.09

Total Labor

\$2,356.09

Total This Phase

\$2,356.09

Total Amount Due

\$2,356.09

P.O. 160774

LJA Engineering, Inc.

RECEIVED
FINANCE DEPARTMENT



2929 Briarpark Drive
Suite 600
Houston, TX 77042

Phone 713.953.5200
Fax 713.953.5026
www.ljaengineering.com

2015 NOV 17 AM 7:23

ENTERED
12/2/15

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

November 06, 2015
Project No: 1546-0000
Invoice No: 201511114

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 10/30/2015

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing
Department Head			
Ross, James	7.50	143.00	\$1,072.50
	7.50		\$1,072.50
Total Labor			\$1,072.50
		Total This Phase	\$1,072.50
		Total Amount Due	\$1,072.50

Approved By: James Ross
James Ross

Annae 11/17/15 ER

Approved:		Date:
Acct#	Project#	Amt.
Acct#	Project#	Amt.

*dt to pay
EB*

Billing Backup

Thursday, November 12, 2015

LJA Engineering, Inc.

Invoice 201511114 Dated 10/30/15

10:04 AM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

Department Head		Billed Hours	Billing Rate	Current Billing
091	Ross, James	9/28/2015 2.00	143.00	\$286.00
		Reimbursement Package for LFA 13-06-002 and 14-06-001.		
091	Ross, James	10/1/2015 1.00	143.00	\$143.00
		Reimbursement Package for LFA 13-06-002 and 14-06-001.		
091	Ross, James	10/8/2015 2.50	143.00	\$357.50
		Reimbursement Package for LFA # 13-06-002 and 14-06-001		
091	Ross, James	10/12/2015 2.00	143.00	\$286.00
		Reimbursements for LFA # 13-06-002 and 14-06-001.		
		7.50		\$1,072.50
Total Labor				\$1,072.50
Total This Phase				\$1,072.50
Total Amount Due				\$1,072.50

13-06-002 Smithlake Phase 2
 14-06-001 Smithlake Phase 3

V#2731

LJA Engineering, Inc.



2929 Briarpark Drive
Suite 600
Houston, TX 77042
Phone 713.953.5200
Fax 713.953.5026
www.ljaengineering.com

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

April 01, 2016
Project No: 1546-0000
Invoice No: 201603388

Project 1546-0000 Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 3/25/2016

Phase 010 - Coordination (TIRZ)

Engineering Services

CADD Technician	Billed Hours	Billing Rate	Current Billing	
Dimas, Omar	28.00	52.71	\$1,475.88	
	28.00		\$1,475.88	
Total Labor				\$1,475.88
		Total This Phase		\$1,475.88
		Total Amount Due		\$1,475.88

Approved By: James Ross
James Ross

Arnae 4-12-16

Approved:		Date:
Acct#	Project#	Amt.
Acct#	Project#	Amt.

RECEIVED
FINANCE DEPARTMENT
2016 APR 12 AM 8:30

Billing Backup

Thursday, April 07, 2016

LJA Engineering, Inc.

Invoice 201603388 Dated 03/25/16

11:55 AM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

CADD Technician		Billed Hours	Billing Rate	Current Billing
828	Dimas, Omar	3/15/2016 2.00 TIRZ- Letter Finance Agreement 13-06-002 14-06-001 14-06-002	52.71	\$105.42
828	Dimas, Omar	3/16/2016 8.00 TIRZ- Letter Finance Agreement 13-06-002 14-06-001 14-06-002	52.71	\$421.68
828	Dimas, Omar	3/17/2016 5.00 TIRZ- Letter Finance Agreement 13-06-002 14-06-001 14-06-002	52.71	\$263.55
828	Dimas, Omar	3/18/2016 2.00 TIRZ- Letter Finance Agreement 13-06-002 14-06-001 14-06-002	52.71	\$105.42
828	Dimas, Omar	3/21/2016 2.00 TIRZ-LFA -13-16-002 -14-06-001 -14-06-002	52.71	\$105.42
828	Dimas, Omar	3/24/2016 4.00 TIRZ-LFA -13-16-002 -14-06-001 -14-06-002	52.71	\$210.84
828	Dimas, Omar	3/25/2016 5.00 TIRZ-LFA -13-16-002 -14-06-001 -14-06-002	52.71	\$263.55
Total Labor		28.00		\$1,475.88
Total This Phase				\$1,475.88
Total Amount Due				\$1,475.88

File 6/24/15
#6028597

McGrath & Co., PLLC
Certified Public Accountants
P.O. Box 270148
Houston, Texas 77277

Mark W. McGrath CPA
mark@mcgrath-co.com

Colette M. Garcia CPA
colette@mcgrath-co.com

June 11, 2015

Tax Increment Reinvestment Zone No. 2
c/o Claire Bogard
Finance Director
City of Pearland
3519 Liberty Drive
Pearland, Texas 77581

Preparation of developer reimbursement report and presentation to the
Board of Directors in June 2015.

\$1,370.00

6.23.15

TIRZ No. 2 - Pearland

Time Summary

As of:

June 11, 2015

Date	Employee	District	Time Code	Hours	Comments
6/8/2015	Crystal Horn	Pearland TIRZ 2	510	2.00	going through all invoices for City of Pearland LFA
6/9/2015	Crystal Horn	Pearland TIRZ 2	510	0.50	going through all invoices for City of Pearland LFA
6/10/2015	Crystal Horn	Pearland TIRZ 2	510	0.50	going through all invoices for City of Pearland LFA
6/11/2015	Crystal Horn	Pearland TIRZ 2	510	2.50	going through all invoices for City of Pearland LFA
		Total Hours		5.50	
		Rate		100.00	
		Total - Crystal Horn		550.00	
6/9/2015	Mark McGrath	TIRZ 2 - Pearland	500	0.50	Supervision/Review
6/10/2015	Mark McGrath	TIRZ 2 - Pearland	500	0.50	Supervision/Review
6/11/2015	Mark McGrath	TIRZ 2 Pearland	500	0.50	Supervision/Review
6/22/2015	Mark McGrath	TIRZ 2 - Pearland	500	2.00	Attend meeting
		Total Hours		3.50	
		Rate		225.00	
		Total - Mark McGrath		787.50	
		Total incurred		1,337.50	
		Mileage 06-07-10		28.75	50 * .575
		Toll 06-07-10		5.80	
		Subtotal		1,372.05	
		Discount		(2.05)	
		Amount billed		1,370.00	

PEARLAND TIRZ #2
APPROVAL OF INVOICES FOR PAYMENT
Jul-16

EXHIBIT B

<u>VENDOR</u>	<u>INVOICE NUMBER</u>	<u>INVOICE DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
ABHR LLP	80780	5/26/2016	Reviewing of Annual Report, agreement, and documents.	\$ 3,304.46
ABHR LLP	81522	7/2/2016	Communications and review regarding annual meeting.	1,333.75
ABHR LLP	82164	7/21/2016	Follow up regarding annual meeting.	347.50
LJA Engineering, Inc	201607082	7/1/2016	Engineering services	<u>755.26</u>
Total				\$ 5,740.97

Invoices Attached

ABHR

ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

May 26, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 80780
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through May 13, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
04/19/16	SHARED FEES	Services related to analysis and implementation of 2015 Texas legislation affecting tax increment reinvestment zones, including HB1295 requirements regarding new contracts and contract amendments, extensions, and renewals, research, ongoing conferences with Texas Ethics Commission, work with Texas Ethics Commission new website for FORM 1295 filings, preparation of memorandum to Board of Directors detailing new law and regulatory requirements and providing compliance procedures, extensive conferences with representatives of all consultant, vendor, and proposing entities regarding requirement for presentation of HB1295 at time of Board's action on proposed contract; establish individual client accounts with Texas Ethics Commission to meet HB1295 filing requirements; including HB23 amendments to Chapter 176 conflict disclosures.	2.00
04/22/16	Tracie Brownlee	Research, review, and comment on draft of annual report	2.75
04/22/16	Janelle N. Hedges	Research and forward various requested documents and information	1.25
04/22/16	Susan Hostetler	Review draft Zone annual report for 2015	0.25
04/25/16	Tracie Brownlee	Continue review of annual report, including research and email correspondence with Records Department	1.75
04/25/16	Janelle N. Hedges	Research and follow-up regarding contract with McGrath & Co. and interlocal agreements	0.75
04/25/16	Lynne B. Humphries	Receive and review email from Emily Kirchner in Representative Thompson's office regarding appointment of replacement director to replace Gary Davis, who has	0.25

		submitted his recommendation	
04/25/16	Beth King	Research, locate and forward requested document. Review, sort, and add documents into district records in accordance with Records Management Act and District's Records Management Policy	0.25
04/26/16	Tracie Brownlee	Review documents to update District records. Research District files and email correspondence to respond to request regarding appointment of Director, Position Two from the office of the state representative.	1.75
04/26/16	Janelle N. Hedges	Assist with researching documents regarding director appointment	0.75
04/26/16	Lynne B. Humphries	Receive and review and revise and draft language at request of St. Representative Thompson regarding resignation of Director Davis and procedures for appointment of his replacement director by Representative Thompson	0.50
04/26/16	Beth King	Research location of requested document	1.00
04/26/16	Trey Lary	Work with Representative Thompson's office regarding appointment of Director	0.25
04/27/16	Lynne B. Humphries	Receive and review Annual Report for 2015.	0.50
04/28/16	Tracie Brownlee	Email correspondence and telephone conference regarding appointment of Director, Position No. 2, comments on 2015 Annual Report, and request for agenda item at upcoming meeting	1.00
04/29/16	Tracie Brownlee	Telephone conference, research, and email correspondence regarding appointment of Director, Position 2 and application of Texas Local Government Code, Chapter 176	0.75
04/29/16	Susan Hostetler	Telephone conference regarding action items for next Board of Directors meeting	0.25
05/09/16	Tracie Brownlee	Review mail and update District files in accordance with Records Management Act. Communication regarding reimbursement of construction projects	0.25
05/09/16	Lynne B. Humphries	Discussions regarding getting a meeting set up to approve annual report and to approve any new LFAs or reimbursement audits	0.25
05/10/16	Tracie Brownlee	Email correspondence regarding the scheduling of a meeting of the Board of Directors	0.25
05/12/16	Lynne B. Humphries	Telephone conference with James Ross, engineer for Pearland TIRZ No. 2 about upcoming agenda items; draft and send email to City of Pearland, Texas Secretary regarding agenda items needed for meeting	0.50

Total Fees: 3,304.46

RATE SUMMARY

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Tracie Brownlee	Legal Assistant	170.00	8.50	1,445.00
SHARED FEES		273.48	2.00	546.96
Janelle N. Hedges	E-Filer	95.00	2.75	261.25
Susan Hostetler	Legal Assistant	300.00	0.50	150.00
Lynne B. Humphries	Partner	355.00	2.00	710.00
Beth King	E-Filer	95.00	1.25	118.75
Trey Lary	Partner	290.00	0.25	72.50

Total Fees:	\$	3,304.46
Total Expenses and Other Items:	\$	0.00
Total Amount Due:	\$	3,304.46

930-610-100,5400.070

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

May 26, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General

Client/Matter: PRZ002-01
Statement Number: 80780
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through May 13, 2016	3,304.46
Expenses and Other Items posted through May 13, 2016	0.00
Total Amount Due:	\$3,304.46

Please return this page with your payment to the remittance address below.

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346**

*Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars*

V-8 4977

ABHR

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REC. DEPARTMENT

ALLEN BOONE HUMPHRIES ROBINSON LLP

JUL -8 AM 11:39

TXS0001731

July 02, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 81522
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through June 24, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
05/17/16	Lynne B. Humphries	Receive and review additional comments by James Ross with LJA Engineering regarding the annual report and correction that still must be made	0.25
06/02/16	Tracie Brownlee	Communication to obtain information to draft letter financing agreement	0.50
06/02/16	Lynne B. Humphries	Receive and review and exchange of emails with Darrin Coker, the City of Pearland Attorney, regarding need for TIRZ No. 2 meeting and items for agenda and forward for action to legal assistant to prepare agenda; telephone conference with owner of property in the TIRZ No. 2 regarding procedure for Letter Financing Agreement for construction of TIRZ improvements and refer him to Engineer regarding items included in the TIRZ project and financing plan; follow up instructions regarding Letter Financing Agreement preparation	0.75
06/07/16	Tracie Brownlee	Email correspondence regarding schedule of annual meeting	0.25
06/10/16	Tracie Brownlee	Provide requested information to City of Pearland official. Email correspondence and research to compile chart of valuation of the tax increment reinvestment zone	0.75
06/10/16	Janelle N. Hedges	Research and forward audits as requested. Research and request archived files as requested.	0.50
06/10/16	Lynne B. Humphries	Receive and review and exchange of emails regarding preparing chart of base year value vs each year of growth in value	0.25
06/13/16	Tracie Brownlee	Compile data for chart on base value of Pearland taxing entities. Review and revise first draft of chart	0.75

06/13/16	Sharon Cook	Create Base Market Value by Jurisdiction chart	0.50
06/13/16	Janelle N. Hedges	Research and forward annual reports from archived files as requested.	0.50
06/14/16	Tracie Brownlee	Review and revise chart of base values of Pearland Tax Increment Reinvestment Zone No. 2 and send to City of Pearland. Update chart with additional values and send to City of Pearland. Update District's file in accordance with Record's Management Act	0.75
06/14/16	Sharon Cook	Create Base Market Value by Jurisdiction chart	0.50
06/15/16	Janelle N. Hedges	Review, sort, and add documents into district records in accordance with Records Management Act and District's Records Management Policy.	0.25
06/15/16	Lynne B. Humphries	Receive and review and exchange of emails regarding chart of increased value in the TIRZ and provide instructions regarding same	0.25
06/15/16	Beth King	Review, sort, and add documents into district records in accordance with Records Management Act and Records Management Policy	0.25
06/20/16	Beth King	Review, sort, and add documents into district records in accordance with Records Management Act and Records Management Policy	0.25

Total Fees: 1,333.75

RATE SUMMARY

Professional	Title	Rate	Hours	Amount
Tracie Brownlee	Legal Assistant	170.00	3.00	510.00
Sharon Cook	Word Processor	125.00	1.00	125.00
Janelle N. Hedges	E-Filer	95.00	1.25	118.75
Lynne B. Humphries	Partner	355.00	1.50	532.50
Beth King	E-Filer	95.00	0.50	47.50

Total Fees:	\$	1,333.75
Total Expenses and Other Items:	\$	0.00
Total Amount Due:	\$	1,333.75

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

July 02, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General

Client/Matter: PRZ002-01
Statement Number: 81522
Billing Attorney: Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through June 24, 2016	1,333.75
Expenses and Other Items posted through June 24, 2016	0.00
Total Amount Due:	\$1,333.75

Annae 7-8-16

Approved:	Date:	
Acct#	Project#	Amnt.
Acct#	Project#	Amnt.

Please return this page with your payment to the remittance address below:

Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346

Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars

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ALLEN BOONE HUMPHRIES ROBINSON LLP

Taxpayer ID 74-3091731

July 21, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

Mr. Rick Overgaard
Pearland Economic Development Corporation
3519 Liberty Drive
Pearland, TX 77581

Client/Matter: PRZ002-01
Statement Number: 82164
Billing Attorney: Lynne B. Humphries

General

Professional Fees

Fees for services posted through July 15, 2016, as follows:

<u>Date</u>	<u>Professional</u>		<u>Hours</u>
06/29/16	Lynne B. Humphries	Follow up and work related to upcoming Board of Directors meeting and agenda items	0.25
06/30/16	Tracie Brownlee	Review district email regarding action needed on agenda.	0.25
06/30/16	Lynne B. Humphries	Follow up regarding hiring an administrator, or hiring someone to assist with certain administrative duties for the Tax Increment Reinvestment Zone	0.25
07/07/16	Tracie Brownlee	Email correspondence regarding date of annual meeting	0.25
07/12/16	Tracie Brownlee	Review and forward email correspondence regarding schedule of annual meeting	0.25
07/14/16	Tracie Brownlee	Telephone conference regarding drafting of letter financing agreement.	0.25

Total Fees: 347.50

RATE SUMMARY

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Tracie Brownlee	Legal Assistant	170.00	1.00	170.00
Lynne B. Humphries	Partner	355.00	0.50	177.50

Total Fees:	\$	347.50
Total Expenses and Other Items:	\$	0.00
Total Amount Due:	\$	347.50

ALLEN BOONE HUMPHRIES ROBINSON LLP

To contact the ABHR Billing Department, please call 713-860-6400 or email at billing@abhr.com

July 21, 2016

REINVESTMENT ZONE NO. 2, CITY OF PEARLAND, TEXAS

General	Client/Matter:	PRZ002-01
	Statement Number:	82164
	Billing Attorney:	Lynne B. Humphries

REMITTANCE PAGE

Fees for services posted through July 15, 2016	347.50
Expenses and Other Items posted through July 15, 2016	0.00
Total Amount Due:	\$347.50

Please return this page with your payment to the remittance address below:

**Allen Boone Humphries Robinson LLP
PO Box 4346
Department 90
Houston, TX 77210-4346**

*Checks should be made payable to Allen Boone Humphries Robinson LLP
Please include the invoice number on your check
Total amount payable in U.S.dollars*

V#2731

LJA Engineering, Inc.

RECEIVED
- INVOICE DEPARTMENT



2929 Briarpark Drive Phone: 713.953.5200
Suite 600 Fax: 713.953.5026
Houston, TX 77042 www.ljaengineering.com

16 JUL 11 PM 1:39

Claire Manthei
Pearland TIRZ #2
c/o City of Pearland
3519 Liberty Drive
Pearland, TX 77581

Arnae 7.12.16

Approved:		Date:	July 01, 2016
Acct#	Project#	Amt.	Project No: 1546-0000
Acct#	Project#	Amt.	Invoice No: 201607082
Acct#	Project#	Amt.	

Project 1546-0000

Pearland TIRZ #2 Prj. Coord. Services

For Services Rendered Through 6/24/2016

Phase 010 - Coordination (TIRZ)

Engineering Services

	Billed Hours	Billing Rate	Current Billing	
CADD Technician				
Dimas, Omar	2.00	52.71	\$105.42	
Department Head				
Ross, James	3.50	143.00	\$500.50	
	5.50		\$605.92	
Total Labor				\$605.92
			Total This Phase	\$605.92

Phase 101 - Maps & Exhibits

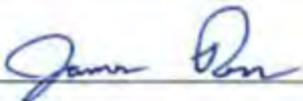
Engineering Services

	Billed Hours	Billing Rate	Current Billing	
CADD Technician				
Dimas, Omar	1.00	79.69	\$79.69	
	1.00		\$79.69	
Total Labor				\$79.69
			Total This Phase	\$79.69

Phase Z99 - Reimbursable Expenses

Reimbursable Expenses

Postage/Delivery			\$69.65	
Total Reimbursables			\$69.65	\$69.65
			Total This Phase	\$69.65
			Total Amount Due	\$755.26

Approved By: 

James Ross

Billing Backup

Thursday, July 07, 2016

LJA Engineering, Inc.

Invoice 201607082 Dated 06/24/16

01:41 PM

Project 1546-0000

Project 1546-0000

Phase 010 - Coordination (TIRZ)

Engineering Services

			Billed Hours	Billing Rate	Current Billing
Department Head					
091	Ross, James	6/20/2016	1.50	143.00	\$214.50
New TIRZ LFA for thoroughfare in Reserve at Shadow Creek					
091	Ross, James	6/23/2016	2.00	143.00	\$286.00
New TIRZ LFA for thoroughfare in Reserve at Shadow Creek					
CADD Technician					
828	Dimas, Omar	3/28/2016	2.00	52.71	\$105.42
LFA					
13-06-002					
14-06-001					
14-06-002					
			5.50		\$605.92
Total Labor					\$605.92
Total This Phase					\$605.92

Phase 101 - Maps & Exhibits

Engineering Services

			Billed Hours	Billing Rate	Current Billing
CADD Technician					
828	Dimas, Omar	6/10/2016	1.00	79.69	\$79.69
TIRZ-14-06-001					
13-06-002					
			1.00		\$79.69
Total Labor					\$79.69
Total This Phase					\$79.69

Phase Z99 - Reimbursable Expenses

Reimbursable Expenses

Postage/Delivery

P107895

6/16/2016 Ticket:776485300517

\$69.65

Total Reimbursables

\$69.65

\$69.65

Total This Phase

\$69.65

Total Amount Due

\$755.26

**AGENDA REQUEST
TAX INCREMENT REINVESTMENT ZONE NO. 2
PEARLAND, TEXAS**

AGENDA OF: 08/08/2016	ITEM NO.: RTIRZ 2016-07
DATE SUBMITTED: 06/01/2016	DEPARTMENT OF ORIGIN: Finance
PREPARED BY: Carrie Ditta	PRESENTOR: Rick Overgaard
REVIEWED BY: Cynthia Pearson	REVIEW DATE: June 17, 2016
SUBJECT: RTIRZ 2016- - A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ), approving the 2015 Annual Report.	
EXHIBITS Resolution RTIRZ 2016- TIRZ 2015 Annual Report	
EXPENDITURE REQUIRED: N/A	AMOUNT BUDGETED: N/A
AMOUNT AVAILABLE: N/A	PROJECT NO.: N/A
ACCOUNT NO.: N/A	
ADDITIONAL APPROPRIATION REQUIRED: N/A	
ACCOUNT NO.: N/A	
PROJECT NO.: N/A	
To be completed by Department:	
<input checked="" type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

EXECUTIVE SUMMARY

In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone Number Two, City of Pearland, Texas (the Zone) was established by Ordinance 891 of the City Council of the City of Pearland (the City), Texas on December 21, 1998 and is further known as “Shadow Creek Ranch.” The Zone ends December 2028. After two plan amendments adding 465 acres to the Zone, the Zone is now composed of 3,932+ acres, of which 3,125+ acres are within Brazoria County and 807+ acres are within Fort Bend County.

The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City and the other participating taxing entities. Improvements in the Zone significantly enhance the value of all taxable real property in the Zone and are a general benefit. Participating entities in the Zone include: the City of Pearland, Brazoria County, Fort Bend County and Alvin Independent School District. These entities participate in the Zone at various levels as described in their respective inter-local agreements, with property tax increment from each being deposited into the Zone.

For 2015, the capture appraised value in the Zone was \$1,813,240,306 and tax increment received from the participating entities was \$18.1 million for 2015 before expenditures.

The Zone pursues its objective by acting as a financing vehicle for regional public improvements, as described in the Project Plan as amended. Property tax increment is used to reimburse the developer, via Letter of Financing Agreements, for the infrastructure pursuant to the project plan.

The Zone has currently approved \$173 million in reimbursements, of which \$103 million has been reimbursed along with \$38 million in interest.

Pursuant to State law, attached for consideration is the Pearland Tax Increment Reinvestment Zone 2015 Annual Report. The annual report must be submitted to the chief executive officer of each taxing unit that levies taxes on property within the Zone. The report must include the following items:

- The amount and source of revenue in the tax increment fund established for the zone
- The amount and purpose of expenditures from the fund
- The amount of principal and interest due on outstanding bonded indebtedness
- The tax increment base and current appraised value retained by the zone
- The captured appraised value shared by the city and other taxing units
- The total amount of tax increments received and
- Any additional information necessary to demonstrate compliance with the tax increment financing plan adopted.

Staff will be present to review the 2015 Annual Report with the board. The report will be presented to City Council on August 8, 2016 and to be filed/presented to the other participating entities.

RECOMMENDED ACTION

Consideration and approval of the Resolution approving the TIRZ 2015 Annual Report.

RESOLUTION NO. RTIRZ 2016-07

**A Resolution of the Tax Increment Reinvestment Zone No. 2 (TIRZ),
approving the 2015 Annual Report**

BE IT RESOLVED BY TIRZ BOARD OF DIRECTORS:

Section 1. That the Tax Increment Reinvestment Zone No. 2 hereby approves the 2015 Annual Financial Report as prepared by the City of Pearland.

PASSED, APPROVED, AND ADOPTED this _____ day of _____, A.D 2016.

TIRZ CHAIRMAN

ATTEST:

TIRZ SECRETARY

**REINVESTMENT ZONE NUMBER TWO
CITY OF PEARLAND, TEXAS**



**ANNUAL REPORT
2015**

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COMPLIANCE

Texas Tax Code Section 311.016 (a):

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CITY OF PEARLAND, TEXAS CITY COUNCIL

2015 Council Members

Mayor	Hon. Tom Reid
Mayor Pro-Tem	Hon. Tony Carbone
Council Member	Hon. Tony Carbone
	Hon. Derrick Reed
	Hon. Gary Moore
	Hon. Keith Ordeneaux
	Hon. Greg Hill

City Staff

City Manager	Clay Pearson
Director of Finance	Claire Bogard

REINVESTMENT ZONE NUMBER TWO CITY OF PEARLAND, TEXAS

BOARD OF DIRECTORS

2015 Board Members

- Position 1 Donna Coleman
State Senator Designee
- Position 2 Gary Davis
State Representative Designee
- Position 3 Herb Fain, Jr.
City of Pearland Designee
- Position 4 Gary Cook, Vice Chair
City of Pearland Designee
- Position 5 Kenneth R. Phillips, Chair
City of Pearland Designee
- Position 6 Jo Knight
City of Pearland/Alvin Independent
School District Designee
- Position 7 Mike Pyburn
Alvin Independent School District Designee
- Position 8 Ali Hasanali
Fort Bend County Designee
- Position 9 Larry Loessin
Brazoria County Designee

DESCRIPTION OF ZONE

In accordance with the Tax Increment Financing Act (Chapter 311, Tax Code), Reinvestment Zone Number Two, City of Pearland, Texas (the Zone) was established by Ordinance 891 of the City Council of the City of Pearland (the City), Texas on December 21, 1998. The original Zone, also known as “Shadow Creek Ranch”, consisted of 3,467 acres located in Brazoria County and Fort Bend County, Texas. In addition, the Zone is located in Alvin I.S.D. (AISD), Fort Bend I.S.D. (FBISD) and a small portion in Pearland I.S.D. (PISD). The original Zone is generally bounded by Clear Creek on the north, State Highway 288 on the east, Broadway (the extension of FM 518 west of S.H. 288) on the south and FM 521 on the west. A map illustrating the original boundaries of the Zone follows on page 15 as Exhibit 1. On August 23, 1999, by Ordinance No. 918 of the City, the Project Plan and Reinvestment Zone Financing Plan (the Project Plan) for the original TIRZ boundaries was adopted.

1st Plan Amendment

On July 10, 2006, by Ordinance 1276 of the City, the Project Plan was amended and the Zone was expanded to provide for the annexation of 457 acres of vacant land, adjacent to the Zone. 288 acres are in Brazoria County and 169 acres are in Fort Bend County.

2nd Plan Amendment

On November 13, 2006 by Ordinance 1312 of the City, the Project Plan was amended to provide for development of public improvements to serve Shadow Creek Ranch Town Center. The proposed development is within the boundaries of the original Zone and Brazoria County.

3rd Plan Amendment

On November 13, 2006 by Ordinance 1313 of the City, the Project Plan was amended and the Zone was expanded to provide for the annexation of 8± acres to facilitate the improvement and widening of Broadway from S.H. 288 to F.M. 521. The boundaries of the annexed area are within Brazoria County.

The Zone is now composed of 3,932+ acres, of which 3,125± acres are within Brazoria County and 807± acres are within Fort Bend County. A map illustrating the boundaries of the Zone as expanded follows on page 16 as Exhibit 2.

PURPOSE OF ZONE

The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City and the other participating taxing entities.

The City Council, in adopting the ordinances creating and expanding the Zone, found that the development described in the Project Plan, and its subsequent amendments, would not likely occur, to the quality, standards and densities described in the Project Plan, but for the creation of the Zone.

The City Council further found that improvements in the Zone will significantly enhance the value of all taxable real property in the Zone and will be of general benefit to the City. The Zone will pursue its objective by acting as a financing vehicle for regional public improvements, as described in the Project Plan as amended. The methods of financing and the sources of funding available to the Zone, including the participation levels of the various participating entities, including the City, Brazoria County, Fort Bend County and Alvin ISD, are described in the Project Plan and its amendments.

STATE OF THE ZONE AND PLAN IMPLEMENTATION IN 2014

1. The information provided in this section is in accordance with § 311.016 (a) (1) of the Texas Tax Code, which requires inclusion of the amount and source of revenue in the tax increment fund established for the zone.

In addition to the City's tax increment revenue, interlocal agreements with Brazoria County, Fort Bend County and Alvin ISD provide for each taxing unit's participation in the Zone. The Project Plan also allows for the participation of Brazoria Drainage District No. 4 and Fort Bend Independent School District, though neither is currently participating. Levels of participation are detailed in the Project Plan and current levels of participation are shown in Table A. The zone is currently in its sixteenth year.

**TABLE A
Taxing Entity Participation**

Taxing Entity	Zone Years	Participation
City of Pearland	9 through 30	100% of taxes collected at current tax rate on Captured Appraised Value (1)
Brazoria County	1 through 30	100% of taxes collected at current tax rate on Captured Appraised Value up to a tax rate of \$.1359, or if rate is less than \$.1359 then 38% of actual tax rate.
Fort Bend County	11 through 20	100% of taxes collected at current tax rate on Captured Appraised Value, up to a maximum tax rate of .468075 (2)
Alvin ISD	1 through 30	100% of taxes collected at current tax rate on Captured Appraised Value (3)

(1) 64% to be repaid as an administrative cost, provided the TIRZ retain at least \$.255 / \$100.

(2) In years 21 through 30 participation drops to 100% of .31205.

(3) 75% to be used by AISD for the construction of educational facilities.

The obligations of the participating taxing jurisdictions, as defined in their respective interlocal agreements, include the timely deposit of tax increment into the City's tax increment revenue fund.

Table B illustrates the growth in appraised value from base year to tax year 2015 for each participating jurisdiction. Table C illustrates the amount of the incremental revenue, which has been transferred to the increment fund. These amounts are based upon actual taxes collected as of December 31, 2015.

TABLE B
Base Market Value by Jurisdiction (1)

Taxing Entity	Base Year	Base Value	2015 Value (2)	Change
Original Zone	1998			
City of Pearland		7,172,980	1,815,013,156	1,807,840,176
Brazoria County		4,143,160	1,494,141,806	1,489,998,646
Fort Bend County		3,029,820	320,871,350	317,841,530
Alvin ISD		4,143,160	1,414,493,302	1,410,350,142
1st Plan Amendment	2006			
City of Pearland		4,381,680	9,781,810	5,400,130
Brazoria County		3,354,830	6,059,930	2,705,100
Fort Bend County		1,026,850	3,721,880	2,695,030
2nd Plan Amendment (3)	2006			
City of Pearland				
Brazoria County				
Fort Bend County				
3rd Plan Amendment (4)	2006			
City of Pearland				
Brazoria County				
Fort Bend County				

(1) The information in this table was provided by the Brazoria and Fort Bend County Appraisal Districts
(2) Market value (less exemptions) as of January 1, 2015.
(3) All of the land within the 2nd Plan Amendment area is within the boundaries of the original Zone.
(4) All of the land within the 3rd Plan Amendment area is either owned by a municipality or within dedicated ROW and thus tax exempt.

TABLE C
City of Pearland TIRZ No. 2 Tax Increment Revenue Fund Balance by Year (1)

Year	2000 / 2001		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	1999 (2)	(2) (5)														
City of Pearland Revenue	\$ 45,111	\$ 93,856	\$ 67,388	\$ 167,897	\$ 753,905	\$ 935,516	\$ 4,632,534	\$ 6,312,426	\$ 6,719,800	\$ 8,318,686	\$ 9,600,003	\$ 8,349,033	\$ 10,280,251	\$ 10,459,326	\$ 12,326,867	\$ 10,624,549
Rebate to City for Administrative Costs (3)			\$ (23,221)	\$ (60,353)	\$ (299,311)	\$ (344,257)	\$ (1,667,712)	\$ (4,039,953)	\$ (4,067,024)	\$ (5,068,860)	\$ (5,848,747)	\$ (5,233,446)	\$ (6,514,331)	\$ (6,677,117)	\$ (7,865,023)	\$ (6,803,968)
Brazoria County Revenue				\$ 159,854	\$ 205,459	\$ 815,614	\$ 1,110,573	\$ 1,055,912	\$ 1,297,278	\$ 1,434,579	\$ 1,449,043	\$ 1,486,826	\$ 1,499,782	\$ 1,527,826	\$ 1,674,994	
Alvin ISD Revenue (4)		\$ 10,969	\$ 207,479	\$ 229,941	\$ 826,613	\$ 2,616,519	\$ 2,917,931	\$ 2,879,739	\$ 3,574,007	\$ 6,941,779	\$ 3,927,965	\$ 4,112,895	\$ 4,160,862	\$ 4,167,334	\$ 4,933,323	
Other Revenue			\$ 4,130	\$ 80,981	\$ 40,827	\$ 90,358	\$ 267,907	\$ 150,232	\$ 46,199	\$ 16,119	\$ 9,859	\$ 2,532,291	\$ 1,310,196	\$ 1,348,416	\$ 1,476,931	
Fort Bend County Revenue						\$ 125,300	\$ 185,540	\$ 189,508	\$ 358,745	\$ 654,408	\$ 435,863	\$ 432,546	\$ 505,394	\$ 725,795	\$ 929,041	
Expenditures for Zone Administration				\$ (11,824)	\$ (154,203)	\$ (134,237)	\$ (305,626)	\$ (302,978)	\$ (127,259)	\$ (94,639)	\$ (68,646)	\$ (40,196)	\$ (16,767)	\$ (24,122)	\$ (16,427)	\$ (22,208)
Transfers to Development Authority						\$ (1,204,318)	\$ (3,129,978)	\$ (5,106,344)	\$ (3,548,991)	\$ (7,671,822)	\$ (10,784,813)	\$ (10,381,230)	\$ (12,016,051)	\$ (10,997,930)	\$ (11,494,978)	\$ (12,666,896)
Fund Balance	\$ 45,111	\$ 230,491	\$ 194,103	\$ 395,012	\$ 1,166,179	\$ 1,511,781	\$ 1,449,062	\$ 1,930,590	\$ 1,638,990	\$ 1,854,605	\$ 2,277,367	\$ 1,989,003	\$ 2,127,904	\$ 2,332,457	\$ 2,999,404	\$ 2,510,500

(1) Source: City of Pearland, Texas. Fund balances as of 12/31 of each year.
(2) Note that in years 1999 through 2001 revenue was reported net of expenditures. From year 2002 forward gross revenue is reported along with rebates to the city and other expenditures.
(3) Rebate for admin costs prior to 2007 is 36%. In 2007 the rebate increased to 64%.
(4) Note that Alvin ISD revenue is reported net of the 75% rebate to Alvin ISD.
(5) Revenue for 2000 and 2001 have been combined. In each year revenue was the same as in 1999.
(6) In addition to fund balance, as of 12/31/15, AISD had \$4,943,224 in the suspense account.

2. The information provided in this section is in accordance with §311.016 (a) (2) of the Texas Tax Code, which requires inclusion of the amount and purpose of expenditures from the fund.

The Board of Directors of the Zone has been granted by City Council, in accordance with Section 311.010 of Texas Tax Code, the power to administer, manage, and operate the Zone and to implement the Project Plan. The Zone was created for the duration of 30 years, or until dissolved by the City.

The total cost of the public improvements within the Zone, as outlined in the original Project Plan, amounts to \$294,482,034. Of this amount, the City will fund \$35,471,061 worth of improvements, and the Texas Department of Transportation (TxDOT) will fund another \$10,277,050 worth of improvements. The Zone will fund the remaining improvements, which amounts to a cost of \$248,733,923, unadjusted for inflation.

1st Plan Amendment

The original list of project costs was amended with the approval of the 1st Plan Amendment, which included improvements, estimated to total \$34,724,218. These improvements address the water, wastewater, storm sewer, lakes channels, roads and landscaping costs for the 457± acre annexation.

2nd Plan Amendment

The list of project costs was amended again with the approval of the 2nd Plan Amendment, which included improvements estimated to total \$11,749,618. These improvements address major road infrastructure, detention, drainage, landscaping and the relocation of pipelines and overhead utilities. All projects associated with this annexation have been completed.

3rd Plan Amendment

The list of project costs was amended a third time with the approval of the 3rd Plan Amendment, which included improvements estimated to total \$8 million. This amendment addressed the need to fund and construct a section of Broadway. All projects associated with this annexation have been completed.

These costs are detailed in the amended Project Budget, a copy of which follows as Table D. The Zone as now enlarged is composed of 3,932± acres, of which 3,125± acres are within Brazoria County and 807± acres are within Fort Bend County. A map illustrating the boundaries of the Zone as amended follows on page 16 as Exhibit 2.

TABLE D
Reinvestment Zone NO. 2, City of Pearland, Texas - Shadow Creek Ranch
Budget

Item	TIRZ Budget as approved (08/23/99) (1)	1st Plan Amendment (2)	2nd Plan Amendment (2)	3rd Plan Amendment (2)	TIRZ Budget as Amended (3)
Infrastructure					
Streets					
Pavement	12,610,050	1,634,000			14,244,050
Sidewalks	1,859,400				1,859,400
Landscaping and Irrigation	9,675,350				9,675,350
Entry Monuments	735,320				735,320
Lighting		125,900			125,900
Broadway Widening and Signalization			2,831,789		2,831,789
Business Center Drive Paving			852,722		852,722
Memorial Hermann Drive Paving			383,107		383,107
Water System	3,026,863	363,000			3,389,863
Wastewater System	6,940,964	1,029,000			7,969,964
Storm Water System	10,195,776	1,649,000			11,844,776
Lakes and Channels					
Improvements	29,121,915	5,625,600			34,747,515
Land Cost	4,597,889	6,675,000			11,272,889
Detention and Drainage					
Land Cost			2,850,000		2,850,000
Beautification / Deepening / Pond Creation			200,000		200,000
Site Drainage Facilities			1,842,000		1,842,000
Parks and Recreation					
Improvements	5,155,524	5,573,025			10,728,549
Land Cost	2,383,545				2,383,545
Landscaping					
Business Center Drive			157,500		157,500
Memorial Hermann Drive			67,500		67,500
Overhead Utilities Placed Underground			1,200,000		1,200,000
Pipeline Relocation			700,000		700,000
Major Improvements					
Water Plants					
Land Cost	20,000				20,000
WWTP	340,000				340,000
Lift Station	300,000				300,000
Traffic Signals	600,000	550,000			1,150,000
McHard Road Reimbursables					
Miscellaneous	150,000				150,000
Signal	100,000				100,000
SH 288 Access Road	1,000,000				1,000,000
FM 518 Improvements		6,485,600			6,485,600
Broadway / FM 518 Improvements				7,100,000	7,100,000
Contingencies and Engineering					
Contingencies (10%)	8,181,116	1,733,620			9,914,736
Engineering (15%)	11,274,211	2,860,473	490,000	900,000	15,524,684
Master Drainage Plan Costs		70,000			70,000
Environmental Study Costs		100,000			100,000
Subtotal	108,267,923	34,474,218	11,574,618	8,000,000	162,316,759
Zone Administration / Creation					
TIRZ Administration (1-3 Years)	466,000				466,000
Reimbursable TIRZ Creation Costs	900,000				900,000
Annexation Costs		250,000			250,000
Plan Amendment Costs			175,000		175,000
Subtotal	1,366,000	250,000	175,000		1,791,000
Total	109,633,923	34,724,218	11,749,618	8,000,000	164,107,759
City Facilities					
Library					
Improvements	2,395,000				2,395,000
Land Cost	105,000				105,000
Fire / Police Station					
Improvements	2,255,000				2,255,000
Land Cost	245,000				245,000
Subtotal	5,000,000				5,000,000
Educational Facilities					
AISD Elementary School	41,600,000				41,600,000
AISD Jr. High School	21,450,000				21,450,000
AISD Fresh/Soph Campus	34,050,000				34,050,000
FBISD Elementary School	11,000,000				11,000,000
FBISD Middle School	26,000,000				26,000,000
Subtotal	134,100,000				134,100,000
Grand Total	248,733,923	34,724,218	11,749,618	8,000,000	303,207,759

(1) The original TIRZ Budget as approved in 1999 dollars has not been adjusted for inflation.

(2) The amended Budgets as approved in 2006 are shown in 2006 dollars and have not been adjusted for inflation.

(3) The Budget as amended shows budget line items as approved in their respective years without adjustment for inflation.

TIRZ-Funded Projects:

Since the creation of the Zone a series of infrastructure improvements have been funded and constructed. Project #13-06-002, Southlake, Phase 2 was initiated in 2013. The proposed improvements total \$9.1 million (2006 dollars) for construction, design, and contingency for streets, water, sewer, drainage, land, and landscaping. The Zone approved two Joint Construction and Reimbursement Agreements with Brazoria-Fort Bend Municipal Utility District #1 and 518 SCR, Ltd for shared projects: (1) Southlake Phase 2 and (2) Southlake, Shelton Ridge Lane Phase 2 Gulf Coast Water Authority Canal Bridge. The board also approved Letter of Financing Agreements (Project 14-06-001) for Southlake Phase 3 totaling \$2.8 million (2006 dollars) and (Project 14-06-002) for Shadow Grove Phase I totaling \$5.9 million (2006 dollars).

During calendar year 2015 Shadow Creek Ranch reported approximately 205 home sales and 234 closings. This brings the total number of homes in the Zone to 5,902 as of December 31, 2015. Also, major construction during 2015 included completion of the Memorial Herman Hospital and Medical Center, 658 multi-family units, a neighborhood commercial center, Panda Express and an Auto Zone.

City Funded Improvements:

- There were no City funded projects in 2015.

TxDOT Funded Improvements:

- There were no TxDOT funded projects in 2015.

3. The information provided in this section is in accordance with §311.016 (a) (3) of the Texas Tax Code, which requires inclusion of the amount of principal and interest due on outstanding bonded indebtedness.

Bond Issues

In accordance with a Tri-Party Agreement dated October 11, 2004 between the TIRZ, the City of Pearland, and the Development Authority of Pearland (DAP), the TIRZ has pledged increment to provide for the repayment of debt issued on its behalf. In this regard, the DAP sold bonds in 2004, 2005, 2006, 2007 and 2009. The bonds were refunded in 2012 and are outlined in Table E. The Development Authority also sold Series 2013 bonds and Series 2014 bonds, totaling \$9,150,000 and \$8,060,000 respectively.

**TABLE E
Development Authority of Pearland Outstanding Debt as of December 31, 2015**

Tax increment Contract Revenue Bonds	Principal Amount Issued	Principal Amount Outstanding	Total Debt Service Outstanding
Series 2012 (refunding)	\$56,915,000	\$45,830,000	\$56,719,137
Series 2013	\$9,150,000	\$8,355,000	\$11,075,998
Series 2014	\$8,060,000	\$7,510,000	\$9,083,520
Total	\$74,125,000	\$61,695,000	\$76,878,655

In addition to developer reimbursements made via the sale of bonds, the DAP has also made payments from cash reserves. In 2015 the DAP made direct payments to the developer totaling \$6,840,000. Total direct payments as of the end of 2015 for the DAP is \$54,831,860, all of which are reflected in the reimbursements outlined in Table F.

Additional LFA's Approved for Reimbursement

The Zone Board has approved a series of Letter Financing Agreements (LFA's) for reimbursement. Prior to Board action all project costs related to each LFA were reviewed by the Zone's Auditor, McGrath & Co. PLLC, and summarized in a reimbursement report, which included eligible project costs plus interest.

Table F outlines Letter Financing Agreements approved through the end of 2015.

TABLE F

Letter Finance Agreements Approved for Reimbursement

Letter Finance Agreement (LFA)	LFA Date	LFA Amount (1)	Reimbursements Through 2015 (2)
Creation Costs	06/19/2000	\$ 900,000	\$ 1,235,408
LFA 99-11-001 (Entry)	11/08/1999	919,150 *	1,220,281
LFA 00-01-001 (V1P1A)	02/21/2000	6,524,629	5,243,529
LFA 00-10-002 (V1P1B)	10/09/2000	10,318,290	10,593,290
LFA 01-04-001 (V1P1B)	08/23/2001	1,967,061	805,884
LFA 03-10-004 (Kingsley Drive, Phase 3)	10/07/2003	3,529,173	2,791,877
LFA 04-07-006 (Traffic Signal Shadow Creek PKWY/Kingsley)	07/13/2004	287,788	293,578
LFA 04-07-007 (Parks and Trails Grading and Infrastructure)	07/13/2004	1,007,256	877,201
LFA 03-10-001 (Remaining Village 2, Phase 2 Improvements)	10/07/2003	7,554,654	8,493,040
LFA 04-07-002 (Fire/Police Station Land Cost)	07/13/2004	408,668	555,954
LFA 02-08-001 (Village 1 and Village 2 Phase 2 Improvements)	08/06/2002	4,727,516	6,029,532
LFA 01-11-002 (Additional Village 1 and Village 2 Improvements)	11/12/2001	24,509,430	33,055,576
LFA 03-10-002 (Village 3, Phase 1 and 2 Improvements)	10/07/2003	7,809,950	11,734,369
LFA 06-03-001 (Elementary School #2 Site)	03/27/2006	1,687,801	1,886,601
LFA 06-08-002 (Library Site)	08/28/2006	481,569	557,100
LFA 04-07-003 (Regional Nature Park)	07/13/2004	760,988	1,168,312
LFA 03-10-005 (Kingsley Drive Phase 4 Improvements)	10/07/03	4,486,342	6,811,005
LFA 03-10-006 (Village 5 Improvements)	10/07/03	7,055,177	11,274,134
LFA 04-07-005 (Village 4, Phase 1 and Refelction Bay North Improvements)	04/07/05	3,354,452	5,223,786
LFA 03-10-003 (Village 3, Phase 3 Improvements)	10/07/03	7,711,582	12,811,167
LFA 04-07-004 (Village 3, Phase 4 Improvements)	07/13/04	8,204,999	13,624,832
LFA 06-01-003 (Remaining Village 4 Improvements)	01/30/06	7,120,532	-
LFA 06-08-001 (Additional Sidewalks)	08/28/06	2,356,305	-
LFA 06-01-001 (Kingsley Drive North)	01/31/06	6,417,644	5,536,104
LFA 06-01-002 (Additional Village 4 Improvements)	01/31/06	9,392,437	-
LFA 06-08-003 (S.H. 228 Frontage Road)	08/31/06	1,276,667	-
LFA 06-10-001 (Road Infrastructure, Pipeline Relocation and Site Drainage; Part of 2nd Plan Amendment)	10/23/06	9,949,618	-
LFA 07-03-002 (Shadow Creek Ranch Town Center Improvements; Part of 2nd Plan Amendment)	03/12/07	1,851,598	-
LFA 07-03-001 (Village 7, Phase 1 Broadway Improvements)	03/12/2007	1,271,499	-
LFA 08-05-001 (Broadway to FM 521)	05/05/2008	9,482,989	-
LFA 08-05-002 (Broadway Landscape - Northside)	05/05/2008	1,158,218 *	-
LFA 08-01-001 (Broadway Improvements) City of Pearland	01/15/2008	8,449,086	-
LFA 10-06-001 (Discovery Bay Extension to SH288)	06/07/2010	912,908	-
LFA 10-06-002 (SCH-4 Site)	06/07/2010	2,530,620	-
LFA 10-06-003 (SCH-5 Site)	06/07/2010	4,935,370	-
LFA 13-06-004 (SCH-3 Site)	06/24/2013	2,382,379	-
		\$ 173,694,345	\$ 141,822,560

(1) LFA amounts have been adjusted for inflation per the Project and Financing Plan and related budget.

(2) Amounts reimbursed include actual interest per the Developer Reimbursement Agreement.

* Actual costs exceeded the amount of the LFA. Per the governing agreements, reimbursement is limited to the amount of the LFA

4. The information provided in this section is in accordance with §311.016 (a) (4) of the Texas Tax Code, which requires inclusion of the tax increment base and current captured appraised value retained by the zone.

In each year subsequent to the base year, the Zone will receive tax increment revenue based on ad valorem property taxes levied and collected by each participating taxing unit on the captured appraised value of the Zone. The captured appraised value of the Zone is the total appraised value of all real property located within the Zone as of January 1, less the total appraised base year (January 1, 1998) value.

As of December 31, 2015, development schedules for the original Zone remained unchanged from projections in the Project Plan. However, because the pace of development is unpredictable, and because the Project Plan provides a best estimate of captured appraised values, the actual captured appraised value in any future year may not equal the projected estimates of such value.

As of January 1, 1998, the base year for the Zone, the area encompassed by the original Zone was undeveloped land, with a total appraised value of \$7,172,980. On January 1, 2015, the area encompassed by the Zone had a total appraised value of \$1,815,013,156. As a result, the total captured appraised value (net base year value and exemptions) on the tax roll as of January 1, 2015 was \$1,807,840,176 for the City, as illustrated in Table B.

The City of Pearland base year (2006) value for the 457± acres annexed in the 1st Plan Amendment was \$4,381,680. As of January 1, 2015 the total appraised value was \$9,781,810. As a result the total captured appraised value on the roll as of January 1, 2015 was \$5,400,130. All lands associated with the 2nd Plan Amendment are within the boundaries of the original Zone. All lands associated with the 3rd Plan Amendment are either owned by a municipality or are dedicated right-of-way with no taxable value.

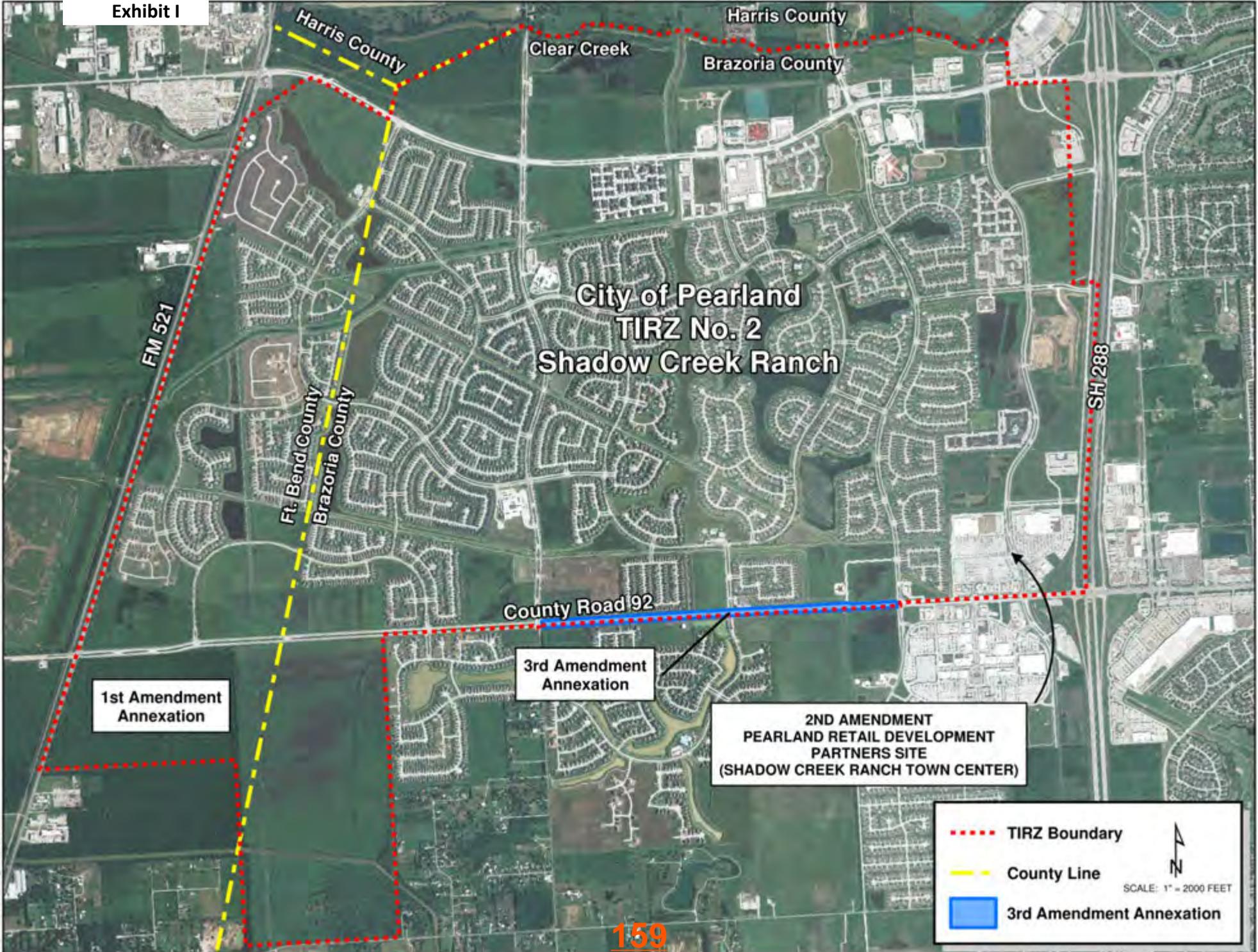
5. The information provided in this section is in accordance with §311.016 (a) (5) of the Texas Tax Code, which requires inclusion of the captured appraised value shared by the municipality and other taxing units, the total amount of tax increments received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.

As previously stated, the City, Brazoria County, Fort Bend County and Alvin ISD are the only taxing units currently participating in the Zone. As of January 1, 2015 the total captured appraised value in the TIRZ was \$1,813,240,306 for the original and annexed areas of the Zone. The total amount of tax increment revenue received is detailed in Table C.

(This report was written in accordance with the provisions of Chapter 311.016 of the Texas Tax Code)

**REINVESTMENT ZONE NUMBER TWO
CITY OF PEARLAND, TEXAS**

**2015 ANNUAL REPORT
EXHIBITS**



**City of Pearland
TIRZ No. 2
Shadow Creek Ranch**

**1st Amendment
Annexation**

**3rd Amendment
Annexation**

**2ND AMENDMENT
PEARLAND RETAIL DEVELOPMENT
PARTNERS SITE
(SHADOW CREEK RANCH TOWN CENTER)**

--- TIRZ Boundary

- - - County Line

■ 3rd Amendment Annexation

SCALE: 1" = 2000 FEET

Path: T:\1546\000\sec_TIRZ_2013.mxd



Exhibit 2



**AGENDA REQUEST
BUSINESS OF THE TIRZ NO. 2
PEARLAND, TEXAS**

AGENDA OF: August 8, 2016	ITEM NO.: New Business No. 8
DATE SUBMITTED: August 4, 2016	REPRESENTING: ABHR
PREPARED BY: ABHR	PRESENTOR: Lynne Humphries
SUBJECT: Letter Financing Agreement for Roadway to Serve Reserve at Shadow Creek, Project # 16-08-001	
EXHIBITS: 1) Engineer's Recommendation Letter 2) Budget Report Letter 3) Vicinity Map Exhibit 4) Water, Sanitary & Storm Exhibit 5) Pavement Exhibit 6) Benefitted Areas Exhibit 7) TIRZ Project Implementation and Reimbursement Process Exhibit	
EXPENDITURE REQUIRED: PROJECT: Roadway to Serve Reserve at Shadow Creek (CCAC Reserve Holdings, Inc.)	

EXECUTIVE SUMMARY

Engineering Report for Roadway to Serve Reserve at Shadow Creek, Project #16-08-001

In accordance with the August 8, 2016, letter financing agreement, the Zone and CCAC Reserve Holdings, Inc. have decided to proceed with the project listed above. The proposed letter financing agreement provides the Zone's approval to proceed with the project, the budgeted cost of the improvements, and the reimbursement to CCAC Reserve Holdings, Inc. in accordance with the TIRZ Project Implementation and Reimbursement Process.

RECOMMENDED ACTION

Discuss and take necessary action regarding acceptance of Engineering Report and approval of Letter Financing Agreement for Roadway to Serve Reserve at Shadow Creek.

August 8, 2016

Board of Directors
Reinvestment Zone No. 2, City of Pearland, Texas
City of Pearland, Texas
3519 Liberty Drive
Pearland, Texas 77581

Re: Project # 16-08-001, Roadway to Serve Reserve at Shadow Creek
Reinvestment Zone No. 2, City of Pearland, Texas
LJA Project No. 1546-0000 (2.0)

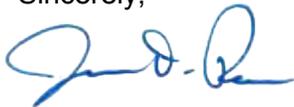
Dear Board of Directors:

We have determined that the referenced project, as proposed, is included in the adopted TIRZ Project Plan. The budget for the proposed improvements totals \$2,075,106, which includes construction cost, design cost, and contingency for the Roadway to Serve Reserve at Shadow Creek as shown on the attached exhibits.

Attached is a budget status report that illustrates the remaining balances within the TIRZ budget and shows the proposed budget for the above referenced project.

If you have any questions or concerns regarding this matter, please contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read "James D. Ross".

James D. Ross, PE
Vice President

JDR/ew

Attachments

Copy: Ms. Lynne B. Humphries – Allen Boone Humphries Robinson LLP
Mr. Clay Pearson – City of Pearland, Texas

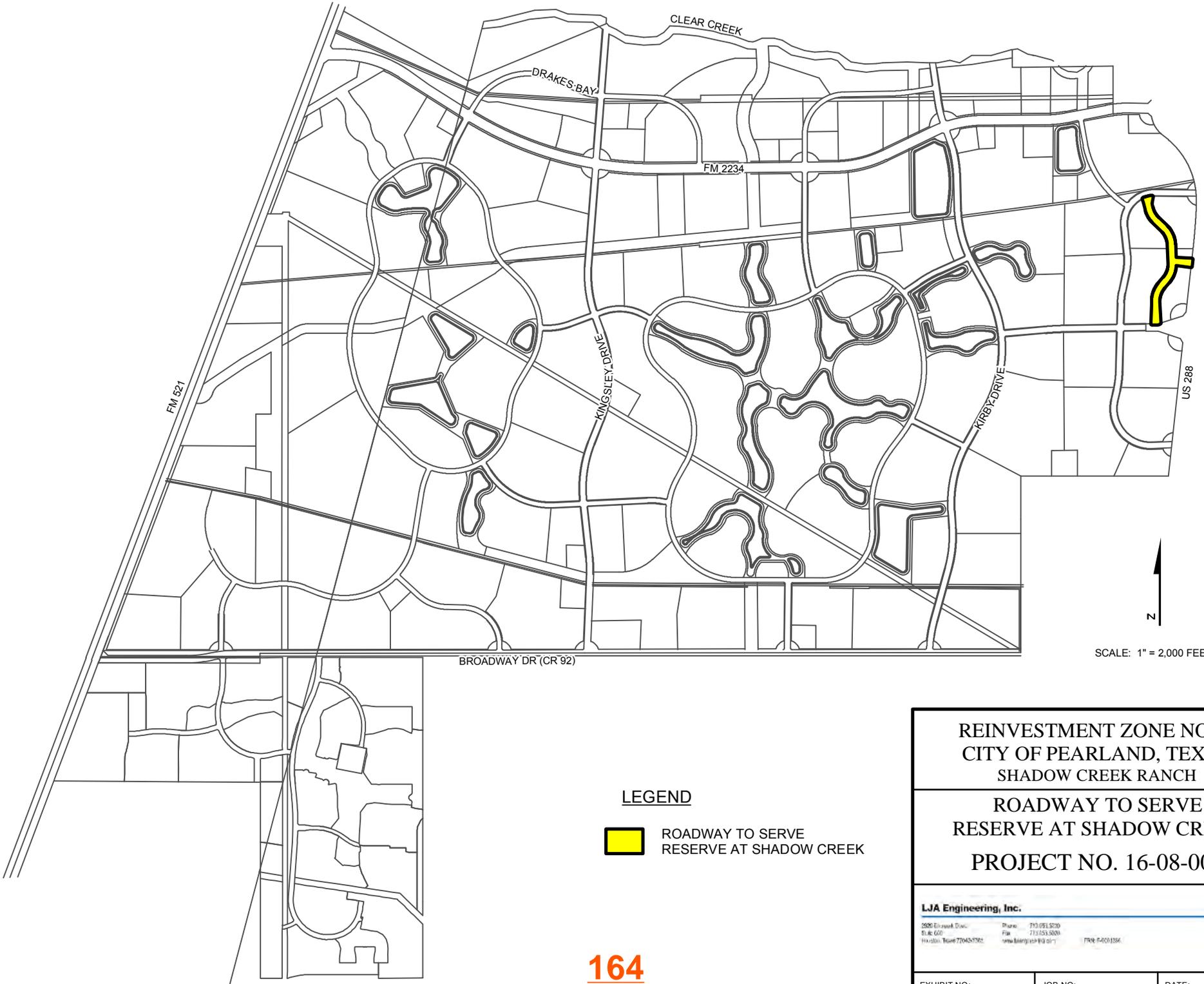
Reinvestment Zone No. 2, City of Pearland, Texas
Shadow Creek Ranch - Original TIRZ Plan

ENR Index Jan. 1999 - 6000
ENR Index Jan. 2016 - 10133
Adjustment - 68.88%

Budget for Proposed Letter Finance Agreements

Items	Total of TIRZ Projects			Total Funds Available for Proposed TIRZ Projects (1999 Dollars)	Project No. 16-08-001 Roadway to Serve Reserve at Shadow Creek		Total Funds Available for Future TIRZ Projects (1999 Dollars)
	Budget (1999 Dollars)	Approved for Reimbursement - Actual Costs (1999 Dollars)	Total of Outstanding TIRZ Projects - Budget (1999 Dollars)		Recommended for approval on August 8, 2016 (1999 Dollars)	TIRZ Budget %	
INFRASTRUCTURE							
Streets							
Pavement	\$12,610,050	\$14,667,422	\$0	(\$2,057,372)	\$500,150	3.97%	(\$2,557,522)
Sidewalks	\$1,859,400	\$476,591	\$0	\$1,382,809	\$113,350	6.10%	\$1,269,459
Landscaping and Irrigation	\$9,675,350	\$16,372,521	\$0	(\$6,697,171)	\$150,000	1.55%	(\$6,847,171)
Entry Monuments	\$735,320	\$735,320	\$0	\$0	\$0	0.00%	\$0
Water System	\$3,026,863	\$1,381,401	\$0	\$1,645,462	\$114,300	3.78%	\$1,531,162
Wastewater System	\$6,940,964	\$775,938	\$0	\$6,165,026	\$127,000	1.83%	\$6,038,026
Storm Sewer System	\$10,195,776	\$4,901,100	\$0	\$5,294,675	\$635,600	6.23%	\$4,659,075
Lakes & Channels							
Improvements	\$29,121,916	\$23,675,826	\$0	\$5,446,090	\$0	0.00%	\$5,446,090
Land Cost	\$4,597,889	\$17,855,700	\$81,225	(\$13,339,035)	\$0	0.00%	(\$13,339,035)
Parks & Recreation							
Improvements	\$5,155,524	\$1,322,405	\$0	\$3,833,119	\$0	0.00%	\$3,833,119
Land Cost	\$2,383,545	\$5,816,931	\$0	(\$3,433,385)	\$0	0.00%	(\$3,433,385)
Major Improvements							
Water Plants							
Land Cost	\$20,000	\$0	\$0	\$20,000	\$0	0.00%	\$20,000
W.W.T.P	\$340,000	\$0	\$0	\$340,000	\$0	0.00%	\$340,000
Lift Station	\$300,000	\$65,818	\$0	\$234,182	\$0	0.00%	\$234,182
Traffic Signals	\$600,000	\$155,284	\$0	\$444,716	\$0	0.00%	\$444,716
McHard Rd Reimbursables							
Miscellaneous	\$150,000	\$0	\$0	\$150,000	\$0	0.00%	\$150,000
Signal	\$100,000	\$87,502	\$0	\$12,498	\$0	0.00%	\$12,498
SH 288 Access Road	\$1,000,000	\$783,290	\$0	\$216,710	\$0	0.00%	\$216,710
Contingencies & Engineering							
Contingencies (10 %)	\$8,181,116	\$377,797	\$0	\$7,803,319	\$164,040	2.01%	\$7,639,279
Engineering (15 %)	\$11,274,211	\$13,230,337	\$0	(\$1,956,126)	\$270,666	2.40%	(\$2,226,792)
Subtotal	\$108,267,923	\$102,681,183	\$81,225	\$5,505,516	\$2,075,106	1.92%	\$3,430,410
ZONE ADMINISTRATION/CREATION							
TIRZ Administration (1-3 yrs.)	\$466,000	\$313,079	\$0	\$152,921	\$0	0.00%	\$152,921
Reimbursable TIRZ Creation Costs	\$900,000	\$882,434	\$0	\$17,566	\$0	0.00%	\$17,566
Subtotal	\$1,366,000	\$1,195,513	\$0	\$170,487	\$0	0.00%	\$170,487
TOTAL	\$109,633,923	\$103,876,696	\$81,225	\$5,676,003	\$2,075,106	1.89%	\$3,600,897
CITY FACILITIES							
Library							
Improvements	\$2,395,000	\$0	\$0	\$2,395,000	\$0	0.00%	\$2,395,000
Land Cost	\$105,000	\$295,463	\$0	(\$190,463)	\$0	0.00%	(\$190,463)
Fire / Police Station							
Improvements	\$2,255,000	\$0	\$0	\$2,255,000	\$0	0.00%	\$2,255,000
Land Cost	\$245,000	\$546,133	\$0	(\$301,133)	\$0	0.00%	(\$301,133)
Subtotal	\$5,000,000	\$841,597	\$0	\$4,158,403	\$0	0.00%	\$4,158,403
EDUCATIONAL FACILITIES							
AISD Elementary School	\$41,600,000	\$4,278,249	\$0	\$37,321,751	\$0	0.00%	\$37,321,751
AISD Jr. High School	\$21,450,000	\$2,369,117	\$0	\$19,080,883	\$0	0.00%	\$19,080,883
AISD Fresh/Soph CampusHigh School	\$34,050,000	\$0	\$0	\$34,050,000	\$0	0.00%	\$34,050,000
FBISD Elementary School	\$11,000,000	\$0	\$0	\$11,000,000	\$0	0.00%	\$11,000,000
FBISD Middle School	\$26,000,000	\$0	\$0	\$26,000,000	\$0	0.00%	\$26,000,000
Subtotal	\$134,100,000	\$6,647,365	\$0	\$127,452,635	\$0	0.00%	\$127,452,635
GRAND TOTAL	\$248,733,923	\$111,365,657	\$81,225	\$137,287,041	\$2,075,106	0.83%	\$135,211,935

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SCALE: 1" = 2,000 FEET

LEGEND

 ROADWAY TO SERVE RESERVE AT SHADOW CREEK

**REINVESTMENT ZONE NO. 2,
CITY OF PEARLAND, TEXAS
SHADOW CREEK RANCH**

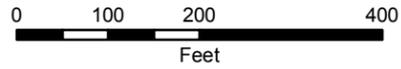
**ROADWAY TO SERVE
RESERVE AT SHADOW CREEK
PROJECT NO. 16-08-001**

LJA Engineering, Inc. 
2805 Elwood Dr. Phone: 713.951.9200
 Suite 600 Fax: 713.953.9009
 Houston, Texas 77042-7702 www.ljaengineering.com PRG-P-001159

**ROADWAY TO SERVE
RESERVE AT SHADOW CREEK
LFA# 16-08-001**

**WATER, SANITARY & STORM
EXHIBIT**

JULY, 2016



THIS PRODUCT IS FOR INFORMATIONAL PURPOSES AND
MAY NOT HAVE BEEN PREPARED FOR OR BE SUITABLE FOR
LEGAL, ENGINEERING, OR SURVEYING PURPOSES.
IT DOES NOT REPRESENT AN ON-THE-GROUND SURVEY AND
REPRESENTS ONLY THE APPROXIMATE RELATIVE LOCATION
OF PROPERTY BOUNDARIES.

AERIAL PHOTOGRAPH DATE: NEARMAP 2016



ENGLAVE LAKE LN

BUSINESS CENTER DR

MEDICAL CENTER DR

SH 288

COUNTY PLACE PKWY

HUGHES RANCH RD

DISCOVERY BAY DR

165

LEGEND

-  Sanitary
-  Storm
-  Water
-  Proposed Paving



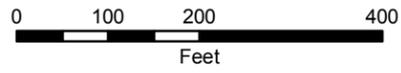
LJA Engineering, Inc.

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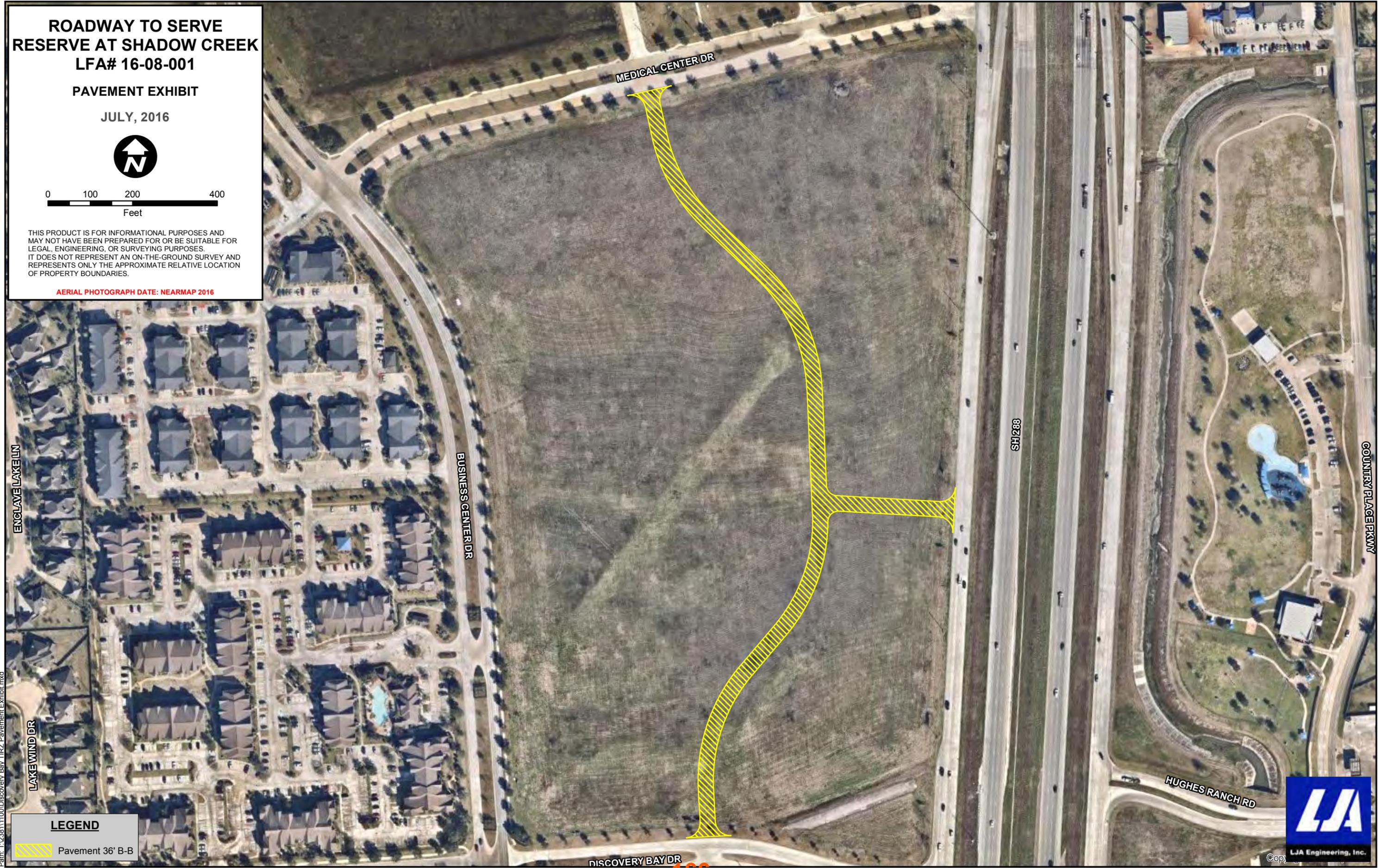
**ROADWAY TO SERVE
RESERVE AT SHADOW CREEK
LFA# 16-08-001
PAVEMENT EXHIBIT**

JULY, 2016



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REPRESENTS ONLY THE APPROXIMATE RELATIVE LOCATION
OF PROPERTY BOUNDARIES.

AERIAL PHOTOGRAPH DATE: NEARMAP 2016



ENGLAVE LAKE LN

BUSINESS CENTER DR

SH 288

COUNTY PLACE PKWY

HUGHES RANCH RD

DISCOVERY BAY DR

LEGEND
 Pavement 36' B-B

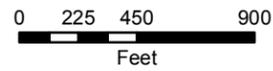


© LJA Engineering, Inc.

**ROADWAY TO SERVE
RESERVE AT SHADOW CREEK
LFA# 16-08-001**

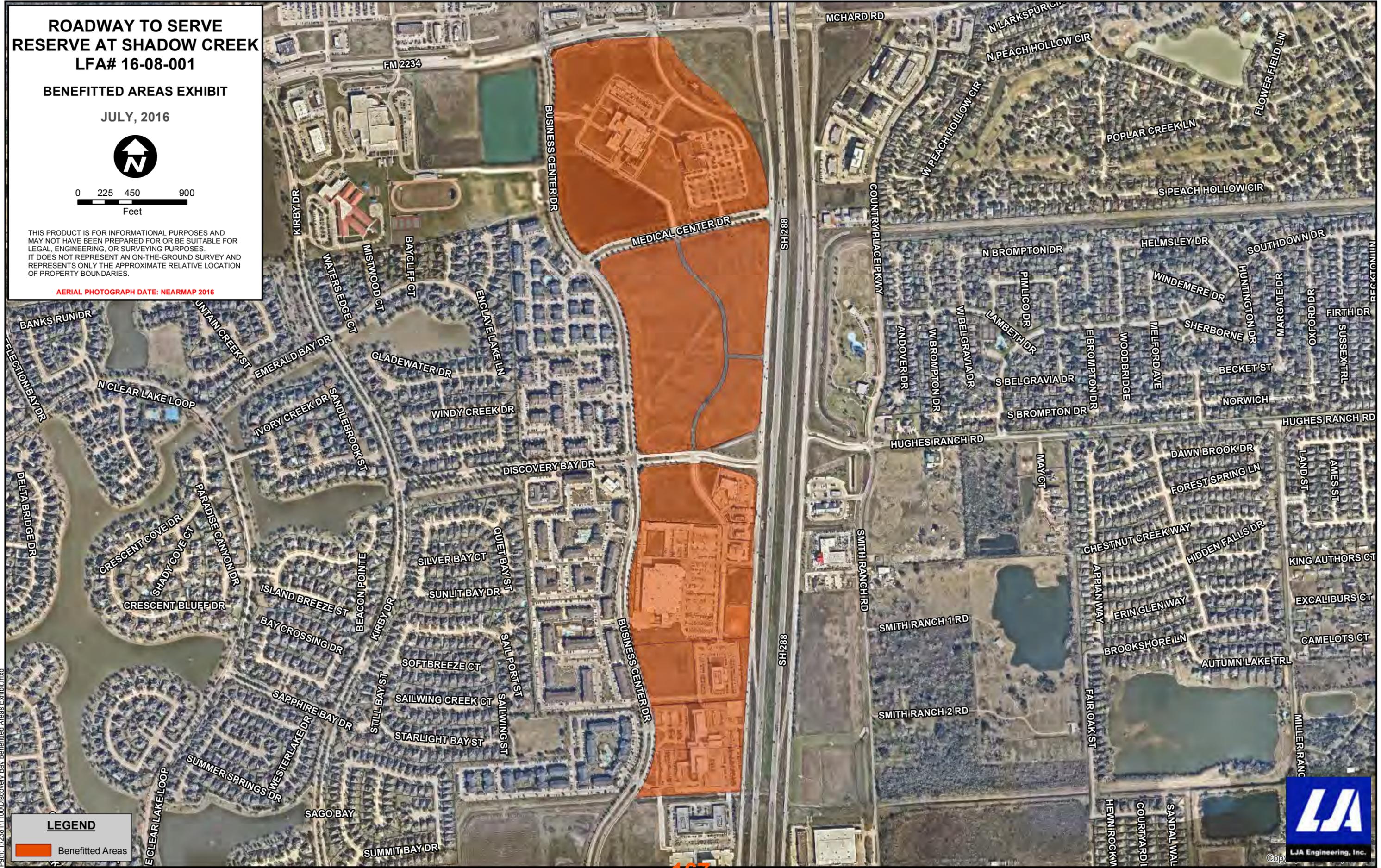
BENEFITTED AREAS EXHIBIT

JULY, 2016



THIS PRODUCT IS FOR INFORMATIONAL PURPOSES AND MAY NOT HAVE BEEN PREPARED FOR OR BE SUITABLE FOR LEGAL, ENGINEERING, OR SURVEYING PURPOSES. IT DOES NOT REPRESENT AN ON-THE-GROUND SURVEY AND REPRESENTS ONLY THE APPROXIMATE RELATIVE LOCATION OF PROPERTY BOUNDARIES.

AERIAL PHOTOGRAPH DATE: NEARMAP 2016



LEGEND

Benefitted Areas



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REINVESTMENT ZONE NO. TWO, CITY OF PEARLAND, TEXAS
(CCAC Reserve Holdings, LLC)

August 8, 2016

CCAC Reserve Holdings, LLC
8827 W. Sam Houston Pkwy
Suite 200
Houston, Texas 77040
Attn: Allen Crosswell

Re: Financing for TIRZ Improvements: Roadway to Serve Reserve at Shadow
Creek; TIRZ Project No. 16-08-001

Dear Mr. Crosswell:

CCAC Reserve Holdings, LLC ("CCAC") is a Sub-Developer within Reinvestment Zone No. 2, City of Pearland, Texas (the "Zone"). The Zone and CCAC have determined to proceed with the design and construction of the following TIRZ Improvements to be reimbursed in the future:

Roadway to Serve Reserve at Shadow Creek; TIRZ Project No. 16-08-001

Attached to this letter is a map showing the area which is benefited by the TIRZ Improvements over which the available Tax Increment will be applied for purposes of determining when reimbursement is made. CCAC has agreed to pre-finance the design and construction of the TIRZ Improvements to be reimbursed in accordance with this letter agreement.

The Zone hereby gives its approval to proceed with the construction of the above described TIRZ Improvements. All procedures set forth in the document entitled "TIRZ Project Implementation and Reimbursement Process" must be followed and letters from the Zone's Engineer certifying the completion of the TIRZ Improvements and from the Zone's Auditor must be issued before the Zone will reimburse CCAC. A copy of the TIRZ Project Implementation and Reimbursement Process is attached.

The Zone's Engineer has determined that the budget (1999 dollars) established in the Zone's Project Plan and Reinvestment Zone Financing Plan, as amended, for the above described TIRZ Improvements is \$2,075,106 plus "developer interest" calculated per the Zone's Project Plan and Reinvestment Zone Financing Plan. The Zone is not obligated to reimburse CCAC for any amount in excess of that budgeted amount plus "developer interest."

This agreement was duly authorized at a meeting of the Board of Directors of the Zone held on the 8th day of August, 2016.

Very truly yours,

REINVESTMENT ZONE NO. TWO, CITY OF
PEARLAND, TEXAS

By: _____
Chair, Board of Directors

ATTEST:

By: _____
Secretary, Board of Directors

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 2016.

CCAC Reserve Holdings, LLC,
a Texas limited liability company

By: _____
Name: Allen Crosswell
Title: Managing Member

TIRZ Project Implementation and Reimbursement Process

To begin the process of planning, design, construction and reimbursement under the TIRZ Plan, the TIRZ and the Developer/Sub-developer will sign a reimbursement agreement that establishes the extent of TIRZ Improvements (the "Project") and the terms and conditions under which the Project will be eligible for reimbursement. The reimbursement agreement, once executed, shall constitute the approval by the TIRZ for the Developer/Sub-developer to proceed with construction of the Project.

The reimbursement agreement will establish: (1) the quantitative and qualitative aspects and character of the Project, (2) the maximum costs to be reimbursed for the Project, (3) a checklist of requirements for implementing and completing the Project for reimbursement, and (4) the procedures for the review of the Project for the purposes of the TIRZ approving reimbursement of the Project costs once construction is completed (5) the incremental assessed valuation criteria which must be achieved before reimbursements may commence.

The maximum costs to be reimbursed to the Developer/Sub-developer for the Project shall be established in the reimbursement agreement, based on the TIRZ Engineer's determination of the scope of TIRZ capital improvements that are consistent with the TIRZ Plan in the development of the Developer/Sub-developer's development area.

The quantitative and qualitative aspects and character of the Project shall be as depicted in the Project and Financing Plan, the PUD, the Development Agreement, Shadow Creek Ranch Design Guidelines and other, related documents made available to the Developer/Sub-developer. These shall establish the over-all intent of the development for Shadow Creek Ranch TIRZ, including those portions of the master plan improvements constituting the Project to be undertaken by the Developer/Sub-developer under the reimbursement agreement.

The procedures for the design and construction of the Project shall be as follows:

1. Prior to commencing construction, the Developer/Sub-developer shall prepare all necessary plans and specifications which shall be approved by all regulatory authorities having jurisdiction;
2. Developer/Sub-developer shall bid all contracts in accordance with Texas competitive bidding laws for public improvements and in accordance with any requirement of the City and in full compliance with the rules and regulations of any local, regional, state or federal agencies having jurisdiction, and shall comply with all policies of the City as they may be in effect from time to time;
3. Developer/Sub-developer shall construct the project in accordance with all local and state law for construction of public improvements;

4. Developer/Sub-developer shall obtain inspections and approvals in accordance with all of the City of Pearland's processes and procedures, and with the processes and procedures of any authority or agency having jurisdiction; the Developer/ Sub-developer shall be responsible for any City of Pearland or other agency review and/or inspection fees.
5. Developer/Sub-developer shall obtain inspections and approvals from Shadow Creek Ranch Maintenance Association (SCRMA); and
6. Developer/Sub-developer shall submit documentation demonstrating that the Project was completed in accordance with the terms of the reimbursement agreement as substantially set out in the check list specified below.

The checklist of requirements for TIRZ reimbursement and completing the Project include but are not limited to the following:

- Recorded Plat
- Approved Plans and Specifications
- City of Pearland-approved form of Contract for Construction
- Bid Notice/Bid Advertisement Affidavits
- Bid Tabulation
- Recommendation of Award
- Payment, Performance and Maintenance Bonds
- Insurance Certificates
- Executed Contract for Construction
- Notice To Proceed
- Testing and Inspection Reports
- Certified Pay Applications
- Approved Change Orders
- Certificates of Completion
- Letters of Acceptance (incl. City of Pearland)
- Consent of Surety for Final Payment
- Contractors' Unconditional Release of Liens
- Signed Record Drawings

For all TIRZ Improvements included in the Plan, the completed documentation shall be submitted to the TIRZ Administrator and shall be reviewed for compliance with the reimbursement agreement by the TIRZ Engineer and the TIRZ Auditor (the "TIRZ Consultants"). The TIRZ Auditor will confirm with any Municipal Utility District ("MUD") in which a Project is located that the Developer/Sub-Developer is not being reimbursed for the Project by the MUD. All TIRZ Consultants' costs associated with the review of the Developer/ Sub-developer reimbursement review documentation shall be paid by the Developer/Sub-developer upon the

submittal of the reimbursement package. The TIRZ Consultants will review the documentation to verify that the costs for the Project are eligible for TIRZ reimbursement under the terms and conditions specified in the reimbursement agreement.

Once the review of the submitted package is complete, the TIRZ Consultants shall make a recommendation to the TIRZ Board in conformance with the reimbursement agreement. When approved, the Project reimbursement costs will be logged for priority of reimbursement as established by the reimbursement approval date and the Project and Financing Plan. If appropriate, the TIRZ Board will recommend to the City to reimburse the Developer/Sub-developer when increment from the Project becomes available.