

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY

JOINT MEETING OF THE BOARDS OF DIRECTORS

MARCH 4, 2021

REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
TIRZ NO. 5
MEETING OF MARCH 4, 2021

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**NOTICE OF JOINT MEETING
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
AND
REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS**

**THIS MEETING WILL BE CONDUCTED BY
TELEPHONE/VIDEOCONFERENCE**

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 telephonic/video conference joint meeting with the Board of Directors of the Reinvestment Zone Number Five, City of Houston, Texas, (the "Zone"), open to the public, at 10:00 a.m. on March 4, 2021.

To Participate by Telephone: dial [832-856-3756](tel:832-856-3756) and enter Conference ID: 499 259 802#

To Participate by Videoconference (note, link not compatible with Safari browser): [Click here to join the meeting](#)

If participating by videoconference, downloading the Microsoft Teams app in advance of the meeting is suggested but not required.

This telephonic and video conference meeting is authorized by the suspension of certain provisions of Chapter 551, Texas Government Code, as described below. Electronic copies of the meeting materials are available at <https://memorialheightstirz5.com/meetings/> at such time as the meeting occurs or by contacting Susan Demiany at Demiany@SKLaw.us. At the meeting the following items will be considered and acted on:

1. **Minutes of previous meetings:**
 - a. Approve Authority minutes of January 28, 2021; 3-8
 - b. Approve Zone minutes of January 28, 2021; 9-10
2. **Receive comments and questions from the public;**
3. **Chair Report (Authority only);**
4. **President Report (Authority only):**
 - a. Approve Agreement for Services of Tax Consultant [Equi-Tax]; 11-18
5. **Series 2021 Tax Increment Contract Revenue Bonds:**
 - a. Discuss and approve parameters for and issuance of Tax Increment Contract Revenue Bonds, Series 2021 ("Bonds");
 - b. Approve Order Adopting Preliminary Official Statement and Authorizing Distribution thereof; 19-21
 - c. Approve Orders Authorizing Issuance of the Bonds; 87-108
 - d. Approve Trust Indenture Agreement and Bond Registrar and Paying Agent Agreement [Regions]; and 114-166
 - e. Authorize other appropriate action;
6. **Projects and Engineering (Authority only): 167-168**
 - a. **Receive Projects Committee Report;**
 - b. **Shepherd/Durham and Selected Cross Streets Reconstruction** [CIP Project T-0523A]:
 - i) Update on project development;
 - c. **North Canal Project** [CIP Project T-0525]:
 - i) Update on project development;
 - d. **Heights Boulevard Bicycle and Pedestrian Safety Improvements** [CIP Project T-0527]:
 - i) Update on project development;
 - e. **West Dallas Restriping Project** [CIP Project T-0528];
 - i) Update on project development;
 - f. **Trail Segment between White Oak Bayou and Memorial Park** [CIP Project T-0530]:
 - i) Update on project development;

- g. **Heights Boulevard Bicycle and Pedestrian Safety Improvements, West Dallas Restriping Project, Trail Segment between White Oak Bayou and Memorial Park [construction portion]** [CIP Project T-0531]:
 - i) Update on project; and
- h. Approve related pay estimates or change orders, or other design, construction, or management contract administration items, and authorize other appropriate action;
- 7. **Financial matters** (*Authority only*):
 - a. Receive Finance Committee Report;
 - b. Progress update – Banking Relationship;
 - c. Receive Financial Report Summary, including account and fund activity statements; **169-178**
 - d. Authorize payment of invoices;
 - e. Authorize preparation of budget for fiscal year ending June 30, 2022; and
 - f. Authorize other appropriate action;
- 8. **Attorney Report**;
- 9. **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;
- 10. **Consider, confirm, or ratify actions of the Authority, as necessary** (*Zone only*);
- 11. **Adjourn.**

Pursuant to actions by the Governor of the State of Texas on March 16, 2020, certain requirements of Chapter 551, Texas Government Code, have been suspended in response to the COVID-19 pandemic. These actions allow governmental bodies to conduct meetings by telephone and/or video conference to advance the public health goal of limiting face-to-face meetings to slow the spread of COVID-19.



SKLaw, Attorneys for the Authority and the Zone

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

January 28, 2021

The Board of Directors (the "Board") of Memorial-Heights Redevelopment Authority (the "Authority"), convened in regular session, open to the public, at 10:00 a.m., on January 28, 2021, via video and telephonic conference as authorized pursuant to actions by the Governor of the State of Texas on March 16, 2020, suspending certain requirements of Chapter 551, Texas Government Code. The roll was called of the duly constituted officers and members of the Board, to-wit:

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

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

Also present at the meeting were Sherry Weesner of SMW Principle Solutions, Inc., President of the Authority; Kristen Hennings of Jones|Carter ("J|C"); Jim Webb of The Goodman Corporation ("TGC"); Drew Masterson, Kristin Blomquist, and Ben Terry of Masterson Advisors, LLC; Jennifer Curley of the City of Houston; Kathleen Ellison of Norton Rose Fulbright US LLP ("Norton Rose"); Melissa Morton of The Morton Accounting Services ("TMAS"); Monica Aizpurua of Binkley & Barfield; Emily Guyre of Houston Heights Association; 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. She advised that the meeting was being recorded.

APPROVE MINUTES

The Board considered approving the minutes of the October 22, 2020, meeting. Upon motion by Director Stein, seconded by Vice Chair Colom, and after full discussion, the Board unanimously voted to approve the minutes, as presented.

RECEIVE COMMENTS OR QUESTIONS FROM THE PUBLIC

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

CHAIR REPORT

Chair Lents advised that a federal grant requirement in connection with the Shepherd/Durham project is that the Authority has a full-time employee to oversee the project. She explained that it will be recommended at a future Board meeting to change Ms. Weesner's relationship to the full-time position of employee for the Authority.

Chair Lents advised that the City of Houston has requested that the Authority maintain a record of Board attendance after each meeting. She also noted that the Authority has important business and requested everyone's efforts to be in attendance.

PRESIDENT REPORT

Receive Hanover and GID updates

Ms. Weesner reviewed with the Board updates from Hanover and GID, which include commentary and charts of Authority involvement and timing. Chair Lents noted that Ms. Weesner has worked closely with both developers on the project outlines.

PROJECTS AND ENGINEERING

Receive Projects Committee Report

Director Brown updated the Board on Authority projects.

Approve JJC Work Authorization No. 1

Ms. Hennings reviewed with the Board Work Authorization No. 1 for general engineering services for fiscal year 2021 in the amount of \$25,000.00, and should cover about six months of general services. Upon motion by Vice Chair Colom, seconded by Director Manriquez, and after full discussion, the Board voted unanimously to approve JJC Work Authorization No. 1 for general engineering services.

Ms. Hennings then reviewed with the Board the JJC 2021 rate schedule. No action was necessary.

Review Potential Project List

Ms. Weesner reviewed with the Board the Potential Project List, which will be finalized in February. She stated that input from the public is welcome. Chair Lents noted that the list does not include active projects, but only projects that will possibly be considered in the future.

Houston Avenue/White Oak Drive Intersection

Update on construction matters

Ms. Hennings updated the Board on construction matters for the Houston Avenue/White Oak Drive Intersection [CIP Project T-0520] [RAC Industries, LLC ("RAC")]. She advised the City approved the traffic signal, and the final pay estimate was received.

Shepherd and Durham Reconstruction

Update on project development

Ms. Hennings next updated the Board on the Shepherd/Durham and Selected Cross Streets Reconstruction [CIP Project T-0523A], advising that 90% plans for Phase I are in progress and are expected to be submitted to the City in February. Mr. Webb discussed the upcoming public hearing, and the robust advertising efforts to get the word out. He noted that most public comments so far have been positive, and responses are forthcoming. He advised the next step will be environmental clearances.

Approve TGC Work Authorization T-0523A No. 5

Mr. Webb reviewed with the Board TGC Work Authorization T-0523A No. 5. He advised the scope of the Work Authorization covers moving from the design phase of the project to the bidding and compliance phases. Vice Chair Colom reported on possible delays from testing facilities. Mr. Webb stated that local testing will be a preference but will plan for possible testing delays.

Upon motion by Director Stein, seconded by Director Brown, and after full discussion, the Board voted unanimously to approve TGC Work Authorization T-0523A No. 5.

Heights Boulevard Bicycle and Pedestrian Safety Improvements

Update on project development

Ms. Hennings updated the Board on the Heights Boulevard Bicycle and Pedestrian Safety Improvements [CIP Project T-0527], advising that City comments have been received and incorporated into final plans, and coordination of City signatures is ongoing.

North Canal Project

Ms. Weesner advised that the design phase has been extended to May, 2023, by FEMA.

West Dallas Restriping Project

Ms. Hennings updated the Board on the West Dallas Restriping Project [CIP Project T-0528], advising that 100% plans have been submitted to the City.

Trail Segment between White Oak Bayou and Memorial Park

Ms. Hennings updated the Board on the Trail Segment between White Oak Bayou and Memorial Park [T-0530], advising that 90% plans have been submitted to the City.

Heights Boulevard Bicycle and Pedestrian Safety Improvements, West Dallas Restriping Project, Trail Segment between White Oak Bayou and Memorial Park

Ms. Hennings advised that bidding and construction for the Heights Boulevard Bicycle and Pedestrian Safety Improvements, West Dallas Restriping Project, and the Trail Segment between White Oak Bayou and Memorial Park project were combined into one project, CIP Project T-0531, at the request of the City.

Approve JJC Work Authorization T-0531 No. 1

Ms. Hennings reviewed with the Board the Work Authorization, noting that it does not include additional work, but combines previously authorized work from separate Work Authorizations into one document. Upon motion by Director Brown, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to approve JJC Work Authorization T-0531 No. 1.

Approve related contract administration items

Ms. Hennings then directed the Board's attention to an additional report included in the project updates, which provides for an active projects schedule.

APPROVE COMMITTEE APPOINTMENTS

Chair Lent advised that it makes sense to have three Directors on the Long Term Finance Committee, and Director Brown has agreed to serve with she and Vice Chair Colom.

Upon motion by Vice Chair Colom, seconded by Director Stein, and after full discussion, the Board voted unanimously to appoint Director Brown to the Long Term Finance Committee.

ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE EXPENDITURES TO BE INCURRED

Ms. Davis reviewed with the Board the Resolution, which expresses the Board's intent to reimburse operating funds spent on planning, design, property acquisition, and constructions costs for the North Canal, Heights Boulevard Bicycle and Pedestrian Safety Improvements, West Dallas Restriping, and the Trail Segment between White Oak Bayou and Memorial Park, and the Yale and Center Intersection projects from a future bond issue. Chair Lents noted that the Resolution allows the Authority flexibility in funding the projects.

Upon motion by Director Stein, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to adopt the Resolution Expressing Intent to Reimburse Expenditures to be Incurred.

FINANCIAL MATTERS

Receive Finance Committee Report

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

Progress Update - Banking Relationship

Ms. Weesner discussed ongoing progress for the banking change to Frost Bank, which should be finalized after January.

Receive Financial Report Summary

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

Authorize payment of invoices

The Board reviewed the invoices submitted for payment, noting that the Finance Committee had reviewed the invoices put before it and recommended approval. Director Brown stated that the Projects Committee has reviewed the invoices put before it and recommended approval. Following discussion of the invoices, a motion was made by Director Stein, seconded by Director Brown, and approved unanimously by the Board to authorize the payment of all invoices.

Review Investment Officer Report

Ms. Weesner reviewed with the Board the Investment Report.

COMMUNICATIONS

Receive Communications Committee Report

In the absence of Director Hale-Harris, Ms. Weesner gave the Communications Committee Report.

Authorize Memorial Heights Phone Number

Ms. Weesner advised that the Communications Committee has determined that a telephone number for the public to communicate questions, concerns, and comments will be beneficial. She noted that the cost to maintain a telephone number is expected to be approximately \$100.00 a month.

Upon motion by Director Stein, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to authorize the Communications Committee to establish an Authority telephone number.

Memorial-Heights Background for Teams/Zoom and other electronic meetings

Ms. Weesner reviewed with the Board three possible backgrounds for electronic meetings, and proposed that each Board member choose the background they prefer. Chair Lents thanked TGC for preparing the backgrounds.

ZONE FINANCING AND BOND DISCUSSION

Mr. Masterson and Ms. Blomquist reviewed with the Board municipal financing process, including the bond transaction process and a timeline for the Authority's proposed 2021 Tax Increment Contract Revenue Bonds, and answered questions.

SERIES 2021 TAX INCREMENT CONTRACT REVENUE BONDS

Approve RFP for Underwriter

The Board then considered approval of the RFP for Underwriter. Ms. Davis reviewed with the Board the proposed RFP for Underwriter for the Bonds, and discussed the timeline for selection. Upon motion by Director Brown, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to approve the RFP for Underwriter, subject to minor changes and delegated the authority to select the underwriter(s). Chair Lents advised that the final RFP will be distributed to Board members.

Approve Resolution Approving Engagement Letter for Disclosure Counsel

The Board then considered approval of a Resolution Approving an Engagement Agreement for Disclosure Counsel. Ms. Davis advised that it is necessary to engage legal counsel that specializes in public finance and is well versed in federal securities law as part of the team in order to proceed with the issuance of the Bonds. She reviewed Local Government Code requirements on hiring consultants on a contingency fee basis. Chair Lents reported on background work by the Long Term Finance Committee before recommending the engagement of Norton Rose. Ms. Ellison introduced herself and advised she is available if there are any questions.

Upon motion by Director Brown, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to adopt the Resolution Approving an Engagement Agreement for Disclosure Counsel, authorizing the engagement of Norton Rose as Disclosure Counsel.

Authorize preparation of Preliminary Official Statement

Ms. Dave advised that Ms. Ellison will prepare a Preliminary Official Statement, which is the first step in the issuance of the Bonds. Ms. Ellison reviewed the preparation process, and discussed compliance with securities laws. Upon motion by Director Brown, seconded by Vice Chair Colom, and after full discussion, the Board voted unanimously to authorize preparation of a Preliminary Official Statement.

ATTORNEY'S REPORT

Ms. Davis reminded the Board of the importance of using the Authority email addresses for Authority-related communications and briefly reviewed the requirements of the Texas Open Records Act.

EXECUTIVE SESSION

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

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.

The roll again was called, and the Board noted that no additional persons had joined the meeting in progress.

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**

January 28, 2021

The Board of Directors (the "Board") of Reinvestment Zone Number Five, City of Houston, Texas, convened in regular session, open to the public, at 10:00 a.m., on January 28, 2021, via video conference and telephonic conference as authorized pursuant to actions by the Governor of the State of Texas March 16, 2020, suspending certain requirements of Chapter 551, Texas Government Code. The roll was called of the duly constituted officers and members of the Board, to-wit:

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

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

Also present at the meeting were Sherry Weesner of SMW Principle Solutions, Inc., President of the Authority; Kristen Hennings of Jones|Carter ("J|C"); Jim Webb of The Goodman Corporation ("TGC"); Drew Masterson, Kristin Blomquist, and Ben Terry of Masterson Advisors, LLC; Jennifer Curley of the City of Houston; Kathleen Ellison of Norton Rose Fulbright US LLP ("Norton Rose"); Melissa Morton of The Morton Accounting Services ("TMAS"); Monica Aizpurua of Binkley & Barfield; Emily Guyre of Houston Heights Association; 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. She noted the meeting was being recorded.

APPROVE MINUTES

The Board considered approving the minutes of the October 22, 2020, meeting. Upon motion by Director Stein, seconded by Vice Chair Colom, and after full discussion, the Board unanimously voted to approve the minutes 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.

The roll again was called, and the Board noted that no additional persons had joined the meeting in progress.

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

Secretary
Reinvestment Zone Number Five,
City of Houston, Texas

STATE OF TEXAS
COUNTY OF HARRIS

Agreement for Services of Tax Consultant

THIS AGREEMENT, made and entered into as of this ____ day of _____, 2021, by and between

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY / TIRZ 5

(the Authority) and Equi-Tax Inc. (hereinafter referred to as Consultant) in consideration of the mutual covenants and agreements herein contained the parties hereto agree as follows:

I. TERM OF AGREEMENT

The Authority hereby engages Equi-Tax Inc. as the Authority's Tax Consultant beginning _____, 2021, and shall continue from month to month for a minimum term of one year, pursuant to terms and conditions hereof, unless this agreement is terminated as hereinafter provided or modified or superseded by written agreement between the parties hereto.

Either party may terminate this agreement hereto, with or without cause, by written notice to the other party, with such termination to be effective as of the end of the month next succeeding the receipt of such notice. Consultant shall be paid in full and reimbursed in full for all fees and expenses incurred on behalf of the Authority through the date of such termination.

II. CONSULTANT SERVICES

1. Services Related To Review and Correction of Tax Roll
 - A. Review changes to the Authority's base year certified taxable value.
 - B. Coordinate with the Appraisal District on the contractual agreements for rendering / non-protesting property between developers and the Authority.
 - C. Review the preliminary and certified tax rolls for new properties and new development to ensure they are properly coded to the Authority.

2. Staff Support Services

- A. Work closely with the President and Board of Directors to monitor development within the Authority and coordinate with Harris County Appraisal District to ensure all parcels are correctly coded in the zone's boundaries.
- B. Work with Financial Advisor in preparation of tax section of bond documents.
- C. Be an available resource to the staff for information relative to values for parcels in the zone.

3. Bond Documents

- A. Provide list of top ten taxpayers.
- B. Provide historical data regarding tax rates.
- C. Provide historical certified taxable value and incremental taxable value.
- D. Provide a Certificate of Taxable Value as reflected on the certified appraisal rolls of the Appraisal District.

4. Continuing Disclosure Audit

- A. Provide current tax information including collection rates as provided by the city.
- B. Provide information regarding material changes in incremental taxable values.
- C. Provide list of principal taxpayers by total value and type of property assessed.

5. Strategic Planning

- A. Monitor City, County, and School District tax data.
- B. Provide periodic reports of incremental values.
- C. Upon request, verify and provide reports for contractual agreements with developers.

D. Create and maintain a district reference book with historical data and district maps produced by GIS.

6. Duties Listed by Month

- A. Monthly - Request and upload updated files for each JUR within the TIRZ
- B. April - Research for any annexations to the zone and map if annexations were completed. Coordinate with HCAD on any missing or miscoded parcels.
- C. May/June - Request and process preliminary taxable values for each JUR within the zone. Generate both increment report and TIRZ history report. Review split accounts within the district. Provide report to TIRZ and to the City of Houston regarding new or changes in split accounts.
- D. July/ August - Complete increment payment review for current and prior years. Request accounting of incremental levy paid to the TIRZ from the City of Houston. Review numbers to confirm amount with the city's. Request and process certified taxable values for each JUR within the zone. Generate both increment report and TIRZ history report.
- E. January/February - Request and process current certified taxable values for each JUR within the zone. Generate both increment report and TIRZ history report. Receive True up values from the City of Houston. Respond to verify taxable value.

7. Recurring Services:

Maintain database including:

- a. Update property owners' names and addresses.
- b. Retain legal description of real property.
- c. Track and verify new or split properties in the boundaries to be added.
- d. Obtain preliminary values of properties for review and correction.
- e. Monitor taxable values as reflected on the appraisal district records.

- f. Serve as liaison between the appraisal district and the Authority.
- g. Manage certified roll to determine assessed value and net taxable value.
- h. Calculate the incremental value for comparison with the City of Houston.
- i. Providing timely reports to the President or designated representative.
- j. Execute special mailings as may be required from time to time by the Board of Directors at the cost of printing, mailing and handling.

III. COMPENSATION

1. Monthly Fee

The monthly fee is based upon the number of accounts within the Authority on January first of each year. The current fee is based upon 2,884 items on the tax roll @ \$0.10 per item = \$288.40 per month, effective with the date of this agreement. This fee includes all computer resources, purchase of data and office supplies, and all out-of-pocket expenses. The fee will be adjusted each year on January first to reflect the number of items on the current year's tax rolls and the President shall be notified of the new item count prior to billing. Additionally, the price per item will change as follows: year 2022 at \$0.15; 2023 at \$0.20; 2024 at \$0.25; 2025 at \$0.30. If the fee shall exceed a rate of \$0.30 per item, the Board shall be notified 30 days in advance of the change

2. Services Related to the Sale of Bonds

Should these services exceed the below costs, the Board shall be notified 30 days in advance of the change.

A. Bond document tax data: includes estimated taxable value, principal taxpayer analysis, historical tax rates, levy, collection data, letter of representation, and use of the Equi-Tax Inc. name in bond documents

Cost Per Bond Sale \$2,000.00

B. Certificate of Taxable Value based upon the tax appraisal records of the Appraisal District.

Cost Per Estimate \$1,000.00

C. Continuing Disclosure Audit providing updated information regarding tax based, collections, delinquencies and principal taxpayers for publication in disclosure documents.

Cost Per Estimate \$ 300.00

3. Additional Services

- A. Services other than those specified in this agreement and authorized in advance shall be billed at the rate of \$95.00 per hour including providing expert testimony on behalf of the Authority at special challenge hearings before the Appraisal District Appraisal Review Board.
- B. At the request of the President, we shall attend one meeting annually. Attendance at special meetings at the request of the Board of Directors will be charged at the rate of \$100.00 per meeting.

IV. AUTHORITY RESPONSIBILITIES

To aid the Consultant in performing the services under this Agreement it will be necessary for the Authority to provide certain information and documents that are in, or will come into, its possession from time to time. The Authority agrees to use its best efforts to provide the Consultant with the following:

- A. Boundary maps of the original area and annexed areas.
- B. Copies of collection reports received from the City of Houston.
- C. Copies of any reports received from HCAD.
- D. Copies of any agreements that affect the collection of ad valorem taxes.
- E. Copies of Interlocal Agreements.

V. OWNERSHIP OF RECORDS

All records prepared and maintained by the Consultant in connection with the execution of the duties and services under this Agreement shall be the property of the Authority and shall be surrendered to the Authority's authorized agent upon termination of this Agreement.

VI. OTHER EMPLOYMENT

This Agreement shall not prohibit or prevent Consultant or any representative of the Consultant from accepting employment by and performing services for individuals or

organizations other than the Authority in whatever capacity, provided, however, that such employment does not interfere with the proper performance of his duties, express and implied, as Consultant.

VII. MISCELLANEOUS

HB No. 89 Verification: By signing and entering into this Agreement, Consultant verifies that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

This Agreement shall supersede and replace all prior agreements and understandings, oral or written, between the the Authority, City of Houston Tax Increment Reinvestment Zone No. 5 and the Consultant.

IN TESTIMONY WHEREOF, this Agreement has been executed in multiple originals for and on behalf of the Authority by the Chair and attested by the Secretary of its Board of Directors and by Consultant as of the day and year above first written.

[Signature Page to Follow]

STATE OF TEXAS
COUNTY OF HARRIS

**Schedule A
Agreement for Services of Tax Consultant**

THIS SCHEDULE, is supplemental to the agreement by and between

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY / TIRZ 5

(the Authority) and Equi-Tax Inc. (hereinafter referred to as Consultant) in consideration of the mutual covenants and agreements herein contained the parties hereto agree as follows:

I. SCHEDULE OF DATES

1. The Consultant is to provide documents to the Authority upon the following schedule:
 - a. May / June
 - i. Preliminary Value Increment Report
 - ii. History Report
 - iii. Maps (if applicable)
 - iv. Changes in Split Accounts (if applicable)
 - b. July / August
 - i. Increment Payment Review
 - ii. Certified Value Increment Report
 - iii. History Report
 - iv. Maps (if applicable)
 - c. January / February
 - i. Trueup Value Increment Report
 - ii. History Report

Chair
Memorial Heights Redevelopment Authority

ATTEST:

Secretary to the Board of Directors

APPROVED:

City of Houston

Kenneth R. Byrd, President
Equi-Tax Inc.

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of the Memorial-Heights Redevelopment Authority do hereby certify as follows:

1. The Board of Directors of the Memorial-Heights Redevelopment Authority convened in Regular Session, open to the public, on March 4, 2021, via videoconference, as permitted by actions of the Governor of the State of Texas on March 16, 2020, which suspended certain provisions of Chapter 551, Texas Government Code, in connection with the COVID-19 pandemic, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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

and all of said persons were present, except Director(s) _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

ORDER ADOPTING PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING DISTRIBUTION THEREOF

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Order has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public; and that public notice of the time, place and subject of the meeting was given pursuant the Governor's actions, and by Chapter 551, Texas Government Code.

PASSED AND APPROVED the 4th day of March, 2020.

Secretary

Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

IN THE OPINION OF BOND COUNSEL, BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISIONS, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" FOR A DISCUSSION ON THE OPINION OF BOND COUNSEL.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE — BOOK ENTRY ONLY

Ratings:
See "MUNICIPAL BOND RATING"
and "MUNICIPAL BOND INSURANCE
AND RESERVE FUND SURETY POLICY" herein.

\$40,000,000*

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY

(A public not-for-profit local government corporation acting on behalf of the City of Houston, Texas)

TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021

Interest Accrual Date: Delivery Date

Due: September 1, as shown on the inside front cover

Memorial-Heights Redevelopment Authority, a public non-profit local government corporation (the "Authority"), was established by the City of Houston, Texas (the "City") to aid, assist, and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the area included within Reinvestment Zone Number Five, City of Houston, Texas (the "Zone") and neighboring areas. The Zone was created by the City pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "TIF Act") to promote the redevelopment of the land within the boundaries of the Zone, currently consisting of approximately 1,410 acres located north and/or west of the central business district of the City generally along Buffalo or White Oak Bayous or within the neighborhood known as The Heights.

Interest on the Memorial-Heights Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2021 (the "Bonds") accrues from the Delivery Date (defined below) and is payable each March 1 and September 1, commencing September 1, 2021, until the earlier of maturity or redemption. Principal of and interest on the Bonds will be payable by Regions Bank, N.A., as initial paying agent/registrant (the "Paying Agent/Registrar").

The definitive Bonds will initially be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described herein. DTC will act as securities depository with respect to the Bonds. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to DTC's participants, which will make distributions of such amounts to the beneficial owners of the Bonds. See "THE BOND—Book-Entry-Only System" herein.

The Bonds are being issued pursuant to the terms and conditions of a City ordinance approving the issuance of the Bonds, a Bond Resolution approved by the Board of Directors of the Authority on _____, 2021, a Pricing Certificate authorized by such Bond Resolution, and an Indenture of Trust dated as of _____, 2021 (the "Indenture"), between the Authority and Regions Bank, N.A., as trustee (the "Trustee"). The Bonds are the first series of bonds to be issued under the Indenture. All parity bonds issued under the Indenture, including the Bonds and any subsequently issued parity bonds (collectively the "Contract Revenue Bonds"), are equally and ratably secured under the Indenture.

Pursuant to the Indenture, the Authority has pledged the Pledged Tax Increments (as defined herein) to payment of the Contract Revenue Bonds. The Contract Revenue Bonds are payable solely from the Pledged Tax Increments, certain other funds on deposit with the Trustee or which may be deposited with the Trustee in the future, and earnings and investments thereon (the "Pledged Revenues"). See "SOURCE OF AND SECURITY FOR PAYMENT—Pledge of Revenues."

The Bonds are limited obligations of the Authority, payable solely from the Pledged Revenues. The Bonds are obligations of the Authority and do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the City of Houston, Texas, the State of Texas, or any other municipality, county, or other municipal or political corporation or subdivision of the State of Texas. The City of Houston, Texas is not obligated to make payments on the Bonds. The Authority does not have the power to levy taxes or assess fees for any purpose, including payment of the Bonds.

See MATURITY SCHEDULE on the inside front cover

The Bonds are offered by the Underwriters subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Certain other matters will be passed upon on behalf of the Authority by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Certain matters will be passed upon on behalf of the Underwriters by _____, Houston, Texas. Delivery of the Bonds is expected through the facilities of DTC on or about April __, 2021 ("Delivery Date").

SAMCO CAPITAL MARKETS, INC.

RAYMOND JAMES

ESTRADA HINOJOSA

* Preliminary, subject to change.

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
(a public not-for-profit local government corporation acting on behalf of the city of Houston, Texas)
TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021

MATURITY SCHEDULE*

Maturity September 1 (a)	Principal Amount*	CUSIP Suffix (b)	Interest Rate (%)	Initial Reoffering Yield (%) (c)
2021	\$ 990,000			
2022	820,000			
2023	850,000			
2024	885,000			
2025	925,000			
2026	960,000			
2027	1,000,000			
2028	1,040,000			
2029	1,085,000			
2030	1,130,000			
2031	1,175,000			
2032	1,220,000			
2033	1,270,000			
2034	1,325,000			
2035	1,375,000			
2036	1,435,000			
2037	1,490,000			
2038	1,555,000			
2039	1,615,000			
2040	1,680,000			
2041	1,750,000			
2042	1,820,000			
2043	1,895,000			
2044	1,975,000			
2045	2,055,000			
2046	2,140,000			
2047	2,225,000			
2048	2,315,000			

- (a) The Underwriters may combine maturities into one or more term bonds that are subject to mandatory sinking fund redemption. Bonds maturing on or after September 1, 20__, are subject to redemption in whole or from time to time in part, at the option of the Authority, on September 1, 20__, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
- (b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of purchasers of the Bonds. None of the Authority, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (c) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters.

*Preliminary, subject to change

BOARD OF DIRECTORS
REINVESTMENT ZONE NUMBER FIVE,
CITY OF HOUSTON, TEXAS
and
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY^(a)

<u>Position</u>	<u>Name</u>	<u>Appointed to Zone By:</u>	<u>Title/Office</u>
1	Dr. Robert M. Stein	City of Houston	Director
2	Ann Lents	City of Houston	Chair
3	Bryan Brown	City of Houston	Director
4	Janice Hale-Harris	City of Houston	Secretary
5	Alejandro Colom	City of Houston	Vice Chair
6	Christopher David Manriquez	Houston Independent School District	Director
7	Marvin Pierre	City of Houston	Director

(a) The ordinance creating Reinvestment Zone Number Five, City of Houston, Texas (the “Zone”) created a board of directors of the Zone (the “Zone Board”), consisting of seven persons. The directors of the Zone Board were appointed by the City of Houston, Texas (the “City”) and Houston Independent School District (“HISD”), as shown above, in accordance with the terms of the TIF Act. The Articles of Incorporation of the Memorial-Heights Redevelopment Authority (the “Authority”) call for a seven-member Board of Directors (the “Board”). The Authority’s bylaws provide that Positions 1 through 5 are to be appointed by the Mayor of the City with the consent and approval of the City Council, and Positions 6 and 7 are reserved for nominees of other taxing units participating in the Zone. After a participating taxing unit nominates a person to the Board, the Mayor will then appoint that person to the Board, subject to confirmation by the City Council. If there is no nominee, the position will be filled by the Mayor of the City with the consent and approval of the City Council. The members of the Board of Directors of the Memorial-Heights Redevelopment Authority are the same as the members of the Board of Directors of the Zone.

Professional Consultants

Sherry Weesner	<i>President</i>
Masterson Advisors, LLC	<i>Financial Advisor</i>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	<i>General Counsel and Bond Counsel</i>
Jones/Carter	<i>Engineering Consultant</i>
The Goodman Corporation	<i>Planning and Grants Consultant</i>
Equi-Tax, Inc.	<i>Tax Consultant</i>
The Morton Accounting Services	<i>Bookkeeper</i>
McCall Gibson Swedlund Barfoot PLLC	<i>Auditor</i>
Norton Rose Fulbright US LLP	<i>Disclosure Counsel</i>
Regions Bank, N.A.	<i>Trustee/Paying Agent/Registrar</i>

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof (the “Rule”), this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the Authority as of the date hereof, except for the omission of certain information as permitted by the Rule.

This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority.

All of the summaries of the statutes, financing documents, resolutions, contracts, engineering and other related reports referenced or described in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Authority, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule.

Neither the Authority nor the Underwriters, as defined herein, make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The Underwriters, as defined herein, have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

SALE AND DISTRIBUTION OF THE BONDS

The Underwriters

The Bonds are being purchased, subject to certain conditions, by SAMCO Capital Markets, Inc., as representative (the “Representative”) of the underwriters named on the cover page (collectively, the “Underwriters”) pursuant to a bond purchase agreement with the Memorial-Heights Redevelopment Authority (the “Authority”) at a price of \$_____ (which represents the principal amount of the Bonds, plus original issue premium of \$_____, less original issue discount of \$_____ and less an Underwriter’s discount of \$_____). The Representative, on behalf of the Underwriters, will be obligated to purchase all of the Bonds, if any are purchased. The Bonds may be offered and sold to certain dealers and others at a price lower than public offering prices, and such public prices may be changed from time to time by the Underwriters. See “—Prices and Marketability” below.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the Authority of a certificate executed and delivered by the Underwriters on or before the Delivery Date of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler.

Otherwise, the Authority has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Authority has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Authority assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities, registration or qualification provisions in such other jurisdiction.

FORWARD-LOOKING STATEMENTS

This Official Statement contains, in part, forward-looking statements and projections, as well as estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Forward-looking statements and projections may be affected by known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that actual results could differ materially from those set forth in the forward-looking statements.

Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Zone, or other matters described herein since the date hereof.

RELIANCE ON PAST FINANCIAL PERFORMANCE

Past financial performance does not necessarily predict future performance, which may be affected by numerous anticipated and unanticipated conditions which did not exist at the time of the prior financial performance. See “INVESTMENT CONSIDERATIONS—Impact of COVID-19 or Other Infectious Disease Outbreak”. The financial and operating data contained herein are the latest available but are as of the dates and for the periods described herein, prior to the COVID-19 Outbreak and measures instituted to slow it. Accordingly, they are not necessarily indicative of the Authority’s future financial condition.

OFFICIAL STATEMENT SUMMARY

This Official Statement Summary is subject in all respects to the more complete information and to the definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this summary statement from this Official Statement or to otherwise use it without the entire Official Statement.

Creation and Development of the Zone

*Reinvestment Zone
Number Five, City of
Houston, Texas*

Reinvestment Zone Number Five, City of Houston, Texas (the “Zone”) was created on December 18, 1996 by the City Council of the City of Houston, Texas (the “City”), pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the “TIF Act”), to promote the redevelopment of the land within its boundaries. The Zone currently consists of approximately 1,410 acres located north and/or west of the central business district of the City generally along Buffalo or White Oak Bayous or within the neighborhood known as The Heights. The Zone stretches to Interstate 610 to the north and west, Interstate 45 to the east, and Clay Street to the south.

As originally created, the Zone contained approximately 88 acres (the “Original Zone”). Since creation, there have been four annexations of property into the Zone, resulting in the addition of approximately 1,575 acres (the “Annexed Areas”), and one removal of approximately 253 acres from the Zone, resulting in the current size of approximately 1,410 acres. See “APPENDIX A—Boundary Map.”

The Zone is currently scheduled to terminate on December 31, 2048.

*Project and Financing
Plan*

As required under the TIF Act, the Zone Board adopted, and the City Council of the City approved, a Project Plan and Reinvestment Zone Financing Plan, which has been amended seven times (as amended, the “Project and Financing Plan”). The Project and Financing Plan sets out the public improvements, real estate acquisitions and other projects that are needed to induce development within the Zone (the “Public Improvements”). The cost of the Public Improvements, the cost of creation of the Zone, and related organizational costs (the “Project Costs”) constitute eligible project costs under the TIF Act. The Project and Financing Plan states that the Project Costs will be financed through the issuance of notes and bonds, as well as collaboration with developers and other entities for grant funding and partnerships.

Status of Development

The City’s taxable value in the Zone has increased from a base value of \$1,011,680,222 to a 2020 taxable value of \$2,564,699,714, resulting in an increase of \$1,552,705,284. Approximately 35 per cent of the tax base is composed of multifamily housing developments, which are the largest taxpayers in the Zone. Commercial or industrial property makes up approximately 32 per cent of the tax base and residential units make up approximately 26 per cent.

Five multifamily housing developments have recently been completed or are currently under construction within the Zone. Various retail projects have also been recently completed or are currently under construction. See “STATUS OF DEVELOPMENT.”

The Bonds

The Issuer

Memorial-Heights Redevelopment Authority (the “Authority”), a public non-profit local government corporation, was authorized to be established by the City in 1997 to aid, assist, and act on behalf of the City in the performance of the City’s governmental functions to promote the common good and general welfare of the area included within the Zone and neighboring areas. Pursuant to an agreement among the City, the Zone and the Authority, the Authority provides services to the Zone and is authorized to issue bonds payable from Tax Increments (as defined herein) derived from the Zone and transferred to the Authority.

The Authority is governed by a Board of Directors (the “Board”), whose members are appointed by the City (with one member nominated by HISD). The duration of the

	Authority is perpetual.
<i>Description</i>	The Memorial-Heights Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2021 (the “ <i>Bonds</i> ”) are issued in the aggregate principal amount of \$40,000,000.* The Bonds are offered in fully registered form in integral multiples of \$5,000 principal amount. Interest on the Bonds accrues from the date of delivery of the Bonds to the Underwriters (the “ <i>Delivery Date</i> ”) and is payable on each March 1 and September 1, commencing September 1, 2021, until the earlier of maturity or redemption. See “THE BONDS – Description.”
<i>Authority for Issuance</i>	The Bonds are authorized pursuant to a City ordinance approving the issuance of the Bonds, a Bond Order approved by the Board on _____ (the “ <i>Bond Order</i> ”), a Pricing Certificate authorized by such Bond Order, and an Indenture of Trust dated as of _____ (the “ <i>Indenture</i> ”), between the Authority and Regions Bank, N.A., as trustee (the “ <i>Trustee</i> ”).
<i>Book-Entry Only System</i>	The Depository Trust Company (“ <i>DTC</i> ”), New York, New York, will act as securities depository of the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “THE BONDS—Book Entry Only System.”
<i>Redemption</i>	Bonds maturing on or after September 1, 20__ are subject to redemption in whole, or from time to time in part, at the option of the Authority prior to their maturity dates on September 1, 20__ or on any date thereafter at a price equal to par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds</i>	Proceeds of the Bonds will be used for the purposes of (1) financing Project Costs in accordance with the Project and Financing Plan; (2) making a deposit to the Debt Service Reserve Fund (as defined herein), to the extent required; and (3) paying costs of issuance, all under and pursuant to the authority of the TIF Act and all other applicable law. See “PLAN OF FINANCING” and “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Municipal Bond Rating</i>	The Authority has made application for a municipal bond rating on the Bonds. The rating fee, if any, will be paid by the Authority; payment of any other rating fee will be the responsibility of the Underwriters. See “MUNICIPAL BOND RATING.”
<i>Municipal Bond Insurance and Reserve Surety Policy</i>	The Authority has made application for a commitment for municipal bond guaranty insurance on the Bonds and a Reserve Fund Surety Policy (as defined herein). The purchase of such insurance and/or Reserve Fund Surety Policy, if available and deemed economically beneficial, and payment of all associated costs, including the premium charged by the insurer, will be at the option and expense of the Authority. See “MUNICIPAL BOND INSURANCE AND RESERVE FUND SURETY POLICY.”

Source of and Security for Payment

<i>Tax Increments</i>	<p>The City has agreed to deposit to the Tax Increment Fund for the Zone within the City Treasury (the “<i>Tax Increment Fund</i>”) its tax collections resulting from its taxation of the increase, if any, in the appraised taxable value of real property located in the Original Zone since January 1, 1997 and in each of the Annexed Areas since January 1 of the year in which they were annexed into the Zone (in each case, less the base year value of any property removed from the Zone).</p> <p>Houston Independent School District and Harris County, Texas also contributed their tax collections to the Tax Increment Fund; however, their obligation to do so has now concluded and they no longer participate in the Zone.</p>
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*Preliminary, subject to change.

<i>Contract Tax Increments</i>	The City, the Authority and the Zone have entered into the Tri-Party Agreement (as defined herein) which sets forth, among other things, the agreement of the City, on behalf of itself and the Zone, to pay to the Authority the tax collections deposited to the Tax Increment Fund minus any expenses incurred by the City in connection with the collection of the Tax Increments and subject to the retention of a reserve of up to five percent of the moneys then available in the Tax Increment Fund (the Tax Increments net of such deductions and reserves referred to herein as the “ <i>Contract Tax Increments</i> ”). See “SOURCE OF AND SECURITY FOR PAYMENT—Tri-Party Agreement.”
<i>Pledged Revenues</i>	<p>The Authority has agreed to reimburse two developers in the Zone for Public Improvements advanced by the developers from a portion of the Contract Tax Increments generated from their projects (the <i>Developer Related Tax Increments</i>”). The Contract Tax Increments needed to make these reimbursements are paid annually to the developers if and when they meet the requirements set forth in their agreements with the Authority and the Zone.</p> <p>Once the Authority has subtracted the Developer Related Tax Increments from the Contract Tax Increments, it is required to transfer the remaining Contract Tax Increments (the “<i>Pledged Tax Increments</i>”) to the Trustee for deposit to the Revenue Fund. Once the Trustee has set aside debt service on the Bonds and any subsequently issued parity bonds (the “<i>Contract Revenue Bonds</i>”) for the succeeding twelve-month period, the Debt Service Reserve Fund has been fully funded, and the Trustee’s and Paying Agent/Registrar’s fees have been paid or reserved, the Trustee will deposit any surplus Pledged Tax Increments into a Surplus Fund to be used for any lawful purpose under the TIF Act.</p> <p>Pursuant to the Indenture, the Authority has pledged the Pledged Tax Increments, certain other funds on deposit with the Trustee or which may be deposited with the Trustee in the future, and earnings and investments thereon (the “<i>Pledged Revenues</i>”) to secure payment of the Contract Revenue Bonds. See “SOURCE OF AND SECURITY FOR PAYMENT—Pledge of Revenues.”</p>
<i>Additional Parity Bonds</i>	The Authority has reserved the right to issue additional bonds payable from the Pledged Revenues on an equal and ratable basis with the Bonds (the “ <i>Additional Parity Bonds</i> ”), but only on the terms and conditions set out in the Indenture, including satisfaction of a debt service coverage test for Additional Parity Bonds other than those issued for refunding purposes that have the result of reducing or not increasing the annual debt service requirements on the remaining Contract Revenue Bonds. See “SOURCE OF AND SECURITY FOR PAYMENT – Additional Parity Bonds.”
<i>Limited Obligations</i>	The Bonds are limited obligations of the Authority, payable solely from the Pledged Revenues. The Bonds are obligations of the Authority and do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the City, the State of Texas, or any other municipality, county, or other municipal or political corporation or subdivision of the State of Texas. The City is not obligated to make payments on the Bonds. The Authority does not have the power to levy taxes or assess fees for any purpose, including payment of the Bonds.
<i>Investment Considerations</i>	THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

Schedule 1: Selected Financial Information (unaudited)

	City
2020 Certified Taxable Value (a)	\$ 2,564,108,264
Tax Increment Base (b)	1,011,402,980
2020 Certified Incremental Appraised Value (c)	\$ 1,552,705,284
2020 Total Tax Rate Contribution (d)	\$0.56184
Estimated Collection Rate (e)	99.26%
City Retention Fee	5%
Total Contract Tax Increments (f)	\$ 8,226,594
Less: Developer Related Tax Increment (g)	337,580
Total Contract Tax Increments Constituting Pledged Revenues	\$ 7,889,014
Outstanding Debt (h)	\$ 40,000,000 *
Average Annual Debt Service (2022-2049)	2,362,591 *
Maximum Annual Debt Service (2031)	2,365,200 *
Coverage of 2022 Pledged Revenues to:	
Average Annual Debt Service (2022-2049)	348% *
Maximum Annual Debt Service	348% *
Ratio of 2020 Incremental Appraised Value to Total Appraised Value in the Zone (i)	60.6%
Debt Service Reserve Requirement (j)	\$2,365,200 *

* Preliminary, subject to change.

- (a) Certified appraised values are established annually by the Harris County Appraisal District (the "Appraisal District") for the current tax year, but are subject to change for a number of years thereafter. The State and City tax exemptions are deducted from the appraised value to produce taxable value. The 2020 certified taxable value shown is based on data provided by the Appraisal District and includes uncertified value of \$29,343,375 at the Appraisal District's opinion of value. The uncertified accounts are generally being protested by the taxpayers and certified values for these accounts may be lower than the Appraisal District's estimate. Only values that are certified by the Appraisal District are used to calculate tax due. The value shown here omits the value of the 2009 Annexed Area, which is minimal. See "FINANCIAL INFORMATION--Schedule 5: Tax Increment Collections" for the certified values for 2015 through 2020.
- (b) Base year for the Original Zone is 1997 and the base year for each of the Annexed Areas is January 1 of the year in which it was annexed into the Zone (in each case, less the base year value of any property removed from the Zone). The base year values for the Original Zone and each of the Annexed Areas (other than one annexation of 0.10 acre in 2009) have been aggregated and the total is shown here. For more detail, see "SCHEDULE 5: Tax Increment Collections."
- (c) The Certified Incremental Appraised Value is the 2020 Certified Taxable Value less the Tax Increment Base. It is used to calculate the Tax Increments. See "SOURCE OF AND SECURITY FOR PAYMENT—General Statutory Requirements for Tax Increment Zones."
- (d) The City contributes its full tax rate to the Zone.
- (e) The collection rate shown is an estimate based on a five-year average of total collections, and the actual collection rate may differ. See "RELIANCE ON PAST PERFORMANCE." City tax payments are deposited into the General Fund of the City. Once such funds are accounted for and allocated to the Zone, the Tax Increments are deposited to the Tax Increment Fund for the Zone. The City Council must appropriate the monies in the Tax Increment Fund to the parties entitled to them before they are disbursed. Under the Tri-Party Agreement, the City is required to transfer Contract Tax Increments to the Authority prior to the first business day of July in each year. The appropriation of Contract Tax Increments to the City's tax increment reinvestment zones is usually made in June of each year. By this time, tax

- collections from the current tax year may not be equal to the collection rate shown but the Authority will also receive taxes from prior tax years which were collected since the prior transfer to the Authority.
- (f) Contract Tax Increments are calculated by multiplying the 2020 Captured Appraised Value by the 2020 Tax Rate Contribution, then multiplying the product by the Collection Rate and deducting the City Retention Fee. The 2020 tax rate was set in the fall of 2020 with payment by taxpayers due by January 31, 2021. Contract Tax Increments arising from these taxes are expected to be transferred to the Authority during 2021. Overpayments of Contract Tax Increments from prior years may be offset against the current year's Contract Tax Increments and may result in a significant reduction. Overpayments occur when taxpayers are successful in reducing the value of their properties and consequently their taxes in administrative or judicial proceedings which were pending when the Contract Tax Increments were paid to the Authority. Overpayments can also occur when property has been erroneously included within the Zone and a correction is made. The City makes adjustments in the amount of Contract Tax Increments owed for the prior four years before transferring the current year's Contract Tax Increments to the Authority. See "INVESTMENT CONSIDERATIONS—Recalculation of Prior Years' Tax Increments."
 - (g) For an explanation of how Developer Related Tax Increments are calculated, see "FINANCIAL INFORMATION—Additional Obligations of the Authority."
 - (h) Outstanding debt consists of the Bonds.
 - (i) See "INVESTMENT CONSIDERATIONS—A Decrease in Taxable Value Produces a Greater Decrease in Captured Appraised Value and Can Reduce Tax Increments Significantly."
 - (j) The Debt Service Reserve Fund Requirement is described under "SOURCE OF AND SECURITY FOR THE BONDS—Debt Service Reserve Fund."

OFFICIAL STATEMENT

\$40,000,000*

MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY

(a public not-for-profit local government corporation acting on behalf of the City of Houston, Texas)

TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021

This Official Statement provides certain information in connection with the issuance by Memorial-Heights Redevelopment Authority (the “*Authority*”) of its \$40,000,000* Tax Increment Contract Revenue Bonds, Series 2021 (the “*Bonds*”). The Bonds are issued pursuant to Chapter 431, Texas Transportation Code, as amended, the general laws of the State of Texas, a bond order (the “*Bond Order*”) adopted by the Board of Directors of the Authority (the “*Board*”) on _____, 2021, a Pricing Certificate authorized by such Bond Order, and the Indenture of Trust dated as of _____, 2021 (the “*Indenture*”) between the Authority and Regions Bank, N.A., as trustee (the “*Trustee*”).

This Official Statement speaks only as of its date and includes descriptions, among others, of the Bonds, the Bond Order, the Indenture, the Tri-Party Agreement (as defined herein), the Authority, Reinvestment Zone Number Five, City of Houston, Texas (the “*Zone*”), the Seventh Amended Project Plan and Reinvestment Zone Financing Plan dated November 15, 2018 (the “*Project and Financing Plan*”), and existing development within the boundaries of the Zone. The Zone currently consists of approximately 1,410 acres located north and/or west of the central business district of the City of Houston, Texas (the “*City*”) generally along Buffalo or White Oak Bayous or within the neighborhood known as The Heights. The Zone stretches to Interstate 610 to the north and west, Interstate 45 to the east, and Clay Street to the south. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the Authority, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

SOURCE OF AND SECURITY FOR PAYMENT

General

The Bonds are limited obligations of the Authority payable solely from the sources described herein and are not obligations of the City, the State of Texas, or any entity other than the Authority. The Authority is not obligated to pay principal of and interest on the Bonds from monies of the Authority other than the Pledged Revenues as defined herein under “—Pledge of Revenues.”

General Statutory Requirements for Tax Increment Zones

A tax increment reinvestment zone under Chapter 311 of the Texas Tax Code, as amended (the “*TIF Act*”) may be created by a city or a county, which also approves a project plan and a financing plan for the zone. In the case of a city, the ordinance creating the zone and the project plan and financing plan may provide that the city will deposit its Tax Increments (as defined below) into a tax increment fund established by the city for the zone. Other taxing units which tax property in the zone may agree with the city that they will also deposit a portion of their Tax Increments (as defined below) into the tax increment fund established for the zone.

The amount of a taxing unit’s tax increment for a year (the “*Tax Increment*”) is the amount of property taxes levied and assessed by the taxing unit for that year on the Captured Appraised Value (as defined below) within the zone. The captured appraised value of real property taxable by a taxing unit for a year (the “*Captured Appraised Value*”) is the total taxable value of all real property taxable by the taxing unit and located in the tax increment reinvestment zone for that year less the total taxable value of all real property taxable by the unit and located in the reinvestment zone in the year in which the zone was designated as such under the TIF Act and, with respect to any land subsequently added to the zone, the year in which such land was annexed into the zone (the “*Tax Increment Base*”). If the boundaries of a zone are reduced, the Tax Increment Base is reduced by the taxable value of the real property removed from the zone for the year in which the property was originally included in the zone's boundaries.

* Preliminary, subject to change.

The TIF Act provides that each taxing unit is required to pay into the tax increment fund for the zone the collected Tax Increments that it has agreed to pay under its agreement with the city or county that created the zone and in accordance with the project plan. The TIF Act provides that the payment is to be made by the 90th day after the later of either the delinquency date for the taxing unit's property taxes, or the date the entity that created the zone submits to the taxing unit an invoice, unless otherwise provided for in the taxing unit's agreement with the city or county that created the zone.

The TIF Act provides that a reinvestment zone terminates on the earlier of: (1) the termination date designated in the ordinance designating the zone or an earlier or later date designated by a subsequent ordinance and (2) the date on which all project costs, tax increment bonds and interest on those bonds, and other obligations have been paid in full. In addition, the TIF Act provides that a reinvestment zone may be terminated if the city that created the zone defeases all of the zone's tax increment bonds. See "THE BONDS—Defeasance."

Establishment of the Zone; Participants

Pursuant to City Ordinance No. 1996-1337, approved on December 18, 1996 (the "*City Creation Ordinance*"), the City created the Zone and established the tax increment fund for the Zone as a separate fund in the City treasury (the "*Tax Increment Fund*"). The City Creation Ordinance provided that the Zone would take effect on January 1, 1997 and would terminate on December 31, 2016, or at an earlier time designated by subsequent ordinance of the City, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds have been paid in full. By City Ordinance No. 2010-996, approved on December 8, 2010, the City extended the termination date of the Zone from December 31, 2016 to December 31, 2029. By City Ordinance No. 2018-1022, approved on December 19, 2018, the City extended the termination date of the Zone from December 31, 2029 to December 31, 2048.

As originally created, the Zone contained approximately 88 acres (the "*Original Zone*"). Several annexations followed: approximately 774 acres in 2007 (the "*2007 Annexed Area*"), approximately 38 acres in 2008 (the "*2008 Annexed Area*"), 0.10 acre in 2009 (the "*2009 Annexed Area*"), and approximately 763 acres in 2015 (the "*2015 Annexed Area*" and collectively, the "*Annexed Areas*"). In 2011 the City removed approximately 253 acres from the Zone.

Under the Project and Financing Plan for the Zone, the City contributes 100% of its collected Tax Increments arising from the Zone to the Tax Increment Fund during the term of the Zone. The City is currently the only taxing unit which contributes Tax Increments to the Zone.

Houston Independent School District ("*HISD*") and Harris County, Texas (the "*County*") also contributed their tax collections to the Tax Increment Fund; however, their obligation to do so has now concluded and they no longer participate in the Zone.

Tri-Party Agreement

The First Amended and Restated Agreement among the City, the Zone and the Authority, approved by the City Council on May 23, 2001 pursuant to Ordinance No. 2001-455 (the "*Tri-Party Agreement*") governs the contractual relationship among the parties.

The Tri-Party Agreement states in detail the scope of services to be provided to the Zone by the Authority. The services include management and administrative services for the Zone, as requested by the board of directors of the Zone (the "*Zone Board*"), services with respect to the Project and Financing Plan, including enlargement of the Zone and amendments to the Project and Financing Plan, and services with respect to the tax rolls pertaining to the Zone, including analysis and coordination with taxing units. The Authority is also required to assist the Zone Board in establishing a program to increase the level of safety within the Zone, prepare development plans, construct infrastructure and acquire property.

The Tri-Party Agreement provides that the Authority has the authority to issue its bonds and notes, to enter into obligations with developers or builders, and to enter into contracts with consultants, to be repaid from Contract Tax Increments; provided that the Authority may issue its bonds only upon the approval of the City Council. All development agreements with developers or builders must be approved by the Director of Planning and

Development of the City (now the Chief Development Officer). They will provide that the Authority will not reimburse any developer or builder for any costs that are determined to be ineligible for financing under the TIF Act, and the developer or builder will repay the Authority for any payment made by the Authority to the developer or builder that is determined to be ineligible. All consultant contracts are subject to approval of the Chief Development Officer, who is required to approve such contracts if they conform to the terms and conditions of City contracts of substantially the same or similar scope for similar services. Consultant contractors will provide that the Authority will not pay the consultant for services that are determined to be an ineligible Project Cost under the TIF Act and the consultant will repay the Authority for any payment to the consultant that is determined to be an ineligible Project Cost.

The Tri-Party Agreement states that no obligation of the Authority will be issued or incurred by the Authority that cannot be paid from funds budgeted for expenditures in the Authority's current budget unless the obligation is approved by the Zone Board and the Chief Development Officer. The Tri-Party Agreement approves issuance by the Authority of notes in an amount not to exceed \$1,000,000. The Zone Board and the Chief Development Officer must consent to the assignment and pledge of the Authority's Revenue Fund and approve the terms and conditions of the instruments assigning or pledging the proceeds to be received by the Authority. The Authority must obtain the prior approval of the City Director of Public Works for any project constructed or caused to be constructed by or on behalf of the Authority.

During the term of the Tri-Party Agreement, the Authority will prepare and submit its annual budget to the City and the Zone Board on or about January 1 of each year. Budget amendments that involve an increase, decrease or adjustment of \$400,000 or more must be approved by the Zone Board and the City Council. In the event that the Zone Board or the City Council fails or refuses to approve the proposed budget for the ensuing year, the Authority may continue to operate on the budget for the previous fiscal year for a period not to exceed twelve months. If, at the end of that period no budget has been approved, either the City or the Authority may terminate the Tri-Party Agreement, subject to payment of the Authority's bonds, notes and other obligations. The Authority's Fiscal Year 2021 budget has been approved by the Zone Board and the City Council.

The Authority is required to maintain books of records and accounts, obtain an audit at the end of each fiscal year by an independent certified public accountant, and obtain an audit of construction activities at the end of each fiscal year prepared by an independent consultant approved by the Chief Development Officer. The Authority will submit a quarterly accounting of its expenditures and revenues to the Chief Development Officer of the City. The City's review of such accounting is limited to determining whether the expenditures are authorized by the budget and consistent with the terms of the contract pursuant to which they were incurred, and not a review to determine whether the Board properly exercised its discretion in making the expenditure.

Pursuant to the Tri-Party Agreement, the City and the Zone agree to continuously collect the Tax Increments during the term of the Tri-Party Agreement, and to the extent legally permitted to do so, they agree that they will not permit a reduction in the Tax Increments paid by the City, except to the extent provided in the Tri-Party Agreement.

Pursuant to the Tri-Party Agreement, the City, on behalf of itself and the Zone, agrees to pay to the Authority not later than the first business day of July in which a current, approved budget is in effect for the Authority, all monies then available in the Tax Increment Fund subject to the retention by the City of a reserve of up to five percent of the monies then available in the Tax Increment Fund, but not more than the amount of the approved budget. The City has the right to offset from these payments any amount paid by the Authority to a developer, builder, consultant or vendor pursuant to a contract that is not authorized by and consistent with the Tri-Party Agreement or the terms of the contract pursuant to which it was incurred. Nonetheless, this offset does not affect the obligation of the City and the Zone to pay from Tax Increments an amount that will permit the Authority to pay its bonds and other obligations issued or incurred pursuant to and consistent with the Tri-Party Agreement.

If a budget has not been approved by the thirtieth day before the date of a principal or interest payment on the Authority's bonds, and upon request by the Authority, the City will pay to the Authority the amount of available monies in the Tax Increment Fund otherwise payable to the Authority under the Tri-Party Agreement in at least the amount necessary for the payment of principal and interest due to the holders of the bonds next due, and the obligation to make the payment survives a termination of the Tri-Party Agreement.

The City and the Zone agree that their obligation to make the payments of Contract Tax Increments as set forth in the Tri-Party Agreement from the Tax Increment Fund is absolute and unconditional, and until such time as the bonds or notes, and the contractual obligations of the Authority have been fully paid or legally defeased or the date of expiration of the Zone, whichever comes first, the City and the Zone will not suspend or discontinue any payments of Contract Tax Increments as provided in the Tri-Party Agreement and will not terminate the Tri-Party Agreement for any cause.

If the City or Authority fails to perform its obligations under the Tri-Party Agreement, the non-defaulting party may terminate the Tri-Party Agreement. No termination of the Tri-Party Agreement will affect the obligation of the City and the Zone to pay from Tax Increments an amount of Contract Tax Increments which will permit the Authority to pay its bonds, notes or obligations issued or incurred pursuant to the Tri-Party Agreement prior to termination. In the Tri-Party Agreement, the City agrees not to dissolve the Authority or the Zone unless it makes satisfactory arrangements to provide for the payment of the Authority's bonds, notes or other obligations incurred prior to the Authority's dissolution.

In performing its obligations under the Tri-Party Agreement, the Authority is an independent contractor. The Authority is required to indemnify the City, the Zone, and their officers and employees for all claims for injury, death, damage or loss injuries sustained in connection with or incidental to any performance under the Tri-Party Agreement. The obligations of the Authority to indemnify the City and the Zone are subordinate to the Authority's obligation to pay principal and interest on its bonds and notes.

Calculation of Tax Increments

The Harris County Appraisal District (the "*Appraisal District*") appraises the property in the Zone for the City. The certified appraised value in the Zone is supplied to the City by the Appraisal District based on the Appraisal District's identification of all real property accounts within the Zone's boundaries. The certified appraised taxable value in the Zone takes into account state property tax exemptions and the property tax exemptions granted by the City. The City uses the appraisal information to determine the Captured Appraised Value in the Zone by subtracting the Tax Increment Base from the current year's taxable value.

The Appraisal District may issue a "correction roll" which may affect previously certified values. Value changes can be positive or negative depending on the cause. Omitted property adds value while protest settlements, exemptions and error corrections can add or subtract value. Value changes typically are larger in dollar amount and number in the years just following the current tax year and tend to diminish in amount and number over time. These changes affect the Captured Appraised Value for a tax year.

The City's determination of Captured Appraised Value for tax years 2015 through 2020 is shown under "FINANCIAL INFORMATION—Schedule 5: Tax Increment Collections."

Calculation of Tax Increments is subject to administrative interpretation by the City, which may change from time to time, at its option. See "INVESTMENT CONSIDERATIONS—Recalculation of Prior Years' Tax Increments."

Collection of Tax Increments

Each taxing unit participating in a tax increment reinvestment zone is to pay into the Tax Increment Fund Tax Increments equal to the amount arrived at by multiplying the Captured Appraised Value in the zone by the taxing unit's contributed tax rate per \$100 of valuation for the tax year and then multiplying that product by the taxing unit's collection percentage, subject to any aggregate limitation. The collection percentage is determined by comparing the taxes collected from all taxable real property in the zone to the total taxes due to the taxing unit for the tax year from all real property in the zone. The City's collection percentage is shown in "FINANCIAL INFORMATION—Schedule 5: Tax Increment Collections."

The TIF Act provides that payment of Tax Increments by a participating taxing unit is to be made by the 90th day after the later of either the delinquency date for the taxing unit's property taxes, or the date the city or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the

taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone, unless otherwise specified by agreement.

Pursuant to the Tri-Party Agreement, the City and the Zone agree to continuously collect the Tax Increments during the term of the Tri-Party Agreement, and to the extent legally permitted to do so, they agree that they will not permit a reduction in the Tax Increments paid by the City, except to the extent provided in the Tri-Party Agreement.

The obligations of the City and the Zone to pay Contract Tax Increments to the Authority are subject to the Tri-Party Agreement and the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by the City or any other taxing unit that may hereafter participate in the Zone that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City or other taxing unit, as applicable. See “INVESTMENT CONSIDERATIONS—Risk of Higher Priority Debt.”

Contract Tax Increments Defined

The TIF Act requires that all Tax Increments arising from taxation in the Zone be deposited to the Tax Increment Fund for the Zone in the City’s treasury. Pursuant to the Tri-Party Agreement, not later than the first business day of July in which a current, approved budget is in effect for the Authority, the City will pay to the Authority all monies then available in the Tax Increment Fund not subject to retention by the City, as described below.

The City nets from the Tax Increments derived from City taxes any expenses incurred by the City in connection with the collection of the Tax Increments and retains a reserve of up to five percent of the moneys then available in the Tax Increment Fund (the Tax Increments net of such deductions and reserves referred to herein as the “*Contract Tax Increments*”) Contract Tax Increments are defined in the Indenture as Tax Increments payable to the Authority net of cost of collection and the reserve retained by the City.

Developer Related Tax Increments

The Authority has agreed to reimburse two developers in the Zone for Public Improvements advanced by the developers from a portion of the Tax Increments generated from their projects, as further described in the agreements. The Contract Tax Increments needed to make these reimbursements (the “*Developer Related Tax Increments*”) are paid to the developers annually if and when they meet the requirements set forth in their agreements with the Authority and the Zone. See “FINANCIAL INFORMATION—Additional Obligations of the Authority.”

Pledged Revenues

Pursuant to the Bond Order and the Indenture, the Authority has agreed to transfer all the Contract Tax Increments remaining after subtracting the Developer Related Tax Increments (the “*Pledged Tax Increments*”) to the Trustee. The Trustee will deposit such amounts into an Indenture fund which constitutes the Authority’s “Revenue Fund.” Once debt service on the Contract Revenue Bonds for the succeeding twelve-month period has been deposited, the Debt Service Reserve Fund has been fully funded, and the Trustee’s and Paying Agent/Registrar’s fees have been paid, the Trustee will transfer any surplus Pledged Tax Increments in a Surplus Fund to be used for other lawful purposes under the TIF Act. See “THE TRUST INDENTURE – The Funds.”

The Authority has pledged to the payment of principal of and interest on the Contract Revenue Bonds the “Pledged Revenues,” which are defined in the Indenture and the Bond Order as all of the Authority’s right, title and interest in and to the following described properties and interests, direct or indirect, whether now owned or hereafter acquired:

- (a) the Pledged Tax Increments;
- (b) all of the Authority’s right, title and interest in the Tri-Party Agreement that pertains to the Contract Tax Increments;

- (c) all monies deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund (as hereinafter defined), and the Debt Service Reserve Fund (as hereinafter defined) held by the Trustee pursuant to the provisions of the Indenture and all interest earnings and investment income therefrom; and
- (d) any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security under the Indenture by the Authority, or anyone on behalf of the Authority, or which pursuant to any of the provisions may come into the possession or control of the Trustee as security thereunder, or of a receiver lawfully appointed thereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms thereof.

As required by the Tri-Party Agreement, the Chief Development Officer of the City and the Zone Board will approve, consent and acknowledge the assignment and pledge of the Pledged Revenues and the terms of the Bond Order and the Indenture.

Debt Service Reserve Fund for the Contract Revenue Bonds

The Debt Service Reserve Fund is created by the Indenture and held by the Trustee. The Debt Service Reserve Fund is required to be funded in the amount of the “Reserve Requirement,” which is equal to the Maximum Annual Debt Service on the Contract Revenue Bonds, provided that the Reserve Requirement shall not exceed 10% of the stated principal amount of the Contract Revenue Bonds or any Series of Contract Revenue Bonds or 10% of the issue price of the Contract Revenue Bonds or any Series of Contract Revenue Bonds if such bonds are issued with more than a de minimus amount of original issue discount. See “THE TRUST INDENTURE—The Funds.”

The Authority expressly reserves the right at any time to satisfy all or part of the Reserve Requirement by obtaining for the benefit of the Debt Service Reserve Fund one or more Reserve Fund Surety Policies. A “Reserve Fund Surety Policy” is defined as an insurance policy or other credit agreement as such term is defined by Section 1371.001, Texas Government Code, in a principal amount equal to the portion of the Reserve Requirement to be satisfied and issued by a financial institution or insurance company with a rating (at the time of purchase thereof) for its long term unsecured debt or claims paying ability of at least “A” or its equivalent (without regard to any modifier) by a nationally recognized statistical rating organization. The premium for any Reserve Fund Surety Policy may be paid from Bond proceeds or other funds of the Authority lawfully available for such purpose.

The Reserve Fund Surety Policy will be drawn upon to pay principal of or interest on the Bonds when insufficient funds are available for such purpose in the Debt Service Fund (as defined herein). In such event, the Debt Service Reserve Fund is to be replenished as described in “THE INDENTURE OF TRUST—The Funds.” All amounts deposited in or required to be deposited in the Debt Service Reserve Fund after a drawing on the Reserve Fund Surety Policy may be used to pay obligations incurred to the provider of the Reserve Fund Surety Policy, including amounts advanced thereunder, interest on such advances and related costs and expenses and may not be available to pay principal of or interest on the Bonds. See “Investment Considerations—Reliance on Debt Service Reserve Fund and Use of Reserve Fund Surety Policy.”

In the event the Authority elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Debt Service Reserve Fund, it may apply any Bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which the Bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used.

Additional Parity Bonds

The Authority has reserved the right to issue additional parity Contract Revenue Bonds (the “*Additional Parity Bonds*”) on the terms set out in the Indenture and the Bond Order. Prior to issuing Additional Parity Bonds, the following conditions must be met:

- (a) the Additional Parity Bonds shall mature on, and interest is payable on, the principal installment payment dates and interest payment dates, respectively;
- (b) the City has approved issuance of the Additional Parity Bonds on the terms set forth in the Tri-Party Agreement, as the same may be modified from time to time;
- (c) there shall be on deposit in the Debt Service Reserve Fund, an amount equal to the Reserve Requirement after the issuance of the Additional Parity Bonds;
- (d) the Authority certifies that it is not in material default with the terms of the Indenture, any Bond Order or the Tri-Party Agreement; and
- (e) the Authority has received a certificate of the Authority's financial advisor which shows Captured Appraised Value which, at the City's tax rate then in existence, will generate Contract Tax Increments that will be at least 130 percent of projected Maximum Annual Debt Service, taking into account the Contract Revenue Bonds then outstanding and the Additional Parity Bonds to be issued; provided that this requirement shall not apply to the issuance of any series of Additional Parity Bonds for refunding purposes that will have the result of reducing the Average Annual Debt Service requirements on Contract Revenue Bonds.

The certificate required by paragraph (e) shall be based on a projection of the Captured Appraised Value by the Authority's financial advisor using either (i) a certificate of the Harris County Appraisal District showing certified values, adjusted for exemptions, or (ii) estimated or preliminary values provided by the Harris County Appraisal District, adjusted for exemptions and losses due to protests based on historical data based on a three-year average of such reductions.

In the Indenture, the Authority represents that the Pledged Revenues are not in any manner pledged to the payment of any debt or obligation of the Authority other than the Contract Revenue Bonds, and the Authority covenants that it will not in any manner pledge or further encumber the Pledged Revenues unless such pledge or encumbrance is junior and subordinate to the lien and pledge granted under the Indenture to secure the Contract Revenue Bonds. The Indenture requires that subordinate lien obligations provide that they are payable from Pledged Revenues only if and to the extent of moneys that could otherwise be deposited to the Surplus Fund. See "THE TRUST INDENTURE—The Funds."

PLAN OF FINANCING

Proceeds of the Bonds will be used for the purpose of (1) financing Project Costs in accordance with the Plan; (2) making a deposit to the Debt Service Reserve Fund (as defined herein), to the extent required; and (3) paying costs of issuance, all under and pursuant to the authority of the TIF Act and all other applicable law.

Major projects included in the Plan and the Authority's current five-year capital improvement plan include Houston Avenue and White Oak Drive intersection improvements, Little Thicket park improvements, Shepherd, Durham and selected cross street reconstruction project, North Canal project, Heights Boulevard pedestrian and bicycle safety improvements, west Dallas restriping project, Yale and Center intersection, segment of trail between White Oak Bayou and Memorial Park, and safe sidewalk program. See "THE DEVELOPMENT PLAN—Projects."

The Authority plans to issue Additional Parity Bonds within the next __ years to implement its Capital Improvement Plan, but currently has no plans to issue Additional Parity Bonds in the next 12 months.

USE AND DISTRIBUTION OF BOND PROCEEDS

The following table sets forth the expected use and distribution of Bond proceeds and is subject to change.

Sources of Funds:

Principal	\$
[Net] Premium/Discount	
Total Sources:	\$ <u><u> </u></u>

Uses of Funds:

Deposit to Project Fund.....	\$
Deposit to Debt Service Reserve Fund.....	
Cost of Issuance, including bond insurance premium, if any ⁽¹⁾	
Total Uses:	\$ <u><u> </u></u>

⁽¹⁾ Represents estimated fees, expenses, underwriting discount and insurance premium, if any, related to the issuance and sale of the Bonds.

INVESTMENT CONSIDERATIONS

For a variety of reasons, including those described below, a decrease or reduction in Tax Increments causing a decrease or reduction in Pledged Revenues may occur. The Bonds are subject to special investment considerations as set forth below.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE PLEDGED REVENUES. THE BONDS ARE NOT OBLIGATIONS OF THE CITY AND DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY. THE CITY IS NOT OBLIGATED TO MAKE ANY PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS. FURTHERMORE, THE BONDS ARE NOT OBLIGATIONS OF THE STATE OF TEXAS OR ANY ENTITY OTHER THAN THE AUTHORITY. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES OR ASSESS FEES TO PAY THE BONDS.

Impact of COVID-19 or Other Infectious Disease Outbreak

Any international, national or localized outbreak (an “*Outbreak*”) of a highly contagious or epidemic disease, such as COVID-19, the Zika virus, Ebola virus, or other highly contagious or epidemic disease, may have a material impact on an investment in the Bonds. The Authority’s financial and operating condition may be materially adversely impacted by an Outbreak, particularly if such Outbreak occurred in or around the Zone. Financial markets in the United States and globally may experience significant volatility or declines in connection with an Outbreak, which may have a material impact on the market price of the Bonds. Moreover, the spread of an Outbreak, such as COVID-19, may materially impact the national, state and local economies and, accordingly, materially adversely impact the Authority.

The World Health Organization declared a pandemic following the Outbreak of COVID-19, a respiratory disease caused by a particular strain of coronavirus (the “*COVID-19 Pandemic*”), which is currently affecting many parts of the world, including the United States, Texas and the Harris County region, and is impacting commerce and global and national financial markets. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “*President*”) declared the COVID-19 Pandemic a national emergency and the Texas Governor (the “*Governor*”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 15, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas, which declaration has been continued on a monthly basis.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster and issuing executive orders that have the force and effect of law. The Governor issued a series of executive orders relating to COVID-19 preparedness and mitigation and phased reopening of businesses in Texas. These include executive orders which, among other things, impose operations and limitations on business occupancy and social gatherings and require people to wear face masks (with some exceptions). The Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement. In addition to the actions by the state and federal officials, certain local officials have declared a local state of disaster. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which negatively affects the operation of businesses and the national, state and local economies.

According to recent media reports, a study of smartphone data showed that Harris County lost population to surrounding counties in 2020 as people had less need to go to downtown offices and wanted more outdoor space. The desire for less dense living environments, the closure of many leisure activities in central Houston due to the Pandemic, the oil slump and an oversupply of units have adversely affected the Houston real estate market. “See “Risks Related to Multifamily Housing” below.

Approximately 35 per cent of the Zone’s tax base consists of multifamily housing developments and the Authority is aware of six such projects under construction. Occupancy rates and rental rates may be taken into account in establishing the taxable value of income producing properties, such as multifamily housing developments, so lower occupancy and rental rates may result in lower taxable values for such establishments. See “TAXING PROCEDURES OF THE CITY—Valuation of Property for Taxation.”

The Zone also contains retail establishments and restaurants. As a result of the COVID-19 Pandemic, the resulting decreased economic activity, and the likelihood of permanent changes in consumer attitudes and activities following the COVID-19 Pandemic, some of these businesses may be forced to close. Occupancy and rental rates may be taken into account in establishing the taxable value of income producing properties, such as retail establishments and restaurants, so lower occupancy and rental rates may result in lower taxable values for such establishments. See “TAXING PROCEDURES OF THE CITY—Valuation of Property for Taxation.”

The primary security for the Bonds, the Pledged Tax Increments, is derived from ad valorem taxes assessed and collected annually. It is unclear at this time what if any effect the COVID-19 Pandemic and resulting economic disruption may have on future assessed values or the collection of taxes.

The taxable values and collections data contained herein are the latest available but are as of the dates and for the periods described herein, prior to the COVID-19 Pandemic and measures instituted to slow it. In particular, 2020 taxable values were measured as of January 1, 2020, prior to recognition of the severity of the COVID-19 Pandemic. Accordingly, they are not necessarily indicative of future results. The Authority cannot predict the effect of the COVID-19 Pandemic on 2021 taxable values of the existing properties in the Zone but it is aware of ongoing construction in the Zone, which will produce taxable value which will come onto the tax rolls in 2021.

Impact of Condition of Energy Industry

Many energy companies are centered in Houston and have manufacturing facilities and offices in the City. Energy is a major driver of the Houston economy. Due to the decline in energy consumption during the COVID-19 pandemic and surplus supply, the price of oil decreased in 2020. As a result, energy companies have reduced capital budgets and closed production. Job losses and industry consolidation have occurred and are expected to continue. According to the Dallas Federal Reserve, nearly 27 percent of the jobs in the oil and gas sector were eliminated during the Pandemic. Because of the importance of the energy industry to the Houston economy, these job losses and industry consolidation are expected to have an adverse effect on the area economy and segments of Houston’s real estate market. In the longer term, the energy industry in Houston may be adversely affected by governmental actions taken to reduce the use of fossil fuel and concerns about global warming.

The dual impact of the COVID-19 Pandemic on economic conditions and the decrease in the price of oil could have a lasting impact on the Houston economy.

Weather Events

The Houston area, including the Zone, is susceptible to high winds, heavy rain and flooding caused by rain events, hurricanes, tropical storms and other tropical disturbances. It may also be affected by severe winter storms.

The City participates in the National Flood Insurance Program administered by the Federal Emergency Management Agency (“*FEMA*”). Communities participating in the National Flood Insurance Program are required by FEMA to adopt restrictions on development in designated flood-prone areas. In exchange, the National Flood Insurance Program makes federally subsidized flood insurance available to property owners located in the participating communities. FEMA periodically updates and revises its maps designating the areas of the City that are subject to special flood hazards. Properties that are currently located outside of a designated flood-prone area may suffer a reduction in value if they are placed within the boundaries of a special flood hazard area the next time FEMA updates and revises its flood maps.

Not all flood hazards are mapped on the FEMA flood maps, nor is every bayou or creek studied. Flooding can occur from ponding or overland sheet flow when intense rainfall overwhelms the local street drainage system. The mapped floodplain is only an estimate of where flooding is predicted to occur from a bayou or creek, given a set of parameters including a hypothetical rainfall occurring over a watershed for an assumed amount of time. During an actual rain event, natural conditions can result in greater amounts of rainfall or runoff, resulting in flood levels deeper and wider than shown on the FEMA maps.

The greater Houston area, including the Zone, has experienced several storms exceeding a 0.2% probability (i.e., “500-year flood” events) since 2015. Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, brought historic levels of rainfall during the successive four days. Hurricane Harvey caused flooding in the area in which the Zone is located; however, the Authority has no information concerning what, if any, structural damage occurred within the Zone. Under the Authority’s Capital Improvement Plan, it will participate with FEMA, Harris County Flood Control District, Texas Department of Transportation, the Army Corps of Engineers and the City on an estimated \$133,000,000 project which will increase water conveyance capacity in portions of the City, including the Zone. Additionally, the Authority’s Capital Improvement Plan includes projects which will increase capacity in stormwater lines within certain roadways in the Zone. See “MEMORIAL HEIGHTS REDEVELOPMENT—Projects.”

On February 14, 2021, most of the State of Texas, including the Houston area, began experiencing power outages due to severe winter weather, and the State has been declared a disaster area eligible for FEMA recovery funds. The power outages caused water pipes to burst and damage to many structures in the Houston area. The Authority has no information concerning the extent of structural damage, if any, within the Zone at this time. There are special taxing procedures for areas declared to be a disaster area by the Governor which could affect the amount of taxes due and when they are collected. See “TAXING PROCEDURES OF THE CITY—Reappraisal of Property after Disaster” and “—Tax Payment Installments after Disaster.”

If a future weather event significantly damaged all or part of the improvements within the Zone, the assessed value of property within the Zone could be substantially reduced, which could result in a decrease in Pledged Revenues. Further, there can be no assurance that a casualty loss to taxable property within the Zone will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligations to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the Zone. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Zone could be adversely affected.

The frequency and intensity of weather events in the Houston area could have a material impact on the long-term development of the area’s economy.

Risks Related to Multifamily Housing

Multifamily housing properties, which make up approximately 35 per cent of the Zone's tax base, can be significantly affected by a variety of risk factors. The following are examples of such risks: changes in international, national, regional and local economic conditions; local real estate conditions, such as an oversupply of, or reduction in demand for, housing units, decreases in rental rates, declining real estate values and the availability and creditworthiness of tenants; levels of consumer spending and changes in consumer confidence; increased operating costs; changes in applicable laws and regulations, including tax, environmental, safety and zoning; perceptions by consumers of the safety, convenience and attractiveness of the properties; casualties and other natural disasters; and the potential for terrorist activities.

Occupancy rates and rental rates for multifamily properties are affected by the demand for housing. According to research from the Houston Greater Partnership, close to 40,000 apartment units are expected to be added to the Houston market in the next two years, which will result in an oversupply of multifamily housing units and competition for tenants. The Authority is aware of six multifamily housing projects in the Zone either under construction or recently completed. Occupancy rates and rental rates may be taken into account in establishing the taxable value of income producing properties, such as multifamily housing developments, so lower occupancy and rental rates may result in lower taxable values for such establishments. See "TAXING PROCEDURES OF THE CITY—Valuation of Property for Taxation."

Future Taxable Values in the Zone May Decline

Each year the Appraisal District determines the then current market value of all real property and improvements in the Zone, which it uses to determine the taxable value in the Zone. The market value of the commercial and residential development within the Zone is affected by the demand for such commercial establishments and housing. Demand is affected by many factors, such as interest rates, credit availability, construction costs, energy availability, mobility and the general economic conditions and demographic characteristics of the U.S. and the specific economic conditions and demographic characteristics of the Houston metropolitan area.

The difference between the base value of the Zone and the current taxable value of the Zone determines Captured Appraised Value. **Captured Appraised Value is derived from the taxable value of real property and improvements within the Zone, not from any increase in the appraised value of personal property (such as equipment and inventory).**

The Appraisal District may use cost data, cost comparisons and/or an analysis of the income being produced by an apartment project, office building or retail establishment to determine its taxable value. Residential or commercial buildings that are not occupied or are only partially occupied may be appraised at a lower value than occupied facilities. Under certain circumstances, residential real property inventory held by a person in the trade or business will be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Reduced taxable values of the improvements in the Zone will affect Captured Appraised Value used to determine the Contract Tax Increments received by the Authority.

The appraisal method or combination of methods that the Appraisal District uses within the Zone is within the discretion of the Chief Appraiser of the Appraisal District and may change from time to time. The use of a particular method or combination of methods of appraisal with respect to property in the Zone may, over time, cause a decrease in the Captured Appraised Value in the Zone and, therefore, result in a reduction in the Contract Tax Increments.

Property owners have the right to protest the appraised value of their property in the Zone annually and are not required to render their property for ad valorem taxation at any agreed upon level, unless required by a development agreement with the Authority. Owners in the Zone may sell their properties to entities which do not pay ad valorem taxes on their property or convert their property to a use which is exempt from ad valorem taxes. Property owners have the right to seek tax abatements. Property values may also be adversely affected by natural or other disasters resulting in the destruction of property in the Zone. See "—Weather Events" in this section. The appraised value of the property and improvements will be determined and certified by the Appraisal District in

accordance with the procedures described above and in “TAXING PROCEDURES OF THE CITY” and may be at a value lower than projected.

Recalculation of Prior Years’ Tax Increments

Overpayments of Contract Tax Increments from prior years may be offset against the current year’s Contract Tax Increments and may result in a significant reduction. The City makes adjustments in the amount of Contract Tax Increments owed for the prior four years before transferring the current year’s Contract Tax Increments to the Authority.

Overpayments occur when taxpayers are successful in reducing the value of their properties and consequently their taxes in administrative or judicial proceedings which were pending when the Contract Tax Increments were paid to the Authority but have subsequently been decided. Overpayments can also occur when property has been erroneously included within the Zone and a correction is made. When the City paid Contract Tax Increments to the Authority on or about July 1, 2019, it reduced the payment from \$13,511,048 to \$11,634,704, for a reduction of \$1,876,344. This reduction was due to a proration of the taxable value of properties partially within the Zone between the portion located in the Zone and the portion located outside of the Zone for tax years 2014 through 2017. Previously all of the “split properties” had erroneously been included within the Zone.

The Authority cannot recapture Contract Tax Increment overpayments—Contract Tax Increments not used for debt service in a particular year flow to the Surplus Fund and are available for other purposes.

A Decrease in Taxable Value Produces a Greater Decrease in Captured Appraised Value and Can Reduce Tax Increments Significantly

A percentage decrease in taxable values results in a larger percentage decrease in the Captured Appraised Value (which subtracts the base year value). For instance, if a zone had a taxable value of \$100 and a Captured Appraised Value of \$75, then a reduction in taxable value to \$95 would be a 5% decrease in taxable values and a 6.6% decrease in Captured Appraised Value. See the “Ratio of 2020 Captured Appraised Value to Total Appraised Value in Zone” in “OFFICIAL STATEMENT SUMMARY--Schedule 1: Selected Financial Information (unaudited).” Tax Increments are derived from Captured Appraised Value and so will show the same percentage reduction as the Captured Appraised Value (6.6% in the example).

Tax and Collection Rates May Decline

The amount of Contract Tax Increments available to pay principal of and interest on the Bonds is determined by the taxable value of the real property and improvements in the Zone, the tax rate of the City, and the percentage of taxes actually collected from taxpayers in the Zone and paid into the Tax Increment Fund.

The City is not required under Texas law or any contract to set a tax rate sufficient to assure any certain dollar amount of Contract Tax Increments; rather, Texas law and the Tri-Party Agreement only require the City to contribute the Tax Increments actually collected by it and only to the extent provided in the Tri-Party Agreement and the Project and Financing Plan. The City will set its tax rate in accordance with the Texas Property Tax Code (the “*Property Tax Code*”), which, as of January 1, 2020, requires an election to increase the tax rate above the voter-approval tax rate, as calculated pursuant to state law. See “TAXING PROCEDURES OF THE CITY--State Law Limitations on Setting the Annual Tax Rate.”

The City’s tax rate may be further limited by provisions added to its City Charter. In 2014, the City tax rate was limited for the first time by a revenue cap added to the City Charter in 2004. See “TAXING PROCEDURES OF THE CITY—City Charter Limitations.” The cap has required the City to lower its tax rate in 2014, 2015, 2016, 2017, 2019 and 2020. The 2017 tax rate of \$0.584210 per \$100 valuation was more than 5 cents lower than the 2013 rate and the lowest since 1987. Under the revenue cap formula, the tax rate for 2018 rose slightly from 2017, but decreased in 2019 and 2020.

The City’s tax rate for the 2020 tax year was \$0.561840 per \$100 valuation (more than a 2-cent reduction from the 2018 tax rate). See “FINANCIAL INFORMATION—Schedule 5: Tax Increment Collections” for tax

rates from 2015 through 2020. If the tax rate of the City declines, the amount of Pledged Revenues available to pay debt service on the Bonds may decrease.

If the percentage of taxes collected by the City in the Zone declines, the amount of Pledged Revenues available to pay debt service on the Bonds may decrease. Historical tax collection rates may not accurately predict future tax collection rates.

The collection of, and accounting for, Tax Increments involve extensive administration and are subject to error. Moreover, detailed procedures for calculation and collection of Tax Increments are not set forth in the TIF Act and are implemented at the discretion of each taxing unit participating in a tax increment reinvestment zone.

Concentration of Risk

Approximately 31.44% of the 2020 taxable value in the Zone was derived from property owned by the top ten taxpayers. See “STATUS OF DEVELOPMENT–Schedule 3: Principal Taxpayers in the Zone.” All of such properties were multifamily housing developments. A significant reduction in the value of these properties could adversely affect the amount of Contract Tax Increments available for payment of debt service on the Bonds. See “—Risks Related to Multifamily Housing” above.

Limitations on Tax Collections and Foreclosure Remedies

The Authority’s ability to make debt service payments on the Bonds may be adversely affected by the City’s inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a taxing unit constitutes a lien on the property against which taxes are levied and such lien may be enforced by foreclosure. Foreclosure must be effected through a judicial proceeding. The City’s ability to collect ad valorem taxes through such foreclosure may be impaired by cumbersome, time-consuming and expensive collection procedures or economic and market conditions affecting the marketability of taxable property within the Zone and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the Zone available to pay debt service on the Bonds may be limited by the current aggregate tax rate being levied against the property and by other factors, including the taxpayers’ right to redeem property within two years of foreclosure for residential homestead and agricultural use property and within six months of foreclosure for other property. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Zone pursuant to the United States Bankruptcy Code (the “*Bankruptcy Code*”) could stay any attempt by the City to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years, and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. The Authority has no control over the collection of property taxes by the City.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“*FIRREA*”) contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“*FDIC*”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution. Under *FIRREA* real property held by the FDIC is still subject to ad valorem taxation, but such act states (1) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (2) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (3) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed. These provisions may affect the timeliness of collection of taxes on property which may be owned in the future by the FDIC in the Zone and may prevent the collection of penalties and interest on such taxes.

Growth Limited by Air Quality Issues

Air quality control measures required by the United States Environmental Protection Agency (the “*EPA*”) and the Texas Commission on Environmental Quality (“*TCEQ*”) may curtail new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act Amendments of 1990, the eight

county Houston-Galveston-Brazoria Area (“*HGB Area*”) was designated by the EPA as a non-attainment area under the EPA’s ozone standards, and the EPA and the TCEQ have imposed limitations on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB Area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA’s standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, and may impose severe emissions offset requirements on new major sources of hydrocarbon emissions for which construction has not already commenced.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“*SIP*”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany the designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could make the Houston area a less attractive location to businesses in comparison to other areas of the country that do not impose similarly stringent air emissions controls.

Recent Flood Plain and Development Regulations Might Impede New Development

As a direct result of Hurricane Harvey, the City adopted new rules and amended existing regulations in order to reduce the potential impact of new development on drainage and to mitigate flooding risks. The new and amended City regulations took effect on September 1, 2018.

The City floodplain regulations govern construction projects in the corporate jurisdiction of the City of Houston and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City regulations require an improved structure with a new market value which exceeds 50% of the market value of the structure prior to the start of improvements to meet the new and amended City of Houston regulations.

These regulations are expected to increase the costs of new developments in the City and could deter the development of new improvements in the Zone.

Risk of Issuance of Additional Contract Revenue Bonds

The Authority has reserved the right to issue Additional Parity Bonds which are secured by the Pledged Revenues on an equal basis with the then-outstanding Contract Revenue Bonds. The issuance of Additional Parity Bonds, may adversely affect the investment security of the outstanding Contract Revenue Bonds. For a description of the circumstances under which Additional Parity Bonds may be issued and the Authority’s issuance plans, see “SOURCE OF AND SECURITY FOR PAYMENT—Additional Parity Bonds” and “PLAN OF FINANCE.”

Risk of Obligations to Developers

The Authority has entered into agreements with two developers (the “*Project Agreements*”), which require the Authority to pay certain Contract Tax Increments to each of them subject to the conditions in the applicable agreement. Each Project Agreement is an unsecured obligation of the Authority payable only from certain Contract Tax Increments arising from the applicable project. The Authority has sized its bond issue to take into account other obligations payable from Contract Tax Increments, including amounts due under the Project Agreements. Payments made under the Project Agreements may decrease the Authority’s reserves and liquidity. See “FINANCIAL INFORMATION—Additional Obligations of the Authority.”

Risk of Higher Priority Debt

The obligation of the City to pay Tax Increments into the Tax Increment Fund is subject to the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by the City that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City. If taxable values in the City decline so that it cannot pay its outstanding tax-supported indebtedness without use of Tax

Increments, there may be insufficient remaining Tax Increments to pay the Bonds. The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding tax obligations, with the remaining revenues to be apportioned among the City's respective departments. In future fiscal years, the amount of the tax levy allocated to debt service on the City's tax bonds may need to be increased, reducing the amount allocable for transfer to the Tax Increment Fund and the delivery of essential governmental services if there is no corresponding increase in the overall tax levy or other revenues.

Limited Remedies After Default

Remedies in the event of a default by the Authority in one or more of its obligations under the Bonds, the Bond Order or the Indenture are limited. Although the Indenture provides that the Trustee may obtain a writ of mandamus requiring performance of such obligations, such remedy may prove time-consuming, costly and difficult to enforce. Neither the Bond Order nor the Indenture provides for acceleration of maturity of the Bonds, or provides for the foreclosure of any property or assets other than applying the Pledged Revenues to payment of the Bonds in the manner provided in the Indenture. See "—Risk of Bankruptcy" below.

Risk of Bankruptcy

Under the Bankruptcy Code as interpreted by court cases, it is likely (but not certain) that the Authority would fall within the Bankruptcy Code's definition of a "governmental unit." A "governmental unit" may not be placed into bankruptcy involuntarily and may not file a petition for relief under either Chapter 7 or Chapter 11 of the Bankruptcy Code.

The Bankruptcy Code also provides that the only type of "governmental unit" that can voluntarily file for bankruptcy is a "municipality" (as defined in the Bankruptcy Code) and then only if it is authorized to do so by its state law or by an officer of the state authorized to grant such authority. Under the Bankruptcy Code and current case law interpreting it, it is doubtful that the Authority is a "municipality" and if it were, there is no specific authorization under Texas law for local government corporations such as the Authority to file for bankruptcy.

If the Authority were to be placed into bankruptcy or successfully file for bankruptcy, the security for the Bonds, including the lien on the Pledged Revenues, could be adversely affected. The opinion of Bond Counsel will note that all opinions relative to enforceability of the Bond Order, the Indenture and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to debtors under the Bankruptcy Code.

Dependence on Contract Payments

In order for owners of the Bonds to receive principal of and interest as due, the City must perform its obligations under the Tri-Party Agreement, which include transferring the Contract Tax Increments to the Authority on the schedule set forth in the Tri-Party Agreement. Transfer of funds to the Authority cannot occur unless such funds are appropriated to the Authority by action of the City Council of the City. Bondholders have no right to enforce the City's obligation to pay Contract Tax Increments to the Authority directly or to seek monetary damages against the City. If the Authority or the Trustee were to seek to enforce the City's obligations under the Tri-Party Agreement, they could be limited or prohibited if the City filed for bankruptcy under the Bankruptcy Code or similar state laws.

Failure to Generate Sufficient Tax Increments Prior to Termination of Zone

The Zone was created by the City Council of the City on December 18, 1996, and currently is scheduled to terminate on December 31, 2048. If Tax Increments collected prior to termination of the Zone have been insufficient to pay principal of and interest on the Bonds when due, no additional Tax Increments are required to be collected, and no remedies are available to the Bondholders to recover amounts remaining unpaid but with respect to which Tax Increments have been insufficient.

The TIF Act permits the City Council of the City to shorten or lengthen the term of the Zone. In the Tri-Party Agreement, the City has agreed not to terminate the Zone unless it makes satisfactory arrangements to provide for payment of the Authority's outstanding bonds, notes and obligations to developers and builders in the Zone.

Risk of Failure to Comply with Certain Covenants

Failure of the Authority to comply with certain covenants contained in the Bond Order and the Indenture on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “TAX MATTERS.”

Changes in Law

Current law may change so as to directly or indirectly reduce Tax Increments available to the Authority or eliminate the benefit to local governments of participating in tax increment reinvestment zones. The Texas Legislature meets biennially in odd numbered years and frequently makes changes to the TIF Act and the Property Tax Code. Changes to the Property Tax Code can also affect the valuation of property in the Zone. The Authority has no control over these changes.

Limited Marketability of the Bonds

The Authority has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Bond Insurance Risk Factors

The Authority has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Authority has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the “*Policy*”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Authority which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the provider of the bond insurance policy (the “*Bond Insurer*”) at such time and in such amounts as would have been due absent such prepayment by the Authority unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event

could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “MUNICIPAL BOND RATING” herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Authority nor the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE” herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Reliance on Debt Service Reserve Fund and Use of Reserve Fund Surety Policy

The Authority has applied for a Reserve Fund Surety Policy from the Bond Insurer in lieu of making a cash deposit to the Debt Service Reserve Fund created by the Indenture in connection with the issuance of the Bonds. The Debt Service Reserve Fund is for the benefit of the Contract Revenue Bonds on an equal and ratable basis.

A “Reserve Fund Surety Policy” is defined as an insurance policy or other credit agreement as such term is defined by Section 1371.001, Texas Government Code, in a principal amount equal to the portion of the Reserve Requirement to be satisfied and issued by a financial institution or insurance company with a rating (at the time of purchase thereof) for its long term unsecured debt or claims paying ability of at least “A” or its equivalent (without regard to any modifier) by a nationally recognized statistical rating organization.

The financial strength and claims paying ability of the Bond Insurer providing the Reserve Fund Surety Policy are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of such a Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. There is no obligation on the part of the Authority to replenish the Debt Service Reserve Fund if the ratings of the Bond Insurer are downgraded or the Bond Insurer becomes insolvent or bankrupt.

The obligations of the Bond Insurer providing the Reserve Fund Surety Policy are contractual obligations and in an event of default by the provider, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

The Debt Service Reserve Fund is to be utilized when there are insufficient funds in the Debt Service Fund to pay principal and interest coming due on the Contract Revenue Bonds. However, the amount of the Debt Service Reserve Fund is limited to the Reserve Requirement and may not be sufficient to pay debt service on the Contract Revenue Bonds, depending upon the amount, duration and frequency of the shortage in Pledged Tax Increments. The Bond Insurer may require that cash in the Debt Service Reserve Fund be used prior to the Reserve Fund Surety Policy. If the Reserve Fund Surety Policy is utilized, the Authority is required to repay the Bond Insurer, along with costs and accrued interest. The Authority may not have sufficient Pledged Tax Increments to repay the Bond Insurer. In such event the Bond Insurer may be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Bonds, or (ii) remedies which would adversely affect the owners of any Additional Parity Bonds.

In the event the Authority elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Debt Service Reserve Fund for the Contract Revenue Bonds, it may apply any bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which that series of Contract Revenue Bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used.

THE BONDS

Description

The Bonds will be issued in the aggregate principal amount and will mature on the dates and in the amounts, and will bear interest at the rates per annum set forth on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will accrue from the Delivery Date. Interest on the Bonds is payable on each March 1 and September 1, commencing September 1, 2021, until the earlier of maturity or redemption. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000.

Book-Entry Only System

The information in this section concerning DTC, Cede & Co. and the book-entry system has been furnished by DTC for use in disclosure documents such as this Official Statement. The Authority and the Underwriters believe such information to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each stated maturity of the Bonds, each in the aggregate principal amount of such stated maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and the Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the Bonds as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or paying agent of the Bonds, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not DTC nor its nominee, the paying agent or the issuer of the Bonds, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or paying agent of the Bonds, disbursement of such payments to Direct Participants will be the responsibility to DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct Participants and the Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the issuer or the paying agent of the Bonds. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In the event of such discontinuance, certificates will be printed and delivered.

Method of Payment of Principal and Interest

In the Bond Order, the Board has appointed Regions Bank, N.A. as the initial Paying Agent/Registrar for the Bonds (together with any successors, the "*Paying Agent/Registrar*"). The principal of the Bonds will be payable to the registered owners of the Bonds (the "*Registered Owners*"), initially Cede & Co., without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon presentation and surrender of the Bonds as they respectively become due and payable, at the designated corporate trust office of the Paying Agent/Registrar. In the event the book-entry-only system is discontinued, interest on each Bond will be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each

Interest Payment Date (each a “*Record Date*”), to the address of such Registered Owner as shown on the Paying Agent/Registrar’s records (the “*Register*”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of principal of or interest on any Bond is not a business day, then the date for such paying will be the next succeeding business day, as defined in the Bond Order. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty days thereafter, the Paying Agent/Registrar is required to establish a new record date for the payment of such interest (a “*Special Record Date*”) when funds to make such payment are received from or on behalf of the Authority. Such Special Record Date is required to be fifteen days prior to the date fixed for payment of such past due interest.

Redemption Provisions

The Authority reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 20__, prior to their scheduled maturities, in whole or from time to time, in part, in integral multiples of \$5,000 on September 1, 20__, or any date thereafter, at a price equal to par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the Authority.

During any period in which ownership of the Bonds is in book-entry-only form, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds of such maturity to be redeemed will be selected in accordance with the arrangements between the Authority and DTC; provided, that if any Bond is selected for redemption in part, it shall not be redeemed in an amount that would result, upon exchange, in a Bond in a denomination less than \$5,000.

Notice of Redemption

Notice of redemption will be given by the Paying Agent/Registrar not less than 30 days prior to the date of redemption by United States mail, first class, postage prepaid, to the Registered Owners of Bonds called for redemption at the address on the Register maintained by the Paying Agent/Registrar. Notice having been given in the manner and under the conditions provided in the Bond Order and monies for the payment of the redemption price being held by the Paying Agent/Registrar, the Bonds designated for redemption described above will be due and payable at the redemption price specified above and interest thereon will cease to accrue on such Bonds, and such Bonds will cease to be entitled to any lien, benefit or security under the Bond Order and shall not be deemed to be outstanding thereunder. The owners of such Bonds will have no right in respect thereof except to receive payment of the redemption price thereof.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar will keep the Register at its designated corporate trust office, and subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

In the event the book-entry-only system is discontinued, each Bond will be transferable only upon the presentation and surrender of such Bond at the designated corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the Authority to authenticate and deliver in exchange therefor, within three business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, aggregate principal amount, and Dated Date, and bearing interest at the same rate as the Bond or Bonds so presented.

In the event the book-entry-only system is discontinued, all Bonds will be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and

deliver exchange Bonds in accordance with the provisions of the Bond Order. Each Bond delivered will be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending on the next succeeding Interest Payment Date (including any Special Record Date) or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that such limitation will not apply to the exchange by the Registered Owner of the unredeemed portion of a Bond called for redemption in part.

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

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Authority, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the Authority will be a national or state banking institution, doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and which will be subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar will authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the Authority, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed Bonds will be required to pay the Authority's cost to replace such Bonds. In addition, the Authority or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Chapter 1201, Texas Government Code, the Bonds are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries and trustees and for the sinking funds of cities, town, villages, school districts and other political subdivisions or public agencies of the State of Texas. The Bonds are not an authorized investment for political subdivisions that are required to comply with the Public Funds Investment Act, Chapter 2256, Texas Government Code. Most political subdivisions in the State of Texas are required to adopt investment guidelines consistent with the Public Funds Investment Act. However, political subdivisions otherwise subject to the Public Funds Investment Act may have statutory authority to invest in the Bonds independent from the Public Funds Investment Act. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas, or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

The Authority has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The Authority has made no investigation of any other laws, rules, regulations or investment criteria that might affect

the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

Defeasance

The Authority may defease any or all of the Bonds pursuant to the provisions of the Bond Order and discharge its obligations to the Registered Owners in any manner permitted by law.

Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas, with the Paying Agent/Registrar or with any other escrow agent so authorized by law either (i) cash in an amount equal to the principal amount and redemption amount, if any, of the Bonds plus interest thereon to the date of maturity or redemption or (ii) pursuant to an escrow or trust agreement, cash and (x) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (y) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (z) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Authority to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the Authority: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

THE TRUST INDENTURE

Pursuant to the Indenture, the Authority has assigned all of the Authority's right, title and interest in and to the Pledged Revenues, including the Pledged Tax Increments, to the Trustee for the benefit, on an equal and ratable basis, of the holders of the Contract Revenue Bonds, including the Bonds and any Additional Parity Bonds.

Pursuant to the Indenture, the Trustee is to maintain the Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Project Fund as trust funds to be held in trust solely for the benefit of the Registered Owners of the Contract Revenue Bonds. The Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Project Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times. Amounts deposited into the Debt Service Reserve Fund shall be used to pay interest on and principal of the Contract Revenue Bonds when insufficient funds are available for such purpose in the Debt Service Fund or may be applied toward the payment of principal of or interest on the Contract Revenue Bonds in connection with the refunding or redemption of such Bonds.

The Funds

The Indenture creates the following funds, each of which (except the Surplus Fund) shall be maintained by the Trustee:

- (a) the Pledged Revenue Fund, into which all Pledged Revenues shall be deposited;
- (b) the Debt Service Fund, into which deposits shall be made from the Pledged Revenue Fund as described below, and from which deposits shall be applied to the payment of interest and principal installments on the Contract Revenue Bonds as the same becomes due;
- (c) the Debt Service Reserve Fund, which shall be initially funded from proceeds of each series of Contract Revenue Bonds, or a Reserve Fund Surety Policy, and into which deposits from the Pledged Revenue Fund shall be made to attain the Reserve Requirement, and from which monies shall be applied to the Debt Service Fund if amounts in the Pledged Revenue Fund and Debt Service Fund are insufficient to pay the amounts of principal and interest due on the Contract Revenue Bonds;
- (d) the Project Fund, which will be maintained by the Authority and funded initially from Contract Revenue Bond proceeds and disbursed by the Trustee immediately, free and clear of any lien created by the Indenture, to pay costs of issuance and to deposit with the Authority to pay Project Costs as provided in the applicable Bond Order;
- (e) the Rebate Fund, which shall be free and clear of any lien created by the Indenture, and into which certain amounts earned by the Authority on the investment of the “gross proceeds” of the Contract Revenue Bonds (within the meaning of section 148(f)(6)(B) of the Internal Revenue Code of 1986, as amended (the “Code”) shall be deposited for rebate to the United States federal government, all as provided in the Bond Order with respect to each series of Contract Revenue Bonds; and
- (f) the Surplus Fund, into which shall be deposited any amounts remaining in the Pledged Revenue Fund.

Pledged Revenues deposited in the Pledged Revenue Fund shall be applied by the Trustee as follows: (i) to the Debt Service Fund amounts necessary to make the amounts on deposit therein equal to the interest and principal installments due in the next twelve month period; (ii) to the Debt Service Reserve Fund amounts required to attain the Reserve Requirement; (iii) to the payment of fees and expenses of the Trustee and Paying Agent/Registrar; (iv) to the extent required, to the Rebate Fund any amounts required to be deposited therein; and (v) to the Surplus Fund of the Authority established in accordance with the Tri-Party Agreement, for use by the Authority for any lawful purpose. Monies can be transferred from the Pledged Revenue Fund to the Project Fund (instead of the Surplus Fund) at the discretion and written direction of the Authority given at the time moneys are received in the Pledged Revenue Fund, provided that immediately prior to any such transfer the deposits required by clauses (i), (ii), (iii) and (iv) above have been made or provided for.

Events of Default

The Indenture provides that an Event of Default shall be either of the following occurrences:

- (a) Failure to pay when due the interest and principal installment on any Contract Revenue Bond; or
- (b) Failure to deposit to the Debt Service Fund money sufficient to pay any principal of or interest on any Contract Revenue Bond no later than the date when such becomes due and payable.

Remedies

Upon the occurrence of an Event of Default, the Trustee, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners of the Contract Revenue Bonds by suit, action or proceeding at equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, the Contract Revenue Bonds or resolutions authorizing the Contract Revenue Bonds, or in aid of the execution of any power granted in the Indenture or for the enforcement of any of the legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and

enforce any of the rights of the Trustee or Registered Owners, including, without limitation, requesting a writ of mandamus issued by a court of competent jurisdiction compelling the directors and other officers of the Authority to make such payment (but only from and to the extent of the sources provided in the Indenture and the Tri-Party Agreement) or to observe and perform its other covenants, obligations and agreements in the Indenture or the Tri-Party Agreement. The Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Contract Revenue Bonds, subject to provisions in the Indenture, may act as attorney in fact for the Registered Owners of the Contract Revenue Bonds, no remedy is exclusive and that the delay or omission in the exercise of any right or remedy will not constitute a waiver.

The Indenture does not provide for any acceleration of maturity of the Contract Revenue Bonds or provide for the foreclosure upon any property or assets of the Authority or the City, other than applying the Pledged Revenues in the manner provided in the Indenture.

Limitation on Action by Owners

The Indenture imposes certain limitations on Registered Owners to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the Registered Owners of not less than 25% of the aggregate principal amount of all Contract Revenue Bonds and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity. Notwithstanding the foregoing, Registered Owners of more than 50% of the aggregate principal amount of the Contract Revenue Bonds will have the right, by written instrument delivered to the Trustee, to direct to the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture.

Amendments to the Trust Indenture

Without the consent of the Registered Owners, the Authority and the Trustee may from time to time enter into one or more indentures supplemental to the Indenture, which shall form a part of the Indenture, for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners of the Contract Revenue Bonds or the Trustee or either of them;
- (c) to subject to the lien of the Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (e) to obtain bond insurance for the Contract Revenue Bonds, if any;
- (f) to provide for one or more Reserve Fund Surety Policies;
- (g) to permit the assumption of the Authority's obligations thereunder by any entity that may become the legal successor to the Authority; and
- (h) to issue any Contract Revenue Bonds or issue any bonds, notes, or other obligations secured in whole or in part by liens on all or part of the Pledged Revenues that are junior and subordinate to the lien on the Pledged Revenues securing payment of the Contract Revenue Bonds;

provided, however, that no provision in such supplemental indenture is permitted to be inconsistent with the Indenture or to impair in any manner the rights of the Registered Owners of the Contract Revenue Bonds.

Except as provided in the preceding paragraph, any modification, change or amendment of the Indenture may be made only by a supplemental indenture adopted and executed by the Authority and the Trustee with the consent of the Registered Owners of not less than a majority of the aggregate principal amount of the Contract Revenue Bonds then outstanding. However, without the consent of the Registered Owner of each outstanding Contract Revenue Bond, no modification, change or amendment to the Indenture shall:

- (1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or the rate of interest thereon, or make the principal thereof or premium, if any, or interest thereon payable in any coin or currency other than that of the United States, or deprive such Registered Owner of the lien of the Indenture on the revenues pledged thereunder; or
- (2) change or amend the Indenture to permit the creation of any lien on the revenues pledged under the Indenture equal or prior to the lien thereof, or reduce the aggregate principal amount of Contract Revenue Bonds.

Resignation of Trustee

The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Authority and by providing written notice to the Registered Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice will specify the date on which such resignation will take effect and will be sent by first class mail, postage prepaid to each Registered Owner of Contract Revenue Bonds. Resignation by the Trustee will not take effect unless and until a successor to such Trustee shall have been appointed as provided in the Indenture.

Removal of Trustee

The Trustee or any successor Trustee may be removed (a) at any time by the Registered Owners of a majority in aggregate principal amount of the Contract Revenue Bonds then outstanding, (b) by the Authority for cause or upon the sale or other disposition of the Trustee or its trust functions or (c) by the Authority without cause so long as no event of default exists or has existed within the last 90 days, upon payment to the Trustee so removed of all money then due to it under the Indenture and appointment of a successor thereto by the Authority and acceptance thereof by the successor.

Appointment of Successor Trustee

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in principal amount of the Contract Revenue Bonds then Outstanding, by an instrument or concurrent instruments in writing, signed by such Registered Owners or their duly authorized representatives and delivered to the Trustee, with notice thereof given to the Authority; provided, however, that in any of the events above mentioned, the Authority may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Registered Owners in the manner above provided, and any such temporary Trustee so appointed by the Authority will immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Registered Owners. The Authority will provide written notice to the Registered Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided for providing notice of the resignation of the Trustee as described above under “—Resignation of Trustee.” Any successor Trustee or temporary Trustee will be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$100,000,000.

In the event that following the occurrence of any of the events described in the first sentence of the foregoing paragraph, no successor Trustee shall have been appointed by the Registered Owners or the Authority, as provided in the Indenture, and have accepted such appointment, the Registered Owner of any Affordable Housing Contract Revenue Bond or the retiring Trustee may apply to any court of competent jurisdiction for the appointment

of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

STATUS OF DEVELOPMENT

Conditions at Creation of the Zone

The Original Zone was created in 1996 and consisted of approximately 88 acres generally bounded by Washington Avenue on the north, the Washington Cemetery on the east, Memorial Drive on the south, and Heights Boulevard on the west. The Original Project and Financing Plan stated that the land in the Original Zone was primarily vacant and needed extensive environmental remediation.

Development from Inception to Present

Since the base tax year of 1997, the Original Zone's taxable value has increased from \$26,633,950 to a 2020 taxable value of \$593,146,195. According to the Project and Financing Plan, much of what was formerly vacant land previously occupied by industrial uses has been converted into high-density residential and commercial development.

The Annexed Areas have also increased in taxable value. The 2007 Annexed Area originally consisted of public land along Buffalo and White Oak Bayous. Since the base tax year of 2007, the 2007 Annexed Area increased from a base value of zero to a 2020 taxable value of \$77,006,366.

The 2008 Annexed Area contained 38 acres primarily owned by a developer group. The taxable value of the 2008 Annexed Area has increased from a 2008 base value of \$41,173,587 to a 2020 taxable value of \$167,068,772. Included within the 2008 Annexed Area is The Sovereign, a 21-story multifamily development built in 2012.

The 2009 Annexed Area consisted of 0.1 acre of land. It has gone from a base year value of \$277,242 to a 2020 taxable value of \$591,450. It consists of a prorated portion of The Legacy at Memorial Apartments.

The 2015 Annexed Area contained approximately 763 acres along Heights Boulevard, Shepherd Drive, Durham Drive and several blocks of development west of Durham between 17th and 21st Streets. The 2015 Annexed Area contained multifamily residential, commercial, office, and public and institutional improvements at the time the annexation. It has gone from a 2015 base value of \$943,595,443 to a 2020 taxable value of \$1,726,886,931.

Approximately 253 acres of public right of way along the Buffalo Bayou were removed from the Zone in 2011. The removal had no impact on the taxable value of the Zone.

The Zone has extensive bike and walking trails within its boundaries.

Projects Under Construction or Recently Completed

The second phase of the Regent Square development at 3515 W. Dallas Street is underway and consists of a 590 unit multifamily building, approximately 50,000 square feet of retail and restaurant development, parking and various tenant amenities. See "FINANCIAL INFORMATION—Additional Obligations of the Authority."

Construction has begun on Phase I of Autry Park, a development by The Hanover Company, a Houston private real estate company. Phase I includes a 21-story tower with 324 units on Allen Parkway at Marston (a new street between Tirrell and Shepherd) and an eight-story building with 421 units on West Dallas Street at Marston. Phase I also includes 42,900 square feet of retail and restaurant development, parking garages and tenant amenities. Leasing is expected to begin in the fall of 2021. The company owns additional building sites adjacent to the Phase I improvements. See "FINANCIAL INFORMATION—Additional Obligations of the Authority."

Another multifamily development called Alta River Oaks is underway at 3636 West Dallas at Shepherd. It is being developed by Wood Partners, one of the largest multifamily developers in the nation.

In the Heights area of the Zone, the 15th Street Flats, an eight-story apartment complex with 337 units, and the Durham Heights Apartments, a five-story apartment complex with 281 units, were completed in 202 and being leased, They are located along Shepherd Drive in close proximity to area retail and restaurants.

The M-K-T development converted five industrial buildings on a 12-acre site into 200,000 square feet of offices, retail, restaurants and a fitness complex in 2020. The development is located along the Heights Hike and Bike Trail. The Heights Forum, a retail and office development consisting of approximately 25,000 square feet of retail space, is under construction on Shepherd.

There can be no assurance that projects under construction will be completed on a timely basis or at all.

Schedule 2: Breakdown of 2020 Taxable Values in the Zone by Type

	Taxable Value (a)	
Residential	\$ 665,353,205	25.94%
Multi-Family	900,111,767	35.10%
Vacant Land	183,123,020	7.14%
Commercial/Industrial	814,860,200	31.77%
Utilities	1,221,522	0.05%
	<u>\$ 2,564,669,714</u>	

(a) Based on City 2020 certified taxable value as of the date calculated. Omits 2009 Annexed Area.

Schedule 3: Principal Taxpayers in the Zone

The following table represents the principal taxpayers in the Zone, the taxable assessed value of such taxpayer’s property, and such property’s assessed value as a percentage of the Zone’s taxable value, using the City’s certified values for 2020, 2019, and 2018. The values were compiled by the Authority’s tax consultant. The values are subject to change due to a pending tax protest or litigation contesting the value in state district court.

Top Ten Taxpayers for Year 2020

<u>2020</u>	<u>Property Type</u>	<u>Tax Assessed Value</u>	<u>%</u>
BKR Memorial II LLC	Multi Family	\$ 115,395,875	4.50
SCG 525 Yale Street LLC	Multi Family	92,221,841	3.60
Sovereign Regent Square LLC	Multi Family	88,348,800	3.45
AML Memorial Heights SLP	Multi Family	87,903,318	3.43
Bel Estates I LLC Et Al	Multi Family	87,210,621	3.40
MAA Alloy LLC	Multi Family	75,005,888	2.93
Memorial Club East	Multi Family	68,715,314	2.68
BKR Memorial I LLC	Multi Family	67,557,834	2.63
CH Realty VIII PPIP MF	Multi Family	63,357,750	2.47
Holden Heights Ramona LLC Et Al	Multi Family	60,385,503	2.36
Total		<u>\$ 806,102,744</u>	<u>31.44</u>
Total Certified Taxable Value		\$ 2,564,108,264	

Top Ten Improvements for Year 2019

2019	Property Type	Tax Assessed Value	%
AMLI Memorial Heights SLP	Multi Family	\$ 79,850,000	3.52
Bel Estates I LLC Et Al	Multi Family	79,200,000	3.49
SCG 525 Yale Street LLC	Multi Family	77,196,255	3.40
MAA Alloy LLC	Multi Family	69,180,234	3.05
Sovereign Regent Square LLC	Multi Family	75,000,000	3.31
BKR Memorial II LLC	Multi Family	65,678,685	2.89
Memorial Club East	Multi Family	59,112,280	2.61
BKR Memorial LLC	Multi Family	58,500,942	2.58
Holden Heights Ramona LLC Et Al	Multi Family	57,563,267	2.54
CH Realty VIII PPIP MF	Multi Family	56,553,874	2.49
		\$ 677,835,537	29.88
Total Certified Taxable Value		\$ 2,268,812,644	

Top Ten Improvements for Year 2018

2018	Property Type	Tax Assessed Value	%
AMLI Memorial Heights SLP	Multi Family	\$ 83,752,843	4.23
Sovereign Regent Square LLC	Multi Family	80,567,800	4.07
Bel Estates I LLC Et Al	Multi Family	78,650,000	3.97
Mid America Apartments LP	Multi Family	73,986,715	3.74
BKR Memorial LLC	Multi Family	64,250,000	3.25
SCG 525 Yale Street LLC	Multi Family	58,415,217	2.95
Memorial Club East	Multi Family	56,810,000	2.87
Holden Heights Ramona LLC Et Al	Multi Family	56,640,824	2.86
Archstone Memorial Heights	Multi Family	53,649,900	2.71
Regent Square CD LLC	Vacant Land	52,167,879	2.64
		\$ 658,891,178	33.30
Total Certified Taxable Value		\$ 1,978,697,739	

FINANCIAL INFORMATION

Debt Service Requirements on the Contract Revenue Bonds

The following sets forth the estimated debt service requirements on the Bonds, based upon a fiscal year end of June 30.

Fiscal Year	The Bonds*		
	Principal	Interest	Total
2022	990,000	1,371,311	2,361,311
2023	820,000	1,544,000	2,364,000
2024	850,000	1,510,600	2,360,600
2025	885,000	1,475,900	2,360,900
2026	925,000	1,439,700	2,364,700
2027	960,000	1,402,000	2,362,000
2028	1,000,000	1,362,800	2,362,800
2029	1,040,000	1,322,000	2,362,000
2030	1,085,000	1,279,500	2,364,500
2031	1,130,000	1,235,200	2,365,200
2032	1,175,000	1,189,100	2,364,100
2033	1,220,000	1,141,200	2,361,200
2034	1,270,000	1,091,400	2,361,400
2035	1,325,000	1,039,500	2,364,500
2036	1,375,000	985,500	2,360,500
2037	1,435,000	929,300	2,364,300
2038	1,490,000	870,800	2,360,800
2039	1,555,000	809,900	2,364,900
2040	1,615,000	746,500	2,361,500
2041	1,680,000	680,600	2,360,600
2042	1,750,000	612,000	2,362,000
2043	1,820,000	540,600	2,360,600
2044	1,895,000	466,300	2,361,300
2045	1,975,000	388,900	2,363,900
2046	2,055,000	308,300	2,363,300
2047	2,140,000	224,400	2,364,400
2048	2,225,000	137,100	2,362,100
2049	2,315,000	46,300	2,361,300
Total	\$ 40,000,000	\$ 26,150,711	\$ 66,150,711

Average Annual Debt Service (2022-2049) \$ 2,362,591 *

Maximum Annual Debt Service (2031) \$ 2,365,200 *

*Preliminary, subject to change.

Authority to Issue Bonds and Notes

On April 29, 2020, the City Council authorized the Authority to issue bonds and notes in an aggregate principal amount not to exceed \$84,410,000 outstanding at any one time, which are secured by Contract Tax Increments. The City could authorize the Authority to issue additional bonds and notes in the future. As principal is paid, the Authority's unused authorization will increase in an amount equal to the amount of principal paid.

Schedule 4: Authorized and Unissued Bonds and Notes

Total Amount of Bonds and Notes the City Council Has	
Authorized to be Issued by the Authority	\$ 84,410,000
Less: The Bonds*	<u>40,000,000</u>
Unused Authorization	<u>\$ 44,410,000</u>

* Preliminary, subject to change.

Additional Obligations of the Authority

The Authority has several obligations in addition to the Contract Revenue Bonds; however, none of such additional obligations is secured by the Contract Tax Increments. The following constitute the principal existing obligations of the Authority other than the Contract Revenue Bonds:

Developer Agreement with Regent Square Owners. The Authority and Zone entered into a Development Agreement with Regent Square AB LLC, a Delaware limited liability company, and Regent CD LLC, a Delaware limited liability company, dated as of April 14, 2009, which was subsequently assigned in part to AB Borrower LLC, a Delaware limited liability company. The Development Agreement was amended and restated as of September 13, 2011, assigned in part to Sovereign Regent Square LLC, a Delaware limited liability company, and Regent Square D2 LLC, a Delaware limited liability company, and amended as of December 12, 2016 and again in 2019.

The Amended and Restated Development Agreement, as amended (the "*Regent Square Agreement*") describes the development proposed by the owners as a mixed use development containing approximately 4,000,000 square feet, including 1,500 residential condominiums and rental units, approximately 400,000 square feet of retail and restaurants, approximately 250,000 square feet of office and approximately 4,200 parking spaces. At a minimum it is required to include at least two of the following uses: residential, retail, office and hotel, except that the first phase is permitted to consist only of residential development. The Regent Square Agreement also requires the owners to provide a certain number of public parking spaces within the development site and maintain a nearby cemetery.

The first phase of development was required to commence by December 31, 2012 and further qualifying phases were required to commence by December 31, 2019; however, the scale, pace, scope, phasing and logistics of all work in connection with the development is determined by the owners and development may cease for some period of time between phases or during a phase. According to the Authority, the owners have met the deadline for commencing the first phase of the development and the deadline for commencing the subsequent qualifying phases.

In connection with the construction of the development, the owners will design and construct the Public Improvements needed for the development, including water, sanitary and storm drainage, street lighting and landscaping, utility burial and street and sidewalk construction, and subsequently transfer the Public Improvements to the City. The Authority has agreed to reimburse the owners for such Public Improvements and impact fees the owners pay to the City from Developer Related Tax Increments generated from the Regent Square development (the "*Regent Square Developer Related Tax Increments*") in the maximum amount of \$13,406,590, subject to the owners' compliance with the terms of the Regent Square Agreement. Payment by the Authority will be due annually at such time as the Authority receives the Developer Related Tax Increments and interest will accrue if payment is not made within 45 days of submittal by the owners.

Regent Square Developer Related Tax Increments are defined as 50% of the Contract Tax Increments deposited into the Revenue Fund that are attributable to the development site less certain amounts the Authority must pay the City attributable to the development site. The base year for calculating the Regent Square Developer Related Tax Increments under the Regent Square Agreement is 2011 and Regent Square Developer Related Tax Increments do not include amounts attributable to the development site before January 1, 2016.

The Regent Square Agreement permits the Authority to issue Contract Revenue Bonds secured by the pledge of the Revenue Fund.

The Regent Square Agreement provides that if the owners default in their obligations under the agreement, the Authority's sole remedy is to terminate the agreement. If the Authority defaults in its obligations under the agreement, the owners may do any one or more of the following: enforce specific performance, seek actual damages, and terminate the agreement.

To date, the owners have completed the first phase of their development, a 21-story multifamily development, and the second phase is under development. The Authority has reimbursed the owners \$1,125,568.83 for Public Improvements constructed by the owners and as of June 30, 2020 an additional \$2,085,683.17 is owed..

Developer Agreement with BB Land Development Holdings. In March, 2019, the Authority and Zone entered into a Development Agreement (the "*BB Land Agreement*") with BB Land Development Holdings LLC, a Delaware limited liability company ("*BB Land*"), which is jointly owned by affiliates of Hanover Development Company and Limestone Investments.

The BB Land Agreement outlines a proposed mixed use project over seven sites, to be constructed in multiple phases, for multifamily, retail, office, condominium and/or park purposes. The development plan for the project is subject to change but BB Land agreed to provide a certain amount of retail space and a specified amount of public parking.

In connection with the construction of the development, BB Land will design and construct the Public Improvements needed for the development, including utilities, road work, streetscape, and signalization, and subsequently transfer the Public Improvements to the City. The Authority has agreed to reimburse BB Land for such Public Improvements from Developer Related Tax Increments generated from the BB Land project (the "*BB Land Developer Related Tax Increments*") in the maximum amount of \$20,743,589, subject to BB Land's compliance with the terms of the BB Land Agreement. BB Land will be eligible for reimbursement upon initial completion of the improvements on two building sites (planned for multifamily development with some retail) and the related Public Improvements and upon final completion of each phase of the development on the remaining sites. Payment by the Authority will be due annually at such time as the Authority receives the Developer Related Tax Increments.

BB Land Developer Related Tax Increments are defined in the BB Land Agreement as 50% of the Contract Tax Increments deposited into the Revenue Fund that are attributable to the development site less certain amounts the Authority must pay the City attributable to the development site. The base year for calculating the BB Land Developer Related Tax Increments for its development site is 2019.

The BB Land Agreement permits the Authority to issue Contract Revenue Bonds secured by the pledge of the Revenue Fund.

The BB Land Agreement provides that if BB Land defaults in its obligations under the agreement, the Authority's sole remedy is to terminate the agreement. If the Authority defaults in its obligations under the agreement, BB Land may do any one or more of the following: enforce specific performance, seek actual damages, and terminate the agreement.

To date, BB Land has not completed the initial phase of its development and is not eligible for any reimbursement from the Authority.

Municipal Services Agreements. The Authority, the Zone and the City enter into annual agreements whereby the Authority pays to the City the incremental costs of providing increased municipal services incurred as a

result of the development of the land in the Zone. Payment of the incremental service costs is from the City's Tax Increment and is limited to the available Tax Increment received by the Authority as defined in the agreement and the amount included in the Authority's annual approved budget. If the City's available Tax Increment is not sufficient in any year to pay the amount included in the approved budget, the amount due will accrue without interest. The agreement renews annually on June 30 upon a vote of the Board of Directors of the Authority. For fiscal year 2021, the City has requested, and the Authority has budgeted for a fee for incremental costs of providing increased municipal services in the amount of \$160,152. Unpaid amounts will accrue and be payable without interest in future years.

Investment Policy

Under Texas law, 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 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 investment portfolio, fifth; and yield, sixth. The 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.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds insured, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools, and (14) a qualified securities lending program.

The Authority maintains an investment strategy that emphasizes, in order of priority, safety, liquidity and return on investment, as embodied in its investment policy (the "Investment Policy"). The Authority does not invest in, among other things, inverse floater, interest-only or principal-only mortgage-backed securities. The Investment Policy provides, among other things, that (i) an investment officer must submit quarterly investment reports to the Board and (ii) the Investment Policy must be reviewed annually by the Board.

Schedule 5: Tax Increment Collections

	Tax Year	Base Year Value (a)	Current Year Value (b)	Captured Appraised Value	Increment Tax Rate	Increment Collections (c)	Collection Rate (d)
Original	2015	\$ 26,633,950	\$ 426,275,445	\$ 399,641,495	\$0.60112	\$ 2,402,325	100.0%
	2016	26,633,950	452,327,217	425,693,267	0.58642	2,496,350	100.0%
	2017	26,633,950	438,517,433	411,883,483	0.58421	2,406,264	100.0%
	2018	26,633,950	441,604,134	414,970,184	0.58831	2,441,311	100.0%
	2019	26,633,950	509,753,804	483,119,854	0.56792	2,726,997	99.4%
<i>Projected</i>	2020	26,633,950	593,146,195	566,512,245	0.56184	3,179,009	99.9% (e)
<hr/>							
Annexed 2007	2015	\$ -	\$ 7,784,000	\$ 7,784,000	\$0.60112	\$ 46,744	99.9%
	2016	-	8,169,129	8,169,129	0.58642	47,862	99.9%
	2017	-	8,185,675	8,185,675	0.58421	47,783	99.9%
	2018	-	8,249,289	8,249,289	0.58831	48,497	99.9%
	2019	-	29,569,918	29,569,918	0.56792	167,446	99.7%
<i>Projected</i>	2020	-	77,006,366	77,006,366	0.56184	432,107	99.9% (e)
<hr/>							
Annexed 2008	2015	\$ 41,173,587	\$ 142,053,128	\$ 100,879,541	\$0.60112	\$ 606,407	100.0%
	2016	41,173,587	152,207,618	111,034,031	0.58642	651,126	100.0%
	2017	41,173,587	149,662,267	108,488,680	0.58421	633,802	100.0%
	2018	41,173,587	144,690,473	103,516,886	0.58831	609,000	100.0%
	2019	41,173,587	164,298,599	123,125,012	0.56792	540,242	77.3%
<i>Projected</i>	2020	41,173,587	167,068,772	125,895,185	0.56184	675,160	95.5% (e)
<hr/>							
Annexed 2015	2015	\$ 943,595,443	\$ 943,595,443	\$ -	\$0.60112	\$ -	99.9%
	2016	943,595,443	1,166,574,675	222,979,232	0.58642	1,304,457	99.8%
	2017	943,595,443	1,320,765,221	377,169,778	0.58421	2,201,701	99.9%
	2018	943,595,443	1,384,153,843	440,558,400	0.58831	2,586,406	99.8%
	2019	943,595,443	1,565,190,323	621,594,880	0.56792	3,440,496	97.5%
<i>Projected</i>	2020	943,595,443	1,726,886,931	783,291,488	0.56184	4,373,296	99.4% (e)

- (a) Base year for the Original Zone and 2007 Annexed Area is 1997, base year for the 2008 Annexed Area is 2008, and base year for the 2015 Annexed Area is 2015. The 2009 Annexed Area is omitted because its value is minimal.
- (b) Current year's values are received from the City's Department of Finance. They are subject to change for a number of years thereafter as corrections in the tax roll are made due to various factors such as omission of property, erroneous inclusion of property, or settlements of taxpayer litigation.
- (c) Includes Developer Related Tax Increments.
- (d) Collection rates are determined by comparing total collections to the total tax levy; however, both total collections and the total tax levy change over time, so a calculated collection rate may either increase or decrease. The City has been updating the certified value for each tax year and the total collections for each tax year annually in order to calculate the tax increments to be transferred to the Authority.
- (e) The projected collection rate is a five-year average. The collection rate for the most recent tax year is lower than the rate in previous years. Historically, the collection rate for a tax year has increased in subsequent years as more of the taxes are collected and remitted to the Tax Increment Fund. Accordingly, while 2020 taxes may not be collected in fiscal year 2021 in the percentages shown, the Authority expects that it will receive delinquent taxes from prior years in fiscal year 2021 which will result in the receipt of approximately the same amount of revenues as if the collection percentage of 2020 taxes were received in fiscal year 2021.

Schedule 6: Debt Service Capacity/Coverage

FYE June 30	Tax Increments Received or Receivable (a)	Less: City & HISD Administrative Fee (b)	Less: HISD Educational Facilities Set-Aside (c)	Less: Affordable Housing (d)	Less: Developer Related Tax Increments (e)	Remaining Contract Tax Increments (f)	Next Fiscal Year's Debt Service Requirements (g)	Debt Service Coverage
2015	\$ 4,057,459	\$ 178,651	\$ 461,025	\$ 1,024,339	\$ -	2,393,444	n/a	n/a
2016	4,734,617	236,731	473,024	1,240,307	-	2,784,555	n/a	n/a
2017	6,412,424	294,330	487,805	1,120,361	141,446	4,368,482	n/a	n/a
2018	6,031,567	301,309	5,392	-	183,896	5,540,970	n/a	n/a
2019	5,614,604	280,730	-	-	273,380	5,060,494	n/a	n/a
2020	6,605,739 (h)	236,470	-	-	262,565	6,106,704	n/a	n/a

- (a) City tax payments are deposited into the General Fund of the City. Once such funds are accounted for and allocated to the Zone, the Tax Increment portion of the City tax payments is deposited to the Tax Increment Fund for the Zone. The City Council must appropriate the monies from the Tax Increment Fund to those entitled to them, including the Authority, before such monies are disbursed. City Council appropriation of tax increments to the Authority is normally made on or about July 1 of each year. Payments shown here are derived from the Authority’s audited financial statements which are on an accrual basis. The formula for determining tax increments is described in “OFFICIAL STATEMENT SUMMARY—Schedule 1: Selected Financial Information (Unaudited).”
- (b) The City may retain a reserve of up to five percent of the monies then available in the Tax Increment Fund attributable to the Zone under the Tri-Party Agreement. An additional \$25,000 fee was charged for years in which HISD participated in the Zone. See “SOURCE OF AND SECURITY FOR PAYMENT—Contract Tax Increments Defined.”
- (c) A portion of the Tax Increments deposited into the Tax Increment Fund by HISD were returned to HISD for educational facilities costs with interest on such funds for the period in which the City held the funds. HISD no longer contributes Tax Increments to the Tax Increment Fund.
- (d) The Authority was required to contribute a portion of certain Tax Increments to the City for an affordable housing program. There are no such obligations at this time.
- (e) The amount of Developer Related Tax Increments will depend upon the taxable value generated by the developers with Development Agreements with the Authority and the Zone and the amount of reimbursable Public Improvements due to them. See “FINANCIAL INFORMATION—Additional Obligations of the Authority.”
- (f) Remaining Contract Tax Increments shown through FY 2020 were unencumbered. After issuance of the Bonds, all Contract Tax Increments received by the Authority other than Developer Related Tax Increments will be pledged by the Authority to secure the Bonds and any Additional Parity Bonds or permitted subordinate obligations.
- (g) The Authority had no debt in the time periods shown.
- (h) The fiscal year 2020 Contract Tax Increments received by the Authority were \$4,729,395 because the City netted out overpayments in fiscal year 2014, 2015, 2016 and 2017 due to an error which included tracts of property which were only partially within the Zone. The audit shows this reduction as a prior period adjustment. See “APPENDIX B—Audited Financial Statements of the Authority—Note 7;” “INVESTMENT CONSIDERATIONS—Recalculation of Prior Years’ Tax Increment.”

MEMORIAL HEIGHTS REDEVELOPMENT PLAN

The Zone

The Zone currently consists of approximately 1,410 acres located north and/or west of the central business district of the City generally along Buffalo or White Oak Bayous or within the neighborhood known as The Heights.

In accordance with the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the “TIF Act”), the City Council of the City created the Zone on December 18, 1996 by Ordinance No. 1996-1337 (the “City Creation Ordinance”). The City Creation Ordinance provided that the Zone would take effect on January 1, 1997 and would terminate on December 31, 2016, or at an earlier time designated by subsequent ordinance of the City, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds have been paid in full. By City Ordinance No. 2010-996, approved on December 8, 2010, the City extended the termination date of the Zone from December 31, 2016 to December 31, 2029. By City Ordinance No. 2018-1022, approved on December 19, 2018, the City extended the termination date of the Zone from December 31, 2029 to December 31, 2048.

The City Creation Ordinance also formed a board of directors of the Zone (the “Zone Board”) and established the Tax Increment Fund for the Zone. The Zone Board consists of seven members. Pursuant to the City

Creation Ordinance, Positions One through Five were reserved for the City and Positions Six and Seven were reserved for other taxing units levying taxes within the Zone, each of whom could appoint one director. If a taxing unit failed to appoint a director by January 1, 1998, the City was entitled to appoint a director to that position. The City Creation Ordinance provides that the Mayor is authorized to nominate and appoint the directors assigned to the City and any position unfilled on January 1, 1998, subject to the consent and approval of the City Council. Terms are for two years. The Mayor is authorized to annually nominate and appoint, subject to City Council approval, the member of the Zone Board who will serve as chair. These terms are for one year. The Zone Board is authorized to elect from its members a vice chair and such other officers as it sees fit.

The Original Zone consisted of approximately 88 acres. On October 10, 2007, the City Council of the City approved the annexation of the 2007 Annexed Area into the Zone by City Ordinance No. 2007-1142. The annexation increased the Zone by approximately 774 acres. On December 17, 2008, the City Council of the City approved the annexation of the 2008 Annexed Area into the Zone by City Ordinance No. 2008-1204. The annexation increased the Zone by approximately 38 acres. On March 25, 2009, the City Council of the City approved the annexation of the 2009 Annexed Area into the Zone by City Ordinance No. 2009-235. This annexation increased the Zone by approximately 0.10 acres. On November 7, 2011, the City Council of the City approved removing approximately 253 acres from the Zone by City Ordinance No. 2011-907. Finally, on November 4, 2015, the City Council of the City approved the annexation of the 2015 Annexed Area into the Zone by City Ordinance No. 2015-1047. This annexation increased by the Zone by approximately 763 acres.

Under the Project and Financing Plan for the Zone, the City contributes 100% of its collected Tax Increments arising from the Zone to the Tax Increment Fund during the term of the Zone. The City is currently the only taxing unit which contributes Tax Increments to the Zone. Previously, HISD and the County also contributed their Tax Increments arising from the Zone to the Tax Increment Fund; however, their obligations to do so have now concluded and they no longer participate in the Zone.

The Authority

The Authority's creation was authorized by City Resolution No. 97-67, adopted by the City Council of the City on December 10, 1997. The Authority was created as a local government corporation pursuant to the provisions of Chapter 431, Texas Transportation Code, and Chapter 394, Texas Local Government Code. According to its articles of incorporation, the Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the area included in the Zone and neighboring areas, and to promote, develop, encourage, and maintain housing, employment, commerce and economic development in the City. The Authority is further organized to assist the City and the Zone Board in the preparation and implementation of project plans, in the development of a policy to finance development and redevelopment of residential and commercial properties in the Zone, and in the development and implementation of a redevelopment policy for the Memorial Heights area, including the acquisition of land for redevelopment purposes.

The articles of incorporation provide that the Authority will be managed by a board of directors consisting of seven persons. Any director may be removed from office at any time, with or without cause, by the City Council. According to the by-laws of the Authority, Positions One through Five on the Board will be appointed by the Mayor of the City with the consent and approval of the City Council of the City. The bylaws provide that Positions Six and Seven will be reserved for nominees of the first two taxing units which appoint persons to the Zone Board, and that the Mayor will appoint those persons to the Board, subject to confirmation by the City Council. If two taxing units do not nominate persons to Positions Six and Seven, the Mayor of the City, with the consent of the City Council, will appoint persons to those positions. The bylaws further provide that the Chair of the Board will always be appointed by the Mayor of the City.

The Authority's operations are governed by the Tri-Party Agreement. Its operations are currently funded by proceeds of the Contract Tax Increments paid to the Authority by the City pursuant to the Tri-Party Agreement and as described herein. Currently, the Authority has no employees but contracts with third parties to provide administrative, management and special services to the Zone and the Authority; however, the Authority anticipates making its President an employee of the Authority.

Project and Financing Plans Prior to 2018

The Original Project and Financing Plan for the Zone (the “*Original Plan*”) was approved by the City on May 21, 1997 by City Ordinance No. 97-594. According to the executive summary provided, the creation of the Zone was necessary in order to redevelop the land included within the Original Zone because of the extensive environmental remediation needed and because of the insufficient utility infrastructure. The Original Plan called for redevelopment of the Original Zone into a master-planned, mixed-use, residential development. The Original Plan provided for one-third of the Tax Increments derived from HISD taxes to be used for educational facilities costs and the remainder of HISD’s Tax Increments and Tax Increments from the County and City to be used to reimburse the developer of the land for the costs of Public Improvements, such as real property assembling and associated costs, environmental remediation, public utilities, utility impact fees, paving, landscaping, improvements to Spotts Park, intersection improvements, and the pedestrian bridge and improvements to tie into the Houston Bikeways/Memorial Trail system.

Numerous amendments to the Original Plan have followed. A First Amendment to the Original Plan was approved by the City on August 11, 1999 by City Ordinance No. 1999-823. Its main purpose was to further reflect the participation of HISD in the Zone. A Second Amendment to the Original Plan was approved by the City on September 2, 2008 by City Ordinance No. 2008-784. This Second Amendment provided for projects in the 2007 Annexed Area, including infrastructure improvements, parks and related amenities, non-vehicular multi-modal transportation systems, cultural and public facilities and affordable housing. A Third Amendment to the Original Plan was approved by the City on April 8, 2009 by City Ordinance No. 2009-299. The Third Amendment provided for projects in the 2008 Annexed Area, including underground utility improvements, street lighting, landscaping, sidewalks and utility impact fees, and in the 2009 Annexed Area (sidewalk/trail easements at Studemont Street and Memorial Drive). A Fourth Amendment to the Original Plan was approved by the City on December 8, 2010 by City Ordinance No. 2010-997. The Fourth Amendment incorporated the extension of the Zone for an additional 13 years into the project planning process and expanded the projects. A Fifth Amendment to the Original Plan was approved by the City on October 26, 2011 by City Ordinance No. 2011-908. The Fifth Amendment revised the Original Plan to take into account the removal of 253 acres of public property from the Zone and incorporated an additional \$60,000,000 for Project Costs into the Zone. A new category of project was added to the plan for the design and construction of flood remediation infrastructure improvements. A Sixth Amendment to the Original Plan was approved by the City on November 4, 2015 by City Ordinance No. 2015-1048. The Sixth Amendment added projects for the 2015 Annexed Area. It emphasized roadway and street reconstruction projects, storm water management, repair and replacement of drainage systems, design and construction of new storm water utility systems, detention basins and other improvements to reduce volumes of runoff from drainage areas.

The Original Plan and the first six amendments to the Original Plan are referred to herein generally as the “*Prior Plans*.”

Current Project and Financing Plan

The Seventh Amendment to the Original Plan, which is the currently existing Project and Financing Plan, was adopted by the City on December 19, 2018 by City Ordinance No. 2018-1022. The Seventh Amendment provides for the extension of the duration of the Zone to finance the design and construction of roadway and mobility improvements along Shepherd Drive and Durham Drive between Interstate 610 and Interstate 10, storm water and flood remediation infrastructure projects, multi-modal connectivity, and community enhancement infrastructure improvements. The Seventh Amendment recaps the Prior Plans and sets forth the development goals for the Zone.

The total costs of the projects in the Project and Financing Plan are stated as \$508,506,740.

The goals of the Zone were stated as follows:

Goal 1: Infrastructure Improvements. Public streets and public utility systems are required to create an environment that will stimulate private investment in retail, residential and multifamily developments. Reconstruction (major and minor) of key streets and utility systems will be undertaken to enhance the level of service to the area, improve functionality, replace aged facilities, and increase aesthetics. All roadway

improvements will be integrated with street reconstruction projects of the City and others, as needed, and where possible, include elements not included in those programs.

Goal 2: Parks and Related Amenities. The creation of pedestrian-friendly safe environments, public open space, and access and egress improvements including land acquisition, dedication of public easements, parking, and the construction of enhancements with an emphasis on the watershed of the Lower White Oak Bayou, are important components of the Project and Financing Plan. All improvements will be integrated with adjacent land uses and provide upgrades focused on connectivity, pedestrian safety and the visual environment.

Goal 3: Non-Vehicular/Multi-Modal Transportation Systems. The third goal is development of on-road and off-road hike and bikeways and trails including sidewalks, pedestrian bridges, lighting, street trees, landscaping, wayfinding signage, benches, street furniture, public art and other pedestrian amenities. Improvements include establishment of both on-street and off-street hike and bike lanes where adequate right-of-way/public easements are available, widening of existing sidewalks/roadway bridge decks to accommodate both pedestrians and bicyclists, and modification of lane design within existing pavement. The Project and Financing Plan contributes to this goal through the reconstruction of key streets that will include sidewalks and other pedestrian amenities.

Goal 4: Cultural and Public Facilities. Efforts to enhance the quality of life of area residents through the rehabilitation of cultural and public facilities are anticipated in the Project and Financing Plan. Repositioning of historic cemeteries is a component of this category.

Goal 5: Drainage and Detention Facilities. The construction of flood mitigation utility systems, primarily located on the White Oak and Little White Oak Bayous and watersheds continues as a primary goal of the Project and Financing Plan. Also included are the design and construction of new storm water systems, detention basins, and channel and environmental/ecological restoration projects and reclamation.

Economic Development Program

The Zone Board may, with the approval of the City Council, establish an economic development program. An economic development program can include making grants from the Tax Increment Fund for public infrastructure improvements and parking facilities to cause the establishment of public or private facilities that demonstrate public benefits and enhance the economic development of the zone through increased business, commerce and tourism. To date, the Zone Board has not sought to develop or obtain approval of an economic development program.

Land Use Regulations

The TIF Act permits the Zone Board to adopt land use regulations pursuant to the Project and Financing Plan. Before adoption, the regulations must be approved by the Zone Board and the City Council. No land use regulations currently exist.

Projects

The Authority has developed a five year capital improvements program for the years 2021 through 2025 in the total aggregate amount of \$136,488,188, which it plans to fund with proceeds of Contract Revenue Bonds, grants and funds from the City. The following projects are included in the Authority's five-year capital improvements program. Completion of the projects is subject to the availability of funds, market conditions and other considerations which may necessitate changes to the program.

Shepherd Durham and Selected Cross Street Reconstruction Project. This project entails roadway reconstruction between 6th Street and Interstate 610 North, including hike and bike lanes, storm water drainage systems, curbs and gutters, streetlights, sidewalks and landscaping. This project will be constructed in phases: Phase I from Interstate 610 to West 15th Street and Phase II from West 15th Street to Interstate 10. The estimated cost of the project for Fiscal Years 2021-2025 is \$106,720,000, of which \$55,000,000 is expected to be from federal grants, \$9,000,000 is expected to be contributed by the City, and \$42,720,000 is expected to come from proceeds of the Contract Revenue Bonds and other funds of the Authority. To date, the Authority has applied for and received preliminary approval of a \$25,000,000 grant from the U.S. Federal Highway Administration. Public hearings on the

project have been concluded and the Authority's consultants are working on an environmental assessment and design of the project. Construction of the first phase of the project is expected to begin in the third quarter of 2021. The Authority will be the party entering into the construction contract. Other entities participating in the project are the City and Texas Department of Transportation.

North Canal. The Authority is contributing \$25,000,000 to an estimated \$133,000,000 project to reroute White Oak Bayou along downtown, add an overflow channel, and improve bridges and channels along Yale Street and Heights Boulevard to provide additional water conveyance capacity. Other participants in the project include Federal Emergency Management Agency, U.S. Army Corps of Engineers, Texas Department of Transportation, Harris County Flood Control District and the City. The Authority will coordinate with the other participants in all phases of the project which affect the Zone.

Yale and Center Intersection. The Authority will reconstruct the intersection, replace the signal and improve the pedestrian crossing due to the number of vehicle crashes at this intersection. The estimated cost of this project is \$1,050,000.

Pedestrian and Bicycle Safety. The Authority plans to make improvements at the intersection of Heights Boulevard and the MKT Trail and at the intersection of Washington Avenue and Heights Boulevard. It will also improve safety and wayfinding along the MKT Trail. The estimated cost of this project is \$1,333,551.

Other Projects. Other projects in the Capital Improvement Plan include improvements to the Houston Avenue and White Oak intersection, Little Thicket Park improvements, restriping lanes on West Dallas for bicycle lane, construction of a trail segment between White Oak Bayou Trail and Memorial Park, and improvement of small segments of sidewalk.

TAXING PROCEDURES OF THE CITY

Authority to Levy Taxes

Under Texas law the City is authorized to levy an annual ad valorem tax on all taxable property within its boundaries.

Property Tax Code and County-Wide Appraisal District

The Property Tax Code specifies the taxing procedures of all political subdivisions of the State of Texas, including the City. Provisions of the Property Tax Code are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units with property within Harris County, including the City. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The Property Tax Code requires each appraisal district to comply with the Uniform Standards of Professional Appraisal Practice.

Property Subject to Taxation by the City

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the political subdivision are subject to taxation by the City. However, the tax revenue generated by the City on any personal property is not included in the Tax Increments. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; and most individually owned automobiles.

Historic Tax Exemptions: The City may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or site, if the structure or site is designated as a recorded Texas Historic Landmark or a state archeological landmark by the Texas Historical Commission or is designated as a historically or archeologically significant site in need of tax relief to encourage its preservation.

Exemptions for Community Housing Development Organizations: The Property Tax Code provides that a Community Housing Development Organization (a "CHDO") is entitled to an exemption from taxation of improved or unimproved real property under certain circumstances. A CHDO which applies for an exemption on or after January 1, 2004, is entitled to exemption from taxation of 50 per cent of the appraised value of improved or unimproved real property it owns if it has, for at least the three preceding years, (i) been exempt from federal taxation under Section 501(c)(3) of the Code, (ii) met certain requirements for a charitable organization as delineated in the Texas Tax Code; and (iii) had as one or more of its purposes to provide low-income housing. In addition, for property to be exempt, the CHDO must own the property for the purpose of constructing or rehabilitating a housing project and renting or selling the property to an individual or family who is below a specified income level, to be adjusted annually by cost of living.

Veteran/First Responder Exemptions: The City must grant certain exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% and the surviving spouse of such a veteran is entitled to an exemption for the full amount of the veteran's or surviving spouse's residential homestead. A partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption from taxation of a percentage of the appraised value of their residential homestead in an amount equal to the partially disabled veteran's disability rating if the residential homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces or a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to a total tax exemption on such surviving spouse's residential homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to subsequent homesteads.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption by a taxing unit may be considered each year, but must be adopted by May 1.

Additional Homestead Exemptions: The City may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the City Council of the City. Qualifying surviving spouses of persons aged 65 years or older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. The City may be required to offer such an exemption if a majority of voters approve it at an election. The City would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The City is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair its obligation to pay tax-supported debt incurred prior to adoption of the exemption.

Tax Freeze: Under Article VIII of the Texas Constitution and state law, the governing body of the City may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the City, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferrable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and

the spouse was at least 55 years of age at the time of the death of the individual's spouse. Once established, the tax rate limitation may not be repealed or rescinded.

Exemptions as Applied to the City: For the 2020 tax year, the City has a 20% local option homestead exemption with a \$5,000 minimum and an exemption for persons 65 years of age or older and disabled persons of \$160,000. A person who is both 65 years of age or older and disabled may not claim both exemptions but instead may choose which exemption he or she wishes to have applied to his or her property.

Abatements: The City is authorized to enter into a tax abatement agreement with an owner of real or personal property in the Zone, if the Zone Board approves the agreement and the City Council of the City approves the agreement. A tax abatement agreement may exempt from ad valorem taxation by the City for a period of up to ten years, all or any part of the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property.

Valuation of Property for Taxation

Generally, property must be appraised at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the applicable appraisal review board, it is used by each taxing unit in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are generally to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

In determining the market value of property, an appraisal district is required to consider the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal, and use the method the chief appraiser of the appraisal district considers most appropriate.

If the cost method of appraisal is used to determine the market value of the property, the appraisal district is required to (i) use cost data from generally accepted sources; (ii) make appropriate adjustments for physical, functional, or economic obsolescence; (iii) make available on request cost data developed and used by the appraisal district as applied to all properties within a property category; (iv) clearly state the reason for any variation between generally accepted cost data and locally produced cost data if the data vary by more than 10 percent; and (v) make available to the property owner on request all applicable market data that demonstrate the difference between the replacement cost of the improvements to the property and the depreciated value of the improvements. If the appraisal district uses the income method of appraisal to determine the market value of real property, the appraisal district is required to: (i) use rental income and expense data pertaining to the property if possible and applicable; (ii) make any projections of future rental income and expenses only from clear and appropriate evidence; (iii) use data from generally accepted sources in determining an appropriate capitalization rate; and (iv) determine a capitalization rate for income-producing property that includes a reasonable return on investment, taking into account the risk associated with the investment. If the appraisal district uses the market data comparison method of appraisal to determine the market value of real property, the appraisal district is required to use comparable sales data if possible and adjust the comparable sales to the subject property.

Eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property, or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the appraisal district at least once every three (3) years.

Reappraisal of Property after Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor. This temporary exemption is automatic if the disaster is declared prior to a taxing unit adopting its tax rate for the tax year. A taxing unit may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

The Attorney General of Texas issued Opinion KP-0299 on April 13, 2020, confirming that purely economic, non-physical damage to property is not eligible for temporary tax exemptions.

Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units may appeal the orders of the Appraisal Review Board by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by taxing units and requires certain tax rate increases to be approved by the voters. See “–State Law Limitations on Setting the Annual Tax Rate” herein. The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraised roll.

State Law Limitations on Setting the Annual Tax Rate

Article XI, Section 5 of the Texas Constitution is applicable to the City and limits its maximum ad valorem tax rate to \$2.50 per \$100 of taxable assessed valuation.

The Property Tax Code further limits the City’s ad valorem tax rate, which consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under the Property Tax Code, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

Effective January 1, 2020, the “voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy from the current year’s values multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.” The “no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy from the current year’s total taxable values. The “unused increment rate” means the cumulative difference

between a city's voter-approval tax rate and its actual tax rate for each of the three prior tax years, which may be applied to a city's tax rate in the succeeding tax year without impacting the "voter-approval tax rate."

The City must annually calculate its "voter-approval tax rate" and "no-new revenue tax rate" in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the City and the county tax assessor-collector for each county in which all or part of the City is located. The City must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the "voter-approval tax rate" must be adopted not later than the 71st day before the next occurring November uniform election date. If the City fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the "no-new-revenue tax rate" for the current tax year or the tax rate adopted by the City for the preceding tax year.

As described below, the Property Tax Code provides that if the City adopts a tax rate that exceeds its "voter-approval tax rate" or, in certain cases, its "de minimis rate," an election must be held to determine whether or not to reduce the adopted tax rate to the "voter-approval tax rate." The "de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax rate levy from the current year's values, plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

The City may not adopt a tax rate that exceeds the lower of the "voter-approval tax rate" or the "no-new-revenue tax rate" until each appraisal district in which the City participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the City has held a public hearing on the proposed tax increase. Generally, if the adopted tax rate for any tax year exceed the "voter-approval tax rate," cities with a population of 30,000 or more as of the most recent federal decennial census must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the "voter-approval tax rate."

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the "no-new-revenue tax rate" and "voter-approval tax rate" must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year. The City has not held such a local option election.

City Charter Limitations

General: In addition to the statutory limits described above, the City may limit, increase or change the revenue resources available during a given fiscal year, either by voter authorization as provided by the City Charter or by amending the City Charter itself. The City Charter may not be amended more frequently than once every two years. Since 2004, voters of the City have limited increases in ad valorem tax revenues and other revenues in Proposition 1 (codified in Article III, Sec. 1 and Article IX, Sec. 20 of the City Charter) and Proposition 2 (codified in Article VI-a, Sec. 7 of the City Charter but not effective). Voters also have increased available revenue sources in Proposition G (codified in Article IX, Sec. 21 of the City Charter) and Proposition H, which did not amend the City Charter.

Proposition 1 and Proposition 2 (2004): In 2004, voters approved Proposition 1 (now codified as Article III, Sec. 1 and Article IX, Sec. 20 of the City Charter) in order to limit increases in (i) the City's ad valorem tax revenues by requiring voter approval for increases in ad valorem taxes in future years above a limit equal to the lesser of the actual revenues in the preceding fiscal year, plus 4.5%, or a formula that is based upon the actual revenues received in fiscal year 2005 adjusted for the cumulative combined rates of inflation and the City's population growth; and (ii) water and sewer rates (i.e., the City's Combined Utility System) by limiting rate

increases to the combined increases in the rates of inflation and population growth, excluding rate increases required by certain bond covenants and rates established by contract, unless approved by the voters. At the same election, the voters also approved Proposition 2 (Article VI-a, Sec. 7, City Charter, but not effective), which purported to limit increases in the City's "combined revenues," including revenues of the General Fund, Special Funds and Enterprise Funds. Based on the specific language of Proposition 1 and Proposition 2, the number of votes for each proposition, and the language of the City Charter, the City declared that Proposition 2 was not effective.

Proposition 2 Litigation: Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. After protracted litigation, on August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court (for lack of ripeness) without reference to the merits and dismissed the case for want of jurisdiction. In April 2014, the suit was refiled. On October 29, 2019, the trial court held for the City Defendants, ordering that the plaintiffs take nothing. The plaintiff has challenged the trial court's disposition.

Impact of Propositions G and H on Propositions 1 and 2: In response to Proposition 1 and Proposition 2, the City held an election on November 7, 2006, at which the voters approved Proposition G and Proposition H, both of which are currently effective. Proposition G amends City Charter to exclude revenues of the City's enterprise systems (i.e., Combined Utility System, Houston Airport System and the Convention and Entertainment Facilities Department) from the types of revenues limited under the City Charter. Voter approval of Proposition G removed the enterprise systems from the revenue limitations of Proposition 2, although the limitation on water and sewer rate increases included in Proposition 1 remains in effect. Proposition H allows the City to collect and spend up to \$90 million of revenue, over and above any Proposition 2 limitations, for increased police, fire and emergency medical services and related matters. The amount collected and spent in each year becomes part of the base revenue calculations for the following year. Propositions G and H are incorporated into the City's financial policies, and the City has collected revenues and made expenditures for public safety purposes in compliance with Proposition H.

See "INVESTMENT CONSIDERATIONS—Tax and Collection Rates May Decline" and "—Risk of Higher Priority Debt."

Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. The City's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residential homestead, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is a person 65 years of age or older or disabled is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership.

The City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each taxing unit having power to tax the property. The City's tax lien is on a parity with tax liens of other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of another taxing entity is determined by applicable federal law.

At any time after taxes on property become delinquent, a taxing unit may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the limitations with respect to residential homesteads described in the preceding section. In filing a suit to foreclose a tax lien on real property, the taxing unit must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing

units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights and by bankruptcy proceedings that may restrict collection of taxpayer debts. A taxpayer has the right to redeem a mineral estate or property that was used at the time the suit was filed for residential homestead or agricultural purposes within two years after the purchaser's deed issued at the foreclosure sale is filed in the county's real property records. A taxpayer has the right to redeem property that was used for all other purposes within six months after the purchaser's deed is filed in the county records. See "INVESTMENT CONSIDERATIONS—Limitations on Tax Collections and Foreclosure Remedies."

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a disaster area which have been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the City if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Effect of FIRREA on Tax Collections

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

These provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the Zone and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be subject to and accompanied by (i) the unqualified approving legal opinion of the Attorney General of Texas to the effect that, based upon his examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the Bonds are valid and legally binding obligations of the Authority under the Constitution and laws of the State of Texas payable from the Pledged Revenues, and (ii) the unqualified approving legal opinion of Bond Counsel to like effect and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and interest on the Bonds will not be subject to the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

Bond Counsel also serves as general counsel to the Authority on matters other than the issuance of bonds.

The legal fees paid to Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The Authority will furnish the Underwriters a certificate dated as of the Delivery Date of the Bonds, to the effect that there is not pending, and to the knowledge of the officers executing the certificate, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the Zone, or the title of the officers thereof to their respective offices, and that no

Additional Parity Bonds or other indebtedness have been issued since the date of the statement of indebtedness, or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, assuming continuing compliance by the Authority with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not a specific preference item for purposes of federal alternative minimum tax. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for Federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Potential Tax Legislation

If enacted, potential tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently

proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the “Original Issue Discount Bonds”) is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated: (a) the difference between: (i) the stated amount payable at the maturity of each Original Issue Discount Bond; and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that: (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes; (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement; and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the Authority nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to: (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds are offered at an initial offering price which exceeds the stated redemption price payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, broker, and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the "Premium Bond") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering price for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

MUNICIPAL BOND RATING

The Authority has made application for a municipal bond rating on the Bonds. The rating fee, if any, will be paid by the Authority; payment of any other rating fee will be the responsibility of the Underwriters. Any rating that may be assigned to the Bonds reflects only the views of the rating agency assigning the rating. There is no assurance that any rating will be maintained for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely by such rating agency, if in its sole judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE AND RESERVE FUND SURETY POLICY

The Authority has made application for a commitment for municipal bond guaranty insurance on the Bonds and for a Reserve Fund Surety Policy. The purchase of such municipal bond guaranty insurance and/or Reserve Fund Surety Policy, if available and determined to be economically beneficial, and payment of all associated fees, including the premium charged by the Bond Insurer, will be at the expense of the Authority.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the Authority has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The Authority will provide certain updated financial information and operating data annually to the MSRB through its EMMA system. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in this Official Statement in: **Schedules 1-6 (top ten taxpayers for current year only)** and **APPENDIX B: FINANCIAL STATEMENTS OF THE AUTHORITY**. The Authority will update and provide this information within six months after the end of each of

its fiscal year ending in or after 2021. The Authority may provide updated information in full text or may incorporate by reference certain other documents on the EMMA System, as permitted by Rule 15c2-12 (“Rule”) of the United States Securities and Exchange Commission (“SEC”).

The updated information will include audited financial statements, if the Authority commissions an audit and is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation.

The Authority’s fiscal year end is currently June 30. Accordingly, it must provide updated information by December 31 in each year, beginning in 2021, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The Authority will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The Authority will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the Authority if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority any of which reflect financial difficulties. . The term “financial obligation” in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for liquidity enhancement. In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under “–Annual Reports.”

Availability of Information from MSRB

The Authority has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The Authority has agreed to update information and to provide notices of events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the Authority (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent an underwriter from lawfully purchasing the Bonds in the initial offering. If the Authority so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Authority has not previously entered into a continuing disclosure agreement in accordance with the Rule.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the records of the City, the Appraisal District, the Authority, and other sources. All of these sources are believed to be reliable, but no guarantee is made by the Authority as to the accuracy or completeness of the information derived from sources other than the Authority, and the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the Authority. Inclusion of such information herein is not to be construed as a representation on the part of the Authority, except that the Authority has represented to the Underwriters that it has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisors

Masterson Advisors LLC is employed as Financial Advisor to the Authority to render certain professional services, including advising the Authority on a plan of financing and the Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances

of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The fees paid to the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendices hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This Official Statement has been approved by the Board of Directors of Memorial-Heights Redevelopment Authority.

APPENDIX A
BOUNDARY MAP

APPENDIX B
FINANCIAL STATEMENTS OF THE AUTHORITY

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

**ORDER AUTHORIZING THE ISSUANCE OF MEMORIAL-HEIGHTS
REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE
BONDS, SERIES 2021**

RECITALS

WHEREAS, by City Ordinance No. 96-1337, adopted on December 18, 1996, the City Council of the City of Houston, Texas (the "City") created Reinvestment Zone Number 5, City of Houston, Texas (the "Zone"), pursuant to Chapter 311, Texas Tax Code, as amended (the "TIRZ Act"); and

WHEREAS, in accordance with the TIRZ Act, by City Ordinance No. 1997-594, adopted on May 21, 1997, the City approved the Project Plan and Reinvestment Zone Financing Plan for the development of the Zone, as amended by the following City Ordinances: City Ordinance No. 2008-784, adopted on September 3, 2008; City Ordinance No. 2009-299, adopted on April 8, 2009; City Ordinance No. 2010-997, adopted on December 8, 2010; City Ordinance No. 2011-908, adopted on October 26, 2011; City Ordinance No. 2015-1048, adopted on November 4, 2015; and City Ordinance No. 2018-1022, adopted on December 19, 2018 (the "Project and Financing Plan"); and

WHEREAS, by City Ordinance No. 1997-67, adopted on December 10, 1997, the City authorized the creation of the Memorial-Heights Redevelopment Authority (the "Authority") as a local government corporation pursuant to Subchapter D of Chapter 431, Texas Transportation Code (together with the TIRZ Act, the "Act"), to aid, assist, and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the area included within the Zone, as such boundaries may be amended from time to time, and neighboring areas, and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development within the Zone and the City; and

WHEREAS, the boundaries of the Zone were enlarged by (1) City Ordinance No. 2007-1142, adopted on October 10, 2007, (2) City Ordinance No. 2008-1204, adopted on December 17, 2008, (3) City Ordinance No. 2009-235, adopted on March 25, 2009, and (4) City Ordinance No. 2015-1047, adopted on November 4, 2015; and

WHEREAS, the boundaries of the Zone were reduced by City Ordinance No. 2011-907, adopted on October 26, 2011; and

WHEREAS, by City Ordinance No. 1997-1590, adopted on December 17, 1997, the City, the Zone, and the Authority entered into an agreement, as amended and restated pursuant to City Ordinance No. 2001-455, adopted on May 23, 2001, (the "Tri-Party Agreement"), pursuant to which the Authority has authority and power to administer the Zone, make recommendations to the board of directors of the Zone (the "Zone Board") and the City with respect to the development and redevelopment of the Zone, perform and engage in activities relating to the acquisition and development of land and other properties in the Zone, engage in development and redevelopment activities and construct and improve infrastructure in the Zone, enter into development agreements

with developers/builders in the Zone, and, subject to City approval, issue, sell or deliver its bonds or notes, and perform the other activities described in the Tri-Party Agreement; and

WHEREAS, by City Ordinance No. 2010-996, approved on December 8, 2010, the City extended the termination date of the Zone from December 31, 2016 to December 31, 2029, and by City Ordinance No. 2018-1022, approved on December 19, 2018, the City extended the termination date of the Zone from December 31, 2029 to December 31, 2048; and

WHEREAS, the Tri-Party Agreement provides that the Authority may issue bonds payable from the revenues to be paid pursuant to the Tri-Party Agreement with the approval of the City; and

WHEREAS, by City Ordinance No. 2020-354, adopted on April 29, 2020, the City authorized the Authority to issue bonds authorized by the Tri-Party Agreement, provided that the aggregate principal amount of such bonds issued by the Authority and secured by payments to be made by the City and the Zone pursuant to the Tri-Party Agreement shall not exceed \$84,410,000; and

WHEREAS, as permitted by the Act, the Board of Directors of the Authority (the "Board") desires to issue its Tax Increment Contract Revenue Bonds, Series 2021 (the "Bonds") upon the terms and conditions and for the purposes herein provided; and

WHEREAS, the Authority intends to issue the Bonds, pursuant to the Indenture (defined below) and this Order.

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

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1 Definitions. In this Order, the following terms shall have the following meanings, unless the context clearly indicates otherwise. Terms not defined herein shall have the meanings assigned to such terms in the Indenture:

"Authority" means the Memorial-Heights Redevelopment Authority.

"Blanket Issuer Letter of Representations" shall mean the Authority's Blanket Issuer Letter of Representations with DTC.

"Board" shall mean the Board of Directors of the Authority.

"Bonds" shall mean the Authority's Tax Increment Contract Revenue Bonds, Series 2021, authorized by this Order.

"Bond Counsel" shall mean Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.

“*Business Day*” shall mean any day which is not a Saturday, Sunday, a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or a legal holiday.

“*Comptroller*” shall mean the Comptroller of Public Accounts of the State of Texas.

“*DTC*” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

“*DTC Participant*” shall mean the brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions.

“*Indenture*” shall mean the Indenture of Trust by and between the Authority and the Trustee dated as of March 4, 2021.

“*Initial Bond*” shall mean the initial Bond authorized by Section 2.3 of this Order.

“*Interest Payment Date*” shall mean, with respect to the Bonds, [refer to the Officer’s Pricing Certificate], and each March 1 and September 1 thereafter until maturity or earlier redemption.

“*Issuance Date*” shall mean the date on which the Bonds are authenticated by the Paying Agent/Registrar and delivered to and paid for by the Underwriters.

“*Officer’s Pricing Certificate*” shall mean the certificate or certificates to be signed by the designated officer of the Authority pursuant to Section 2.1 below.

“*Order*” or “*Bond Order*” shall mean this Order, and all amendments hereof and supplements hereto.

“*Outstanding*” when used with reference to the Bonds, shall mean, as of a particular date, all bonds theretofore and thereupon delivered except: (a) any Bond canceled by or on behalf of the Authority at or before said date, (b) any Bond defeased or no longer considered outstanding pursuant to the provisions of this Order or otherwise defeased as permitted by applicable law, and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Order.

“*Owner*” when used with respect to any Bond shall mean the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Order.

“*Paying Agent/Registrar*” shall mean Regions Bank, an Alabama banking corporation, and its successors as paying agent/registrars for the Bonds.

“*Pledged Revenues*” shall have the meaning ascribed to such term in the Indenture.

“*Purchase Agreement*” shall mean the agreement with the Underwriters for the purchase and sale of the Bonds as described in Section 6.1 of this Order.

“*Record Date*” shall mean, for any Interest Payment Date, the fifteenth calendar day of the month next preceding each Interest Payment Date.

“*Register*” shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to each Owner.

“*Rule*” shall mean SEC Rule 15c2-12, as amended from time to time.

“*SEC*” shall mean the United States Securities and Exchange Commission.

“*Trustee*” shall mean Regions Bank, an Alabama banking corporation, Houston, Texas, and its successors in that capacity.

“*Underwriters*” shall mean _____.

“*Zone*” shall mean Reinvestment Zone Number Five, City of Houston, Texas.

Section 1.2 Interpretation. All terms defined herein and all pronouns used in this Order shall be deemed to apply equally to singular and plural and to all genders. The title and headings of the articles and sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge of the Pledged Revenues to secure the payment of the Bonds.

ARTICLE II

TERMS OF THE BONDS

Section 2.1 Amount; Purpose; Authorization; Delegation to Pricing Officer.

(a) The Bonds shall be issued in fully registered form, without coupons, in the aggregate principal amount as determined in the Officer’s Pricing Certificate for the purposes of (1) financing Project Costs identified in the Project and Financing Plan, (2) satisfying the Reserve Requirement of the Debt Service Reserve Fund, and (3) paying costs of issuing the Bonds, all under and pursuant to the authority of the Act and all other applicable law.

(b) Pursuant to the Act, including particularly Section 2.101, Texas Business Organizations Code, the Board hereby authorizes the Chair of the Authority (the “Pricing Officer”) through a date one-year from the date of this Order to act on behalf of the Authority in connection with selling, issuing and delivering the Bonds and carrying out the other procedures specified in this Order. Bonds sold pursuant to a Purchase Agreement executed on or before the expiration of the authority granted to the Pricing Officer herein may be delivered after such date, provided that such delivery

date shall occur within ninety (90) days of the sale of the Bonds. Without limiting the generality of the foregoing, the Pricing Officer shall have the authority to approve the form of the Purchase Agreement and execute same on behalf of the Authority, determine the date on and price at which the Bonds will be sold, the years in which the Bonds will mature, the aggregate principal amount of the Bonds, the principal amount of the Bonds to mature in each year of maturity, the rate of interest to be borne by each such maturity (including, without limitation, any provisions related to a modified rate of interest upon the occurrence of a specified event), any redemption terms and provisions (including terms and provisions for optional and mandatory sinking fund redemption), whether to apply for and obtain municipal bond insurance or a reserve fund surety policy, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Officer's Pricing Certificate; provided that such matters may not directly conflict with any provisions set forth herein and further provided that:

- (1) the principal amount of the Bonds shall not exceed \$_____;
- (2) the net effective interest rate on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code;
- (3) the true interest cost of the Bonds shall not exceed _____%; and
- (4) the Bonds shall mature no later than the date of termination of the Zone.

Section 2.2 Name; Designation; Date; Interest Payment Dates. The Bonds shall be designated as the "MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021" and shall be dated as of the Issuance Date. The Bonds shall bear interest at the rates set forth in the Officer's Pricing Certificate from the later of the Issuance Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on the date set forth in the Officer's Pricing Certificate, and semiannually thereafter on March 1 and September 1 of each year until maturity or earlier redemption.

Section 2.3 Initial Bond; Numbers; Denomination; Interest Rate. The Bonds shall mature on the dates, be issued in the principal amounts, and bear interest at the rates set forth in the Officer's Pricing Certificate. The Bonds shall mature on September 1 in each of the years and in the amounts set out in the Officer's Pricing Certificate. The Initial Bond shall be designated "IB-1" and all other Bonds shall be numbered in sequence beginning with R-1. The Bonds may be transferred and exchanged only as set out in this Order. Bonds delivered in transfer of or in exchange for other Bonds shall be numbered in the order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or any integral multiple thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

Section 2.4 Execution and Registration of Bonds. (a) The Bonds shall be signed on behalf of the Authority by the Chair or Vice Chair and countersigned by the Secretary by their manual, lithographed, or facsimile signatures. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers.

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

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

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

Section 2.5 Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the registrar and paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the designated corporate trust office of the Paying Agent/Registrar. The interest on each Bond shall be payable by check payable on the Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Owner.

If the date for the payment of principal or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date such payment was due.

Section 2.6 Successor Paying Agent/Registrars. The Authority covenants that at all times while any Bonds are Outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to act as Paying Agent/Registrar for the Bonds. The Authority reserves the right to change the Paying Agent/Registrar for the Bonds on not less than sixty (60) days' written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment

of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the designated corporate trust office of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 2.7 Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days or more thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Authority. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of record of an affected Bond as of the close of business on the day prior to the mailing of such notice.

Section 2.8 Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Authority, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the Authority nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section 2.8 shall be valid and effectual and shall discharge the liability of the Authority and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 2.9 Registration, Transfer, and Exchange. So long as any Bonds remain Outstanding, the Paying Agent/Registrar shall keep the Register at its designated corporate trust office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, aggregate principal amount, and date, and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity, date, and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 2.9. Each Bond delivered in accordance with this Section 2.9 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

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

The Paying Agent/Registrar shall not be required to transfer or exchange any Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the period beginning thirty (30) days prior to the date fixed for redemption and ending on the date fixed for redemption.

Section 2.10 Cancellation of Bonds. All Bonds paid or redeemed in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and retained by the Paying Agent/Registrar in accordance with its document retention policies. Upon request of the Authority therefor, the Paying Agent/Registrar shall furnish the Authority with appropriate certificates of destruction of such Bonds.

Section 2.11 Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, date, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Authority or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar.

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

- (1) furnished to the Authority and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnished such security or indemnity as may be required by the Paying Agent/Registrar to save the Paying Agent/Registrar and the Authority harmless;

(3) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and

(4) met any other reasonable requirements of the Authority and the Paying Agent/Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Authority in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 2.11 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 2.12 Optional and Mandatory Redemption. (a) The Authority reserves the right, at its option, to redeem the Bonds maturing on or after [refer to Officer's Pricing Certificate], in whole or in part from time to time, on [refer to Officer's Pricing Certificate], or any date thereafter, at a price of the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption. In addition, Term Bonds, if any, are subject to mandatory redemption on the dates and at the redemption prices set forth in the Officer's Pricing Certificate.

(b) Bonds may be redeemed only in principal denominations of \$5,000 or any integral multiple thereof. Upon surrender of a Bond for redemption in part, the Paying Agent/Registrar, in accordance with this Order, shall authenticate and deliver in exchange therefor a Bond in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Unless waived by the Owner, notice of any redemption shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Bond at the address shown on the Register. Such notice shall state the principal amount redeemed, the redemption date, the redemption price and the place at which Bonds are to be surrendered for payment. Any notice given as provided in this Section 2.12 shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption and due provision has been made to redeem the same as herein provided, the Bonds shall no longer be regarded as Outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which

would otherwise accrue after the redemption date on any Bond shall terminate on the date fixed for redemption.

Section 2.13 Security; Limited Obligations. The Bonds are payable from and secured by a first lien on the Pledged Revenues, and are further secured by the Indenture. THE BONDS ARE A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED REVENUES, WHICH ARE THE SOLE ASSETS OF THE AUTHORITY PLEDGED THEREFOR. THE BONDS ARE OBLIGATIONS SOLELY OF THE AUTHORITY AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF HOUSTON, TEXAS, THE STATE OF TEXAS, HARRIS COUNTY, TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. THE CITY OF HOUSTON, TEXAS, IS NOT OBLIGATED TO MAKE PAYMENTS ON THE BONDS.

Section 2.14 Book-Entry Only System. (a) The Initial Bond shall be registered in the name as stated in the Officer's Pricing Certificate. Except as provided in Section 2.15 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to any Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the Authority to make payments or amounts due pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Order with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The execution and delivery of the Blanket Issuer Letter of Representations is hereby approved with such changes as may be approved by the Authority Chair or Vice Chair, and the Authority Chair or Vice Chair is hereby authorized and directed to execute such Blanket Issuer Letter of Representations.

By executing such letter of representation, the Authority agrees to comply with the terms of the letter of representation and to cooperate with DTC in arranging for payment to DTC in such manner that funds for such payments are properly identified and are made immediately available on the date they are due. In the event such letter of representation calls for the Authority to take some action, the Paying Agent/Registrar agrees to do so, if notified by the Authority and if such action is within the scope of the Paying Agent/Registrar's duties, responsibilities, and authority as Paying Agent/Registrar. In the event the procedures set forth in the letter of representation conflict with those set forth in this Order, the procedures of DTC set forth in the letter of representation shall control, including those with respect to payment, notices, tenders, presentation of Bonds for partial redemption or payment and transfers.

Section 2.15 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Authority, in its sole discretion, determines that the beneficial owners of the Bonds shall be able to obtain certified Bonds, or in the event DTC notifies the Authority and the Paying Agent/Registrar that it is unwilling or unable to continue as securities depository with respect to any or all of the Bonds, or if at any time DTC shall no longer be registered in good standing under the Securities Exchange Act or other applicable statute or regulation, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 2.16 Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

ARTICLE III

FORM OF BOND AND CERTIFICATES

Section 3.1 Form. The form of Bond, including, to the extent necessary, the form of the Paying Agent/Registrar's Authentication Certificate, the form of Assignment, the form of the Comptroller's Registration Certificate, and any other similar items, shall be set forth in the Officer's Pricing Certificate.

Section 3.2 Legal Opinions; CUSIP Numbers; Bond Insurance. In the event the Book Entry Only System is discontinued, the approving opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, and CUSIP numbers may be printed on the Bonds, but errors or omissions in the printing of such opinions or such numbers shall have no effect on the validity of the Bonds. If bond insurance is obtained by the Underwriters, the Bonds may bear an appropriate legend as provided by the insurer.

ARTICLE IV

ADDITIONAL PARITY BONDS

Section 4.1 Additional Parity Bonds. The Authority reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 4.2 Subordinate Lien Obligations. The Authority reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Pledged Revenues that are junior and subordinated to the lien on Pledged Revenues securing payment of the Parity Bonds. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purposes.

ARTICLE V

COVENANTS AND PROVISIONS RELATING TO ALL PARITY BONDS

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

ARTICLE VI

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

Section 6.1 Sale; Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in the Officer's Pricing Certificate, in accordance with the terms of the Purchase Agreement to be approved by the Pricing Officer. The Pricing Officer is hereby authorized and directed to execute the Purchase Agreement on behalf of the Authority, and the Pricing Officer and all other officers, agents and representatives of the Authority are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

Section 6.2 Application of Proceeds of Bonds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the Authority, be applied as follows:

(a) Proceeds of the Bonds in the amount of [refer to the Officer's Pricing Certificate] shall be deposited into the Debt Service Reserve Fund;

(b) [refer to the Officer's Pricing Certificate] shall be deposited into the Project Fund; and

(c) [refer to the Officer’s Pricing Certificate] shall be used by the Authority to pay all expenses arising in connection with the issuance of the Bonds.

Section 6.3 Reserve Requirement.

(a) For the purposes of Section 3.1(b)(5) of the Indenture, the Reserve Requirement for the Bonds as of the date of their issuance is [refer to the Officer’s Pricing Certificate].

ARTICLE VII

FEDERAL INCOME TAX EXCLUSION

Section 7.1 Covenants to Maintain Tax Exempt Status. For any Bonds for which the Authority intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable temporary, proposed and final regulations (the “Regulations”) and procedures promulgated thereunder and applicable to the Bonds, the Authority covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Bonds) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the Authority shall comply with each of the following covenants:

(a) The Authority will use all of the proceeds of the Bonds to (i) provide funds for the purposes described in Section 2.1 hereof, which will be owned and operated by a governmental entity and (ii) to pay the costs of issuing the Bonds. The Authority will not use any portion of the proceeds of the Bonds to pay the principal of or interest or redemption premium, if any, on any other obligation of the Authority or a related person.

(b) The Authority will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Bonds to constitute “private activity bonds” within the meaning of Section 141(a) of the Code.

(c) Principal of and interest on the Bonds will be paid solely from Pledged Revenues paid by the Authority and investment earnings on such collections.

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the Authority reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(e) At all times while the Bonds are outstanding, the Authority will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The Authority will monitor the yield on the investments of the proceeds of the Bonds

and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting “arbitrage bonds,” the Authority will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

(f) The Authority will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.

(g) The Authority represents that not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Authority reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the three-year period beginning on the date of issue of the Bonds.

(h) The Authority will take all necessary steps to comply with the requirement that certain amounts earned by the Authority on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the Authority will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the Authority allocable to other obligations of the Authority or moneys which do not represent gross proceeds of any obligations of the Authority and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the Authority will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

(i) The Authority will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) The Authority will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.

(k) The Authority will not issue or use the Bonds as part of an “abusive arbitrage device” (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the Authority to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(l) Proper officers of the Authority charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the Authority's expectations. On or after the date of issuance of the Bonds, the Authority will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(m) The covenants and representations made or required by this Section are for the benefit of the Bond holders and any subsequent Bond holder, and may be relied upon by the Bond holders and any subsequent Bond holder and bond counsel to the Authority.

In complying with the foregoing covenants, the Authority may rely upon an unqualified opinion issued to the Authority by nationally recognized bond counsel that any action by the Authority or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

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

Section 7.2 Not Qualified Tax-Exempt Obligations. The Authority does not designate the Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code.

ARTICLE VIII

AUTHORIZATION OF AGREEMENTS AND OTHER MATTERS

The Board hereby approves issuance of the Bonds and all reasonable agreements necessary in connection with the issuance of the Bonds, including without limitation, the following: (i) the Indenture by and between the Authority and the Trustee, (ii) the Purchase Agreement by and between the Authority and the Underwriters, (iii) the Paying Agent/Registrar Agreement by and between the Authority and Paying Agent/Registrar and (iv) any and all other documents and agreements reasonable and necessary to issue the Bonds (collectively, the “Agreements”). The Board hereby approves the form, terms, and provisions of the Agreements and authorizes the execution and delivery thereof. The Chair or Vice Chair of the Authority and other appropriate

officials and agents of the Authority shall be authorized to execute any and all necessary or appropriate documents and take any and all other actions necessary or appropriate in connection with issuance and delivery of the Bonds.

The Board hereby adopts, approves and ratifies all prior actions of the Board and the Authority, particularly the approval and adoption of the resolutions, agreements, certificates and other documents contained in the transcript of proceedings provided to the Attorney General of the State of Texas in conjunction with the issuance of the Bonds.

ARTICLE IX

OFFICIAL STATEMENT; CONTINUING DISCLOSURE OF INFORMATION

Section 9.1 Official Statement. The Authority hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the Authority are authorized to sign such Official Statement.

Section 9.2 Continuing Disclosure of Information.

(a) Annual Reports. The Authority will provide certain updated financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in the Official Statement in Schedules 1-6 (top ten taxpayers for current year only), and APPENDIX B: Financial Statements of the Authority. The Authority is not obligating itself to provide projections with respect to future tax years in connection with its continuing disclosure undertaking. The Authority will update and provide this information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles as the Authority may be required to employ from time to time pursuant to Texas law or regulation and (2) audited, if the Authority commissions an audit of such statements and the audit is completed within the period during Authority they must be provided. If audited financial statements are not so provided, then the Authority shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when audited financial statements become available.

If the Authority changes its fiscal year, it will submit a notice of such change to the MSRB, and the date of the new fiscal year end prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB).

(b) Material Events. The Authority shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the Authority if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority any of which affect Owners of the Bonds, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority any of which reflect financial difficulties.

Any event described in (xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an

existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws.

The Authority shall notify the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with Section 9.2(a) by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the holders and the beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, or status or type of principal payment of the Authority, if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances,

and (2) either (a) the holders of a majority in aggregate amount of the Outstanding Bonds consent to such amendment or (b) a person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If any such amendment is made, the Authority will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

ARTICLE X

MISCELLANEOUS

Section 10.1 Related Matters. To satisfy in a timely manner all of the Authority's obligations under this Order, the Chair, Vice Chair and Secretary of the Board and all other appropriate officers, agents and representatives of the Authority are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance of the Bonds, including, without limitation, executing and delivering on behalf of the Authority all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the Authority's obligations under this Order and to direct the transfer and application of funds of the Authority consistent with the provisions of this Order.

Section 10.2 Power to Revise Form of Documents. Notwithstanding any other provision of this Order, the Chair of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Order and in the form of the documents attached hereto as exhibits as, in the judgment of the Chair, and in the determination of Bond Counsel to the Authority, may be necessary or convenient to carry out or assist in carrying out the purposes of this Order or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board and the provisions of the Indenture.

Section 10.3 Severability. If any Section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 10.4 Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

Section 10.5 Parties Interested. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Paying Agent/Registrar, and the Owners of the Bonds, any right, remedy or claim under or by

reason of this Order or any covenants, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order shall be for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, and the Owners of the Bonds.

Section 10.6 Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 10.7 Effective Date. This Order shall become effective immediately upon passage by the Authority.

[Signature page follows.]

PASSED AND APPROVED this 4th day of March, 2021.

Chair

ATTEST:

Secretary

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of the Memorial-Heights Redevelopment Authority do hereby certify as follows:

1. The Board of Directors of the Memorial-Heights Redevelopment Authority convened in Regular Session, open to the public, on March 4, 2021, via telephone and videoconference, as permitted by actions of the Governor of the State of Texas on March 16, 2020, which suspended certain provisions of Chapter 551, Texas Government Code, in connection with the COVID-19 pandemic, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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

and all of said persons were present, except Director(s) _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

**ORDER OF REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON,
TEXAS, AUTHORIZING THE ISSUANCE OF
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Order has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public; and that public notice of the time, place and subject of the meeting was given pursuant the Governor's actions, and by Chapter 551, Texas Government Code.

PASSED AND APPROVED the 4th day of March, 2021.

Secretary

**ORDER OF REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON,
TEXAS, AUTHORIZING THE ISSUANCE OF
MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021**

WHEREAS, by City Ordinance No. 96-1337, adopted on December 18, 1996, the City Council of the City of Houston, Texas (the "City") created Reinvestment Zone Number 5, City of Houston, Texas (the "Zone"), pursuant to Chapter 311, Texas Tax Code, as amended (the "TIRZ Act"); and

WHEREAS, in accordance with the TIRZ Act, by City Ordinance No. 1997-594, adopted on May 21, 1997, the City approved the Project Plan and Reinvestment Zone Financing Plan for the development of the Zone, as amended by the following City Ordinances: City Ordinance No. 2008-784, adopted on September 3, 2008; City Ordinance No. 2009-299, adopted on April 8, 2009; City Ordinance No. 2010-997, adopted on December 8, 2010; City Ordinance No. 2011-908, adopted on October 26, 2011; City Ordinance No. 2015-1048, adopted on November 4, 2015; and City Ordinance No. 2018-1022, adopted on December 19, 2018 (the "Project and Financing Plan"); and

WHEREAS, by City Ordinance No. 1997-67, adopted on December 10, 1997, the City authorized the creation of the Memorial-Heights Redevelopment Authority (the "Authority") as a local government corporation pursuant to Subchapter D of Chapter 431, Texas Transportation Code (together with the TIRZ Act, the "Act"), to aid, assist, and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the area included within the Zone, as such boundaries may be amended from time to time, and neighboring areas, and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development within the Zone and the City; and

WHEREAS, by City Ordinance No. 1997-1590, adopted on December 17, 1997, the City, the Zone, and the Authority entered into an agreement, as amended and restated pursuant to City Ordinance No. 2001-455, adopted on May 23, 2001, (the "Tri-Party Agreement"), pursuant to which the Authority has authority and power to administer the Zone, make recommendations to the Board of Directors of the Zone (the "Board") and the City with respect to the development and redevelopment of the Zone, perform and engage in activities relating to the acquisition and development of land and other properties in the Zone, engage in development and redevelopment activities and construct and improve infrastructure in the Zone, enter into development agreements with developers/builders in the Zone, and, subject to City approval, issue, sell or deliver its bonds or notes, and perform the other activities described in the Tri-Party Agreement; and

WHEREAS, the Tri-Party Agreement provides that the Authority may issue bonds payable from the revenues to be paid pursuant to the Tri-Party Agreement with the approval of the City; and

WHEREAS, by City Ordinance No. 2020-354, adopted on April 29, 2020, the City authorized the Authority to issue bonds authorized by the Tri-Party Agreement, provided that the aggregate principal amount of such bonds issued by the Authority and secured by payments to be made by the City and the Zone pursuant to the Tri-Party Agreement shall not exceed \$84,410,000; and

WHEREAS, as permitted by the Act, the Board of Directors of the Authority desires to issue its Tax Increment Contract Revenue Bonds, Series 2021 (the "Bonds") upon the terms and conditions and for the purposes herein provided; and

WHEREAS, the Authority intends to issue the Bonds, pursuant to the Indenture (defined below) and this Order; and

WHEREAS, the Board desires to approve the issuance of the Bonds. Now, therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER FIVE, CITY OF HOUSTON, TEXAS, THAT:

Section 1. Recitations. The findings and recitations set out in the preamble to this Order are found to be true and correct and are hereby adopted by the Board, and made a part hereof for all purposes.

Section 2. Approval of Issuance; Authorization of Agreements. The Board hereby approves issuance of the Bonds and the execution and delivery of any and all other documents and agreements reasonable and necessary to issue the Bonds (collectively, the “Agreements”).

Section 3. Approval of Bond Order. The Zone hereby approves the Authority’s Order Authorizing the Issuance of Memorial-Heights Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2021, a copy of which is attached hereto as Exhibit A, and hereby approves the issuance of the Bonds described therein.

Section 4. Further Actions. The Chair, Vice Chair, and Secretary, and the other officials of the Zone are hereby authorized, jointly and severally, to execute and deliver such certificates, documents, or papers necessary and advisable, and to take such actions as are necessary to carry out the intent and purposes of this Order and the Agreements.

Section 5. Severability. It is hereby declared to be the intention of the Board that the sections, paragraphs, sentences, clauses and phrases of this Order are severable and, if any phrase, clause, sentence, paragraph or section of this Order should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Order, since the same would have been enacted by the Board without the incorporation in this Order of any such invalid phrase, clause, sentence, paragraph or section in conflict herewith are repealed to the extent of such conflict only.

Section 6. Repeal of Conflicting Orders. All orders or parts thereof in conflict herewith, if any, are repealed to the extent of such conflict only.

DULY PASSED by majority vote of all members of the Board of Directors of Reinvestment Zone Number Five, City of Houston, Texas, on the 4th day of March, 2021.

REINVESTMENT ZONE NUMBER FIVE,
CITY OF HOUSTON, TEXAS

Chair

ATTEST:

Secretary

EXHIBIT A

**Order Authorizing the Issuance of Memorial-Heights Redevelopment Authority Tax
Increment Contract Revenue Bonds, Series 2021**

INDENTURE OF TRUST

By and Between

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY,
the “Authority”**

and

**REGIONS BANK,
as “Trustee”**

DATED AS OF MARCH 4, 2021

SECURING

**MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY
TAX INCREMENT CONTRACT REVENUE BONDS, SERIES 2021
AND ADDITIONAL PARITY BONDS
AS MAY BE ISSUED FROM TIME TO TIME**

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EXHIBIT A – Form of Requisition Certificate

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of March 4, 2021 (the “Indenture”), is made by and between MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY, a not-for-profit local government corporation organized under Chapter 431, Texas Transportation Code (the “Act”) and existing under the laws of the State of Texas (the “Authority”), and REGIONS BANK, a state banking corporation existing under the laws of the State of Alabama, as trustee (together with any successor trustee hereunder, the “Trustee”).

W I T N E S S E T H

WHEREAS, by Ordinance No. No. 96-1337, adopted on December 18, 1996, the City of Houston (the “City”) created Reinvestment Zone Number Five, City of Houston, Texas (the “Zone”) pursuant to Chapter 311, Texas Tax Code (the “Act”); and

WHEREAS, by Resolution No. 1997-67, adopted on December 10, 1997, the City authorized the creation of the Memorial-Heights Redevelopment Authority (the “Authority”) to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions to promote the common good and general welfare of the area included within the Zone, as such boundaries may be amended from time to time, and neighboring areas; and

WHEREAS, the Board of Directors of the Zone adopted a Project Plan and Reinvestment Zone Financing Plan which was approved by City Ordinance No. 1997-594, adopted on May 21, 1997, as amended by the following City Ordinances: City Ordinance No. 2008-784, adopted on September 3, 2008; City Ordinance No. 2009-299, adopted on April 8, 2009; City Ordinance No. 2010-997, adopted on December 8, 2010; City Ordinance No. 2011-908, adopted on October 26, 2011; City Ordinance No. 2015-1048, adopted on November 4, 2015; and City Ordinance No. 2018-1022, adopted on December 19, 2018 (as so amended and as may be further amended from time to time, the “Project and Financing Plan”); and

WHEREAS, by Ordinance No. 1997-1590, adopted on December 17, 1997, the City approved that certain Agreement among the City, the Zone, and the Authority, as amended and restated by Ordinance No. 2001-455 (the “Tri-Party Agreement”), pursuant to which the City delegated to the Authority the power and authority to administer the Zone, including, but not limited to, the power to issue, sell or deliver its bonds, notes or other obligations, including the issuance of its notes in an amount not to exceed \$1,000,000, all in accordance with the terms of the Tri-Party Agreement; and

WHEREAS, by City Ordinance No. 2020-354, adopted on April 29, 2020, the City authorized the Authority to issue bonds authorized by the Tri-Party Agreement, provided that the aggregate principal amount of such bonds issued by the Authority and secured by payments to be made by the City and the Zone pursuant to the Tri-Party Agreement shall not exceed \$84,410,000 without further approval of the of the City Council; and

WHEREAS, by City Ordinance No. 2010-996, approved on December 8, 2010, the City extended the termination date of the Zone from December 31, 2016 to December 31, 2029, and by City Ordinance No. 2018-1022, approved on December 19, 2018, the City extended the

termination date of the Zone from December 31, 2029 to December 31, 2048; and

WHEREAS, by City Ordinance No. 2007-1142, adopted on October 10, 2007, City Ordinance No. 2008-1204, adopted on December 17, 2008, City Ordinance No. 2009-235, adopted on March 25, 2009, and City Ordinance No. 2015-1047, adopted on November 4, 2015, the City enlarged the Zone; and

WHEREAS, by City Ordinance No. 2011-907, adopted on October 26, 2011, the City reduced the boundaries of the Zone; and

WHEREAS, by Ordinance No. 1997-0565, adopted on May 21, 1997, as amended by City Ordinance No. 1999-091, the City approved that certain Interlocal Agreement by and among Houston Independent School District (“HISD”), the City and the Zone (the “HISD Agreement”); and

WHEREAS, by Ordinance No. 1999-1069, adopted on November 1, 1999, the City approved that certain Interlocal Agreement by and among Harris County, Texas (the “County”), the City and the Zone (the “County Agreement”); and

WHEREAS, the Authority desires to issue its Tax Increment Contract Revenue Bonds, Series 2021 (the “Series 2021 Bonds”) in a proposed principal amount not to exceed \$40,000,000, which are expected to pay for, among other things, certain project costs as authorized in the Project and Financing Plan; and

WHEREAS, the Authority and the Zone have agreed to reimburse two developers in the Zone for funds advanced by the developers for the construction of public improvements from a portion of the Contract Tax Increments generated from their projects (the “Developer Related Tax Increments”); and

WHEREAS, the Contract Tax Increments needed to make these reimbursements are paid annually to the developers if and when they meet the requirements set forth in their respective agreements with the Authority and the Zone; and

WHEREAS, the Authority intends to issue its Bonds (as herein defined), in one or more series; and

WHEREAS, in order to further secure the Bonds, the Authority has determined to enter into this Indenture for the purpose of assigning and pledging to the Trustee the Contract Tax Increments (as defined herein), for the purpose of establishing the Pledged Revenue Fund, the Project Fund, the Debt Service Fund, and the Debt Service Reserve Fund pursuant hereto and thereby providing the Pledged Revenues to be held by the Trustee to secure the payment of principal of and interest on all Bonds from time to time issued under the Bond Orders.

NOW, THEREFORE, in consideration of the premises herein, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

[END OF RECITALS]

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below for all purposes of this Indenture:

“*Act*” shall mean, collectively, Chapter 431, Texas Transportation Code, as amended.

“*Additional Parity Bonds*” shall mean the additional parity Bonds permitted to be issued by the Authority pursuant to Section 3.2 of this Indenture.

“*Annual Debt Service*” shall mean for any annual period (any fiscal year or any other twelve (12) consecutive calendar month period), an amount equal to the sum of (i) all interest on the Bonds which is due during such period, plus (ii) that portion of the Principal Installment which is due during such period, as calculated in accordance with the following:

(a) Except as modified below, (i) for any twelve (12) consecutive calendar month period other than the calendar year, whether or not such period constitutes the Authority’s current fiscal year or any future Authority fiscal year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or mandatorily redeemed or is scheduled to accrue and be paid or mandatorily redeemed during such twelve (12) consecutive month period; and (ii) for any fiscal year while the Authority’s fiscal year is the same as the calendar year, the aggregate amount of interest on and Principal Installment of the Bonds which was paid or mandatorily redeemed or is scheduled to accrue and be paid or mandatorily redeemed after January 1 of such fiscal year and on or before the next following January 1; and

(b) As to any annual period prior to the date of any calculation, such requirements shall be calculated solely on the basis of Bonds which were Outstanding as of the first (1st) day of such period; and as to any future year such requirements shall be calculated solely on the basis of Bonds Outstanding as of the date of calculation; and

(c) Notwithstanding the foregoing, all amounts which are deposited to the credit of the Debt Service Reserve Fund from original proceeds from the sale of any Bonds, shall be excluded from and shall not constitute Annual Debt Service for any such annual period; and all amounts which have been or are expected to be realized as interest and investment earnings on amounts on deposit in the Debt Service Fund (other than those amounts which are to be deposited into the Rebate Fund pursuant to Section 4.7 of this Indenture) and which are used or scheduled to be used to pay interest on or Principal Installments of Bonds during any annual period, shall be deemed to reduce the Annual Debt Service for any such annual period to the extent of such interest and investment earnings.

“*Annual Filing Date*” shall mean six months after the end of each of the Authority’s fiscal years, ending in or after 2021.

“**Authority**” shall mean the Memorial-Heights Redevelopment Authority, a not for profit local government corporation created under the Act, or its legal successors.

“**Authorized Representative**” shall mean the Chair, Vice Chair, or other officer of the Authority designated by the Chair to perform a specified act, to sign a specified document or to act generally on behalf of the Authority by a written instrument furnished to the Trustee.

“**Average Annual Debt Service**” shall mean the total Annual Debt Service (as of the date of the calculation) divided by the remaining number of years until the final maturity of the Bonds. The Average Annual Debt Service calculated under this Indenture shall remain in effect until the next date when such calculation is required under this Indenture. For the purposes of calculating the Average Annual Debt Service, any fractional year shall be included in the calculation as a full year.

“**Board**” shall mean the Board of Directors of the Authority.

“**Bonds**” shall mean one or more series of tax increment contract revenue bonds or other obligations issued by the Authority pursuant to this Indenture and the Bond Orders, including the Series 2021 Bonds.

“**Bond Order(s)**” shall mean the order(s) from time to time adopted by the Authority authorizing the Bonds.

“**Business Day**” shall mean any day which is not a Saturday, Sunday, a day on which banking institutions in the city where the corporate trust office of the Trustee or the Paying Agent/Registrar is located, which is initially Houston, Texas, are authorized by law or executive order to close or a legal holiday.

“**Captured Appraised Value**” shall mean, with respect to each Taxing Unit in each year, the total appraised value of real property taxable by such Taxing Unit and located in the Zone for that year less the Tax Increment Base of such Taxing Unit.

“**City**” shall mean the City of Houston, Texas.

“**Bond Counsel**” shall mean Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas or such other nationally recognized bond counsel firm engaged by the Authority.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Contract Tax Increments**” shall mean Tax Increments from time to time required to be deposited by the Participants into the Tax Increment Fund pursuant to the TIRZ Act and the Participant Contracts and payable to the Authority by the City pursuant to the Tri-Party Agreement (i) minus any expenses incurred by the City in connection with the collection of Tax Increments and subject to the retention by the City of a reserve of up to five percent of the monies then available in the Tax Increment Fund, and (ii) minus the Developer Related Tax Increments.

“Costs of Issuance” shall mean all charges, costs and expenses of the Authority incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees, financial advisory fees, bond insurance premiums, paying agent fees, printing fees, accounting fees, consultant fees, rating agency fees, fees of the Trustee and its counsel and Attorney General fee.

“County” shall mean Harris County, Texas.

“Debt Service” shall mean the Principal Installments and interest on the Bonds.

“Debt Service Fund” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“Debt Service Reserve Fund” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“Eligible Investments” shall mean any investments which the Authority is permitted to make under the laws of the State of Texas, including the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Event of Default” shall mean any Event of Default described in Section 6.1 of this Indenture.

“Exempt Securities” shall mean bonds or other evidences of obligations, the interest on which is exempt from federal income taxation under Section 103(a) of the Code.

“Fair Market Value” shall mean as of any particular time:

(a) as to Eligible Investments the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Eligible Investments so published on or most recently prior to the date of valuation by the Trustee, or

(b) as to Eligible Investments the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Eligible Investments at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers in such Eligible Investments.

“Fund” shall mean any one or more, as the case may be, of the separate special funds, including accounts and subaccounts created therein, created and established or required to be maintained pursuant to this Indenture.

“HISD” shall mean Houston Independent School District.

“Interest Payment Date” when used in connection with any Bond, shall mean March 1 and September 1 commencing on such March 1 or September 1 as shall be set forth in the Bond Order for such Bonds.

“Mandatory Redemption Installment” shall mean, as of any particular date of calculation

and with respect to any Series of Bonds, the amount of money to be applied to the mandatory redemption (including any mandatory redemption premium, if any) of Bonds in any fiscal year prior to maturity pursuant to this Indenture or any Bond Order, as such Mandatory Redemption Installment shall have been previously reduced by the principal amount of any Bonds of such Series of the maturity with respect to which such Mandatory Redemption Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of this Indenture or of any Bond Order, other than a Mandatory Redemption Installment redemption or purchase.

“**Maximum Annual Debt Service**” shall mean the greatest amount of the Annual Debt Service calculated for any future fiscal year.

“**Outstanding**” when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered except: (a) any Bond canceled by or on behalf of the Authority at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of the Bond Order or otherwise defeased as permitted by applicable law, and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Bond Order.

“**Owner**” or “**Registered Owner**” when used with respect to any Bond shall mean the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under the Bond Order.

“**Parity Bonds**” shall mean the Bonds and each series of Additional Parity Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

“**Participants**” shall mean the City and other parties from time to time that enter into Participant Contracts. While the County was an initial Participant under the County Agreement, and HISD was an initial Participant under the HISD Agreement, the County and HISD no longer contribute Tax Increment into the Tax Increment Fund.

“**Participant Contracts**” shall mean, collectively, the Tri-Party Agreement and any other contracts or orders heretofore or from time to time hereafter entered into between the Authority and Participants, containing provisions with respect to the payment by Participants of Tax Increments.

“**Paying Agent/Registrar**” shall mean the bank or trust company so designated in the Bond Orders. The initial Paying Agent/Registrar is Regions Bank, a state banking corporation existing under the laws of the State of Alabama, and its successors in that capacity.

“**Pledged Revenue Fund**” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“**Pledged Revenues**” shall have the meaning assigned to that term in Article II of this Indenture.

“**Principal Installment**” shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, an amount of money equal to the aggregate of (a) the principal amount of Outstanding Bonds of said Series which mature on a single future date,

reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Mandatory Redemption Installments applied in accordance with this Indenture plus (b) the amount of any Mandatory Redemption Installment payable on said future date for the retirement of any Outstanding Bonds of said Series.

“Principal Installment Payment Date”, when used in connection with any Bond, shall mean September 1 of each year in which principal is scheduled to be paid.

“Project and Financing Plan” shall mean the final Project Plan and Reinvestment Zone Financing Plan of the Zone which was approved by the City by Ordinance No. 2008-784, adopted on September 3, 2008; City Ordinance No. 2009-299, adopted on April 8, 2009; City Ordinance No. 2010-997, adopted on December 8, 2010; City Ordinance No. 2011-908, adopted on October 26, 2011; City Ordinance No. 2015-1048, adopted on November 4, 2015; and City Ordinance No. 2018-1022, adopted on December 19, 2018; and as may be further amended from time to time.

“Project Costs” shall mean all project costs identified in the Project and Financing Plan as authorized by the TIRZ Act and the Tri-Party Agreement.

“Project Fund” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“Rebate Fund” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“Register” or **“Bond Register”** shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Regulations” means the applicable proposed, temporary or final Treasury regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Fund Surety Policy” shall mean an insurance policy or other credit agreement, as such term is defined by Section 1371.001, Texas Government Code, in a principal amount equal to the portion of the Reserve Requirement to be satisfied and issued by a financial institution or insurance company with a rating (at the time of purchase thereof) for its long term unsecured debt or claims paying ability of at least “A” or its equivalent (without regard to any modifier) by a nationally recognized statistical rating organization.

“Reserve Requirement” shall be computed after the issuance of any Series of Bonds and shall be the Maximum Annual Debt Service; provided that an amount equal to the amount of the Reserve Requirement shall never increase by more than 10% of the stated principal amount of such Series of Bonds or 10% of the issue price of such Series of Bonds if the Series of Bonds are issued with more than a *de minimis* amount (as defined by Section 1.148-1 of the Regulations) of original issue discount or premium.

“Series” shall mean all of the Bonds authenticated and delivered on issuance pursuant to this Indenture or any Bond Order authorizing the issuance of such Bonds as a separate series of Bonds or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such

Bonds.

“*State*” or “*State of Texas*” shall mean the State of Texas.

“*Surplus Fund*” shall mean the fund so designated and created pursuant to Article IV of this Indenture.

“*Tax Increment*” shall mean, with respect to each Taxing Unit, in each year, the amount of property taxes levied by such Taxing Unit for that year on the Captured Appraised Value of real property taxable by such Taxing Unit and located in the Zone.

“*Tax Increment Base*” shall mean the total appraised value of all real property taxable by the City and located in the Zone as of January 1, 1997 plus the total appraised value of real property taxable by a Taxing Unit and annexed into the Zone as determined on January 1 of the year in which such property was annexed into the Zone.

“*Tax Increment Fund*” shall mean the City’s Memorial-Heights TIRZ Tax Increment Fund created and maintained in accordance with Ordinance No. 1996-1377 and the TIRZ Act.

“*Taxing Unit*” shall mean, in addition to the Participants, a special district or authority (including a junior college district, a hospital district, a navigation district, or other district created by or pursuant to the V.T.C.A. Water Code), or any other political subdivision of the State of Texas, whether created by or pursuant to the Texas Constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on real property in the Zone, even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its affairs.

“*TIRZ Act*” shall mean Chapter 311, Texas Tax Code, as amended.

“*Tri-Party Agreement*” shall mean that certain Agreement by and between the City, the Zone, and the Authority approved by the City by Ordinance No. 1997-1590, adopted on December 17, 1997, as amended and restated by Ordinance No. 2001-455, as amended.

“*Trustee*” shall mean Regions Bank, a state banking corporation existing under the laws of the State of Alabama, and its successors in that capacity.

“*Zone*” shall mean Reinvestment Zone Number Five, City of Houston, Texas as enlarged from time to time.

Section 1.2. Recitals, Table of Contents, Titles and Headings. The terms and phrases used in the recitals of this Indenture have been included for convenience of reference only and the meaning, construction and interpretation of such words and phrases for purposes of this Indenture shall be determined solely by reference to Section 1.1 hereof. The table of contents, titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.3. Interpretation. Unless the context requires otherwise, words of the masculine

gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Indenture and the Bonds.

[END OF ARTICLE I]

ARTICLE II

GRANTING CLAUSES

In order to secure the payment of the Principal Installments of, redemption premium, if any, and interest on all Bonds as the same are issued and become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority does hereby GRANT, BARGAIN, CONVEY, ASSIGN and PLEDGE to the Trustee and its successors in trust hereunder, subject to the provisions of this Indenture, all of the Authority's right, title and interest in and to the following described properties and interests, direct or indirect, whether now owned or hereafter acquired (collectively, the "Pledged Revenues"):

(a) The Contract Tax Increments and all of the Authority's right, title and interest thereto under the Participant Contracts.

(b) All moneys deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Project Fund held by the Trustee pursuant to the provisions of this Indenture and all interest earnings and investment income therefrom.

(c) Any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security hereunder by the Authority, or anyone on behalf of the Authority, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms hereof.

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds secured and to be secured hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond, except as otherwise expressly provided in this Indenture.

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and redemption premium, if any, due or to become due thereon, at the times and in the manner provided in the Bonds, and in the Bond Orders according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds maintained hereunder in the amounts required by this Indenture and the Bond Orders, or shall provide, as permitted hereby, for the payment thereof

by depositing with the Trustee or Paying Agent/Registrar the entire amount due or to become due thereon, or an amount sufficient to provide for the payment thereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights and liens hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and shall remain in full force and effect.

[END OF ARTICLE II]

ARTICLE III

AUTHORIZATION OF THE BONDS; GENERAL TERMS AND PROVISIONS OF BONDS; ADDITIONAL PARITY BONDS AND SUBORDINATE LIEN OBLIGATIONS

Section 3.1. Authorization of Bonds. (a) The Bonds may be authorized from time to time by the Authority pursuant to a Bond Order duly adopted by the Board, which shall specify the dates, denominations, principal amounts, interest rates, maturities, redemption provisions, form(s) of bonds, manner of payment, provision for execution and authentication, application of proceeds and all other terms and provisions of the Bonds not otherwise provided herein.

(b) At or prior to the issuance of each series of Bonds pursuant to any Bond Order, the Authority shall provide to the Trustee the following:

(i) a certified copy of the Bond Order;

(ii) the approving opinion of Bond Counsel with respect to such Series of Bonds to the effect (i) that the Bonds are valid and binding obligations of the Authority except to the extent that their enforceability may be limited by applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and except that such enforceability is subject to general principles of equity and the exercise of judicial discretion (regardless of whether such enforceability is considered in a proceeding in law or at equity), and (ii) that the Bonds are issued pursuant to the terms of this Indenture;

(iii) if such Series of Bonds are being issued to refund any previously issued Bonds, the identity, redemption date and redemption price of the Bonds to be refunded;

(iv) a debt service schedule with regard to such series of Bonds and all Bonds that will then be Outstanding after the issuance of such series of Bonds and refunding of any Bonds being refunded thereby; and

(v) the amount necessary for the amount on deposit in the Debt Service Reserve Fund to equal the Reserve Requirement, as such amount may have been modified based upon the issuance of such series of Bonds.

Section 3.2. Additional Parity Bonds. The Authority reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more series of Additional Parity Bonds payable from and secured by a lien on the Pledged Revenues, on a parity with the Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the Principal Installment Payment Dates and Interest Payment Dates, respectively;

(b) The City has approved issuance of the Additional Parity Bonds on the terms set forth in the Tri-Party Agreement, as the same may be modified from time to time;

(c) There shall be on deposit in the Debt Service Reserve Fund, after the issuance of the Additional Parity Bonds, an amount equal to the Reserve Requirement on all Bonds that will be Outstanding after the issuance of such Additional Parity Bonds;

(d) The Authority certifies that it is not in material default with the terms of the Indenture, any Bond Order or the Tri-Party Agreement;

(e) The Authority has received a certificate of the Authority's financial advisor meeting the requirements set forth in paragraph (f) below which shows Captured Appraised Value which, at the Participants' tax rates then in existence, will generate Contract Tax Increments that will be at least 125 percent of projected Maximum Annual Debt Service, taking into account the Bonds and the Additional Parity Bonds to be issued; provided that this requirement shall not apply to the issuance of any series of Additional Parity Bonds for refunding purposes that will have the result of reducing the Average Annual Debt Service requirements on Parity Bonds; and

(f) The certificate required by paragraph (e) above shall be based on the projection of the Captured Appraised Value by the Authority's financial advisor using either: (i) a certificate of the Harris County Appraisal District showing certified values, adjusted for exemptions, or (ii) estimated or preliminary values provided by the Harris County Appraisal District, adjusted for exemptions and losses due to protests based on historical data based on a three-year historical average of such reductions.

Section 3.3. Subordinate Lien Obligations. The Authority reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on all or part of the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purposes. Such subordinate lien obligations will provide that they are payable from all or part of the Pledged Revenues only if and to the extent such amounts could otherwise be deposited to the Debt Service Reserve Fund (for Reserve Fund Surety Policy obligations) or to the Surplus Fund.

Section 3.4. Declaration. It is hereby expressly declared that all revenues, receipts, moneys and other properties hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, covenants, agreements, uses and purposes set forth in this Indenture.

[END OF ARTICLE III]

ARTICLE IV

FUNDS AND INVESTMENTS

Section 4.1. Creation of Funds. There are hereby created the following Funds:

- (a) Pledged Revenue Fund;
- (b) Debt Service Fund;
- (c) Debt Service Reserve Fund;
- (d) Project Fund;
- (e) Rebate Fund; and
- (f) Surplus Fund.

Each Fund, other than the Surplus Fund, shall be maintained by the Trustee separate and apart from all other funds of the Authority. The Authority shall maintain its Surplus Fund at a depository of the Authority's selection and in accordance with the Tri-Party Agreement. The Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Project Fund shall constitute trust funds which shall be held in trust by the Trustee solely for the benefit of the Owners of the Bonds.

Section 4.2. Pledged Revenue Fund. There is hereby created and established with the Trustee a fund to be designated the "Pledged Revenue Fund." Upon receipt of the Contract Tax Increments, the Authority shall identify, segregate and deposit into the Pledged Revenue Fund all Contract Tax Increments. Money in the Pledged Revenue Fund shall be held in trust by the Trustee and applied in the following manner and order of priority:

- (a) First, to the Debt Service Fund amounts necessary to make the amounts on deposit therein equal to the interest and Principal Installments due on the Bonds in the next twelve (12) month period;
- (b) Second, to the Debt Service Reserve Fund amounts required to attain the Reserve Requirement;
- (c) Third, to the payment of fees and expenses of the Trustee and Paying Agent/Registrar;
- (d) Fourth, to the Rebate Fund any amounts so directed by the Authority to be deposited therein; and
- (e) Fifth, to the Surplus Fund (subject to the direction of the Authority to transfer money to the Project Fund pursuant to Section 4.5) for use by the Authority for any lawful purpose.

Section 4.3. Debt Service Fund. There is hereby created and established with the Trustee a fund to be designated the “Debt Service Fund.” Money in the Debt Service Fund shall be held in trust by the Trustee. The Authority shall deposit or cause to be deposited into the Debt Service Fund accrued interest on the Bonds, capitalized interest on the Bonds, transfers from the Pledged Revenue Fund as provided in Section 4.2, transfers from the Debt Service Reserve Fund as provided in Section 4.4, and, to the extent necessary, other Pledged Revenues in such amounts and at such times to provide that amounts necessary to pay interest and Principal Installments, due on the Bonds. The Trustee shall transfer on each Interest Payment Date and each Principal Installment Payment Date to the Paying Agent/Registrar such amounts in the Debt Service Fund sufficient to pay Principal Installments and interest on the Bonds as the same becomes due.

Section 4.4. Debt Service Reserve Fund. There is hereby created and established with the Trustee a fund to be designated the “Debt Service Reserve Fund.” Money in the Debt Service Reserve Fund shall be held in trust by the Trustee. The Debt Service Reserve Fund shall initially be funded as provided in the Bond Order.

(a) If, on any Interest Payment Date or Principal Installment Payment Date, after transferring funds to the Debt Service Fund as provided in Section 4.2, the Debt Service Reserve Fund contains amounts equal to an amount less than the then applicable Reserve Requirement, the Trustee shall withdraw from the Pledged Revenue Fund and deposit into the Debt Service Reserve Fund the amount required to attain the Reserve Requirement. If there are not sufficient funds in the Pledged Revenue Fund to fund the Reserve Requirement, the Trustee shall deposit into the Debt Service Reserve Fund all interest and income earned from the investment of amounts credited to the Debt Service Reserve Fund until the Reserve Requirement is again attained.

(b) So long as the Debt Service Reserve Fund contains amounts at least equal to the Reserve Requirement, all earnings on the Debt Service Reserve Fund shall be transferred and deposited, as collected, into the Debt Service Fund.

(c) Amounts deposited into the Debt Service Reserve Fund (i) shall be used to pay interest on or Principal Installments of Bonds when insufficient funds are available for such purpose in the Debt Service Fund or (ii) may be applied toward the payment of interest on or Principal Installments of Bonds in connection with the refunding or redemption of such Bonds.

(d) The Authority expressly reserves the right at any time to satisfy all or part of the Reserve Requirement by obtaining for the benefit of the Debt Service Reserve Fund one or more Reserve Fund Surety Policies. In the event the Authority elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Debt Service Reserve Fund, it may apply any Bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which the Bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used, including the payment of Debt Service on the Series of Bonds to which such released amounts relate. The premium for any Reserve Fund Surety Policy shall be paid from Bond proceeds or other funds of the Authority lawfully available for such purpose. Any Reserve Fund Surety Policy shall be authorized by order. All amounts deposited in or required to be deposited in the Debt Service Reserve Fund may be used to pay obligations incurred to providers of Reserve Fund Surety Policies, including amounts advanced thereunder, interest on such advances and related costs and expenses.

Section 4.5. Project Fund.

(a) There is hereby created and established with the Trustee a fund to be designated the "Project Fund." Subaccounts may be established and created as the Authority or Trustee deems appropriate. The Project Fund and any subaccounts thereof, shall initially be funded as provided in the Bond Orders. Moneys can be transferred from the Pledged Revenue Fund to the Project Fund (instead of the Surplus Fund), at the discretion and written direction of the Authority given at the time moneys are received in the Pledged Revenue Fund, provided that immediately prior to any such transfers the deposits required by Sections 4.2(a) through (d) above have been made or provided for.

(b) The money and securities in the Project Fund shall be held in trust by the Trustee and applied as provided herein and until such application, the money and securities in such fund shall be subject to a lien and charge in favor of the Trustee.

(c) The Trustee is hereby authorized and directed to make disbursements from the Project Fund and any subaccounts thereof and to issue its checks therefor or otherwise pay upon receipt of a requisition in accordance with Section 4.5(c). The Trustee shall keep and maintain adequate records pertaining to the Project Fund and its subaccounts and all disbursements therefrom.

(d) The Trustee shall use money in the Project Fund solely to pay or reimburse the Authority for Project Costs (including Costs of Issuance) and the repayment of any loans, notes or other obligations used to finance Project Costs. Before any payment shall be made from the Project Fund, there shall be filed with the Trustee a completed requisition, in the form attached hereto as **Exhibit A**, signed by an Authorized Representative of the Authority. Upon receipt of such requisition, the Trustee shall make payment from the Project Fund in accordance with such requisition.

Section 4.6. Surplus Fund.

(a) There is hereby created and established with the Authority a fund to be designated the "Surplus Fund." The Authority shall maintain its Surplus Fund at a depository of the Authority's selection and in accordance with the Tri-Party Agreement. Subject to the provisions of Sections 4.2 and 4.5, there shall be deposited into the Surplus Fund any amounts remaining in the Pledged Revenue Fund. After transfer to the Surplus Fund, such amounts may be used by the Authority for any lawful purpose free from the lien and pledge of this Indenture.

Section 4.7. Rebate Fund.

(a) There is hereby created and established with the Trustee a fund to be designated the "Rebate Fund." Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien created by the Indenture. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount directed by the Authority in writing to be transferred thereto.

(b) Within five days after each transfer of funds to the Rebate Fund pursuant to Section 4.2(d), the Trustee shall withdraw from the Rebate Fund and pay to the United States Treasury the

balance of the Rebate Fund. All payments to the United States Treasury pursuant to this Section shall be (i) made by the Trustee for the account and in the name of the Authority, (ii) paid by check mailed by registered mail (return receipt requested), addressed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 (or such other Service Center as may be designated by the Internal Revenue Service from time to time), and (iii) accompanied by the relevant Internal Revenue Service Form 8038-T provided by the Authority.

(c) The Trustee shall preserve copies (either in original form or by image) of all statements and forms received from the Authority pursuant to this Indenture and all records maintained by it of transactions in the Rebate Fund and shall deliver such materials to the Authority within 60 days following the discharge of the last of the Bonds.

(d) The Trustee may in good faith conclusively rely on the instructions of the Authority with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Authority to supply accurate or sufficient instructions.

(e) If at any time during the term of this Indenture the Trustee or the Authority desires to take any action that would otherwise be prohibited by the terms of this Section, such person will be permitted to take such action only if it shall first obtain and provide to the other person named herein an opinion of Bond Counsel (acceptable to both the Trustee and the Authority) to the effect that such action will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and shall be in compliance with the laws of the State of Texas and the terms of this Indenture.

Section 4.8. Investment Earnings. Monies deposited into the Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Project Fund shall be invested and reinvested in Eligible Investments as directed in writing to the Trustee by the Authority; provided that all such Eligible Investments shall be directed by the Authority in such manner that the money required to be expended from any Fund will be available at the proper time or times.

(a) All investments and any profits realized from or interest accruing on such investments shall belong to the Fund from which the monies for such investments were taken (except as otherwise expressly provided in this Indenture). All losses on investments shall be charged against the Fund to which such investments are credited. The Trustee shall have the right to have sold in the open market a sufficient amount of any such investments at any time that a Fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such Fund. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the sale of any investment made pursuant to this Article IV, as herein authorized.

(b) At the direction of the Authority, a portion of the investment income from any Fund may be paid directly to the Rebate Fund, free and clear of the lien and pledge of this Indenture, for payment to the United States Treasury pursuant to Section 4.7 in order to maintain the tax-exempt status of the Bonds.

(c) The Trustee may make any investment through its or an affiliate's investment department, and the Trustee or such affiliate may receive compensation in connection with such

investments. As amounts invested are needed for disbursement from any Funds, the Trustee shall cause a sufficient amount of the investments credited to that Fund to be redeemed or sold and converted into cash to the credit of that Fund. Securities transaction charges incident to any purchase, sale, or redemption of Eligible Investments shall be charged to the Authority.

(d) The Trustee may conclusively rely upon the Authority's written instructions as to both the suitability and legality of the directed investments. In the absence of investment instructions from the Authority, the Trustee shall hold the moneys held by it hereunder uninvested. Although the Authority recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered and that no statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

(e) The Authority has covenanted in the Bond Order to restrict the investment of the gross proceeds of the Bonds to such extent as may be necessary so that the Bonds will not constitute "arbitrage bonds" under the Code, and the Trustee hereby agrees to comply with the Authority's instructions with respect to the investment of money in the Funds created under this Indenture. The Authority has covenanted to provide the Trustee with written instructions to assure that any amounts that, in accordance with the Code, are required to be invested at a restricted yield will be invested either (i) in Exempt Securities or (ii) at a yield that is not materially higher than the yield on the Bonds, determined in accordance with the Code, unless in the opinion of Bond Counsel, investment of such at a higher rate will not adversely affect the excludability from gross income of interest on the Bonds for federal income tax purposes. For the purpose of applying this Section, amounts on deposit in each Fund shall be accounted for on a first in, first out basis. The Trustee, at the Authority's direction, is authorized to yield restrict any investment in accordance with Article VII of the Bond Orders.

(f) For the purpose of determining the amount on deposit to the credit of any such Fund, obligations in which money in such Fund shall have been invested shall be valued at the Fair Market Value. The Trustee shall provide a statement of the Eligible Investments in the Funds established under this Indenture as of the last Business Day of each month.

[END OF ARTICLE IV]

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.1. Payment of Bonds and Performance of Obligations. The Authority covenants to promptly pay or cause to be paid the Principal Installments of, redemption premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and the Bond Order; to pay when due all fees, charges and other amounts due to the Trustee and the Paying Agent/Registrar for the discharge of their duties hereunder; and to faithfully keep and perform all of its covenants, undertakings and agreements contained in this Indenture, the Tri-Party Agreement and the Bond Order.

Section 5.2. Recordation and Execution of Security Instruments. The Authority covenants to cause this Indenture, any supplemental indentures, and all other security instruments, financing statements and supplements thereto that may be necessary, to be filed, recorded, and refiled, in such manner, at such times and in such places as may be required by law in order to fully preserve and protect the rights and security of the Owners of the Bonds and to perfect and preserve the lien of this Indenture. Without limiting the generality of the foregoing, the Authority shall execute and deliver such additional instruments and perform such additional acts as may be necessary and proper after the execution of this Indenture and to transfer to any successor Trustee or Trustees the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of this Indenture with respect to any Bond or Bonds, and shall take all action that may at any time be necessary to secure the interests of the Owners of the Bonds.

Section 5.3. Title; Encumbrances of Pledged Revenues. The Authority covenants that it has good and indefeasible title to the Contract Tax Increments, subject to the assignments and pledges contained herein. So long as any Bonds remain Outstanding, except as permitted by Sections 3.2 and 3.3 of this Indenture, the Authority covenants not to sell, transfer, assign, pledge, encumber, mortgage or otherwise dispose of, directly or indirectly, by merger or otherwise, or cause or suffer same, or create or allow to accrue or exist any lien upon, all or any part of its interest in the Pledged Revenues or any portion thereof, except for the lien of this Indenture.

Section 5.4. Pledged Revenues Not Encumbered. The Pledged Revenues are not in any manner pledged to the payment of any debt or obligation of the Authority other than the Bonds. The Authority covenants that it will not in any manner pledge or further encumber the Pledged Revenues unless such pledge or encumbrance is junior and subordinate to the lien and pledge hereunder securing the Bonds.

Provided, however, the lien on, pledge of, and rights in and to the Contract Tax Increments established, made, and granted in Article II of this Indenture and this Section 5.4 constitutes a lien thereon, subject only to the rights, if any, of the holders of bonds or other obligations that have been heretofore or are hereafter issued by a Participant that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the Participant.

Section 5.5. Collection of Contract Tax Increment. Subject to the provisions of applicable law and the Tri-Party Agreement, the Authority covenants and agrees to use its best

efforts to cause each Participant to pay to the City, when due, all Contract Tax Increments to provide for the payment of principal of and interest on the Bonds.

Section 5.6. Amendment of Tri-Party Agreement. The Authority covenants not to cause any amendment of the Tri-Party Agreement that will in any manner materially impair the rights of the Owners of the Bonds.

[END OF ARTICLE V]

ARTICLE VI

EVENTS OF DEFAULT

Section 6.1. Events of Default. An Event of Default hereunder shall consist of any of the following acts or occurrences:

- (a) failure to pay when due any Principal Installment or interest on any Bond; or
- (b) failure to deposit to the Debt Service Fund money sufficient for the payment of any Principal Installment or interest payable on the Bonds by no later than the date when such Principal Installment or interest becomes due and payable.

Section 6.2. Notices. In order to provide the Authority with information with respect to its obligations under this Indenture, the Trustee shall provide the Authority notice of any draws upon the Debt Service Reserve Fund which are required to be transferred to the Debt Service Fund for the payment of Principal Installments of or interest on any Bonds, together with the description of the amount drawn.

Section 6.3. Notice of Default. The Trustee shall also be required to give prompt notice to the Authority of the occurrence of any Event of Default hereunder of which the Trustee has actual knowledge as provided in Section 8.2.

Section 6.4. Remedies in General. If an Event of Default hereunder shall occur and be continuing, then, in addition to all of the other rights and remedies granted to the Trustee hereunder, the Trustee, subject to the provisions of this Indenture, may, and at the direction of the Owners of not less than 25% of the aggregate principal amount of the Bonds the Outstanding, shall proceed to protect and enforce its rights and the rights of the Owners of Bonds by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, the Bond Orders or the Bonds or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Owners of the Bonds, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the members of the Board or other officers of the Authority or any Participant to make payment of the Contract Tax Increment (but only from and to the extent of the sources provided in this Indenture and the Participant Contracts) or to observe and perform such covenant, obligations or conditions of this Indenture or the Tri-Party Agreement.

Section 6.5. Appointment of Receiver. If an Event of Default hereunder shall occur and be continuing, and upon filing of a bill in equity or commencement of other judicial proceedings to enforce the rights of the Trustee and the Owners hereunder, the Trustee shall be entitled as a matter of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the Pledged Revenues and the income, rents, profits and use thereof pending such proceedings, with such powers as the court making such appointment shall confer.

Section 6.6. Trustee May Act Without Possession of Bonds. All rights of action under this Indenture or under any Bonds may be enforced by the Trustee without possession of any of

the Bonds or the production thereof on any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 6.7. Trustee as Attorney in Fact. The Trustee is hereby appointed (and the Owners of the Bonds, by taking and owning same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Owners of the Bonds, to make or file, in the names of the Owners of the Bonds, or in behalf of all Owners of the Bonds as a class, any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Owners of the Bonds as a class as may be necessary or advisable, in the judgment of the Trustee, in order to have the claims of the Owners of the Bonds against the Authority approved in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Authority shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Owners to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

Section 6.8. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.9. Limitation on Suits. All rights of action in respect of this Indenture shall be exercised only by the Trustee, and no Owner of any Bond secured hereunder shall have any right to institute any suit, action or proceeding at law or in equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof, unless and until the Trustee shall have received written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for ten (10) days thereafter to institute such suit, action or proceedings. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Owner of any Bond of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any such Owner of any action or cause of action for the appointment of a receiver or for any other remedy hereunder.

Nothing contained in this Article, however, shall affect or impair the right of any Owner, which shall be absolute and unconditional, to enforce the payment of the Principal Installments and interest on the Bonds of such Owner, but only out of the moneys for such payment as herein provided, or the obligation of the Authority, which shall also be absolute and unconditional, to make payment of the Principal Installments and interest on the Bonds issued hereunder, but only

out of the funds provided herein for such payment, to the respective Owners thereof at the time and place stated in said Bonds.

Section 6.10. Right of Owners of the Bonds to Direct Proceedings. Notwithstanding any provision of this Indenture to the contrary, the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee or any other proceedings hereunder; provided, however, that such direction shall not be contrary to law or the provisions of this Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Owners of the Bonds not consenting.

Section 6.11. Restoration of Rights and Remedies. If the Trustee or any Owner of a Bond has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner of a Bond, then and in every such case the Authority, the Trustee and the Owners of the Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Owners of the Bonds shall continue as though no such proceeding had been instituted.

Section 6.12. Waiver of Stay or Extension Laws. To the extent that it may lawfully do so, the Authority covenants that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay or extension law whenever or wherever enacted, which may affect the covenants or the performance of this Indenture. The Authority also covenants that it will not otherwise hinder, delay or impede the execution of any power herein granted to the Trustee.

Section 6.13. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon any Event of Default hereunder shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners of the Bonds, as the case may be.

[END OF ARTICLE VI]

ARTICLE VII

DISCHARGE

Section 7.1. Discharge by Payment. When all Bonds have been paid in full as to principal and as to interest and premium, if any, or when all Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the Authority shall have provided for the payment of the whole amount due or to become due on all Bonds then Outstanding, including all interest which has accrued thereon or which may accrue to the date of maturity or redemption by depositing with the Trustee or the Paying Agent/Registrar, for payment of such Outstanding Bonds and the interest thereon and any premium which may be due thereon, the entire amount due or to become due thereon, and the Authority shall also have paid or caused to be paid all sums payable hereunder by the Authority, including the compensation due or to become due the Trustee, then the Trustee shall, upon receipt of a letter of instructions from the Authority requesting the same, discharge and release the lien of this Indenture and execute and deliver to the Authority such releases or other instruments as shall be required to release the lien hereof.

Section 7.2. Discharge by Deposit. The Authority may discharge its obligation to the Owners of any or all of the Bonds to pay principal, interest and redemption premium (if any) thereon in any manner then permitted by law, including but not limited to, by depositing with any paying agent for such Bonds either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or Investments in principal amounts and maturities and bearing interest at rates sufficient (in the opinion of an independent certified public accountant) to provide for the timely payment of the principal amount and redemption premium, if any, of such Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of the Bonds are to be redeemed prior to their respective dates of maturity, the Authority shall have directed the Trustee to give notice of such redemption as provided in the Bond Order authorizing such Bonds. Upon such deposit, such Bonds shall no longer be regarded to be Outstanding or unpaid.

For the purpose of this Section, “Investments” shall mean:

- (a) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;
- (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Authority authorizes the discharge by deposit of any or all of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and
- (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Authority authorizes the discharge by deposit of any or all of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm of not less than AAA or its equivalent.

[END OF ARTICLE VII]

ARTICLE VIII

THE TRUSTEE

Section 8.1. Acceptance of Trusts. The Trustee, for itself and its successors, hereby accepts the trusts under this Indenture, but only upon the following terms and conditions set forth in this Article.

(a) Notwithstanding any provision of this Indenture to the contrary, prior to an Event of Default hereunder, and after the curing of any such Event of Default, the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case of an Event of Default which has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it, by or through attorneys or agents selected by it with reasonable care, and shall be entitled to, and shall be protected in relying upon, advice of counsel concerning all matters of trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation as it shall deem proper to all such attorneys and agents as may reasonably be required and employed in connection with the trusts hereof, and the Trustee shall not be responsible for the acts or negligence of such attorneys, agents or counsel, if selected with reasonable care.

(c) The Trustee shall not be responsible for any recitals herein, in the Bond Orders or in the Bonds. The Trustee may require of the Authority full information and advice as to the performance of the covenants, conditions and agreements contained in this Indenture. The recitals and statements of fact and warranties contained in this Indenture, the Bond Orders and in the Bonds shall be taken as statements by the Authority and shall not be considered as made by or as imposing any obligation or liability upon the Trustee.

(d) Except as otherwise provided in this Indenture, the Trustee shall not be bound to recognize any person as an Owner of any Bond or to take action at such person's request, unless such person's name appears as the Registered Owner of such Bond in the Register.

(e) Except as otherwise expressly provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any Bond or to the Authority or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provision.

(f) Nothing herein contained shall relieve the Trustee from liability for its own negligent action or failure to act or its own willful misconduct, except that the Trustee shall not incur any liability (i) for any error of judgment made in good faith by a responsible officer or responsible officers thereof, unless it shall be proved that it was negligent in ascertaining the pertinent facts, or (ii) in respect of any action taken or omitted to be taken by it in good faith in

accordance with the direction of the Owners of the percentage of the Bonds specified herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture.

(g) None of the provisions contained in this Indenture shall require the Trustee to advance, expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it by the security afforded to it by the terms of this Indenture.

(h) The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with securities laws in connection with the issuance and sale of the Bonds.

(i) In the event the Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Owners, each representing less than a majority of the aggregate principal amount of the Bonds then Outstanding, the Trustee may determine what action, if any, shall be taken.

(j) Except as otherwise especially provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to any Owner of any Bond or to the Authority or any other person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish same unless obligated or required to do so by express provisions hereof.

(k) The Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(l) Until termination of this Indenture, the Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Bonds, on which the Trustee is listed as a secured party, which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Authority shall be responsible for the reasonable costs and expenses (including reasonable attorney's fees, costs and expenses, if any) incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

(m) Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Trustee shall have been notified in writing by the Authority that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) conclusively relying on such initial filing and descriptions in

filing any financing or continuation statements or modifications thereto pursuant to this Section and (ii) filing any continuation statements in the same filing offices as the initial filings were made.

Section 8.2. Reliance by Trustee; Notice of Events of Default. The Trustee may rely, and shall be protected in acting upon, any letters of instruction, statements, certificates, certified resolutions, orders, opinions, notices, consents, orders, appraisals, reports, policies, bonds or other papers or documents believed by it to be genuine and to have been signed or presented to it by the proper person or persons, and the Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith and in conformity with the opinion of such counsel. Notwithstanding the foregoing, upon receipt by the Trustee of documents furnished to it by the Authority which are specifically required to be delivered under this Indenture, the Trustee shall examine the same to determine whether they conform to the requirements of this Indenture, however, the Trustee shall have no obligation to analyze the same or evaluate their substance. The Trustee shall not be required to take notice or deemed to have notice of any default or Event of Default hereunder except failure by the Authority to make any payment to the Trustee required under this Indenture or any other event of which the Trustee has received actual written notice of the default or Event of Default and all notices or other instruments required by this Indenture to be received by the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee, and, in the absences of such notice so delivered, the Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

Section 8.3. Certificate of the Authority as Proof. Whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, then, in the absence of bad faith on the part of the Trustee, and unless other evidence in respect thereof be herein specifically prescribed, and unless an Event of Default hereunder, to the knowledge of the Trustee, shall have occurred and be continuing, such matter may be deemed to be conclusively proved and established by a certificate of the Authority, executed by the Chair of the Board and delivered to the Trustee, and such certificate shall be full warranty to the Trustee for any action taken or suffered by it under the provisions of this Indenture in reliance thereon.

Section 8.4. Trustee May Own Bonds. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds or other certificates or evidences of ownership or pledge thereof issued hereunder, with the same rights it would have if it were not the Trustee.

Section 8.5. Compensation of Trustee. The Authority shall pay to the Trustee in a timely manner all reasonable fees, charges and expenses of the Trustee (including the reasonable fees, charges and expenses of its agents and counsel) for the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, including the ordinary and extraordinary services performed by the Trustee under this Indenture. Whenever the Trustee incurs expenses or renders services in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation of such services are intended to constitute expenses of administration under any bankruptcy or insolvency law or law relating to creditors' rights generally. If the Trustee renders any service hereunder not provided for in this Indenture or related financing documents, or the Trustee is made a party to or

intervenes in any litigation pertaining to this Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Authority for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees and expenses occasioned thereby.

Section 8.6. Removal of Trustee. The Trustee or any successor Trustee may be removed (a) at any time by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, (b) by the Authority for cause or upon the sale or other disposition of the Trustee or its trust functions or (c) by the Authority without cause so long as no Event of Default exists or has existed within the last ninety (90) days, upon payment to the Trustee so removed of all money then due to it hereunder and appointment of a successor thereto by the Authority and acceptance thereof by said successor. One copy of any such order of removal shall be filed with the Authority and the other with the Trustee so removed. In the event a Trustee (or successor Trustee) is removed, by any person or for any reason permitted hereunder, such removal shall not become effective until (a) in the case of removal by the Owners, such Owners by instrument or concurrent instruments in writing (signed and acknowledged by such Owners or their attorneys-in-fact) filed with the Trustee removed have appointed a successor Trustee or otherwise the Authority shall have appointed a successor (with the consent of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding) having the qualifications provided in Section 8.8 hereof, and (b) the successor Trustee has accepted appointment as such.

Section 8.7. Resignation of Trustee. The Trustee and any qualified successor to the Trustee may at any time resign and be discharged from the trusts hereby created by this Indenture by giving written notice to the Authority and by providing written notice to the Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of a Bond. Resignation by the Trustee shall not take effect unless and until a qualified successor to such Trustee shall have been selected and appointed as hereinafter provided. If no qualified successor to such Trustee has been appointed by the later of the date specified and 90 days after the receipt of the notice by the Authority, the Trustee may (a) appoint a temporary successor Trustee having the qualifications provided in Section 8.8 hereof or (b) request a court of competent jurisdiction to (i) require the Authority to appoint a successor, as provided in Section 8.8 hereof, within three days of the receipt of citation or notice by the court, or (ii) appoint a Trustee having the qualifications provided in Section 8.8 hereof. In the event a temporary successor Trustee is appointed pursuant to clause (a) above, the Authority may remove such temporary successor Trustee and appoint a successor thereto pursuant to Section 8.8 hereof.

Section 8.8. Appointment of Successor Trustee. In case at any time the Trustee or any successor Trustee shall resign, be dissolved, or be removed pursuant to Section 8.6 or 8.7 hereof or otherwise shall be disqualified to act or be incapable of acting, or in case control of the Trustee or of any successor Trustee or of its officers shall be taken over by any public officer or officers, a successor Trustee may be appointed by the Authority by an instrument in writing duly authorized by the Authority. In the case of any such appointment by the Authority of a successor to the Trustee, the Authority shall forthwith cause notice thereof to be mailed to the Owners of the Bonds at the address of each Owner appearing on the bond registration books maintained by the Trustee, as registrar.

Every successor Trustee appointed by the Owners, by a court of competent jurisdiction, or by the Authority shall be a bank or trust company in good standing, organized and doing business under the laws of the United States or of a state therein, which has a reported capital and surplus of not less than \$100,000,000, be authorized under the law to exercise corporate trust powers in the State, and be subject to supervision or examination by a federal or state authority.

Section 8.9. Powers of Successor Trustee. Each successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor, but such predecessor Trustee shall, nevertheless, on the written request of the Authority, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, trusts, duties and obligations of such predecessor hereunder. Each predecessor Trustee shall immediately deliver all properties, securities and moneys held by it to its successor; provided, however, that before any such delivery is required or made, all proper fees, advances and expenses of the predecessor Trustee shall be paid in full. Should any deed, conveyance or instrument in writing be required from the Authority by any successor Trustee for properties, rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee, appointing a successor Trustee hereunder, together with all deeds, conveyances and other instruments provided for in this Article shall, at the expense of the Authority, be properly filed or recorded and a copy thereof shall be filed with such successor Trustee, together with a statement showing such filing or recordation.

Section 8.10. Merger, Conversion or Consolidation of Trustee. Notwithstanding any provision hereof to the contrary, any corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be the successor Trustee under this Indenture without the execution or filing of any instrument or any other act on the part of any of the parties hereto.

Section 8.11. Use of Electronic Means. “Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and related financing documents and delivered using Electronic Means; provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and

that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

[END OF ARTICLE VIII]

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.1. Supplemental Indentures Not Requiring Consent of Owners of the Bonds. The Authority and the Trustee may, without the consent of the Owners of any of the Bonds, enter into one or more supplemental indentures, which shall form a part hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the Bonds or the Trustee or either of them;
- (c) to subject to the lien of this Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement this Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (e) to obtain bond insurance for any Bonds;
- (f) to provide for one or more Reserve Fund Surety Policies;
- (g) to permit the assumption of the Authority's obligations hereunder by any other entity that may become the legal successor to the Authority; and
- (h) to issue any Parity Bonds or issue any bonds, notes or other obligations secured in whole or in part by liens on all or part of the Pledged Revenues that are junior and subordinate to the lien on Pledged Revenues securing payment of the Parity Bonds;

provided, however, that no provision in such supplemental indenture shall be inconsistent with this Indenture or shall impair in any manner the rights of the Owners of the Bonds.

Section 9.2. Supplemental Indentures Requiring Consent of Owners of the Bonds. Except as otherwise provided in the preceding Section, any modification, change or amendment of this Indenture may be made only by a supplemental indenture adopted and executed by the Authority and the Trustee with the consent of the Owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

Notwithstanding the preceding paragraph of this Section, no modification, change or amendment to this Indenture shall, without the consent of the Owner of each Bond so affected, extend the time of payment of the Principal Installments or interest thereon, or reduce the Principal Installments or premium, if any, thereon, or the rate of interest thereon, or make the Principal Installments or interest thereon payable in any coin or currency other than that hereinbefore provided, or deprive such Owner of the lien hereof on the revenues pledged hereunder. Moreover, without the consent of the Owner of each Bond then Outstanding, no modification, change or

amendment to this Indenture shall permit the creation of any lien on the revenues pledged hereunder equal or prior to the lien hereof, or reduce the aggregate principal amount of Bonds.

Section 9.3. Consents. Consents required pursuant to this Article shall be valid only if given in accordance with the provisions of Article X and following the giving of notice by or on behalf of the Authority requesting such consent, setting forth the substance of the supplemental indenture in respect of which such consent is sought and stating that copies thereof are available at the office of the Trustee for inspection, to the Owners of Bonds whose consent is required in accordance with the provisions of this Article. Such notice shall be given by sending such notice by first-class mail, postage prepaid, to the registered Owners of such Bonds. Any consent or other action by an Owner of any Bond in accordance with this Article shall bind every future owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof.

[END OF ARTICLE IX]

ARTICLE X

GENERAL PROVISIONS

Section 10.1. Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Owners of all or any portion of the Bonds may be in any number of writings of similar tenor and may be signed or executed by such Owners in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of any Bond, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Authority and the Trustee with respect to any actions taken by either under such instruments if:

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) the ownership of any Bond registered as to both principal and interest is proved by the registration books kept by the Trustee.

Section 10.2. Benefits of Indenture. The covenants, stipulations and agreements contained in this Indenture are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the Owners of the Bonds, and nothing in this Indenture expressed or implied shall be construed to confer upon or give to any other person any right, remedy or claim under or by reason of this Indenture.

Section 10.3. No Individual Liability. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member of the Board or any officer, agent, employee or representative of the Authority in his individual capacity, and neither the officers, agents, employees or representatives of the Authority nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this Indenture, the adoption of the Bond Orders and the issuance of the Bonds.

Section 10.4. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the Trustee or the Authority shall be deemed to be effective for all purposes of this Indenture if and when sent by (i) personal delivery, to the persons designated below at the address designated below, (ii) registered or certified mail, postage prepaid, to the address specified below or (iii) Electronic Means to the number or address specified below with confirmation of receipt by telephone, or to such other person, at such other address or to such other number or address as may be designated in writing by the parties:

Trustee: Regions Bank
3773 Richmond Ave., Suite 1100
Houston, TX 77046
Telephone: 713-224-8042
Email: deloris.lynch@regions.com

Authority: Memorial-Heights Redevelopment Authority
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1980 Post Oak Blvd., Suite 1380
Houston, TX 77056
Telephone: 713-850-9000
Email: LDavis@SKLaw.us

Section 10.5. Governing Law. This Indenture shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Texas.

Section 10.6. Severability. If any provision of this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Bonds, the Bond Orders or in this Indenture shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 10.7. Successors and Assigns. This Indenture shall be binding upon the Authority and the Trustee and their successors and assigns.

Section 10.8. Execution in Several Counterparts. This Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

[END OF ARTICLE X]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

MEMORIAL-HEIGHTS REDEVELOPMENT
AUTHORITY

Chair

ATTEST:

Secretary

REGIONS BANK

Authorized Representative

EXHIBIT A

FORM OF REQUISITION CERTIFICATE

Requisition No. _____

[date]

Regions Bank
3773 Richmond Ave., Suite 1100
Houston, TX 77046
Telephone: 713-224-8042
Email: deloris.lynch@regions.com

Ladies and Gentlemen:

This certificate is provided to you pursuant to Section 4.5(c) of the Trust Indenture, dated as of March 4, 2021 (the “Indenture”), between the Memorial-Heights Redevelopment Authority (the “Authority”) and Regions Bank (the “Trustee”). The capitalized terms used in this certificate have the same meanings given such terms in the Indenture.

On behalf of the Authority, I, the undersigned authorized officer of the Authority, do hereby certify as follows:

(i) There has been expended, or will be expended within 90 days, on account of Project Costs, or there has been expended or incurred or estimated to have been incurred on account of Costs of Issuance, the following amounts which is (are) hereby requisitioned for disbursement:

Project Costs: \$ _____

Costs of Issuance: \$ _____

(ii) No other certificate in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Trustee;

(iii) All amounts previously disbursed plus the amounts hereby requested to be disbursed from the Project Fund have been and will be used to pay the costs of Project Costs or Costs of Issuance;

(iv) No Event of Default under the Indenture has occurred and is continuing; and

(v) The portion of the amount requested that will be used in the trade or business of a person other than a governmental unit plus all previous amounts requested for use in the trade or

business of a person other than a governmental unit does not exceed 5% of the net proceeds of the Bonds of the issue with respect to which the Project Fund referenced below was established.

You are hereby directed to pay the amounts (which total the amount requisitioned by clause (i) above) set forth on Attachment I hereto from the Project Fund to the persons set forth on Attachment I hereto in accordance with the payment instructions set forth on Attachment I hereto.

MEMORIAL-HEIGHTS REDEVELOPMENT
AUTHORITY

By: _____
Authorized Representative

ATTACHMENT I TO REQUISITION NO. _____

<u>Amount</u>	<u>Payee</u>	<u>Payment Instructions</u>
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February 16, 2021
**Schedule of Fees for Services as
 Trustee, Paying Agent, Registrar
 For
 MEMORIAL HEIGHTS
 REDEVELOPMENT AUTHORITY SERIES 2021**

<u>Acceptance Fee:</u>	\$2,000.00
<u>Annual Administration Fees:</u> Trustee, Paying Agent, Registrar Fee	\$3,000.00
<u>Annual Escrow Agent Fees:</u> If applicable annual	\$1,250.00
<u>Investment Fees and Expenses:</u> If applicable annual	N/A
Out of Pocket Expenses Current rate 7.5%	Billed at Current Rate
Trustee Counsel Fees Trustee Legal fee Capped at \$8,500.00	Billed at Cost

The Acceptance Fees and the initial *Trustee, Paying Agent, Registrar Fees* are payable at the closing of this transaction. Trustee Counsel fee is due at closing. Thereafter, the Annual *Trustee, Paying Agent, Registrar Fees* and any expenses will be billed on or around the anniversary date of the closing.

The above-mentioned Fees are basic charges and do not include out-of-pocket expenses, which will be billed in addition to the regular charges as required. Out-of-pocket expenses shall include, but are not limited to: telephone tolls, stationary, travel and postage expenses. In addition, Regions reserves the right to increase the Annual Fee if new laws or regulations require additional duties or periodically to offset increased costs.

Charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in amounts commensurate with the service to be provided. Counsel fees and/or default fees, as a result of default or any other extraordinary occurrence on behalf of the bondholders or Regions, will be billed at cost. Services not included in this Fee Schedule, but deemed necessary or desirable by you, may be subject to additional charges based on a mutually agreed upon fee schedule.

Upon Closing of the transaction, if this fee agreement is not returned within 60 days of the closing date, your consent will be deemed given if Regions is appointed on the transaction.

Approved by: _____
 Authorized Representative

Date: _____

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT, dated as of March 4, 2021 (together with any amendments or supplements hereto, the “*Agreement*”), is entered into by and between MEMORIAL-HEIGHTS REDEVELOPMENT AUTHORITY (the “*Issuer*”), and REGIONS BANK, a state banking corporation existing under the laws of the State of Alabama (together with any successor in such capacity, the “*Bank*”).

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of bonds, entitled “Memorial-Heights Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2021” (the “*Bonds*”) issued in fully registered form;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS, the Issuer and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal of and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Registrar for the Bonds; and

WHEREAS, the Issuer and the Bank have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the parties, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, to pay to the Registered Owners of the Bonds in accordance with the terms and provisions of this Agreement and the Bond Order, the principal of, redemption premium (if any), and interest, on all or any of the Bonds.

The Issuer hereby appoints the Bank as Registrar with respect to the Bonds. As Registrar for the Bonds, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Bonds and with respect to the transfer and exchange thereof as provided herein and in the Bond Order.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent and Registrar with respect to the Bonds.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent and Registrar, the Issuer hereby agrees to pay the Bank the amounts as shall be agreed upon by the Bank and the Issuer from time to time in writing. Payment of such fees shall be made promptly by the Issuer upon receipt of an invoice therefor from the Bank. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the Issuer of the same in writing and the Issuer shall promptly pay the Bank for such extraordinary fees, costs, and expenses reasonably and necessarily incurred in connection therewith.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“*Authorized Officer*” means the Chair, Vice Chair, Secretary, and any other officer or employee of the Issuer designated by the Chair as an Authorized Officer for the purposes of this Agreement in a written communication delivered to the Bank.

“*Indenture*” means that certain Indenture of Trust dated as of March 4, 2021, by and between the Issuer and Regions Bank.

“*Paying Agent*” means the Bank when it is performing the function of paying agent.

“*Person*” means any individual, corporation, partnership, joint venture, associations, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

“*Registrar*” means the Bank when it is performing the function of registrar.

“*Registered Owner*” means the Person in whose name any Bond is registered in the books of registration maintained by the Bank under this Agreement.

“*Order*” means that certain order authorizing the issuance of Memorial-Heights Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2021.

All other capitalized terms shall have the meanings assigned to them in the Indenture, Order or as defined herein in this Agreement.

ARTICLE THREE

DUTIES OF THE BANK

Section 3.01. Initial Delivery of the Bonds.

The Bonds will be initially registered and delivered by the Bank to the purchaser designated by the Issuer as set forth in the Order. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, exchange the Bonds initially delivered for Bonds of authorized denominations, registered in accordance with the instructions in such request and the Order.

Section 3.02. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate funds have been provided to it for such purpose by or on behalf of the Issuer, timely pay on behalf of the Issuer the principal of and interest on each Bond, in accordance with the provisions of the Order. Since the issue will be Depository Trust Company (“DTC”) eligible, the Paying Agent shall comply with the rules and regulations of DTC.

Section 3.03. Duties of Registrar.

The Bank shall provide for the proper registration of the Bonds and the timely exchange, replacement and registration of transfer of the Bonds in accordance with the provisions of the Order. Any changes to Registered Owners for such exchange, replacement and registration shall be made by the Bank only in accordance with the Order. The Bank will maintain the books of registration in accordance with the Bank’s general practices and procedures in effect from time to time; provided, however, that the Bank agrees to comply with the terms of Chapter 1203 of the Texas Government Code, as amended, and more specifically agrees also to maintain books of registration for the Bonds at the Bank’s offices in Texas, which books of registration may be a copy of the register which shall be kept current by the Bank. The books of registration may be maintained in written or electronic form.

Section 3.04. Unauthenticated Bonds.

The Issuer shall provide an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank covenants that it will maintain such unauthenticated Bonds in safekeeping and will use reasonable care in maintaining such Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governmental entities or corporations for which it serves as registrar, or which it maintains for its own obligations.

Section 3.05. Reports.

Upon request of the Issuer, the Bank will provide the Issuer reports, which will describe in reasonable detail all transactions pertaining to the Bonds and the books of registration for the period of time specified by the Issuer. The Issuer may also inspect and make copies of the information in the books of registration and such other documents related to the Bonds and in the Bank’s possession at any time the Bank is customarily open for business, provided that reasonable

time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the books of registration to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order or as otherwise required by law. Upon receipt of a subpoena, court order or other lawful request, the Bank will notify the Issuer immediately so that the Issuer may contest the subpoena, court order or other request if it so chooses.

Section 3.06. Cancelled Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Bonds held by the Bank shall be retained by the Bank in accordance with its document retention policies.

Section 3.07. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable to the Issuer for actions taken or omitted to be taken under this Agreement, as long as it acts in good faith and exercises due diligence, reasonableness, and care, as prescribed by law, with regard to its duties hereunder.

(c) This Agreement is not intended to require the Bank to expend its own funds for performance of any of its duties hereunder.

(d) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

(e) Notwithstanding the forgoing provisions of this Section 3.07, as long as the Bank is Trustee for the Bonds pursuant to the Indenture, the provisions of Article VIII of the Indenture shall govern the activities, rights, and remedies of the Bank under the Agreement, as if such Article were set forth in this Agreement in full, and the foregoing provisions of this Section 3.07 shall be of no force and effect.

Section 3.08. Money Held by Bank.

(a) Money held by the Bank hereunder shall be held in trust for the benefit of the Owners of the Bonds, as provided in the Indenture.

(b) The Bank shall be under no obligation to pay interest on any money received by it hereunder.

(c) All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

(d) Any money deposited with the Bank for the payment of the principal or interest on any Bonds and remaining unclaimed by the Owner after the expiration of three years from the date such funds have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended. To the extent such provisions of the Property Code do not apply to the funds, such funds shall be paid by the Bank to the Issuer upon receipt of a written request therefore from the Issuer. The Bank shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with the foregoing provision.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

Section 4.01. May Own Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds.

Section 4.02. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto. As soon as practicable, after any amendment to this Agreement, the Paying Agent shall provide notice of such amendment to each of the rating agencies then providing a rating on the Bonds.

Section 4.03. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 4.04. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be deemed to be effective for all purposes under this Agreement and the Indenture if and when sent by personal delivery, to the persons designated below at the address designated below, registered or certified mail, postage prepaid, to the address specified below or (iii) electronic transmission to the email specified below with confirmation of receipt by telephone, or to such other person, at such other address or email address or to such other number as may be designated in writing by the parties.

Bank: Regions Bank
3773 Richmond Ave., Suite 1100
Houston, TX 77046
Telephone: 713-224-8042
Email: deloris.lynch@regions.com

Authority: Memorial-Heights Redevelopment Authority
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP
1980 Post Oak Boulevard, Suite 1380
Houston, TX 77056
Telephone: 713-850-9000
Email: LDavis@SKLaw.us

Section 4.05. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 4.06. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 4.07. Severability.

If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 4.08. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 4.09. Anti-Boycott Verification.

The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 4.10. Iran, Sudan and Foreign Terrorist Organizations.

The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law neither the Bank nor any wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 4.11. Indenture and Order Govern Conflicts.

This Agreement, the Indenture, and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Registrar, and if any conflict exists between this Agreement and the Indenture or the Order, the Order shall govern, and the Indenture shall govern any conflict between the Indenture and the Order. The Bank agrees to be bound by the terms of the Order and the Indenture with respect to the Bonds.

Section 4.12. Term and Termination.

This Agreement shall be effective from and after its date and may be terminated for any reason by the Issuer or the Bank at any time upon 60 days' written notice; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder. In the event of early termination, regardless of circumstances, the Bank shall deliver to the Issuer or its designee all funds, Bonds and all books and records pertaining to the Bank's role as Paying Agent and Registrar with respect to the Bonds, including, but not limited to, the books of registration.

Section 4.13. Execution; Governing Law; Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Texas. The section headings of this Agreement are for convenience of reference only and shall not affect its interpretation.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**MEMORIAL-HEIGHTS
REDEVELOPMENT AUTHORITY**

Chair, Board of Directors

ATTEST:

Secretary, Board of Directors

REGIONS BANK

By: _____

Memorial Heights Redevelopment Authority/TIRZ No. 5
Project Update – February 21, 2021



JC WA	Project Name	CIP Project Number	Status	Work Completed Since January 28, 2021 Board Meeting	Work Anticipated in the Next Month
WA#1	General Consultation	-	In Progress	<ul style="list-style-type: none"> Updated COH MWDBE Database for all CIP projects. Updated and maintained master schedule. Reviewed requests for improvements along MKT. 	<ul style="list-style-type: none"> Update COH MWDBE Database for all active CIP projects. Maintain project list and Story Map, as needed. Update and maintain master schedule.
WA#2	Houston Avenue/ White Oak Intersection	T-0520	Complete	<ul style="list-style-type: none"> Project complete 	<ul style="list-style-type: none"> Project is complete.
WA#7	Heights Boulevard Safety Improvements	T-0527	Active Design	<ul style="list-style-type: none"> Coordinated with HPW on signatures. Submitted Maintenance Agreements for HPW signatures. 	<ul style="list-style-type: none"> Coordinate final plan signatures from HPW.
WA#8	North Canal Project	T-0525	Planning	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Continue coordination with COH to determine scope and responsibilities, as needed Meet with TxDOT and HCFCO to determine scope and responsibilities, as needed.
T-0523A-WA#1	Shepherd and Durham Grant Coordination	T-0523A	Planning	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Continued support of grant administration.
T-0523A-WA#2	Shepherd and Durham PER	T-0523A	Active Design	<ul style="list-style-type: none"> Reviewed comments and responses from Public hearing. 	<ul style="list-style-type: none"> Continue Environmental tasks.
T-0523A-WA#3	Shepherd and Durham - Phase 1 Final Design	T-0523A	Active Design	<ul style="list-style-type: none"> Continued preparation of design plans and coordination with private utilities. Continued coordination with HPW on street lights. Continued coordination with METRO on BOOST and Inner-Katy BRT. 	<ul style="list-style-type: none"> Continue preparation of design plans for 90% submittal. Conduct QC review of plans. Meet with CenterPoint and AT&T regarding their facilities. Request place on March UCC agenda.
T-0528-WA#1	West Dallas Restriping	T-0528	Active Design	<ul style="list-style-type: none"> Addressed 100% comments from HPW (change in PM). 	<ul style="list-style-type: none"> Prepare final plans for signatures. Submit final plans. Coordinate utility signatures.
T-0530-WA#1	White Oak Bayou Trail Connection	T-0530	Active Design	<ul style="list-style-type: none"> Coordinated with HPW on 90% plan review. Continued preparation of final design plans. 	<ul style="list-style-type: none"> Submit 100% plans. Coordinate with private utilities.

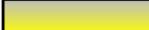
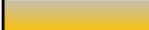
Memorial Heights Redevelopment Authority (TIRZ5)

Active Projects Schedule

WA#	CIP#	Project Name	Design Start	Design End	2020				2021														
					S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
JC WA#7	T-0527	Heights Boulevard and MKT Trail Pedestrian and Bike Safety Improvements	6/28/2019	5/4/2021	Blue																		
JC WA#9	T-0528	West Dallas Restriping	4/24/2020	5/4/2021	Orange	Green	Green	Green	Green	Green	Blue												
JC WA#10	T-0530	White Oak Trail to Memorial Park Trail Connection	4/29/2020	5/4/2021	Yellow	Orange	Orange	Orange	Green	Green	Blue												
T-0531 JC WA#1	T-0531	Pedestrian and Bike Safety Improvements Bidding and Construction Phase Services										Grey	Grey	Grey	Grey								
T-0523A JC WA#3	T-0523A	Shepherd Durham and Selected Cross Street Reconstruction - Phase 1	4/29/2020	6/1/2021	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Green	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
T-0523A JC WA#4	T-0523A	Shepherd Durham and Selected Cross Street Reconstruction - Phase 2 Accelerated Tasks	10/1/2020			Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
T-0523A JC WAXX	T-0523A	Shepherd Durham and Selected Cross Street Reconstruction - Phase 2													Yellow								

2/24/2021

Legend:

	Coordination
	60% Design
	City Action
	90% Design
	City Action
	100% Design
	City Action
	Final Plans and Signatures
	City Action
	Bidding
	City Action
	Construction



**Memorial Heights Redevelopment Authority
Monthly Financial Report Summary
February Board Meeting
Thursday, February 25, 2021**

At the beginning of December, the Memorial Heights Redevelopment Authority (TIRZ #5) beginning Operating Fund Balance was \$14,938,863. TIRZ #5 received a total of \$2,707, mainly from money market interest. During the period, TIRZ #5 processed \$622,620 in disbursements during the period. 88% of the disbursements related to disbursements to Jones & Carter for CIP Projects (\$160,089 and \$121,097) and to Sovereign Regent Square for Developer Reimbursements (\$264,284). The ending balance as of month end January 31, 2021 was \$14,318,950.

The invoices pending approval total \$248,925. See attached "Unpaid Bills Detail" Report on page 3. A transfer of \$240,000 is required from the Money Market Account to the Operating account to cover outstanding invoices.

There was \$364,532 spent for Capital Projects for the period. The project that utilized the majority of the funding was T-0523A Shepherd/Durham Reconstruction (\$352,951). See attached "Capital Improvement Projects" Report on page 4.

**Memorial Heights Redevelopment Authority
General Operating Fund
As of January 31, 2021**

General Operating Fund

BEGINNING BALANCE \$ 14,938,862.53

REVENUE

Prosperity Money Market Interest	646.96	Monthly Interest
TexPool	894.43	Monthly Interest
Prosperity Money Market Interest	386.08	Monthly Interest
TexPool	779.88	Monthly Interest

Total Revenue 2,707.35

DISBURSEMENTS

ACH Goodman Corporation	3,523.00	Engineering Consultant
ACH Jones & Carter	160,088.70	Capital Projects
ACH Sovereign Regent Square LLC	264,284.44	Developer Reimb
ACH SK Law	3,354.00	Legal Services
ACH The Morton Accounting Services	2,643.68	Accounting
ACH SMW Principle Solution	10,000.00	Admin Consulting
ACH Goodman Corporation	4,250.00	Engineering Consultant
ACH Jones & Carter	121,097.13	Capital Projects
ACH SK Law	7,156.65	Legal Services
ACH SMW Principle Solution	10,077.01	Admin Consulting
ACH RAC Industries	36,145.22	Pay Request 14

Total Disbursements 622,619.83

ENDING BALANCE \$ 14,318,950.05

January 31, 2021

Balance

LOCATION OF ASSETS

Prosperity Operating	\$	24,775.53
Prosperity Money Market		2,708,165.96
TexPool Investment		11,586,008.56

Total Account Balance \$ 14,318,950.05

Memorial Heights Redevelopment Authority
Unpaid Bills Detail
As of February 15, 2021

Type	Date	Num	Memo	Due Date	Open Balance
Goodman Corporation					
Bill	01/31/2021	1-2021-24	MRA108.2 Project - Project Initiation and Design Phase	02/10/2021	2,550.00
Bill	01/31/2021	1-2021-26	MRA111 Project - Phase II Project Initiation	02/10/2021	450.00
Bill	01/31/2021	1-2021-38	MRA112 Project - Phase I Bid Phase Grant Mngt	02/10/2021	4,500.00
Total Goodman Corporation					7,500.00
Jones & Carter Inc.					
Bill	01/31/2021	00316301	Work Order 1 - Through Jan 29, 2021	02/10/2021	2,960.00
Bill	01/31/2021	00316391	T0523A Shepherd Durham Cross Streets - Through Jan ...	02/10/2021	6,100.29
Bill	01/31/2021	00316390	T0523A Shepherd Durham Cross Streets - Final Design ...	02/10/2021	212,824.81
Bill	01/31/2021	00316389	Work Order 7 - Through Jan 29, 2021	02/10/2021	97.50
Bill	01/31/2021	00316388	Work Order 1 - Through Jan 29, 2021	02/10/2021	541.25
Total Jones & Carter Inc.					222,523.85
Sanford Kuhl Hagan Kugle Parker Kahn					
Bill	01/31/2021	21-0032	Admin/Meeting through January 2021	02/10/2021	1,630.00
Bill	01/31/2021	21-0033	Legal services through January 2021	02/10/2021	4,948.06
Bill	01/31/2021	21-0034	General Legal services through January 2021	02/10/2021	162.50
Bill	01/31/2021	21-0035	Legal services through January 2021	02/10/2021	97.50
Bill	01/31/2021	21-0036	Legal services through January 2021	02/10/2021	1,525.00
Bill	01/31/2021	21-0037	Legal services through January 2021	02/10/2021	487.50
Total Sanford Kuhl Hagan Kugle Parker Kahn					8,850.56
SMW Principle Solutions, Inc.					
Bill	01/31/2021	1326	January Consulting 2021	02/10/2021	10,051.00
Total SMW Principle Solutions, Inc.					10,051.00
TOTAL					248,925.41

Memorial Heights Redevelopment Authority
Capital Improvement Projects
December 2020 through January 2021

02/15/21

Accrual Basis

Type	Date	Num	Name	Memo	Amount
Capital Improvement Plan					
T-0520 Houston Ave & White Oak					
Bill	12/31/2020	00314944	Jones & Carter Inc.	Work Order 2 - Through Dec 25, 2...	175.00
Total T-0520 Houston Ave & White Oak					175.00
T-0521 Little Thicket Park Impr					
Bill	12/31/2020	1321	SMW Principle Solutions, Inc.	December 2020 Consulting	225.00
Bill	01/31/2021	21-0035	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2...	97.50
Total T-0521 Little Thicket Park Impr					322.50
T-0523 Shepherd/Durham Reconstr					
Bill	01/31/2021	1-2021-38	Goodman Corporation	-MULTIPLE-	4,500.00
Total T-0523 Shepherd/Durham Reconstr					4,500.00
T-0523A Shepherd Durham & Cross					
Bill	12/31/2020	1321	SMW Principle Solutions, Inc.	December 2020 Consulting	5,362.50
Bill	12/31/2020	12-2020-27	Goodman Corporation	Task 1 - \$85,000	4,250.00
Bill	12/31/2020	00314945	Jones & Carter Inc.	T0523A Shepherd Durham Grant ...	215.00
Bill	12/31/2020	00314946	Jones & Carter Inc.	T0523A Shepherd Durham Cross ...	13,144.55
Bill	12/31/2020	00314947	Jones & Carter Inc.	T0523A Shepherd Durham Cross ...	101,322.58
Bill	12/31/2020	20-2443	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through December ...	2,093.75
Bill	01/31/2021	1-2021-24	Goodman Corporation	Task 1 - \$85,000	2,550.00
Bill	01/31/2021	00316391	Jones & Carter Inc.	T0523A Shepherd Durham Cross ...	6,100.29
Bill	01/31/2021	00316390	Jones & Carter Inc.	T0523A Shepherd Durham Cross ...	212,824.81
Bill	01/31/2021	1-2021-26	Goodman Corporation	Task 1 - \$45,000	450.00
Bill	01/31/2021	21-0036	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2...	1,525.00
Bill	01/31/2021	1326	SMW Principle Solutions, Inc.	January 2021 Consulting	3,112.50
Total T-0523A Shepherd Durham & Cross					352,950.98
T-0525 Reconst Bridges White Oa					
Bill	01/31/2021	1326	SMW Principle Solutions, Inc.	January 2021 Consulting	375.00
Total T-0525 Reconst Bridges White Oa					375.00
T-0527 Heights Blvd Pedestrian					
Bill	12/31/2020	00314948	Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle...	1,160.00
Bill	12/31/2020	20-2445	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through December ...	1,250.00
Bill	01/31/2021	00316389	Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle...	97.50
Bill	01/31/2021	21-0037	Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2...	487.50
Bill	01/31/2021	1326	SMW Principle Solutions, Inc.	January 2021 Consulting	112.50
Total T-0527 Heights Blvd Pedestrian					3,107.50
T-0528 Streets Btw Shep & Durha					
Bill	12/31/2020	00314949	Jones & Carter Inc.	West Dallas Restriping	215.00
Total T-0528 Streets Btw Shep & Durha					215.00
T-0530 White Oak Bayou & Memori					
Bill	12/31/2020	00314950	Jones & Carter Inc.	White Oak to Memorial	2,345.00
Bill	01/31/2021	00316388	Jones & Carter Inc.	White Oak to Memorial	541.25
Total T-0530 White Oak Bayou & Memori					2,886.25
Total Capital Improvement Plan					364,532.23
TOTAL					364,532.23

Memorial Heights Redevelopment Authority

Profit & Loss Budget vs. Actual

July 2020 through January 2021

	Jul '20 - Jan 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Interest Income	13,343.78	25,000.00	-11,656.22	53.4%
Revenue - Other	0.00	40,000,000.00	-40,000,000.00	0.0%
Tax Increment - City	0.00	6,533,346.00	-6,533,346.00	0.0%
Tax Increment Interest	0.00	4,210.00	-4,210.00	0.0%
Total Income	13,343.78	46,562,556.00	-46,549,212.22	0.0%
Cost of Goods Sold				
Capital Improvement Plan				
T-0511 Mkt Studemont to Heights	40.63			
T-0512 White Oak Design	40.62			
T-0520 Houston Ave & White Oak	12,737.05	300,000.00	-287,262.95	4.2%
T-0521 Little Thicket Park Impr	2,548.75	300,000.00	-297,451.25	0.8%
T-0523 Shepherd/Durham Reconstr	4,500.00	0.00	4,500.00	100.0%
T-0523A Shepherd Durham & Cross	1,565,695.93	1,500,000.00	65,695.93	104.4%
T-0525 Reconst Bridges White Oa	5,465.00	13,000,000.00	-12,994,535.00	0.0%
T-0527 Heights Blvd Pedestrian	12,864.39	1,220,000.00	-1,207,135.61	1.1%
T-0528 Streets Btw Shep & Durha	8,462.50	500,000.00	-491,537.50	1.7%
T-0530 White Oak Bayou & Memori	39,865.00	220,000.00	-180,135.00	18.1%
T-0599 Concrete Panel Replace	0.00	25,000.00	-25,000.00	0.0%
Capital Improvement Plan - Other	21,820.00			
Total Capital Improvement Plan	1,674,039.87	17,065,000.00	-15,390,960.13	9.8%
Total COGS	1,674,039.87	17,065,000.00	-15,390,960.13	9.8%
Gross Profit	-1,660,696.09	29,497,556.00	-31,158,252.09	-5.6%
Expense				
Developer Reimbursement	264,284.44	306,000.00	-41,715.56	86.4%
Municipal Services	0.00	160,652.00	-160,652.00	0.0%
Program and Project Consultants				
Engineering Consultants	19,975.00	75,000.00	-55,025.00	26.6%
Legal Expense	27,925.73	100,000.00	-72,074.27	27.9%
Planning Consultants	7,762.00	50,000.00	-42,238.00	15.5%
Total Program and Project Consultants	55,662.73	225,000.00	-169,337.27	24.7%
TIRZ Administration & Overhead				
Accounting	10,667.09	25,000.00	-14,332.91	42.7%
Administration	48,857.54	120,000.00	-71,142.46	40.7%
Auditing	8,500.00	10,000.00	-1,500.00	85.0%
Insurance	-34.00	1,000.00	-1,034.00	-3.4%
Office Expenses	4,776.00	20,000.00	-15,224.00	23.9%
Tax Consultant	2,400.00	25,000.00	-22,600.00	9.6%
Total TIRZ Administration & Overhead	75,166.63	201,000.00	-125,833.37	37.4%
Total Expense	395,113.80	892,652.00	-497,538.20	44.3%
Net Ordinary Income	-2,055,809.89	28,604,904.00	-30,660,713.89	-7.2%
Net Income	-2,055,809.89	28,604,904.00	-30,660,713.89	-7.2%

Memorial Heights Redevelopment Authority
Balance Sheet Prev Year Comparison
As of January 31, 2021

	Jan 31, 21	Jan 31, 20	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Prosperity - Money Market	2,708,165.96	1,336,418.90	1,371,747.06	102.6%
Prosperity Bank - Operating	24,775.53	23,573.08	1,202.45	5.1%
TexPool Investment	11,586,008.56	12,141,411.29	-555,402.73	-4.6%
Total Checking/Savings	14,318,950.05	13,501,403.27	817,546.78	6.1%
Total Current Assets	14,318,950.05	13,501,403.27	817,546.78	6.1%
TOTAL ASSETS	14,318,950.05	13,501,403.27	817,546.78	6.1%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts Payable	248,925.41	198,320.28	50,605.13	25.5%
Total Accounts Payable	248,925.41	198,320.28	50,605.13	25.5%
Total Current Liabilities	248,925.41	198,320.28	50,605.13	25.5%
Total Liabilities	248,925.41	198,320.28	50,605.13	25.5%
Equity				
Retained Earnings	16,125,834.53	13,511,048.15	2,614,786.38	19.4%
Net Income	-2,055,809.89	-207,965.16	-1,847,844.73	-888.5%
Total Equity	14,070,024.64	13,303,082.99	766,941.65	5.8%
TOTAL LIABILITIES & EQUITY	14,318,950.05	13,501,403.27	817,546.78	6.1%

Memorial Heights Redevelopment Authority Profit & Loss Detail

July 2020 through January 2021

Accrual Basis

Type	Date	Num	Adj	Name	Memo	Amount
Ordinary Income/Expense						
Income						
Interest Income						
Deposit	07/31/2020				Interest	29.78
Deposit	07/31/2020				Interest	2,099.62
Deposit	08/31/2020				Interest	276.66
Deposit	08/31/2020				Interest	1,746.55
Deposit	09/30/2020				Interest	1,051.79
Deposit	09/30/2020				Interest	1,402.62
Deposit	10/31/2020				Interest	831.02
Deposit	10/31/2020				Interest	1,312.77
Deposit	11/30/2020				Interest	713.69
Deposit	11/30/2020				Interest	1,171.93
Deposit	12/31/2020				Interest	894.43
Deposit	12/31/2020				Interest	646.96
Deposit	01/31/2021				Interest	386.08
Deposit	01/31/2021				Interest	779.88
Total Interest Income						13,343.78
Total Income						13,343.78
Cost of Goods Sold						
Capital Improvement Plan						
T-0511 Mkt Studemont to Heights						
Bill	11/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through November 2020	40.63
Total T-0511 Mkt Studemont to Heights						40.63
T-0512 White Oak Design						
Bill	11/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through November 2020	40.62
Total T-0512 White Oak Design						40.62
T-0520 Houston Ave & White Oak						
General ...	07/01/2020	CPA...	*	RAC Industries, Inc.	Record retainage for project	-28,740.67
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July 2020 Consulting	112.50
Bill	08/31/2020	0030...		Jones & Carter Inc.	Work Order 2 - Through Aug 28,2020	4,112.50
Bill	09/30/2020	0031...		Jones & Carter Inc.	Work Order 2 - Through Sept 25,2020	600.00
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through September 2020	75.00
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	187.50
Bill	11/30/2020	0031...		Jones & Carter Inc.	Work Order 2 - Through Nov 27, 2020	70.00
Bill	11/30/2020	Pay ...		RAC Industries, Inc.	Pay Request 14 - \$1,145,903 Contract (w/CO - 1,299,6...	36,145.22
Bill	12/31/2020	0031...		Jones & Carter Inc.	Work Order 2 - Through Dec 25, 2020	175.00
Total T-0520 Houston Ave & White Oak						12,737.05
T-0521 Little Thicket Park Impr						
General ...	07/01/2020	CPA...	*	Millis Equipment LLC	Record retainage for project	-21,598.44
Bill	07/30/2020	Pay ...		Millis Equipment LLC	Little Thicket Park - Contract \$392,654.75 - Retainage ...	21,598.44
Bill	07/30/2020	0030...		Jones & Carter Inc.	Work Order 6 - Through July 24, 2020 final design	935.00
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July 2020 Consulting	187.50
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	August 2020 Consulting	75.00
Bill	08/31/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through August 2020	31.25
Bill	09/30/2020	1301		SMW Principle Solutions, Inc.	September Consulting 2020	37.50
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through September 2020	97.50
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	600.00
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	262.50
Bill	12/31/2020	1321		SMW Principle Solutions, Inc.	December 2020 Consulting	225.00
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2021	97.50
Total T-0521 Little Thicket Park Impr						2,548.75
T-0523 Shepherd/Durham Reconstr						
Bill	01/31/2021	1-20...		Goodman Corporation	Task 1 - \$22,500	2,250.00
Bill	01/31/2021	1-20...		Goodman Corporation	Task 2 - \$22,500	2,250.00
Total T-0523 Shepherd/Durham Reconstr						4,500.00

Memorial Heights Redevelopment Authority

Profit & Loss Detail

July 2020 through January 2021

Accrual Basis

Type	Date	Num	Adj	Name	Memo	Amount
T-0523A Shepherd Durham & Cross						
Bill	07/30/2020	0030...		Jones & Carter Inc.	T0523A Shepherd Durham Grant Coord - Through July ...	818.75
Bill	07/30/2020	0030...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through Jul...	11,128.85
Bill	07/30/2020	0030...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets Final Design ...	125,479.70
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	T-0523A June 2020 Consulting	2,025.00
Bill	07/30/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 2020	2,028.75
Bill	07/31/2020	7-20...		Goodman Corporation	Task 1 - \$85,000	4,250.00
Bill	08/31/2020	8-20...		Goodman Corporation	Task 1 - \$85,000	4,250.00
Bill	08/31/2020	0030...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through Au...	10,947.50
Bill	08/31/2020	0030...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets Final Design ...	173,409.20
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	T-0523A August 2020 Consulting	1,912.50
Bill	08/31/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through August 2020	276.25
Bill	09/30/2020	9-20...		Goodman Corporation	Task 1 - \$85,000	2,550.00
Bill	09/30/2020	9-20...		Goodman Corporation	Task 1 - \$85,000	900.00
Bill	09/30/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through Se...	21,092.50
Bill	09/30/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets Final Design ...	236,726.85
Bill	09/30/2020	1301		SMW Principle Solutions, Inc.	September Consulting 2020	2,025.00
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through September 2020	160.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Grant Coordination - Throug...	215.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through Oct...	19,650.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Final Design...	411,609.15
Bill	10/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through October 2020	643.75
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	2,362.50
Bill	10/31/2020	10-2...		Goodman Corporation	Task 1 - \$85,000	5,950.00
Bill	10/31/2020	10-2...		Goodman Corporation	Task 1 - \$45,000	2,700.00
Bill	11/30/2020	11-2...		Goodman Corporation	Task 1 - \$85,000	2,550.00
Bill	11/30/2020	11-2...		Goodman Corporation	Task 1 - \$45,000	900.00
Bill	11/30/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Grant Coordination - Throug...	877.50
Bill	11/30/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through No...	22,200.00
Bill	11/30/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Final Design...	135,923.70
Bill	11/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through November 2020	1,707.50
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	5,475.00
Bill	12/31/2020	1321		SMW Principle Solutions, Inc.	December 2020 Consulting	5,362.50
Bill	12/31/2020	12-2...		Goodman Corporation	Task 1 - \$85,000	4,250.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Grant Coordination - Throug...	215.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through De...	13,144.55
Bill	12/31/2020	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Final Design...	101,322.58
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through December 2020	2,093.75
Bill	01/31/2021	1-20...		Goodman Corporation	Task 1 - \$85,000	2,550.00
Bill	01/31/2021	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Through Ja...	6,100.29
Bill	01/31/2021	0031...		Jones & Carter Inc.	T0523A Shepherd Durham Cross Streets - Final Design...	212,824.81
Bill	01/31/2021	1-20...		Goodman Corporation	Task 1 - \$45,000	450.00
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2021	1,525.00
Bill	01/31/2021	1326		SMW Principle Solutions, Inc.	January 2021 Consulting	3,112.50
Total T-0523A Shepherd Durham & Cross						1,565,695.93
T-0525 Reconst Bridges White Oa						
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July 2020 Consulting	2,475.00
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	August 2020 Consulting	75.00
Bill	08/31/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through August 2020	97.50
Bill	09/30/2020	1301		SMW Principle Solutions, Inc.	September Consulting 2020	300.00
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through September 2020	1,917.50
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	225.00
Bill	01/31/2021	1326		SMW Principle Solutions, Inc.	January 2021 Consulting	375.00
Total T-0525 Reconst Bridges White Oa						5,465.00
T-0527 Heights Blvd Pedestrian						
Bill	07/30/2020	0030...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	4,699.39
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July 2020 Consulting	187.50
Bill	08/31/2020	0030...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	2,070.00
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	August 2020 Consulting	375.00
Bill	09/30/2020	0031...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	215.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	1,315.00
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	112.50
Bill	11/30/2020	0031...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	107.50
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	675.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	1,160.00
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through December 2020	1,250.00
Bill	01/31/2021	0031...		Jones & Carter Inc.	Heights Blvd Pedestrian & Bicycle Safety Impr.	97.50
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2021	487.50
Bill	01/31/2021	1326		SMW Principle Solutions, Inc.	January 2021 Consulting	112.50
Total T-0527 Heights Blvd Pedestrian						12,864.39

Memorial Heights Redevelopment Authority Profit & Loss Detail

July 2020 through January 2021

Accrual Basis

Type	Date	Num	Adj	Name	Memo	Amount
T-0528 Streets Btw Shep & Durha						
Bill	07/30/2020	0030...		Jones & Carter Inc.	West Dallas Restriping	1,677.50
Bill	08/31/2020	0030...		Jones & Carter Inc.	West Dallas Restriping	6,217.50
Bill	10/28/2020	0031...		Jones & Carter Inc.	West Dallas Restriping	170.00
Bill	11/30/2020	0031...		Jones & Carter Inc.	West Dallas Restriping	107.50
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	75.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	West Dallas Restriping	215.00
Total T-0528 Streets Btw Shep & Durha						8,462.50
T-0530 White Oak Bayou & Memori						
Bill	07/30/2020	0030...		Jones & Carter Inc.	White Oak to Memorial	34,400.00
Bill	08/31/2020	0030...		Jones & Carter Inc.	White Oak to Memorial	1,892.50
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	August 2020 Consulting	150.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	White Oak to Memorial	53.75
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	150.00
Bill	11/30/2020	0031...		Jones & Carter Inc.	White Oak to Memorial	107.50
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	225.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	White Oak to Memorial	2,345.00
Bill	01/31/2021	0031...		Jones & Carter Inc.	White Oak to Memorial	541.25
Total T-0530 White Oak Bayou & Memori						39,865.00
Capital Improvement Plan - Other						
Bill	10/01/2020	2095		Houston Bike Share	HEB N Shepherd and 23rd BCycle Station	21,820.00
Total Capital Improvement Plan - Other						21,820.00
Total Capital Improvement Plan						1,674,039.87
Total COGS						1,674,039.87
Gross Profit						-1660696.09
Expense						
Developer Reimbursement						
Bill	09/30/2020	Rei...		Sovereign Regent Square LLC	Developer Reimbursement 2020 (Construction Cost)	264,284.44
Total Developer Reimbursement						264,284.44
Program and Project Consultants						
Engineering Consultants						
Bill	07/30/2020	0030...		Jones & Carter Inc.	Work Order 1 - Through July 24,2020	5,372.50
Bill	08/31/2020	0030...		Jones & Carter Inc.	Work Order 1 - Through Aug 28,2020	830.00
Bill	09/30/2020	0031...		Jones & Carter Inc.	Work Order 1 - Through Sept 25,2020	3,865.00
Bill	10/28/2020	0031...		Jones & Carter Inc.	Work Order 1 - Through Oct 23,2020	3,732.50
Bill	11/30/2020	0031...		Jones & Carter Inc.	Work Order 1 - Through Nov 27, 2020	695.00
Bill	12/31/2020	0031...		Jones & Carter Inc.	Work Order 1 - Through Dec 25, 2020	2,520.00
Bill	01/31/2021	0031...		Jones & Carter Inc.	Work Order 1 - Through Jan 29, 2021	2,960.00
Total Engineering Consultants						19,975.00
Legal Expense						
Bill	07/30/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through July 2020	7,361.30
Bill	08/31/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through August 2020	2,016.75
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through September 2020	4,292.35
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Regents Square GID	211.25
Bill	10/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through October 2020	4,994.12
Bill	10/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Regents Square GID	743.75
Bill	10/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Allen Parkway	31.25
Bill	11/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through November 2020	1,310.25
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through December 2020	1,241.65
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Regents Square GID	406.25
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Allen Parkway	206.25
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Legal services through January 2021	4,948.06
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Regents Square GID	162.50
Total Legal Expense						27,925.73
Planning Consultants						
Bill	07/31/2020	7-20...		Goodman Corporation	Task 1 - \$15,000	2,867.50
Bill	09/01/2020	8-20...		Goodman Corporation	Task 1 - \$15,000	1,488.00
Bill	09/30/2020	9-20...		Goodman Corporation	Task 1 - \$15,000	3,043.50
Bill	10/31/2020	10-2...		Goodman Corporation	Task 1 - \$15,000	290.00
Bill	11/30/2020	11-2...		Goodman Corporation	Task 1 - \$15,000	73.00
Total Planning Consultants						7,762.00
Total Program and Project Consultants						55,662.73

Memorial Heights Redevelopment Authority Profit & Loss Detail

July 2020 through January 2021

Accrual Basis

Type	Date	Num	Adj	Name	Memo	Amount
TIRZ Administration & Overhead						
Accounting						
Bill	08/31/2020	2091		The Morton Accounting Services	July and August CPA Services	3,700.00
Bill	10/31/2020	2131		The Morton Accounting Services	September and October CPA Services	4,323.41
Bill	12/31/2020	2163		The Morton Accounting Services	November and December CPA Services	2,643.68
Total Accounting						10,667.09
Administration						
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July 2020 Consulting	5,012.50
Bill	07/30/2020	1289		SMW Principle Solutions, Inc.	July Consulting 2020	0.00
Bill	07/30/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through July 2020	278.75
Bill	08/31/2020	1292		SMW Principle Solutions, Inc.	August 2020 Consulting	7,412.50
Bill	08/31/2020	20-1...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through August 2020	140.00
Bill	09/30/2020	1301		SMW Principle Solutions, Inc.	September Consulting 2020	7,637.50
Bill	09/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through September 2020	1,936.25
Bill	10/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through October 2020	1,498.75
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	6,362.50
Bill	10/31/2020	1303		SMW Principle Solutions, Inc.	October Consulting 2020	507.03
Bill	11/30/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through November 2020	255.00
Bill	11/30/2020	1316		SMW Principle Solutions, Inc.	November Consulting 2020	3,287.50
Bill	12/31/2020	1321		SMW Principle Solutions, Inc.	December 2020 Consulting	4,412.50
Bill	12/31/2020	1321		SMW Principle Solutions, Inc.	December 2020 Expenses	77.01
Bill	12/31/2020	20-2...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through December 2020	1,958.75
Bill	01/31/2021	21-0...		Sanford Kuhl Hagan Kugle Parker Kahn	Admin/Meeting through January 2021	1,630.00
Bill	01/31/2021	1326		SMW Principle Solutions, Inc.	January 2021 Consulting	6,400.00
Bill	01/31/2021	1326		SMW Principle Solutions, Inc.	January 2021 Expenses	51.00
Total Administration						48,857.54
Auditing						
Bill	09/03/2020	2020...		McCall Gibson Swedlund Barfoot PLLC	2020 Audit Interim	6,000.00
Bill	09/30/2020	2020...		McCall Gibson Swedlund Barfoot PLLC	2020 Audit Final	2,500.00
Total Auditing						8,500.00
Insurance						
Deposit	11/23/2020			TML Intergovernmental Risk Pool	Refund	-34.00
Total Insurance						-34.00
Office Expenses						
Bill	09/10/2020	2		eLsqrd Media Group	Maintenance, Support, Hosting and Email Marketing	4,776.00
Total Office Expenses						4,776.00
Tax Consultant						
Bill	07/01/2020	55569		Equi Tax Inc.	July - June 2021 Tax Consulting	2,400.00
Total Tax Consultant						2,400.00
Total TIRZ Administration & Overhead						75,166.63
Total Expense						395,113.80
Net Ordinary Income						-2055809.89
Net Income						-2055809.89