

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY

---

JOINT MEETING OF THE BOARDS OF DIRECTORS

SEPTEMBER 26, 2019

---

REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY/TIRZ NO. 5  
MEETING OF SEPTEMBER 26, 2019**

Table of Contents

	<u>Page No.</u>
Agenda	1-2
Minutes MHRA June 27, 2019	3-7
Minutes TIRZ No. 5 June 27, 2019	8-9
President Report	
Hanover Quarterly Report	10-13
GID Quarterly Report	14
MWBE Report	15-16
Resolution Establishing Policy for Public Comment and Conduct at Board Meetings	17-18
Projects & Engineering	
J C Update	19
Bridge Reconstruction over White Oak Bayou	
J C Work Authorization No. 1	20
Audit Draft	21-42
Financial Matters	
Financial Statements	43-50
Investment Officer Report	51
Amended and Restated Investment Policy	52-68
Order Adopting List of Qualified Brokers	69-71

NOTICE OF JOINT MEETING  
AT UNITED WAY BUILDING, 50 WAUGH DRIVE, HOUSTON, TEXAS 77007  
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY  
AND  
REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS

**TO: THE BOARDS OF DIRECTORS OF THE MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY AND REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:**

Notice is hereby given that the Board of Directors of the Memorial-Heights Redevelopment Authority (the "Authority") will hold a joint meeting with the Board of Directors of the Reinvestment Zone Number Five, City of Houston, Texas, (the "Zone") on **THURSDAY, SEPTEMBER 26, 2019, at 10:00 A.M., at the UNITED WAY BUILDING, 50 WAUGH DRIVE, HOUSTON, TEXAS 77007**, open to the public, to consider, discuss, and adopt such orders, resolutions, or motions, and take other direct or indirect actions as may be necessary, convenient, or desirable with respect to the following matters:

1. **Minutes of previous meetings:**
  - a. Approve Authority minutes of June 27, 2019; **3**
  - b. Approve Zone minutes of June 27, 2019; **8**
2. **Receive comments and questions from the public;**
3. **President Report (Authority only):**
  - a. Receive quarterly Hanover update; **10**
  - b. Receive quarterly GID update; **14**
  - c. Receive MWBE report; **15-16**
  - d. Approve Resolution Establishing Policy for Public Comment and Conduct at Board Meetings; **17-18**
  - e. Authorize other appropriate action;
4. **Projects and Engineering (Authority only):**
  - a. **Receive Projects Committee Report; 19**
  - b. **Houston Avenue/White Oak Drive Intersection [CIP Project T-0520]:**
    - i) Update on construction matters [RAC Industries, LLC];
  - c. **Little Thicket [CIP Project T-0521]:**
    - i) Update on project development;
  - d. **Shepherd/Durham [CIP Project T-0523A/B] and Selected Cross Streets [CIP Project T-0528] Reconstruction:**
    - i) Update on project development;
  - e. **Heights Boulevard Bicycle and Pedestrian Safety Improvements [CIP Project T-0527]:**
    - i) Update on project development;
  - f. **Bridge Reconstruction over White Oak Bayou [CIP Project T-0525]:**
    - i) Approve J|C Work Authorization No. 1; **20**
  - g. Approve related pay estimates or change orders, or other design, construction, or management contract administration items, and authorize other appropriate action;
5. **Approve audit for fiscal year ending June 30, 2019, and authorize filing with the City of Houston; 21-42**
6. **Financial matters (Authority only):**
  - a. Receive Finance Committee Report;
  - b. Receive Financial Report Summary, including account and fund activity statements; **43-50**
  - c. Review Quarterly Investment Officer Report; **51**
  - d. Review and approve reimbursement to Regent Square [GID];
  - e. Authorize payment of invoices;
  - f. Approve Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of Authority Funds and Review of Investments; **52-68**
  - g. Approve Order Adopting List of Qualified Brokers; **69-71**
  - h. Authorize other appropriate action;
7. **Receive Attorney Report;**

8. **Executive Session** (*Authority only, the Zone will recess for duration of closed session*):
  - a. **Convene executive session** for attorney consultation on authorized matters pursuant to Open Meetings Act, § 551.071, Government Code; deliberations regarding purchase, exchange, lease, or value of real property pursuant to Open Meetings Act, §551.072, Government Code; and/or deliberations regarding economic development negotiations pursuant to Open Meetings Act, § 551.087, Government Code;
  - b. **Reconvene public session** and authorize appropriate action regarding executive session discussion;
9. **Consider, confirm, or ratify actions of the Authority, as necessary** (*Zone only*);
10. **Adjourn.**



---

SKLaw, Attorneys for the Authority and the Zone

**MINUTES OF SPECIAL MEETING  
OF  
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**

**JUNE 27, 2019**

The Board of Directors (the "Board") of Memorial-Heights Redevelopment Authority (the "Authority"), convened in regular session, open to the public, at 50 Waugh Drive, Houston, Texas 77007, on the 27<sup>th</sup> day of June, 2019, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Ann Lents	Chair
Alejandro Colom	Vice Chair
Bryan Brown	Director
Janice Hale-Harris	Director
Christopher David Manriquez	Director
Dr. Robert Stein	Director

**NEW DIRECTOR**

Marvin Pierre	Director
---------------	----------

and all of said persons were present, except Directors Brown and Hale-Harris, thus constituting a quorum.

Also present at the meeting were Jennifer Curley from the City of Houston (the "City"); Sherry Weesner of SMW Principle Solutions, Inc., President of the Authority; Erin Williford and Kristen Hennings of Jones|Carter ("J|C"); Jim Webb of The Goodman Corporation ("TGC"); Cassandra Robinson-Bacon of The Morton Accounting Services ("TMAS"); Pat Rutledge from Friends of Woodland Park ("FWP"); Emily Guyre of Houston Heights Association; Mario Castillo on behalf of Bill Baldwin, an area realtor; Mark Williamson of the Houston Heights Association; Gregg Nady of Ft. Bend County Emergency Services District No. 1; and Laura C. Davis and Susan Demiany of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw").

**DETERMINE QUORUM; CALL TO ORDER**

Chair Lents noted that a quorum was present and called the meeting to order.

**APPROVE MINUTES**

The Board considered approving the minutes of the April 25, 2019, meeting. Upon motion by Director Stein, seconded by Director Colom, and after full discussion, the Board unanimously voted to approve the minutes of the April 25, 2019, meeting as presented.

**CONFIRM CITY DIRECTOR APPOINTMENT**

The Board then considered confirming the City's appointment of Director. Chair Lents introduced Mr. Pierre, advising that he has been appointed to replace Tom Kvinta in Director Position 7. The Board welcomed Mr. Pierre. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to confirm the appointment of Mr. Pierre to the Board of Directors.

**ELECT SECRETARY**

Chair Lents advised that Director Hale-Harris has agreed to serve as Secretary of the Board, replacing Mr. Kvinta. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to appoint Director Hale-Harris as Secretary of the Board.

## **PRESIDENT REPORT**

Ms. Weesner then gave the President Report.

### Update on Hanover Project

Ms. Weesner advised that the Hanover Company has submitted 60% plans and specifications for the development, and the Authority has responded with comments. She noted that the next plans submittal will be at 90%.

### Update on Regent Square development [GID]

Ms. Weesner reviewed with the Board the quarterly report on Regent Square development [GID], advising that groundbreaking for Block B is expected to occur in November.

### Approve Committee appointments

Ms. Weesner reviewed with the Board an updated Exhibit A to the Resolution Designating Committee Appointments. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve the updated Exhibit A to the Resolution Designating Committee Appointments.

### Update on website development

Ms. Weesner reviewed with the Board progress on the website development, advising that the site is expected to go live in the next couple of weeks. The Board discussed possible additions to the site, including links to City and area websites, and summaries of past Authority projects.

### Adopt Resolution of Appreciation of Tom Kvinta

Ms. Davis reviewed with the Board a Resolution of Appreciation of Tom Kvinta for his hard work and dedication to the Authority in his service on the Boards of the Authority and TIRZ No. 5. Upon motion by Director Stein, seconded by Director Colom, and after full discussion, the Board voted unanimously to adopt the Resolution of Appreciation of Tom Kvinta.

## **PROJECTS AND ENGINEERING**

### Receive Projects Committee Report

In the absence of Director Brown, Chair Lents updated the Board on Authority projects. She also noted that the Projects Committee has reviewed and approved the project and engineering invoices.

### Approve JJC Work Authorization No. 1, Amendment No. 7

Ms. Williford reviewed with the Board the JJC Work Authorization No. 1, Amendment No. 7, which includes general on-call matters, design work for the 20<sup>th</sup> Street corridor, and the required updating of the City MWDBE dashboard. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve JJC Work Authorization No. 1, Amendment No. 7.

### Houston Avenue/White Oak Drive Intersection

#### Update on construction matters

Ms. Williford updated the Board on construction matters for the Houston Avenue/White Oak Drive Intersection [CIP Project T-0520] [RAC Industries, LLC ("RAC")]. She advised that the project is substantially

complete, but that the contractor continues to await CNP connection to the new traffic cabinet, and connection of power to the clock and irrigation system.

Approve JJC Work Authorization No. 2, Amendment No. 5

Ms. Williford reviewed with the Board the JJC Work Authorization No. 2, Amendment No. 5, which includes additional services in connection with the project. She also discussed a proposed change order that will include overages on the project. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve JJC Work Authorization No. 2, Amendment No. 5, and to authorize the Projects Committee to review and approve the proposed change order in an amount not to exceed \$15,000.00.

Little Thicket

Update on project development

Ms. Williford updated the Board on Little Thicket [CIP Project T-0521].

Review plans, and authorize advertisement of bids

The next item on the agenda was to review plans, authorize advertisement of bids, and authorize the Projects Committee to select a contractor. Ms. Weesner reviewed with the Board the two-step bidding process, whereby the Authority will advertise a Request for Qualifications, and all qualified respondents will then be asked to submit a bid. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve the plans, authorize the bid process, and authorize the Projects Committee to select a contractor.

Approve JJC Work Authorization No. 6, Amendment No. 3

Ms. Williford reviewed with the Board the JJC Work Authorization No. 6, Amendment No. 3, which includes additional services in connection with the expanded bid phase, and construction management and inspection services. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve JJC Work Authorization No. 6, Amendment No. 3.

Shepherd and Durham Reconstruction

Update on project development

Mr. Webb discussed a possible federal funding opportunity through the 2019 Better Utilizing Investments to Leverage Development ("BUILD") Program for the reconstruction of Shepherd Drive and Durham Drive. He explained that potential available funding in the amount of \$25,000,000 will require an Authority match of \$25,000,000. He stated that the grant, plus the Authority's match, could fund a portion of the Shepherd/Durham reconstruction, and then reviewed the proposed phasing of the project, consisting of 1) West 15<sup>th</sup> Street to IH-610, 2) West 15<sup>th</sup> Street to White Oak Bayou, and 3) south of White Oak Bayou to Memorial Drive. He stated that the first phase is the portion of the project that is included in the grant application.

Approve Sixth Amendment to Contract and authorize task (TGC)

Mr. Webb then reviewed with the Board the Sixth Amendment to the Contract with TGC, which includes an additional \$40,000 for development of the BUILD application, including all letters of support, and additional coordination with the congressional delegation in the City. Upon motion by Director Colom, seconded by Director Stein, and after full discussion, the Board voted unanimously to approve the Sixth Amendment to the Contract with TGC, and authorize task.

Adopt Resolution in Support and Funding Commitment for the 2019 BUILD Program

Ms. Davis reviewed with the Board a Resolution in Support and Funding Commitment for the 2019 Better Utilizing Investments to Leverage Development (BUILD) Program. Upon motion by Director Colom, seconded by Director Stein, and after full discussion, the Board voted unanimously to adopt the Resolution in Support and Funding Commitment for the 2019 Better Utilizing Investments to Leverage Development (BUILD) Program.

Heights Boulevard Bicycle and Pedestrian Safety Improvements

Ms. Williford updated the Board on the Heights Boulevard Bicycle and Pedestrian Safety Improvements [CIP Project T-0527].

Approve JJC Work Authorization No. 7, Amendment No. 1

Ms. Williford reviewed with the Board the JJC Work Authorization No. 7, Amendment No. 1, which includes final design services for three separate projects. She advised the Amendment will take the projects from design to the bidding phase.

Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve JJC Work Authorization No. 7, Amendment No. 1.

**FINANCIAL MATTERS**

Receive Finance Committee Report

Vice Chair Colom next reported to the Board on financial matters.

Receive Financial Report Summary

Ms. Robinson-Bacon reviewed with the Board the Financial Report Summary, including account and fund activity statements.

Adopt Resolution Amending Authorized Representatives [TexPool]

Ms. Davis reviewed with the Board the Resolution Amending Authorized Representatives, advising that the Resolution designates Chair Lents and Vice Chair Colom as authorized representatives on the Authority's TexPool account. Upon motion by Director Stein, seconded by Director Colom, and after full discussion, the Board voted unanimously to adopt the Resolution Amending Authorized Representatives [TexPool].

The Board concurred to designate Vice Chair Colom, Director Brown, and President Weesner as designated signatories for the Authority's deposit account at Prosperity Bank.

Review Quarterly Investment Officer Report

Ms. Weesner reviewed with the Board the Quarterly Investment Officer Report.

Authorize payment of invoices

Vice Chair Colom reviewed with the Board the invoices submitted for payment. He noted the Finance Committee has reviewed and approved all invoices. Following discussion of the invoices, a motion was made by Director Stein, seconded by Director Manriquez, and approved unanimously by the Board to authorize the payment of all invoices.

Review budget

Ms. Weesner then reviewed with the Board the proposed budget for the fiscal year ending June 30, 2020. She noted the budget was adjusted to include the phasing of the Shepherd and Durham reconstruction project; earlier budgeted design costs for the north canal; and construction of a potential connector of Memorial Park to White Oak Bayou. Upon motion by Director Stein, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve the budget for the fiscal year ending June 30, 2020, and to authorize submission to the City.

**ATTORNEY'S REPORT**

Ms. Davis reviewed with the Board the Authority's Code of Ethics and Conflict of Interest Policy. She reviewed rules regarding the acceptance of gifts, bribery, and conflict disclosure requirements. She also reviewed new legislation relating to the Open Meetings Act requirements for directors.

**EXECUTIVE SESSION**

Chair Lents announced that an executive session for the Board would not be necessary.

**PUBLIC COMMENTS**

The next item on the agenda was to receive comments and questions from the public. There were no comments or questions from the public.

**CONSIDER, CONFIRM, OR RATIFY ACTIONS OF THE AUTHORITY**

The next item on the agenda was to consider, confirm, or ratify actions of the Authority. Ms. Davis advised that no action by the Board is necessary.

There being no further business to come before the Board, the meeting was adjourned.

---

Secretary  
Memorial-Heights Redevelopment Authority

**MINUTES OF REGULAR MEETING  
OF  
REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS**

JUNE 27, 2019

The Board of Directors (the "Board") of Reinvestment Zone Number Five, City of Houston, Texas, convened in regular session, open to the public, at 50 Waugh Drive, Houston, Texas 77007, on the 27<sup>th</sup> day of June, 2019, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Ann Lents	Chair
Alejandro Colom	Vice Chair
Tom Kvinta	Secretary
Bryan Brown	Director
Janice Hale-Harris	Director
Christopher David Manriquez	Director
Dr. Robert Stein	Director

and all of said persons were present, except Directors Brown and Hale-Harris, thus constituting a quorum.

Also present at the meeting were Jennifer Curley from the City of Houston (the "City"); Sherry Weesner of SMW Principle Solutions, Inc., President of the Authority; Erin Williford and Kristen Hennings of Jone|Carter ("J|C"); Jim Webb of The Goodman Corporation ("TGC"); Cassandra Robinson-Bacon of The Morton Accounting Services ("TMAS"); Pat Rutledge from Friends of Woodland Park ("FWP"); Emily Guyre of Houston Heights Association; Mario Castillo on behalf of Bill Baldwin, an area realtor; Mark Williamson of the Houston Heights Association; Gregg Nady of Ft. Bend County Emergency Services District No. 1; and Laura C. Davis and Susan Demiany of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SKLaw").

**DETERMINE QUORUM; CALL TO ORDER**

Chair Lents noted that a quorum was present and called the meeting to order.

**APPROVE MINUTES**

The Board considered approving the minutes of the April 25, 2019, meeting. Upon motion by Director Stein, seconded by Director Colom, and after full discussion, the Board unanimously voted to approve the minutes of the April 25, 2019, meeting as presented.

**CONSIDER, CONFIRM, OR RATIFY ACTIONS OF THE AUTHORITY**

The next item on the agenda was to consider, confirm, or ratify the action of the Authority, as may be necessary. The Board noted that no confirmation or ratification action was necessary.

There being no further business to come before the Board, the meeting was adjourned.

***[SIGNATURE PAGE FOLLOWS]***

---

Secretary  
Reinvestment Zone Number Five,  
City of Houston, Texas

DRAFT



**HANOVER BUFFALO BAYOU**  
**QUARTERLY REPORT #1**  
9/18/19

**1. SITE INFRASTRUCTURE DEVELOPMENT**

**DESIGN COORDINATION**

**INFRASTRUCTURE & OFF-SITE INTERSECTIONS DESIGN DEVELOPMENT (LJA)**

- Public Infrastructure Plan Approvals
  - Public Infrastructure Plans were approved by the CoH July 23, 2019.
  - Mylars for the approved public plans were not received until 8/22/19. This releases ability to receive all permits and submit the DPC agreement to the City of Houston.
- Sanitary Capacity at Allen Parkway
  - CoH has approved Will Serve letters associated with Sites A & E with the tie-in to the existing 18" line in Allen Parkway
    - Per City of Houston, future developments will trigger the need to upgrade the 18" line in Allen Parkway
- Developer Participation Contract (DPC)
  - Mylars for the approved public plans were not received until 8/22/19. This allows Hanover to submit the DPC agreement to the City of Houston. Hanover is anticipating a 6 to 8 week review to approval. During this time the new 20" water line and storm infrastructure will be installed. If the DPC review extends past 90 days, this has the potential to affect the continuing progress of utility work as a result of the sanitary line in Hanover main being tied to the DPC agreement with CoH.

**DRY UTILITIES DESIGN DEVELOPMENT (BBI)**

- Major Underground Electrical
  - Phase 1 Terms & Conditions from CenterPoint has been received. The second and final T&C for major underground electrical infrastructure is to be issued before the end of September. BBI drawings have been submitted to the city for permit review.
- Street Lights
  - Street lights design is awaiting final selection with design consultants. Once finalized, these will be coordinated with CenterPoint and City of Houston.
- Telecom Infrastructure
  - Telecom infrastructure design is currently being finalize. T&C packages from AT&T, Comcast, and Phonoscope are forthcoming. Once approval is received from the service providers on the plans, they will be submitted to the city for permitting.

**LANDSCAPE / HARDSCAPE DESIGN DEVELOPMENT (OJB)**

- Design Status
  - OJB is coordinating with Rebees (retail partner) and Michael Hsu's office to develop the ground floor plane based on the new merchandising plan. Design schedule based on the new approach is forthcoming



## **DESIGN & PERMITTING STATUS**

- Design & Permitting
  - Civil Infrastructure – LJA 90% CDs (GMP 2)
    - Public Plans approved. Permits pending
    - Site plan correction being prepared to capture roadway grading revisions
    - Future correction to be submitted once paving materials are finalized.
  - Civil Off-site Intersections – LJA 50% CDs (GMP 3)
    - Drawings have been submitted to CoH for permit 8/16/19
  - Masterplan Landscape – OJB 100% DDs (GMP 3)
    - On hold for redesign. Not submitted associated with permitting.
  - Dry Utilities – BBI CDs (GMP 3)
    - BBI – CenterPoint Primary Ductbank Infrastructure 90% CDs
      - 1. Plans submitted 9/16/19
    - BBI – Telecom Infrastructure 50% CDs
      - 1. Awaiting telecom provider approvals to submit plans to CoH for permit
    - BBI – Street Lights 50% DDs
      - 1. Awaiting street light selection to confirm layout with CenterPoint and CoH

## **GMP DEVELOPMENT**

### **GMP 1 – DEMOLITION**

- Agreement executed with Owner. Demolition work in progress. Anticipated to complete before end of 2019

### **GMP 2 – WET UTILITIES**

- Agreement executed with Owner. Wet utility work pending release of permits from CoH. Anticipated to complete with Initial Improvements Complete in 2021

### **GMP 3 – INFRASTRUCTURE BUILD-OUT (CO TO GMP 2)**

- Bid Package 3 associated with the installation of Dry Utilities, Offsite Improvements, Landscape and Hardscape (limited to within the curbs of the roadways) will be issued first of August.
- GMP to be issued October 23<sup>rd</sup>, 2019
- Exclusions to this GMP (these will be guaranteed at a later date as the design develops or the requirement arises)
  - Central Park
  - Allen Parkway / Hanover Main “Gateway” Improvements
  - Cullen Building Demolition
  - All improvements from back of curb to the private developments
  - 18” Sanitary upgrade in Allen Parkway

### **GMP 4 – INFRASTRUCTURE BUILD-OUT (CO TO GMP 2)**

- Scope to include portions of the excluded items from GMP3



## 2. VERTICAL DEVELOPMENTS

### **SITE A**

#### **Mixed Use / Multi-family: (324 Units with approx. 22,900 sqft of retail/restaurant)**

- Design Status
  - 90% CDs are being issued 9/30/19
  - Sitework, Foundation, and super structure plans are in for permitting with CoH
- Construction Start Date
  - Anticipated start date is the first week of November

### **SITE E**

#### **Mixed Use / Multi-family: (423 Units with approx. 20,000 sqft of retail/restaurant)**

- Design Status
  - 70% CDs are being issued 10/02/19
  - Sitework, Foundation, and super structure plans are in for permitting with CoH
- Construction Start Date
  - Anticipated start date is the first week of December

### **SITE D**

#### **22 Story Office / Ground Floor Retail: (200,000 sqft office with approx. 10,850 sqft of retail/restaurant)**

- Design Status
  - Equity partner review for design NTP ongoing
  - Anticipating decision on design NTP within 30 days. Site D and F anticipated to be approved or denied together

### **SITE F**

#### **14 Story Hotel or 30 Story Hotel with Residential / Ground Floor Retail: (unit count TBD with approx. 10,000 sqft of retail/restaurant)**

- Design Status
  - Equity partner review for design NTP ongoing
  - Anticipating decision on design NTP within 30 days. Site D and F anticipated to be approved or denied together

### **SITE B1**

#### **2 or 5 Story Mixed Services Concept TBD**

- Design Status
  - End user is driving final concept. Once identified, design concept to be progressed further.

### **SITE B**

#### **High Rise TBD**

- Design Status
  - No status currently

### **SITE C**

#### **High Rise TBD**

- Design Status
  - No status currently



### 3. CONSTRUCTION PROGRESS UPDATE

#### Monthly Progress

- Demolition & Abatement
  - Site A & D demolition is complete
  - Site E & F demolition is complete
  - Site B demo to begin on 9/19/19 with an anticipated completion date of 11/19/19
- Installation of Wet Utilities is expected to begin the first of October
  - Utility Subcontractor has mobilized to start utility installation



8588 Katy Freeway  
Suite 441  
Houston, TX 77024  
713-463-8200  
information@knudsonservices.com

---

To: Anne Lents

CC: Sherry Wessner

From: Patricia K. Joiner

Date: August 12<sup>th</sup>, 2019

Re: **Quarterly Report for Regent Square - TIRZ 5**

---

Chairwomen Lents,

GID is into the City of Houston PWE Building Permit Division for site and foundation permits for Block B of the Regent Square project.

The full building permit application set has been submitted to PWE for the entire Block B for comments. The anticipated construction start date is the first of November 2019. The development for Block B is proceeding as projected.

GID is committed to conducting HOA meetings commencing in the fall; Knudson LP will be coordinating the meetings. We will include you and the Board members in the meeting invitations.

Regarding the TIRZ Construction Signage program, GID would be happy to participate in a sign program during construction of the entire 24 acres in ensure uniform communication branding for alerting the community on project improvements in partnership with TIRZ 5.

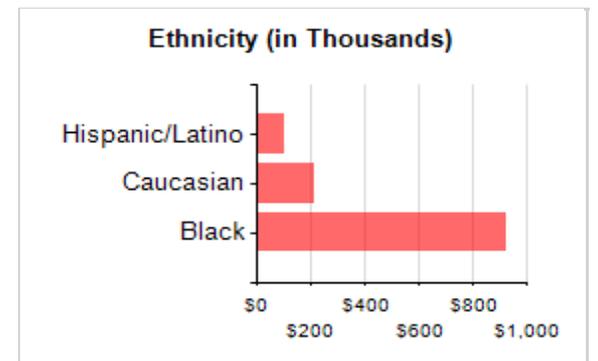
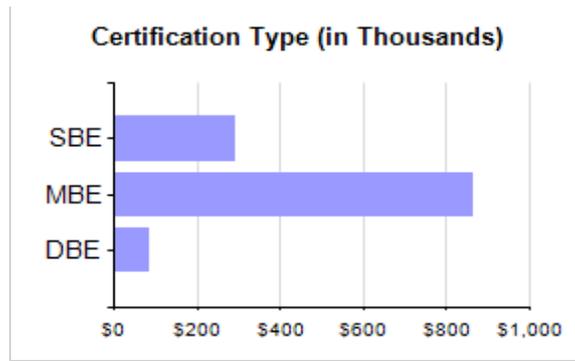
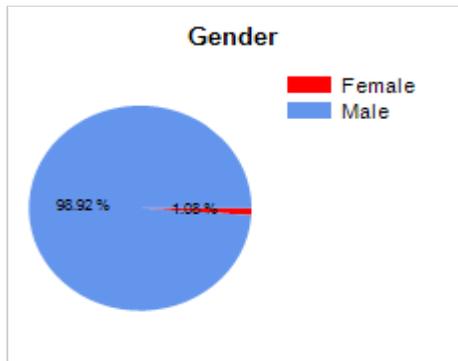
Thank you,  
Patricia K. Joiner, FAICP

CC: Christina Cornelius  
Jessica Gonzalez  
Ian Ward  
Emil Hoogendoorn

# Economic Development Diversity Dashboard Report

## FY2016 (7/1/2015 to 6/30/2016) through FY2019 (7/1/2018 to 6/30/2019)

Contract Type	Total Award	Certified Award	Goal	Total Payments	Payments for Credit	Actual	No. of Contracts
Construction	\$2,141,205	\$1,002,701	46.8%	\$1,908,252	\$1,009,919	52.9%	3
Professional Services	\$1,766,567	\$446,462	25.3%	\$680,733	\$235,061	34.5%	6
<b>Subtotal</b>	<b>\$3,907,772</b>	<b>\$1,449,162</b>	<b>37.1%</b>	<b>\$2,588,985</b>	<b>\$1,244,980</b>	<b>48.1%</b>	<b>9</b>
0% Goal Contracts	\$216,829	\$0	0.0%	\$216,624	\$0	0.0%	3
<b>Grand Total</b>	<b>\$4,124,601</b>	<b>\$1,449,162</b>	<b>35.1%</b>	<b>\$2,805,609</b>	<b>\$1,244,980</b>	<b>44.4%</b>	<b>12</b>



Gender	Payments For Credit	No. of Vendor
Female	\$13,497	1
Male	\$1,231,483	10
<b>Grand Total</b>	<b>\$1,244,980</b>	<b>11</b>

Certification	Payments For Credit	No. of Cert Types
DBE	\$85,060	2
MBE	\$866,546	4
SBE	\$293,374	5
<b>Grand Total</b>	<b>\$1,244,980</b>	<b>11</b>

Ethnicity	Payments For Credit	No. of Vendor
Black	\$925,755	5
Caucasian	\$217,317	4
Hispanic/Latino	\$101,908	2
<b>Grand Total</b>	<b>\$1,244,980</b>	<b>11</b>

Project Name	Contract Name	Total Award	Certified Award	Goal	Total Payments	Payments for Credit	Actual	No. of Contracts
Bryce Street Trailhead Construction	11th and Bryce Construction Contract	\$742,671	\$742,671	100.0%	\$742,671	\$742,671	100.0%	1
Heights Boulevard Pedestrian and Bicycle Safety	Alternative Analysis	\$10,000	\$0	0.0%	\$0	\$0	0.0%	1
Bryce Street Trailhead Construction	Bryce Street Trailhead Construction	\$165,340	\$165,340	100.0%	\$165,340	\$165,340	100.0%	1

Project Name	Contract Name	Total Award	Certified Award	Goal	Total Payments	Payments for Credit	Actual	No. of Contracts
Durham Drive	Durham Drive	\$386,324	\$147,130	38.1%	\$94,637	\$90,673	95.8%	1
Bryce Street Trailhead Construction	EHRA - CPS/Inspection	\$66,999	\$0	0.0%	\$66,999	\$0	0.0%	1
Olivewood Trailhead	EHRA - Olivewood Trailhead Desian	\$144,450	\$0	0.0%	\$144,450	\$0	0.0%	1
Heights Boulevard Pedestrian and Bicycle Safety	Final Design	\$234,000	\$72,849	31.1%	\$10,878	\$0	0.0%	1
Houston Ave/White Oak Intersection	Houston Ave/White Oak Intersection	\$512,580	\$65,853	12.8%	\$344,281	\$40,088	11.6%	1
Houston Ave/White Oak Intersection Construction	Houston Ave/White Oak Intersection Construction	\$1,233,194	\$94,690	7.7%	\$1,000,241	\$101,908	10.2%	1
Little Thicket Park	Little Thicket Park	\$135,399	\$13,500	10.0%	\$44,240	\$13,497	30.5%	1
Olivewood Trailhead	Olivewood Trailhead	\$5,380	\$0	0.0%	\$5,175	\$0	0.0%	1
Shepherd Drive	Shepherd Drive Design	\$488,264	\$147,130	30.1%	\$186,697	\$90,803	48.6%	1
<b>Total</b>		<b>\$4,124,601</b>	<b>\$1,449,162</b>	<b>35.1%</b>	<b>\$2,805,609</b>	<b>\$1,244,980</b>	<b>44.4%</b>	<b>12</b>

**RESOLUTION REGARDING PUBLIC COMMENT AND CONDUCT**

WHEREAS, Memorial-Heights Redevelopment Authority (the “Authority”) is a local government corporation created to act on behalf City of Houston Tax Increment Reinvestment Zone Number 5; and

WHEREAS, Section 551.008, Texas Government Code, as amended from time to time, requires the Board of Directors take certain actions to allow public comment and adopt reasonable rules regarding the public’s right to address the Board of Directors of the Authority; and

WHEREAS, the Authority’s Board of Directors has convened on this date at a meeting open to the public and wishes to adopt certain reasonable rules regarding the public’s right to address the Board of Directors of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY THAT:

The Authority hereby adopts the policy attached hereto as **Exhibit “A”** as reasonable rules regarding the public’s right to address the Board of Directors of the Authority.

PASSED AND APPROVED this 26th day of September, 2019.

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

## **Exhibit A**

### **Rules Regarding Public Comment and Conduct**

Members of the public shall sign in on the sign-in sheet provided at the meetings, and indicate on such sign-in sheet whether they desire to address the Board. Public comments will be received at the beginning of each meeting, after review and approval of the minutes of the previous meeting, and prior to the consideration of any agenda items. A statement of no more than 3 minutes may be made of items of general relevance or related to any items listed on the posted agenda for the meeting.

There will be no yielding of time to another person, but the Board may choose to extend the time of any person by motion.

State law prohibits members of the Board of Directors from commenting on any statement or engagement in dialogue without an appropriate agenda item being posted in accordance with the Texas Open Meetings Law.

Comments should be directed to the entire Board, not individual members. Engaging in verbal attacks or comments intended to insult, abuse, malign, or slander any individual or use of profanity, abusive and offensive behavior and/or language shall be cause for termination of time privileges; provided, however, that the Board may not prohibit public criticism of the Authority, including criticism of any act, omission, policy, procedure, program, or service.

**Memorial Heights Redevelopment Authority/TIRZ No. 5  
Project Update – September 17, 2019**



WA	Project Name	CIP Project Number	Status	Work Completed Since June 20, 2019 Board Meeting	Work Anticipated in the Next Month
1	General Consultation	-	In Progress	<ul style="list-style-type: none"> <li>Website content coordination.</li> <li>Continued updates of COH MWDBE database.</li> <li>Attended Board Meeting 6/27/2019.</li> </ul>	<ul style="list-style-type: none"> <li>Continue coordination with Hanover and Midway.</li> <li>Update COH MWDBE Database for all active CIP projects.</li> <li>Maintain project list, as needed.</li> </ul>
2	Houston Avenue/ White Oak Intersection	T-0520	Active Construction	<ul style="list-style-type: none"> <li>Completed pre-inspection of signal with COH.</li> <li>Established temporary power for signal.</li> <li>Continued coordination with CenterPoint for permanent power.</li> <li>Irrigation and clock systems are up and running.</li> <li>Held construction progress meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Work with CenterPoint on permanent power to signal.</li> <li>Signal turned on 9/17/2019.</li> <li>Complete sidewalk on northwest corner, complete punch list items, and schedule final inspection.</li> <li>Schedule TDLR inspection.</li> </ul>
3	Front End Documents	-	Complete	-	-
4/5	Shepherd Drive and Durham Drive	T-0523A/ T-0523B	Funding Application	<ul style="list-style-type: none"> <li>Continued coordination for BUILD grant with TGC.</li> <li>Prepared for and attended Crenshaw meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Continue support for BUILD grant.</li> </ul>
6	Little Thicket Park	T-0521	Active Design	<ul style="list-style-type: none"> <li>Submitted 100% plans to COH for signatures.</li> <li>Began advertising 9/6/2019.</li> <li>Conducted pre-submittal meeting 9/16/2019.</li> </ul>	<ul style="list-style-type: none"> <li>Receive final COH approved plans.</li> <li>Receive contractor qualification packages 9/23/2019.</li> <li>Review packages and provide recommendations.</li> </ul>
7	Heights Boulevard Safety Improvements	T-0527	Active Design	<ul style="list-style-type: none"> <li>Received Authorization to begin final design.</li> <li>Began Surveying and Traffic efforts.</li> <li>Collected traffic and pedestrian/bike counts.</li> </ul>	<ul style="list-style-type: none"> <li>Continue analysis and design for Heights Boulevard Pedestrian &amp; Bicycle Safety, HAWK Signal at Heights Boulevard at MKT Trail, and Safety Improvements along MKT Trail.</li> </ul>

**EXHIBIT "A"**

**Form of Task Order**

**Memorial Heights Redevelopment Authority (TIRZ No. 5)**

**Project No. T-0525 – Reconstruct Bridges Over White Oak (Part of North Canal Project)**

**Work Authorization No. 1**

This WORK AUTHORIZATION authorizes professional engineering services to be performed by JONES | CARTER (the "ENGINEER") pursuant to the Master Agreement for Professional Engineering Services ("AGREEMENT") between the ENGINEER and MEMORIAL HEIGHTS REDEVELOPMENT AUTHORITY/ TIRZ NO. 5 ("MHRA"). Unless otherwise defined herein, all capitalized terms used in this WORK AUTHORIZATION are defined in the Agreement.

This WORK AUTHORIZATION consists of the following:

- 1.0 PROJECT DESCRIPTION: The ENGINEER shall gather information and develop a scope of services for the design of bridge modifications related to the North Canal project.
- 2.0 SCOPE OF SERVICES: The ENGINEER shall perform tasks as directed by the MHRA related to the modification of five (5) bridges over White Oak Bayou in conjunction with the North Canal project. The ENGINEER shall work with MHRA to identify challenges and risks of the proposed modifications and to develop a schedule for the development of design documents and construction of the proposed improvements. Work may include gathering existing data, attending meetings with appropriate local agencies to develop a scope of design services for future phases of the project, and construction cost estimation.
- 3.0 FEE AND PAYMENT: The ENGINEER shall complete the tasks in this WORK AUTHORIZATION for an hourly not to exceed amount of \$20,000 (see **Exhibit "B" of the PSA** for applicable schedule of hourly rates). As a task based work authorization, the ENGINEER shall inform MHRA when 75% of funds have been used.
- 4.0 PROJECT SCHEDULE: The schedule for this work is to be determined.

**IN WITNESS WHEREOF**, the parties have executed this TASK ORDER as of \_\_\_\_\_, 20\_\_.

**MEMORIAL HEIGHTS REDEVELOPMENT AUTHORITY:**

**JONES | CARTER**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_

**MEMORIAL-HEIGHTS  
REDEVELOPMENT AUTHORITY**

**Annual Financial Statements  
and  
Supplementary Information**

**June 30, 2019  
(With Independent Auditor's Report Thereon)**

DRAFT SUBJECT TO CHANGE

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	7
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	9
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	10
NOTES TO THE FINANCIAL STATEMENTS	11-16
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	17
SUPPLEMENTARY INFORMATION REQUIRED BY THE CITY OF HOUSTON	
SCHEDULE OF ESTIMATE OF PROJECT COSTS TO ACTUAL COSTS	18
SCHEDULE OF OPERATING EXPENDITURES AND CAPITAL EXPENDITURES	19-20

# McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Memorial-Heights Redevelopment Authority  
City of Houston, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Memorial-Heights Redevelopment Authority (the "Authority"), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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. 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 Authority'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund 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 Authority's basic financial statements. The supplementary information required by the City of Houston, Texas is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

September 26, 2019

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

The discussion and analysis of Memorial-Heights Redevelopment Authority's (Authority) financial statements provide an overview of the Authority's financial performance during the years ended June 30, 2019, and 2018. This discussion and analysis includes comparative data for the year ended June 30, 2019, with the year ended June 30, 2018, with a brief explanation for significant changes between fiscal years. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting changes and currently known facts, please read in conjunction with the Authority's financial statements and footnotes.

**HIGHLIGHTS**

- Since its creation in 1996, Reinvestment Zone Number Five, City of Houston (Zone) has seen an increase in taxable value. As of tax year 2018, the projected taxable value was approximately \$2,035,508,733. This increase in value over the base year value of \$1,012,594,473 was due to multiple factors including annexation of territory into the boundaries of the Zone and subsequent development of multi-family development and commercial projects in the Zone.
- The Authority recorded its annual Municipal Services Payment to the City of Houston in the amount of \$160,652.
- During Fiscal Year 2019, MHRA began construction of the Houston Avenue and White Oak Drive Intersection project. The project will be completed in September.
- During Fiscal Year 2018, MHRA reached an agreement with Council Member Cisneros and the City of Houston to complete bike lanes from White Oak to the Spring Street trail along Houston Avenue. Council Member Cisneros is contributing \$25,000 of the District H District Services Fund to this project. This project will be completed in September.
- During Fiscal Year 2018 and 2019, MHRA continued work on the Shepherd/Durham Streets Reconstruction Project to enable an application for the HGAC Call for projects.
- During Fiscal Year 2019, MHRA completed the design for bank stabilization at Little Thicket Park. The City Parks Department and MHRA are participating as equal financial partners for this project and MHRA will be responsible for the design and construction. Construction is expected to start later this year.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Under Governmental Accounting Standards Board (GASB) Statement No. 34, the Authority qualifies as a special purpose government with one program – redevelopment of the Memorial-Heights Area, an area in central Houston consisting of commercial and recreational corridors within an area generally bounded by IH-610 to the North and West, IH-45 to the East, and West Clay Street to the South (the “Memorial-Heights Area”). GASB Statement No. 34 allows such entities to combine the fund financial statements and the government-wide financial statements rather than presenting separate statements.

Government-wide statements report information about the Authority as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Position includes all of the Authority’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The fund financial statements report information about the Authority on the modified accrual basis, which only accounts for revenues that are measurable and available within the current period or soon enough thereafter to pay liabilities of the current period. Adjustments are provided to reconcile the government-wide statements to the fund statements. Explanations for reconciling items in the “Adjustments” column are provided on the face of the statements.

**STATEMENT OF NET POSITION**

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The Authority’s cash deposits are collateralized by pledged securities. For a more detailed analysis of assets and liabilities, see the notes to the financial statements. The following table reflects condensed information (rounded to the nearest thousand) on the Authority’s net position at June 30:

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2019</u>	<u>2018</u>	<u>Change Positive (Negative)</u>
<b>ASSETS:</b>			
Cash and Investments	\$ 8,832,000	\$ 10,490,000	\$ (1,658,000)
Tax Increments Receivable	5,334,000	-	5,334,000
Prepaid Costs	-	1,000	(1,000)
<b>TOTAL ASSETS</b>	<u>\$ 14,166,000</u>	<u>\$ 10,491,000</u>	<u>\$ 3,675,000</u>
<b>LIABILITIES:</b>			
Due to Developer	\$ 2,613,000	\$ 2,886,000	\$ 273,000
Other Liabilities	655,000	85,000	(570,000)
<b>TOTAL LIABILITIES</b>	<u>\$ 3,268,000</u>	<u>\$ 2,971,000</u>	<u>\$ (297,000)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 10,898,000</u>	<u>\$ 7,520,000</u>	<u>\$ 3,378,000</u>

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**STATEMENT OF ACTIVITIES**

The Statement of Activities presents the operating results of the Authority. The following table reflects condensed information on the Authority's operations for the years ended June 30:

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
<b>REVENUES:</b>			
Tax Increment Revenue	\$ 5,615,000	\$ 6,032,000	\$ (417,000)
Interest Revenue	170,000	35,000	135,000
<b>TOTAL REVENUES</b>	<b>\$ 5,785,000</b>	<b>\$ 6,067,000</b>	<b>\$ (282,000)</b>
<b>EXPENSES:</b>			
Project Cost	\$ 1,688,000	\$ 953,000	\$ (735,000)
Other Costs	442,000	468,000	26,000
Support Services	277,000	209,000	(68,000)
<b>TOTAL EXPENSES</b>	<b>\$ 2,407,000</b>	<b>\$ 1,630,000</b>	<b>\$ (777,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,378,000</b>	<b>\$ 4,437,000</b>	<b>\$ (1,059,000)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>7,520,000</b>	<b>3,083,000</b>	<b>4,437,000</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 10,898,000</b>	<b>\$ 7,520,000</b>	<b>\$ 3,378,000</b>

**Tax Increments**

The City, County and HISD have agreed, subject to certain limitations, to deposit to the Tax Increment Fund established for the Authority, a certain percentage of tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the Zone since a designated base year. The City remits its tax increments on an annual basis. The tax increments of the County and HISD are remitted to the Authority after such payments are made to the City.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Assets**

The Authority had no capital assets as of June 30, 2019. Under the Development Agreements, the Authority oversees the construction of certain public improvements in the Memorial-Heights Areas. Upon completion and inspection by the Authority's consultants and the City's inspectors, the public improvements are automatically conveyed to the City. Thus, although it may have obligations to reimburse construction participants, including developers, for the public improvements, the Authority never holds title to any public improvements.

**Debt**

As of June 30, 2019, the Authority had no bond debt. As of June 30, 2019, the Authority owed developers \$2,612,530.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Authority's overall final budget for 2019 was in excess of \$16.6 million dollars.

Actual tax increments and other income received were more than budgeted. Total expenditures were less than budgeted. See the budget to actual comparison on page 17.

**CURRENT AND FUTURE PROJECTS**

The Authority is undertaking or considering the following projects in the Memorial Heights Area, including:

- Shepherd/Durham Streets Reconstruction Project
- Little Thicket Park Bank Stabilization Project
- 19<sup>th</sup> Street Reconstruction Project between Durham and 20<sup>th</sup>
- 18<sup>th</sup> Streets Reconstruction Project between Durham and 20<sup>th</sup>
- Bicycle and pedestrian facility improvement to improve safety at the intersection of Washington/Center and Heights and at various intersections along the MKT trail
- Selected streets between Shepherd and Durham
- Yale and Center Street Intersection Signalization Improvements
- Replacement or reconstruction of various bridges along White Oak Bayou as part of the City's North Canal Project

\*\*\*\*\*

This financial report is designed to provide a general overview of the Memorial-Heights Redevelopment Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to John Kuhl, Attorney, SKLaw, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 2,766,415	\$	\$ 2,766,415
Investments	6,065,499		6,065,499
Tax Increment Receivable	<u>5,333,874</u>		<u>5,333,874</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,165,788</u>	<u>\$</u>	<u>\$ 14,165,788</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 654,740	\$	\$ 654,740
Due to Developer		<u>2,612,530</u>	<u>2,612,530</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 654,740</u>	<u>\$ 2,612,530</u>	<u>\$ 3,267,270</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Unassigned	<u>\$ 13,511,048</u>	<u>\$ (13,511,048)</u>	<u>\$ - 0 -</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 14,165,788</u>		
<b>NET POSITION</b>			
Unrestricted		<u>\$ 10,898,518</u>	<u>\$ 10,898,518</u>

The accompanying notes to the financial statements are an integral part of this report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Total Fund Balance - Governmental Fund \$ 13,511,048

Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer (2,612,530)

Total Net Position - Governmental Activities \$ 10,898,518

DRAFT SUBJECT TO CHANGE

The accompanying notes to the financial statements are an integral part of this report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES:</b>			
Tax Increment Revenue	\$ 5,614,604	\$	\$ 5,614,604
Investment Revenues	169,841		169,841
<b>TOTAL REVENUES</b>	<b>\$ 5,784,445</b>	<b>\$ - 0 -</b>	<b>\$ 5,784,445</b>
<b>EXPENDITURES/EXPENSES:</b>			
Service Operations:			
Municipal Services	\$ 160,652	\$	\$ 160,652
Administrative Fees-Transfer	280,730		280,730
Project Cost	1,687,619		1,687,619
Administrative Consultant	81,226		81,226
Accounting and Legal Fees	111,898		111,898
Developer Reimbursement	273,380	(273,380)	
Other Consultants	82,176		82,176
Other Cost	1,689		1,689
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,679,370</b>	<b>\$ (273,380)</b>	<b>\$ 2,405,990</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,105,075</b>	<b>\$ (3,105,075)</b>	<b>\$</b>
<b>CHANGE IN NET POSITION</b>		<b>3,378,455</b>	<b>3,378,455</b>
<b>FUND BALANCE/NET POSITION -</b>			
<b>JULY 1, 2018</b>	<b>10,405,973</b>	<b>(2,885,910)</b>	<b>7,520,063</b>
<b>FUND BALANCE/NET POSITION -</b>			
<b>JUNE 30, 2019</b>	<b>\$ 13,511,048</b>	<b>\$ (2,612,530)</b>	<b>\$ 10,898,518</b>

The accompanying notes to the financial statements are an integral part of this report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balance - Governmental Fund \$ 3,105,075

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report developer reimbursements as expenditures. Developer reimbursements decrease long-term liabilities in the Statement of Net Position. 273,380

Change in Net Position - Governmental Activities \$ 3,378,455

DRAFT SUBJECT TO CHANGE

The accompanying notes to the financial statements are an integral part of this report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1. DESCRIPTION OF ORGANIZATION**

**Description of Organization**

Memorial-Heights Redevelopment Authority (the Authority) is a nonprofit local government corporation, incorporated December 11, 1997 under the laws of the State of Texas, and operating under Chapter 431, Texas Transportation Code. On December 10, 1997, the City of Houston (the City) adopted Resolution No. 97-67, which authorized the Authority to aid, assist and act on behalf of the City, in the performance of the City's obligation with respect to Reinvestment Zone Number Five, City of Houston, Texas (Memorial-Heights TIRZ or TIRZ).

**City of Houston Reinvestment Zone Number Five**

Memorial-Heights TIRZ was created pursuant to Chapter 311, Texas Tax Code, by City Ordinance No. 96-1337, effective December 24, 1996, as a tax incremental reinvestment zone. The TIRZ is authorized to provide new capital for public works and public improvements in specified corridors and areas in the Memorial-Heights Area. The TIRZ will provide a source of funding through the tax increments generated by redevelopment of those areas within the Memorial-Heights Area.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements represent all of the funds of Memorial-Heights Redevelopment Authority. The Authority is a component unit of the City of Houston. Component units are legally separate entities for which the primary government is financially accountable. There are no separate legal entities that are a part of the Authority's reporting entity.

**Tax Increments and Participation Agreements**

The City, Harris County (the County) and the Houston Independent School District (HISD), (each a Participant) have agreed to deposit to the Tax Increment Fund established for the TIRZ (the Tax Increment Fund) a certain percentage of the tax collections arising from their taxation of the increase, if any, in the appraised value of real property located in the TIRZ since January 1, 1996 (the Tax Increments). Each Participant is required to collect taxes on real property located within the TIRZ in the same manner as other taxes are collected by the Participant. The Participant is then required to pay the Tax Increment Fund the Tax Increments, as agreed upon in accordance with such Participant's agreement with the City and the TIRZ (collectively, the Participation Agreements). Thus, Tax Increments are due to be deposited from the Tax Increment Fund to the Authority's account by the end of each quarter in which they are collected in the Tax Increment Fund. The City and County have agreed to pay 100% of their Tax

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tax Increments and Participation Agreements (Continued)**

Increments to the Tax Increment Fund. The County's taxes for the Hospital District, Port Authority and Flood Control District are not payable to the Tax Increment Fund. Pursuant to an agreement between the City, the TIRZ, and HISD as amended (the HISD Interlocal Agreement), HISD has agreed to pay \$0.64 per \$100 of Captured Appraisal Value, which shall be applied to the obligations of the TIRZ and the remaining portion shall be accrued in the Tax Increment Fund to be applied, at HISD's sole discretion, to educational facilities. During the current fiscal year, tax increments of \$5,614,604 were collected by the City of which \$288,730 was withheld to cover administrative costs. For the year ended June 30, 2019, the Authority did not receive a County or HISD Tax Increment.

**Measurement Focus and Basis of Accounting:**

**Government-Wide Financial Statement**

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues, and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds. The Authority does not have any business-type activities.

**Fund Financial Statements**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus and have been prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers all revenue available if it is collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred. The Authority only has one major fund, the General Fund, which accounts for all financial resources.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting: (Continued)**

**Fund Balances**

Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally required. The Authority does not have any restricted fund balances.

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Authority does not have any committed fund balances.

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Authority has not adopted a formal policy regarding the assignment of fund balances. The Authority does not have any assigned fund balances.

*Unassigned* - all other spendable amounts in the General Fund.

When an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

**Federal Income Taxes**

The Authority is exempt from Federal income taxes as an organization described in Section 501(c) (3) of the Internal Revenue Code. Under Section 6501 (c) (4), the Authority has also requested an advance ruling allowing it to be treated as a publicly supported organization under Section 170 (b) (1) (A) (vi) of the Internal Revenue Code. Furthermore, as an adjunct of local government, the Authority is exempt from Federal income taxes under Section 115 (2) of the Internal Revenue Code and qualifies as a publicly supported organization within the meaning of Section 509 (a) of the Internal Revenue Code.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting: (Continued)**

**Use of Estimates**

The preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual result could differ from those estimates.

**NOTE 3. DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At June 30, 2019, none of the Authority's bank balances were exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2019, as listed below:

	Cash
GENERAL FUND	\$ 2,766,415

**Investments**

Under Texas statute, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

investment portfolio, fifth; and yield, sixth. Authority’s investments must 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.” No person may invest Authority funds without express written authority from the Board of Directors.

The Board of Directors has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act of 1997 (Chapter 2256, Texas Government Code). Such investment include (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) 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; (4) certificates of deposit, and (5) commercial paper that complies with the Public Funds Investment Act.

The Authority invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the Authority also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. As of June 30, 2019, the Authority had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 6,065,499</u>	<u>\$ 6,065,499</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019, the Authority’s investment in TexPool, an external investment pool, was rated AAAM by Standard & Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4. DEVELOPER ADVANCES AND INTEREST PAYABLE**

The Authority and Memorial-Heights TIRZ have executed a development agreement with ArchStone Smith to provide funding for all reasonable and necessary expenses for the maintenance, operation and administration of the Authority and Memorial-Heights TIRZ. ArchStone Smith has agreed to extend a loan not to exceed the aggregate principal amount of \$16,706,921. The loan shall bear interest on the unpaid principal amount at the Base Rate (the prime rate of J.P. Morgan Chase Bank) plus 1% per annum until maturity. If applicable, the interest rate shall be adjusted quarterly based on any changes in the Base Rate. Principal and interest shall be repaid from the deposits made by the participating taxing entities to the Tax Increment Fund until the obligation is retired. Providing the availability of funds in the Tax Increment Fund, scheduled payments shall commence on April 1, 1998, with subsequent payments to be made annually each July. Accordingly, \$167,382 and \$49,052 of principal and interest, respectively, was paid during the fiscal year ended June 30, 2009. At the end of the fiscal years 2010 through 2019 the balance due was zero on the loan.

The Authority has also entered into a reimbursement agreement with Legacy Partners Memorial Houston, L.P. (Legacy). In accordance with this agreement, Legacy has agreed to fund various right-of-way improvements on behalf of the Authority. As of June 30, 2009, Legacy has funded \$192,294 in reimbursable costs. This amount was recorded as a liability in the Statement of Net Position for 2009 and paid in 2010. The Authority also accrued and paid an additional \$28,000 in 2010 making the total paid to Legacy Partners in 2010 \$220,294. There were no payments made to Legacy in 2011 through 2019 and no amount due as of June 30, 2019.

In addition, the Authority has also entered into a reimbursement agreement with Regent Square AB LLC, Regent Square CD LLC, and AH Borrower LLC (Regent). In 2012, a partial assignment of the reimbursement agreement was made by Regent to Sovereign Regent Square LLC (Sovereign). In accordance with the reimbursement agreement, Regent and Sovereign have agreed to fund on behalf of the Authority certain design and construction costs for public infrastructure improvements in connection with a mixed-use development. As of June 30, 2019, the Developer has reported expenditures of \$71,676,614, of which \$3,211,252 is reimbursable under the agreement. This amount, less \$325,342 reimbursed in prior fiscal years and \$273,380 reimbursed in the current fiscal year, is recorded as a liability in the Statement of Net Position.

**NOTE 5. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance for which the Authority participates along with more than 1,500 other entities in the Texas Municipal League's Intergovernmental Risk Pool. The Pool purchases commercial insurance at group rates for participants in the Pool. The Authority has not had any significant reductions in insurance coverage and no settlements.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Budgetary Fund Balance - Beginning of Year</b>	\$ 9,771,308	\$ 10,405,973	\$ 634,665
<b>Resources:</b>			
Tax Increments	\$ 6,836,177	\$ 5,614,604	\$ (1,221,573)
Investment Revenues	<u>29,210</u>	<u>169,841</u>	<u>140,631</u>
<b>Total Available Resources</b>	<u>\$ 16,636,695</u>	<u>\$ 16,190,418</u>	<u>\$ (446,277)</u>
<b>Expenditures:</b>			
Maintenance and Operations	\$ 303,500	\$ 276,989	\$ 26,511
Capital Expenditures and Developer	3,801,654	1,960,999	1,840,655
Transfers	<u>507,853</u>	<u>441,382</u>	<u>66,471</u>
<b>Total Expenditures</b>	<u>\$ 4,613,007</u>	<u>\$ 2,679,370</u>	<u>\$ 1,933,637</u>
<b>Budgetary Fund Balance - End of Year</b>	<u>\$ 12,023,688</u>	<u>\$ 13,511,048</u>	<u>\$ 1,487,360</u>
Explanation of Differences between Budgetary Inflow and Outflows and GAAP Revenues and Expenditures			
<b>Sources/Inflows of Resources</b>			
Actual amounts (budgetary basis)			\$ 16,190,418
Differences - Budget to GAAP:			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes			<u>10,405,973</u>
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund			<u>\$ 5,784,445</u>

See accompanying independent auditor's report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF ESTIMATE OF PROJECT COSTS TO ACTUAL COSTS**  
**PERIOD FROM DECEMBER 11, 1997 (DATE OF INCORPORATION)**  
**THROUGH JUNE 30, 2019**  
**(UNAUDITED)**

Vendor	Estimated Total Costs	Total Expenditures	Variance Positive (Negative)
Public Utility Improvements	\$ 18,144,635	\$ 2,885,228	\$ 15,259,407
Roadway and Sidewalk Improvements	31,738,100	9,668,634	22,069,466
Parks and Park Improvements	43,499,375	9,280,857	34,218,518
Professional Services/TIRZ Administration	6,513,853	5,917,261	596,592
Property Assemblage/Clean-up	27,100,000	882,382	26,217,618
Financing Cost	9,879,513	3,428,907	6,450,606
Creation Costs	165,000	175,300	(10,300)
School and Educational Facilities	10,903,863	12,705,295	(1,801,432)
Affordable Housing	<u>21,832,291</u>	<u>7,262,210</u>	<u>14,570,081</u>
<b>Total Reimbursement</b>	<u>\$ 169,776,630</u>	<u>\$ 52,206,074</u>	<u>\$ 117,570,556</u>

See accompanying independent auditor's report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF OPERATING EXPENDITURES AND CAPITAL EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Category	Vendor	Budget	Actual Expenditure	Variance Positive (Negative)
<b>ADMINISTRATION AND OVERHEAD</b>				
Administration Support	SKLaw/SMW	\$ 100,000	\$ 81,226	\$ 18,774
Office Expenses		500	-	500
Insurance	TML Insurance	1,000	1,689	(689)
Accounting	The Morton Accounting Services	18,000	19,247	(1,247)
Advertising	eLsqrd Media Group		10,501	(10,501)
Auditor	McCall Gibson Swedlund Barfoot PLLC	9,000	7,650	1,350
Tax Consultant	Equi-Tax, Inc.	25,000	11,050	13,950
<b>SUBTOTAL</b>		<u>\$ 153,500</u>	<u>\$ 131,363</u>	<u>\$ 22,137</u>
<b>PROGRAM AND PROJECT CONSULTANTS</b>				
Legal-General Matters	SKLaw	\$ 50,000	\$ 92,651	\$ (42,651)
Planning Consultants		50,000		50,000
Project Management Consultants	Jones & Carter, Goodman Co.	50,000	52,975	(2,975)
<b>SUBTOTAL</b>		<u>\$ 150,000</u>	<u>\$ 145,626</u>	<u>\$ 4,374</u>
<b>TOTAL MANAGEMENT/CONSULTING SERVICES</b>		<u>\$ 303,500</u>	<u>\$ 276,989</u>	<u>\$ 26,511</u>
Regents Square GID	Sovreign Regent Square	<u>\$ 166,654</u>	<u>\$ 273,380</u>	<u>\$(106,726)</u>

See accompanying independent auditor's report.

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF OPERATING EXPENDITURES AND CAPITAL EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Category	Vendor	Budget	Actual Expenditure	Variance Positive (Negative)
<b>CAPITAL EXPENDITURES</b>				
Project T-0515-Bryce Street Trail Head	SKLaw/EHRA/ SMW/Trees for Houston/ Jerdon Enterprise	\$ 50,000	\$ -0-	\$ 50,000
Project T-0520-Houston Ave & White Oak Dr Intersection	SKLaw/Jones & Carter/SMW/RAC Industries	\$ 1,550,000	\$ 1,476,143	\$ 73,857
Project T-0521-Little Thicket Park Improvements	SKLaw/Jones & Carter/SMW	\$ 465,000	\$ 36,169	\$ 428,831
Project T-0523-Shepherd/Durham Reconstruction	SKLaw/Jones & Carter/SMW/The Goodman Group	\$ 1,500,000	\$ 143,129	\$ 1,356,871
Project T-0527-Heights Boulevard Pedestrian and Bicycle Safety Improvements	Jones & Carter/SMW	\$ 70,000	\$ 12,428	\$ 57,572
Project T-0529-Yale and Center Intersection	SMW/The Goodman Group	\$ -0-	\$ 19,750	\$ (19,750)
<b>TOTAL CAPITAL EXPENDITURES</b>		<b><u>\$ 3,635,000</u></b>	<b><u>\$ 1,687,619</u></b>	<b><u>\$ 1,909,559</u></b>

See accompanying independent auditor's report.



**Memorial Heights Redevelopment Authority  
Monthly Financial Report Summary  
September Board Meeting  
Thursday, September 26, 2019**

At the beginning of July, the Memorial Heights Redevelopment Authority (TIRZ #5) beginning Operating Fund Balance was \$8,831,914. TIRZ #5 received a total of \$5,374,777, mainly from City of Houston increment. During the period, TIRZ #5 processed \$625,910 in disbursements during the period. 71% of the disbursements related to disbursements to RAC Industries for Capital Project Work (\$285,288) and to City of Houston for annual Municipal Services fee (\$160,652). The ending balance as of month end August 31, 2019 was \$13,580,781.

The invoices pending approval total \$22,996. See attached "Unpaid Bills Detail" Report on page 3. A transfer of \$25,000 is required from the Money Market Account to the Operating account to cover outstanding invoices.

There was \$25,854 spent for Capital Projects for the period. The project that utilized the majority of the funding was T-0523 Shepherd/Durham Reconstruction (\$11,845). See attached "Capital Improvement Projects" Report on page 4.

**Memorial Heights Redevelopment Authority  
General Operating Fund  
As of August 31, 2019**

**General Operating Fund**

**BEGINNING BALANCE** \$ 8,831,914.08

**REVENUE**

Prosperity Money Market Interest	7,793.70	Monthly Interest
Prosperity Money Market Interest	9,599.93	
TexPool Investment	12,299.91	
TexPool Investment	11,208.91	
City of Houston	5,333,874.37	Increment

**Total Revenue** 5,374,776.82

**DISBURSEMENTS**

2357	Goodman Corporation	30,548.50	Engineering Consultant
2362	The Morton Accounting Services	2,908.37	Accounting
2358	Jones & Carter	25,998.93	Capital Projects
2360	SK Law	9,843.73	Legal Services
2361	SMW Principle Solution	10,104.65	Admin Consulting
2359	RAC Industries	285,288.47	CIP Project
2365	Goodman Corporation	4,528.50	Engineering Consultant
2366	Jones & Carter	9,329.02	Capital Projects
2368	SK Law	4,050.08	Legal Services
2364	Equitax	2,100.00	
2369	SMW Principle Solution	10,057.62	Admin Consulting
2370	The Morton Accounting Services	3,057.30	Accounting
2367	RAC Industries	67,442.92	CIP Project
2363	City of Houston	160,652.00	Municipal Services

**Total Disbursements** 625,910.09

**ENDING BALANCE** \$ 13,580,780.81

**August 31, 2019**

**Balance**

**LOCATION OF ASSETS**

Prosperity Operating		\$ 160,457.79
Prosperity Money Market		7,331,315.44
TexPool Investment		<u>6,089,007.58</u>

**Total Account Balance** \$ 13,580,780.81

**Memorial Heights Redevelopment Authority**  
**Unpaid Bills Detail**  
**As of September 19, 2019**

Type	Date	Num	Memo	Due Date	Open Balance
<b>Goodman Corporation</b>					
Bill	08/31/2019	8-2019-43	MRA106 Project - Completion of TIP Process	09/10/2019	486.00
Bill	08/31/2019	8-2019-42	MRA107 Project -	09/10/2019	1,687.50
Total Goodman Corporation					2,173.50
<b>Jones &amp; Carter Inc.</b>					
Bill	08/31/2019	00290388	Work Order 1 - Through August 30, 2019	09/10/2019	1,815.00
Bill	08/31/2019	00290389	Work Order 6 - Through August 31, 2019 final design	09/10/2019	4,255.00
Bill	08/31/2019	00290390	Work Order 7 - Through August 31, 2019	09/10/2019	2,070.00
Total Jones & Carter Inc.					8,140.00
<b>Sanford Kuhl Hagan Kugle Parker Kahn</b>					
Bill	08/31/2019	19-2743	General Legal services through August 2019	09/10/2019	1,320.49
Total Sanford Kuhl Hagan Kugle Parker Kahn					1,320.49
<b>SMW Principle Solutions, Inc.</b>					
Bill	08/31/2019	1215	August Consulting 2019	09/10/2019	10,104.93
Total SMW Principle Solutions, Inc.					10,104.93
<b>The Morton Accounting Services</b>					
Bill	08/31/2019	1937	August 2019 CPA Services	09/10/2019	1,257.30
Total The Morton Accounting Services					1,257.30
<b>TOTAL</b>					<b>22,996.22</b>

**Memorial Heights Redevelopment Authority**  
**Capital Improvement Projects**  
**July through August 2019**

Type	Date	Num	Name	Memo	Amount
<b>Capital Improvement Plan</b>					
<b>T-0520 Houston Ave &amp; White Oak</b>					
Bill	07/31/2019	19-2636	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	456.25
Bill	07/31/2019	1206	SMW Principle Solutions, Inc.	July 2019 Consulting	1,350.00
Bill	07/31/2019	00288770	Jones & Carter Inc.	Work Order 2 - Through July 31, 2019	921.52
Bill	08/31/2019	1215	SMW Principle Solutions, Inc.	August 2019 Consulting	825.00
Total T-0520 Houston Ave & White Oak					3,552.77
<b>T-0521 Little Thicket Park Impr</b>					
Bill	07/31/2019	19-2637	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	37.50
Bill	07/31/2019	1206	SMW Principle Solutions, Inc.	July 2019 Consulting	37.50
Bill	07/31/2019	00288772	Jones & Carter Inc.	Work Order 6 - Through July 31, 2019 final design	3,241.25
Bill	08/31/2019	00290389	Jones & Carter Inc.	Work Order 6 - Through August 31, 2019 final design	4,255.00
Total T-0521 Little Thicket Park Impr					7,571.25
<b>T-0523 Shepherd/Durham Reconstr</b>					
Bill	07/31/2019	7-2019-16	Goodman Corporation	Task 1 - \$12,500	216.00
Bill	07/31/2019	7-2019-15	Goodman Corporation	Task 1 - \$17,500	2,625.00
Bill	07/31/2019	7-2019-15	Goodman Corporation	Task 2 - \$11,250	1,687.50
Bill	07/31/2019	19-2638	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	356.25
Bill	07/31/2019	1206	SMW Principle Solutions, Inc.	T-0523A July 2019 Consulting	2,925.00
Bill	07/31/2019	00288771	Jones & Carter Inc.	WO5 - Shepherd Dr 6th to 610 - Through July 31, 2019	1,336.25
Bill	08/31/2019	1215	SMW Principle Solutions, Inc.	T-0523A August 2019 Consulting	525.00
Bill	08/31/2019	8-2019-43	Goodman Corporation	Task 1 - \$12,500	486.00
Bill	08/31/2019	8-2019-42	Goodman Corporation	Task 2 - \$11,250	1,687.50
Total T-0523 Shepherd/Durham Reconstr					11,844.50
<b>T-0527 Heights Blvd Pedestrian</b>					
Bill	07/31/2019	00288773	Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	215.00
Bill	08/31/2019	1215	SMW Principle Solutions, Inc.	August 2019 Consulting	187.50
Bill	08/31/2019	00290390	Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	2,070.00
Total T-0527 Heights Blvd Pedestrian					2,472.50
<b>Capital Improvement Plan - Other</b>					
Bill	08/31/2019	1215	SMW Principle Solutions, Inc.	August 2019 Consulting - T0525	412.50
Total Capital Improvement Plan - Other					412.50
Total Capital Improvement Plan					25,853.52
<b>TOTAL</b>					<b>25,853.52</b>

**Memorial Heights Redevelopment Authority**  
**STATEMENT OF INCOME**  
**2 Months Ended Aug 31, 2019**

	<b>Aug 31, 2019</b>
<b>Revenue</b>	
Interest Income	\$ <u>40,902.45</u>
<b>Total Revenue</b>	<b>40,902.45</b>
<b>Capital Improvement Plan</b>	
Capital Improvement Plan	412.50
T-0520 Houston Ave & White Oak	3,552.77
T-0521 Little Thicket Park Impr	7,571.25
T-0523 Shepherd/Durham Reconstr	11,844.50
T-0527 Heights Blvd Pedestrian	<u>2,472.50</u>
<b>Total Capital Improvement Plan</b>	<b><u>25,853.52</u></b>
<b>Gross Profit</b>	<b>15,048.93</b>
<b>Operating Expenses</b>	
Program and Project Consultants	
Engineering Consultants	5,430.00
Legal Expense	4,290.57
TIRZ Administration & Overhead	
Accounting	4,314.60
Administration	14,130.05
Tax Consultant	<u>2,100.00</u>
<b>Total Operating Expenses</b>	<b><u>30,265.22</u></b>
<b>Net Income (Loss)</b>	<b><u>\$ (15,216.29)</u></b>

**Memorial Heights Redevelopment Authority**  
**BALANCE SHEET**  
Aug 31, 2019 and 2018

<b>Assets</b>				
	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>%</b>
<b>Current Assets</b>				
Prosperity - Money Market	\$ 7,331,315.44	\$ 10,356,164.81	\$ (3,024,849.37)	(29.21)%
Prosperity Bank - Operating	160,457.79	21,587.82	138,869.97	643.28 %
TexPool Investment	6,089,007.58	0.00	6,089,007.58	0.00 %
Prepaid Insurance	<u>723.98</u>	<u>723.98</u>	<u>0.00</u>	<u>0.00 %</u>
<b>Total Current Assets</b>	<b>13,581,504.79</b>	<b>10,378,476.61</b>	<b>3,203,028.18</b>	<b>30.86 %</b>
<b>Total Assets</b>	<b><u>\$ 13,581,504.79</u></b>	<b><u>\$ 10,378,476.61</u></b>	<b><u>\$ 3,203,028.18</u></b>	<b><u>30.86 %</u></b>
<b>Liabilities and Stockholders' Equity</b>				
	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>%</b>
<b>Current Liabilities</b>				
Accounts Payable	\$ 22,996.22	\$ 86,540.27	\$ (63,544.05)	(73.43)%
Retainage Payable	<u>61,952.73</u>	<u>0.00</u>	<u>61,952.73</u>	<u>0.00 %</u>
<b>Total Current Liabilities</b>	<b>84,948.95</b>	<b>86,540.27</b>	<b>(1,591.32)</b>	<b>(1.84)%</b>
<b>Stockholders' Equity</b>				
Retained Earnings	13,511,772.13	10,405,972.37	3,105,799.76	29.85 %
Net Income	<u>(15,216.29)</u>	<u>(114,036.03)</u>	<u>98,819.74</u>	<u>(86.66)%</u>
<b>Total Stockholders' Equity</b>	<b><u>13,496,555.84</u></b>	<b><u>10,291,936.34</u></b>	<b><u>3,204,619.50</u></b>	<b><u>31.14 %</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 13,581,504.79</u></b>	<b><u>\$ 10,378,476.61</u></b>	<b><u>\$ 3,203,028.18</u></b>	<b><u>30.86 %</u></b>

## Memorial Heights Redevelopment Authority Profit & Loss Detail

July through August 2019

Accrual Basis

Type	Date	Num	Adj	Name	Memo	Amount
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
<b>Interest Income</b>						
Deposit	07/31/2019				Interest	7,793.70
Deposit	07/31/2019				Interest	12,299.91
Deposit	08/31/2019				Interest	9,599.93
Deposit	08/31/2019				Interest	11,208.91
Total Interest Income						40,902.45
Total Income						40,902.45
<b>Cost of Goods Sold</b>						
<b>Capital Improvement Plan</b>						
<b>T-0520 Houston Ave &amp; White Oak</b>						
Bill	07/31/2019	00288770		Jones & Carter Inc.	Work Order 2 - Through July 31, 2019	921.52
Bill	07/31/2019	19-2636		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	456.25
Bill	07/31/2019	1206		SMW Principle Solutions, Inc.	July 2019 Consulting	1,350.00
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	August 2019 Consulting	825.00
Total T-0520 Houston Ave & White Oak						3,552.77
<b>T-0521 Little Thicket Park Impr</b>						
Bill	07/31/2019	00288772		Jones & Carter Inc.	Work Order 6 - Through July 31, 2019 final design	3,241.25
Bill	08/31/2019	00290389		Jones & Carter Inc.	Work Order 6 - Through August 31, 2019 final design	4,255.00
Bill	07/31/2019	19-2637		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	37.50
Bill	07/31/2019	1206		SMW Principle Solutions, Inc.	July 2019 Consulting	37.50
Total T-0521 Little Thicket Park Impr						7,571.25
<b>T-0523 Shepherd/Durham Reconstr</b>						
Bill	07/31/2019	7-2019-16		Goodman Corporation	Task 1 - \$12,500	216.00
Bill	07/31/2019	7-2019-15		Goodman Corporation	Task 1 - \$17,500	2,625.00
Bill	07/31/2019	7-2019-15		Goodman Corporation	Task 2 - \$11,250	1,687.50
Bill	08/31/2019	8-2019-43		Goodman Corporation	Task 1 - \$12,500	486.00
Bill	08/31/2019	8-2019-42		Goodman Corporation	Task 2 - \$11,250	1,687.50
Bill	07/31/2019	00288771		Jones & Carter Inc.	WO5 - Shepherd Dr 6th to 610 - Through July 31, 2019	1,336.25
Bill	07/31/2019	19-2638		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 31, 2019	356.25
Bill	07/31/2019	1206		SMW Principle Solutions, Inc.	T-0523A July 2019 Consulting	2,925.00
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	T-0523A August 2019 Consulting	525.00
Total T-0523 Shepherd/Durham Reconstr						11,844.50
<b>T-0527 Heights Blvd Pedestrian</b>						
Bill	07/31/2019	00288773		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	215.00
Bill	08/31/2019	00290390		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	2,070.00
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	August 2019 Consulting	187.50
Total T-0527 Heights Blvd Pedestrian						2,472.50
<b>Capital Improvement Plan - Other</b>						
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	August 2019 Consulting - T0525	412.50
Total Capital Improvement Plan - Other						412.50
Total Capital Improvement Plan						25,853.52
Total COGS						25,853.52
Gross Profit						15,048.93
<b>Expense</b>						
<b>Program and Project Consultants</b>						
<b>Engineering Consultants</b>						
Bill	07/31/2019	00288769		Jones & Carter Inc.	Work Order 1 - Through July 31, 2019	3,615.00
Bill	08/31/2019	00290388		Jones & Carter Inc.	Work Order 1 - Through August 30, 2019	1,815.00
Total Engineering Consultants						5,430.00
<b>Legal Expense</b>						
Bill	07/31/2019	19-2635		Sanford Kuhl Hagan Kugle Parker Kahn	General Legal services through July 2019	2,932.58
Bill	07/31/2019	19-2639		Sanford Kuhl Hagan Kugle Parker Kahn	Allen Pkwy/Marston	37.50
Bill	08/31/2019	19-2743		Sanford Kuhl Hagan Kugle Parker Kahn	General Legal services through August 2019	1,320.49
Total Legal Expense						4,290.57
Total Program and Project Consultants						9,720.57
<b>TIRZ Administration &amp; Overhead</b>						
<b>Accounting</b>						
Bill	07/31/2019	1918		The Morton Accounting Services	July 2019 CPA Services	3,057.30
Bill	08/31/2019	1937		The Morton Accounting Services	August 2019 CPA Services	1,257.30
Total Accounting						4,314.60
<b>Administration</b>						
Bill	07/31/2019	19-2634		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through July 31, 2019	230.00
Bill	07/31/2019	1206		SMW Principle Solutions, Inc.	July 2019 Consulting	5,687.50
Bill	07/31/2019	1206		SMW Principle Solutions, Inc.	July 2019 Expenses	57.62
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	August 2019 Consulting	8,050.00
Bill	08/31/2019	1215		SMW Principle Solutions, Inc.	August 2019 Expenses	104.93
Total Administration						14,130.05

**Memorial Heights Redevelopment Authority  
Profit & Loss Detail**

Accrual Basis

July through August 2019

Type	Date	Num	Adj	Name	Memo	Amount
	<b>Tax Consultant</b>					
Bill	07/01/2019	54184		Equi Tax Inc.	July - June 2020 Tax Consulting	2,100.00
	Total Tax Consultant					2,100.00
	Total TIRZ Administration & Overhead					20,544.65
	Total Expense					30,265.22
	Net Ordinary Income					-15,216.29
<b>Net Income</b>						<b>-15,216.29</b>

**Memorial Heights Redevelopment Authority – TIRZ 5**

**Investment Report**

**September 26, 2019**

On September 18, 2019 the balance in the Authority's TEXPOOL account was \$6,089,007.58.

The Authority received interest on June 28, 2019 of \$11,848.02 and on July 31, 2019 of \$12,299.91 and August 30, 2019 of \$11,208.91.

The average yield for June 2019 was 2.3812%

The average yield for July 2019 was 2.3876%

The average yield for August 2019 was 2.1715%

This report and the Authority's investment portfolio are in compliance with the investment strategies expressed in the Authority's Investment Policy and the Public Funds Investment Act.



Sherry F. Weesner, Investment Officer

AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT OFFICER AND  
ESTABLISHING RULES, POLICIES, AND CODE OF ETHICS FOR THE INVESTMENT  
OF AUTHORITY FUNDS AND REVIEW OF INVESTMENTS

THE STATE OF TEXAS

§  
§  
§  
§  
§

COUNTY OF HARRIS

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY

WHEREAS, the Memorial-Heights Redevelopment Authority (the “Authority”) has been legally created and operates pursuant to the general laws of the State of Texas applicable to local government corporations, and has such authority as has been delegated to it by the City of Houston, Texas to act on behalf of Reinvestment Zone Number Five, City of Houston, Texas;

WHEREAS, V.T.C.A., Government Code, Chapter 2256, as amended (the “Public Funds Investment Act”) requires that the Authority adopt a written investment policy concerning the investment of its funds and funds under its control; and

WHEREAS, the Board of Directors (the “Board”) of the Authority has determined that in order to comply with the Public Funds Investment Act it is necessary to designate an investment officer and to adopt a policy relating to the investment of Authority funds.

NOW, THEREFORE BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE AUTHORITY THAT:

I.  
DEFINITIONS

“Bond Proceeds” means the proceeds from the sale of bonds, notes, and other obligations issued by the Authority, if any, and reserves and funds maintained by the Authority for debt service purposes.

“Book Value” means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

“Funds” means public funds in the custody of the Authority that (i) are not required by law to be deposited in the State Treasury and (ii) the Authority has authority to invest.

“Investment Pool” means an entity created under the Government Code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are (i) preservation and safety of principal, (ii) liquidity, and (iii) yield.

“Market Value” means the current face or par value of an investment multiplied by the security as quoted by a recognized market pricing service quoted on the valuation date.

“Pledged Revenue” means money pledged as security for or to the payment of (1) bonds or other indebtedness issued by the District, (2) obligations under a lease installment sale, or other agreement of the District, or (3) certificates of participation in a debt or obligation under (1) or (2).

“Pooled Fund Group” means an internally created fund of the Authority in which one or more institutional accounts of the Authority are invested.

“Qualified Representative” means a person who holds a position with a business organization who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.

“Separately Invested Asset” means an account or fund of the Authority that is not invested in a Pooled Fund Group.

## II. INVESTMENT POLICY

### SECTION 2.01. INVESTMENT POLICY.

A. The Board of the Authority in accordance with the Public Funds Investment Act hereby establishes an Investment Policy relating to the investment of Authority funds. All investments shall be made with the 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.

- B. Investment of funds shall be governed by the following investment objectives, in order of priority:
1. preservation and safety of principal;
  2. liquidity; and
  3. yield.

C. As set forth in Section 3.02 of this Investment Policy, the Board of the Authority shall review annually this Investment Policy and shall make any changes thereto as determined by the Board of the Authority to be necessary and prudent for the management of Authority funds.

### SECTION 2.02. OTHER REQUIREMENTS.

A. Investment Diversification. There shall be no defined level of investment diversification as long as all funds of the Authority are invested in accordance with this Investment Policy. All the authorized investments described in Article VI hereof are eligible investments for Authority funds; provided, however, all funds shall be secured by guarantee, insurance or collateral as described in Article VI hereof.

B. Yield. Authority funds shall be invested to obtain the maximum yield taking into consideration the preservation and safety of the principal and the liquidity of the investment in the priority set forth in Section 2.01(B) hereof.

C. Investment Maturities. Authority funds shall only be invested in funds described in Article VI hereof and investments shall not be invested beyond the period of time allowed by law for public investments for the particular authorized investment.

D. Quality and Capability of Investment Management. Authority funds shall only be invested by persons with training or experience in the investment of public funds who are employed full time in a capacity that involves the investment of public funds.

E. Maximum Dollar-Weighted Maturity Allowed. The maximum dollar-weighted maturity for any investment is not to exceed the maximum limits established by law for public investments.

SECTION 2.03. ELECTRONIC WIRE TRANSFER.

Subject to written authorization from the Board of the Authority, the Authority may use electronic means to transfer or invest all funds collected or controlled by the Authority. Electronic transfers shall only be made between Authority accounts and in the name of the Authority, unless otherwise authorized in writing by the Board of the Authority.

SECTION 2.04. SETTLEMENT OF INVESTMENT TRANSACTIONS.

All investment transactions, except investment pool funds and mutual funds, shall be settled on a delivery versus payment basis.

SECTION 2.05. PROCEDURES TO MONITOR RATING CHANGES.

The Authority shall review investments monthly for rating changes and take action, where determined necessary, to liquidate an investment in accordance with Section 6.10 hereof.

III.  
INVESTMENT STRATEGY

SECTION 3.01. WRITTEN INVESTMENT STRATEGY.

A. The Board of the Authority hereby adopts the Investment Strategy for each fund of the Authority described in Exhibit "A," attached hereto. The Investment Strategy describes the investment objectives for each fund and takes into consideration the following priorities in order of importance:

1. preservation and safety of principal;
2. liquidity;
3. yield;
4. understanding of the suitability of the investment to the financial requirements of the Authority;
5. marketability of the investment if the need arises to liquidate the investment before maturity; and
6. diversification of the investment portfolio.

SECTION 3.02. ANNUAL REVIEW OF INVESTMENT STRATEGY/INVESTMENT POLICY.

The Board of the Authority shall review annually the Investment Policy and Investment Strategy for each fund of the Authority and shall make any changes thereto as determined by the Board to be necessary and prudent for the management of the Authority's funds. The Board of the Authority shall adopt a written resolution evidencing it has reviewed the Investment Policy and Investment Strategies. Such resolution shall record any changes made to the Investment Policy and/or Investment Strategy.

IV.  
REPORTS/ANNUAL REVIEW/MARKET PRICE REPORTS

SECTION 4.01. MANAGEMENT REPORTS/ANNUAL REVIEW.

A. Management Reports. The Investment Officer shall prepare and submit at least quarterly to the Board of the Authority written reports of investment transactions for all funds of the Authority for the preceding reporting period. The reports shall be signed by the Investment Officer.

The reports shall describe in detail the investment position of the Authority on the date of the report and include the following:

1. A summary statement for each Pooled Fund Group that contains (i) the beginning market value for the reporting period, (ii) ending market value for the period, and (iii) fully accrued interest for the reporting period.
2. The book value and market value of each Separately Invested Asset at the end of the reporting period by the type of asset and type of fund invested.
3. The maturity date of each Separately Invested Asset that has a maturity date.
4. The account or fund or Pooled Fund Group for which each individual investment was acquired.
5. A statement to the effect that the investments for the reporting period are in compliance with the investment strategy expressed in the Authority's Investment Policy.

B. Annual Review. If the Authority invests funds in other than money market mutual funds, investment pools or accounts offered by a depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor. The independent auditor shall report the results of the review to the Board of the Authority.

#### SECTION 4.02. MARKET PRICE REPORTS.

The Investment Officer shall prepare and submit (i) quarterly to the Board of the Authority a report indicating the market price for each investment for investments that mature in 180 days or less and (ii) monthly reports for investments that mature in 181 days or more. The Investment Officer is authorized to liquidate the investment and to acquire another investment if the Investment Officer reasonably believes that it is prudent under prevailing circumstances.

#### V. INVESTMENT OFFICER

#### SECTION 5.01. APPOINTMENT OF INVESTMENT OFFICER AND AUTHORIZED REPRESENTATIVE FOR INVESTMENT OF FUNDS, RESPONSIBILITIES AND DUTIES.

The Board hereby appoints the Authority's President and such other officer as may be appointed from time to time by resolution of the Board as the Authority's Investment Officer(s) (hereinafter collectively, the "Investment Officer"). The Investment Officer shall be responsible for the investment of Authority funds. In the administration of duties as Investment Officer, the Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. The Investment Officer shall serve until the expiration of the Investment Officer's Term, termination of the Investment Officer's contract with the Authority or until rescinded by the Board of the Authority.

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, or funds under the Investment Officer's control, over which the Investment Officer has responsibility rather than consideration as to the prudence of a single investment; and (2) whether the investment decision was consistent with the Investment Policy.

Unless otherwise authorized by law, a person may not deposit, withdraw, transfer or manage in any other manner the funds of the Authority.

The Board of the Authority retains ultimate responsibility as fiduciaries of the assets for the Authority.

SECTION 5.02. INVESTMENT TRAINING.

The Investment Officer shall attend training sessions and receive the number of hours of instruction as required by the Public Funds Investment Act.

Training must include education on investment controls, security risks, strategy risks, diversification of investment portfolio, market risks and compliance with the Public Funds Investment Act.

SECTION 5.03. DISCLOSURE OF PERSONAL BUSINESS INTEREST.

If the Investment Officer has a personal business relationship with the business organization offering to engage in an investment transaction with the Authority, then the Investment Officer shall file a statement disclosing the personal business interest (“Disclosure Statement”). The Investment Officer has a personal business relationship with a business organization if:

1. the Investment Officer owns ten percent (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 ten percent (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.

If the Investment Officer is related within the second degree by affinity or consanguinity, as determined by Chapter 573 of the Government Code, to an individual seeking to sell an investment to the Authority, then the Investment Officer shall file a Disclosure Statement with the Board of the Authority.

The Investment Officer filing any Disclosure Statement with the Board of the Authority pursuant to this Section shall also file a copy of the Disclosure Statement with the Texas Ethics Commission.

SECTION 5.04. STANDARD OF CARE OF INVESTMENT OFFICER.

In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the Board of the Authority shall take into consideration (i) the investment of all funds, or funds under the Authority's control over which the Investment Officer has responsibility rather than consideration as to the prudence of a single investment and (ii) whether the investment decision was consistent with the Investment Policy of the Authority.

ARTICLE VI.  
AUTHORIZED INVESTMENTS

SECTION 6.01. OBLIGATIONS OF, OR GUARANTEED BY, GOVERNMENTAL ENTITIES.

- A. The following are authorized investments of governmental entities:
  1. obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
  2. direct obligations of the State of Texas or its agencies and instrumentalities;
  3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

4. 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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation by the explicit full faith and credit of the United States;
5. obligations of state's 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;
6. bonds issued, assumed or guaranteed by the State of Israel;
7. interest-bearing banking deposits which are guaranteed or backed by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or the successor of either organization; and
8. interest-bearing banking deposits other than those described above if:
  - (A) the funds invested in the banking deposits are invested through:
    - (i) a broker with a main office or branch office in the State of Texas that is selected from a list the Board adopts; or
    - (ii) a depository institution with a main office or branch office in the State of Texas selected by the Authority;
  - (B) the broker or depository institution selected by the Board deposits the funds in one or more federally insured depository institutions, regardless of where located, for the Authority's account;
  - (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
  - (D) the Authority appoints one of the following as custodian of the banking deposits issued for the Authority's account (i) the depository institution selected under paragraph (A) above; (ii) an entity described by Section 2257.041(d) of the Public Funds Investment Act; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission.

B. The following are prohibited investments under this Section 6.01:

1. obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
3. collateralized mortgage obligations that have a final stated maturity date of greater than (10) years; and
4. collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

SECTION 6.02. CERTIFICATES OF DEPOSIT.

A certificate of deposit is an authorized investment if the certificate of deposit or share certificate is issued by a depository institution that has its main office or a branch office in the State of Texas or a savings and loan association domiciled in the State of Texas and is:

1. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Fund or its successor;
2. secured by obligations described in Section 6.01(A) hereof, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described in Section 6.01(B); or
3. secured in any other manner and amount provided by law for deposits of the Authority.

An investment in a certificate of deposit made in accordance with the following conditions is an authorized investment if:

1. the funds are invested through a
  - a. broker that has its main office or a branch office in Texas and is selected from a list of authorized brokers approved by the Board;
  - b. depository institution that has its main office or a branch office in the State of Texas;
2. the broker or depository institution arranges for the deposit of funds in one or more federally insured depository institutions, wherever located;
3. the full amount of the principal and interest in each of the certificates of deposit is insured by the United States or instrumentality of the United States; and
4. the Authority appoints the depository institution, or a clearing broker-dealer registered with the Securities and Exchange Commission operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificate of deposit issued for the account of the Authority.

SECTION 6.03. REPURCHASE AGREEMENTS.

A. A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement:

1. has a defined termination date;
2. is secured by a combination of cash and obligations described by Section 6.01(A)(1) or or Section 6.05;
3. requires the securities being purchased by the Authority or cash held by the Authority to be pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party selected and approved by the Authority; and
4. is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

B. "Repurchase Agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described in Section 6.01(A)(1) at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

C. The term of any reverse security repurchase agreement may not exceed ninety (90) days after the date the reverse security repurchase agreement is delivered.

D. Money received by the Authority under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

#### SECTION 6.04. BANKERS' ACCEPTANCES.

A banker's acceptance is an authorized investment if the bankers' acceptance:

1. has a stated maturity of 270 days or fewer from the date of issuance;
2. will be, in accordance with its terms, liquidated in full at maturity;
3. is eligible for collateral borrowing from a Federal Reserve Bank; and
4. is accepted by a bank organized and existing under the laws of the United States or any state, if the short term obligations of the bank, or a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

#### SECTION 6.05. COMMERCIAL PAPER.

Commercial paper is an authorized investment if the commercial paper:

1. has a stated maturity of 365 days or fewer from the date of issuance; and
2. is rated not less than A-1 or P-1 or an equivalent rating by at least (i) two nationally recognized credit rating agencies or (ii) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

#### SECTION 6.06. MUTUAL FUNDS.

A. A no-load money market mutual fund is an authorized investment if the mutual fund:

1. is regulated by the Securities and Exchange Commission;
2. provides the Authority with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.; and
3. complies with federal Securities and Exchange Commission Rule 2a-7, under the Investment Company Act of 1940.

B. In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (A), a no-load mutual fund is an authorized investment if the mutual fund:

1. is registered with the Securities and Exchange Commission;
2. has an average weighted maturity of less than two (2) years; and

3. either (a) has a duration of one year or more and is invested exclusively in obligations approved by Article VI; or (b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.
- C. The Authority is not authorized by this Section 6.06 to:
1. invest in the aggregate more than 15 percent of its monthly average fund balance, excluding Bond Proceeds and reserves and other funds held for debt service, in mutual funds described in Section 5.06(B);
  2. invest any portion of Bond Proceeds, reserves, and funds held for debt service, in mutual funds described in Section 6.06(B); or
  3. invest its funds or funds under its control, including Bond Proceeds and reserves and other funds held for debt service in any one mutual fund described in Section 6.06(A) or (B) in an amount that exceeds 10 percent of the total assets of the mutual fund.

#### SECTION 6.07. INVESTMENT POOLS.

A. The Authority may invest its funds and funds under its control through an eligible Investment Pool if the Board of the Authority by separate resolution authorizes investment in the particular pool. An eligible Investment Pool must comply with the requirements established in Section 2256.016 of the Public Funds Investment Act and must invest the funds it receives in authorized investments permitted by the Public Funds Investment Act. An Investment Pool must be continuously rated no lower than AAA or AAA-m or an equivalent rating by a least one nationally recognized rating service or no lower than investment grade by a least one nationally recognized rating service.

B. The Investment Officer must obtain from the Investment Pool an offering circular or other similar disclosure statement that contains, at a minimum, the following information:

1. the types of investments in which money is allowed to be invested;
2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date of the pool;
3. the maximum stated maturity date any investment security within the portfolio has;
4. the objectives of the pool;
5. the size of the pool;
6. the names of the members of the advisory board of the pool and the dates their terms expire;
7. the custodian bank that will safe keep the pool's assets;
8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
9. whether the only source of payment is the assets of the pool at market value or whether there is any secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
10. the name and address of the independent auditor of the pool;

11. the requirements to be satisfied for the Authority to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required by the Authority to invest funds in and withdraw funds from the pool; and
12. the performance history of the pool, including yield, average dollar-weighted maturities and expense ratios; and
13. the pool's policy regarding holding deposits in cash.

C. To maintain eligibility to receive funds from and invest funds on behalf of the Authority, the Investment Pool must furnish to the Investment Officer:

1. investment transaction confirmations; and
2. a monthly report that contains, at a minimum, the following information:
  - a. the types and percentage breakdown of securities in which the pool is invested;
  - b. the current average dollar-weighted maturity based on the stated maturity date of the pool;
  - c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one (1) year;
  - d. the book value versus the market value of the pool's portfolio, using amortized cost valuation;
  - e. the size of the pool;
  - f. the number of participants in the pool;
  - g. the custodian bank that is safekeeping the assets of the pool;
  - h. a listing of daily transaction activity of the Authority;
  - i. the yield and expense ratio of the pool, including a statement of how the yield is calculated;
  - j. the portfolio managers of the pool; and
  - k. any changes or addenda to the offering circular.

An Investment Pool that uses amortized costs must, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places.

D. The Authority by contract may delegate to an Investment Pool the authority to hold legal title as custodian of investments purchased with its funds.

E. Under this Section 6.07, for purposes of an Investment Pool for which a \$1.00 net asset value is maintained, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

**SECTION 6.08. INVESTMENT OF BOND PROCEEDS AND PLEDGED REVENUE.**

The Investment Officer may invest Bond Proceeds or Pledged Revenue only to the extent permitted by the Public Funds Investment Act, and in accordance with:

- A. statutory provisions governing the debt issuance or the agreement, as applicable; and
- B. this Investment Policy.

SECTION 6.09. INVESTMENTS REQUIRING ADDITIONAL APPROVAL.

Prior to investing Authority funds in the authorized investments described in Sections 6.01 (A)(2-5) and 6.03 through 6.07, the Investment Officer shall consult with the Authority's Financial Advisor and shall obtain additional approval from the Board by separate resolution. Prior to investing Authority funds in the authorized investments described in Sections 6.01 (A)(1),(6) and (8), the Investment Officer shall obtain additional approval from the Long Term Financial Planning and Investment Committee.

SECTION 6.10. EFFECT OF LOSS OF REQUIRED RATING.

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Authority shall take all prudent measures that are consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

SECTION 6.11. EXISTING INVESTMENTS.

The Authority is not required to liquidate investments that were authorized investments at the time of purchase, except as set forth in this Investment Policy.

VII.  
MISCELLANEOUS

SECTION 7.01. WRITTEN POLICY TO BE PRESENTED TO BUSINESS ORGANIZATION AND INVESTMENT OFFICER.

A. The Investment Officer shall be presented a copy of this Investment Policy and shall execute a written instrument substantially in the form attached hereto as Exhibit "B" to the effect that the Investment Officer has:

1. received and thoroughly reviewed a copy of this Investment Policy; and
2. implemented procedures and controls to comply with the Investment Policy.

B. The Investment Officer shall present a copy of the Investment Policy to any business organization offering to engage in an investment transaction with the Authority. For purposes of this Section 7.01, a business organization means Investment Pools or an Investment Management Firm.

The Qualified Representative of the business organization offering to engage in an investment transaction with the Authority shall execute a written instrument substantially in the form attached hereto as Exhibit "C" to the effect that the business organization has:

1. received and reviewed the Investment Policy of the Authority; and
2. acknowledges that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Authority and the business organization, that are not authorized by this Investment Policy, except to the extent that this authorization: (a) is dependent on an analysis of the makeup of the Authority's entire portfolio; or (b) requires an interpretation of subjective investment standards; or (c) relates to investment transactions of the Authority that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

C. The Investment Officer may not acquire or otherwise obtain any authorized investment from a business organization who has not delivered to the Authority the written instrument described in Section 7.01(B) hereof.

D. The Investment Officer shall present to the Board a copy of each of the executed written statements described in Section 7.01(A) and (B).

E. At any time that the Authority amends this Investment Policy, the Investment Officer shall present the amended Investment Policy to all persons and/or business organizations at which funds of the Authority are invested and shall obtain a new written instrument as described in Section 7.01(A) and (B) hereof.

SECTION 7.02. ANNUAL FINANCIAL AUDIT.

The Authority, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the Authority's established investment policies.

SECTION 7.03. SELECTION OF AUTHORIZED BROKERS.

The Board of the Authority shall annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Authority.

SECTION 7.04. REPEAL OF PRIOR ORDERS RELATING TO INVESTMENT OF AUTHORITY FUNDS.

Any and all prior orders or resolutions relating to the investment of Authority funds are hereby repealed and this Order shall supersede any such prior orders or resolutions.

SECTION 7.05. EFFECTIVE DATE.

This Order shall be effective as of the date set forth below. The President or Vice President or the Secretary or Assistant Secretary is authorized to do all things necessary and proper to evidence the Board's adoption of this Order and to carry out the intent hereof.

PASSED AND ADOPTED THE DATE set forth on the certificate page of this Policy.

ATTEST:

\_\_\_\_\_  
Chair, Board of Directors

\_\_\_\_\_  
Secretary, Board of Directors

EXHIBIT A-I  
INVESTMENT STRATEGY  
DEBT SERVICE FUND

Investment Objective:

To purchase investments that will preserve the safety of capital, maximize liquidity, and maximize yield (in that order of priority), taking into account the timing of the Authority's debt service payments.

Investment Strategy:

To invest in any of the authorized investments listed in Article VI of the Authority's Investment Policy, provided that:

1. For funds needed for the Authority's next debt service payment, the investment shall mature no later than the date the debt service payment is due.
2. For funds in the debt service reserve (those funds not needed for the Authority's next debt service payment), the maximum stated maturity date of the investment shall be no greater than one year after the date of purchase.

DRAFT

EXHIBIT A-2  
INVESTMENT STRATEGY  
CAPITAL PROJECTS FUND

Investment Objective:

To purchase investments that will preserve the safety of capital, maximize liquidity, and maximize yield (in that order of priority), taking into account the timing of planned or potential capital projects that may require the expenditure of the funds in the account.

Investment Strategy:

To invest in any of the authorized investments listed in Article VI of the Authority's Investment Policy, provided that:

1. For funds needed for planned capital projects with a known commencement date, the investment will mature no later than the date the funds will be needed to pay for the project, such date to be determined by the Authority's Board of Directors.
2. For funds not designated for specific planned capital projects, the investment will mature no later than six months after the date of purchase, provided that the Authority's Board of Directors may authorize an investment with a longer maturity, but no later than one year after the date of purchase.

EXHIBIT A-3  
INVESTMENT STRATEGY  
GENERAL FUND

Investment Objective:

To purchase investments that will preserve the safety of capital, maximize liquidity, and maximize yield(in that order of priority), taking into account the Authority's monthly operating expenses, the timing of such expenses and the maintenance of any operating reserve that may be designated by the Authority's Board of Directors.

Investment Strategy:

To invest in any of the authorized investments listed in Article VI of the Authority's Investment Policy, provided that:

1. For funds needed for the Authority's monthly operating expenses, the investment will mature no later than the date the funds will be needed to pay such operating expenses.
2. For any designated operating reserve, the investment will mature no later than two hundred seventy-five (275) days after the date of purchase, provided that the Authority's Board of Directors may authorize an investment with a longer maturity.

EXHIBIT B

INVESTMENT OFFICER'S CERTIFICATION OF RECEIPT  
AND REVIEW OF INVESTMENT POLICY

THE STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

I, the undersigned \_\_\_\_\_, do hereby certify that I have been presented a copy of the Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of Authority Funds and Review of Investments (the "Investment Policy") for Memorial-Heights Redevelopment Authority. I have thoroughly reviewed the Investment Policy and acknowledge that I have implemented procedures and controls to comply with the Investment Policy.

WITNESS MY HAND THIS \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Name: \_\_\_\_\_

DRAFT

EXHIBIT C  
CERTIFICATION OF RECEIPT AND REVIEW OF INVESTMENT POLICY

THE STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

I, the undersigned, of \_\_\_\_\_, do hereby certify that I have been presented a copy of the Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of Authority Funds and Review of Investments (the "Investment Policy") for Memorial-Heights Redevelopment Authority. I have reviewed the Investment Policy and acknowledge that \_\_\_\_\_ has implemented procedures and controls in an effort to preclude investment transactions conducted between the Authority and that are not authorized by the Authority's Investment Policy, except to the extent that the authorization is dependent on an analysis of the Authority's entire portfolio or requires an interpretation of subjective investment standards.

WITNESS MY HAND THIS \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DRAFT

## ORDER ADOPTING LIST OF QUALIFIED BROKERS

This Order Adopting List of Qualified Brokers (the "Order") is adopted by the Board of Directors of Memorial-Height Redevelopment Authority (the "Authority") pursuant to Section 2256.025 of the Texas Government Code.

### ARTICLE I

#### GENERAL

SECTION 1.1. Unless the context requires otherwise, the terms and phrases used in this Order shall have meanings as set forth in Section 1.2 of this Order.

#### SECTION 1.2. DEFINITIONS:

- (a) The term "Board" means the Board of Directors of the Authority.
- (b) The term "Director" means a person elected or appointed to serve on the Board of Directors of the Authority.
- (c) The term "Qualified Broker" means those entities and/or individuals authorized by the Board of Directors of the Authority to engage in investment transactions with the District.

SECTION 1.3. PURPOSE. This Order has been adopted by the Authority for the following purposes: (1) to comply with Section 2256.025 of the Texas Government Code; and (2) to ensure that the Authority engages in investment transactions only with Qualified Brokers that have been previously approved by the Board.

### ARTICLE II

#### LIST OF QUALIFIED BROKERS

SECTION 2.1. QUALIFIED BROKERS. The Qualified Brokers authorized to engage in investment transactions with the Authority are those entities and/or individuals listed in Exhibit A attached hereto.

Adopted this 26<sup>th</sup> day of September, 2019.

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

## EXHIBIT A

Allegiance Bank  
Amegy Bank  
BB & T  
Bancorp South  
Bank of America  
Bank of New York – Mellon  
Bank of Texas  
BBVA  
Cadence Bank  
Capital Bank of Texas  
Capital One  
Central Bank  
Chasewood Bank  
Citibank  
Coastal Securities  
Comerica Bank  
Comerica Securities  
Commercial State Bank  
Community Bank of Texas  
Community Trust Bank  
First Bank Texas  
First Citizens Bank  
First Financial Bank  
First National Bank Teas  
Fist Texas Bank  
Frontier Bank of Texas  
Frost Bank  
Green Bank  
Hancock Whitney Bank  
Herring Bank  
Hilltop Securities  
Hometown Bank  
Independent Bank  
Integrity Bank  
International Bank of Commerce  
JP Morgan Chase  
Legacy Texas Bank  
Lone Star Bank  
Lone Star Investment Pool  
Metro Bank  
Moody National Bank  
New First National Bank  
North Star Bank of Texas  
Omni Bank  
Pioneer Bank  
Plains Capital Bank  
Plains State Bank  
Post Oak Bank  
Preferred Bank

Prosperity Bank  
R Bank  
Regions Bank  
Spirit of Texas Bank  
State Bank of Texas  
State Street Bank  
Stifel  
Tex Star Investment Pool  
Texan Bank  
Texas Capital Bank  
Texas Class  
Texas Citizens Bank  
Texas Exchange Bank  
Texas First Bank  
Texas Gulf Bank  
Texas Regional Bank  
TexPool/TexPool Prime  
The Independent Bankers Bank  
Third Coast Bank  
Trustmark National Bank  
United Bank of El Paso Del Norte  
United Texas Bank  
Unity National Bank  
U.S. Bank  
Vantage Bank Texas  
Wells Fargo Bank  
Wells Fargo Brokerage Services  
Wells Fargo Trust  
Westbound Bank  
West Star Bank  
Woodforest National Bank