

OLD SIXTH WARD REDEVELOPMENT AUTHORITY

JOINT MEETING OF THE BOARDS OF DIRECTORS

September 18, 2019

**REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF
HOUSTON, TEXAS**

**OLD SIXTH WARD REDEVELOPMENT AUTHORITY
AND
REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF HOUSTON, TEXAS**

NOTICE OF JOINT MEETING

TO: THE BOARD OF DIRECTORS OF THE OLD SIXTH WARD REDEVELOPMENT AUTHORITY AND REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF HOUSTON, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of the Old Sixth Ward Redevelopment Authority (the "Authority") will hold a joint meeting with the Board of Directors of the Reinvestment Zone Number Thirteen, City of Houston, Texas (the "Zone") to be held on **September 18, 2019, at 5:30 p.m., at the MECA, 1900 Kane Street, Houston, Texas 77007**, open to the public, to consider, discuss and adopt such orders, resolutions or motions, and take other direct or indirect actions as may be necessary, convenient, or desirable with respect to the following matters:

1. Introductions and Meeting Guidelines.
2. Receive public comment.
(A statement of no more than 3 minutes may be made of items of pertinent to agenda items or of general relevance. There will be no yielding of time to another person. State law prohibits the Board Chair or members of the Board from commenting on any statement or engagement in dialogue without an appropriate agenda item being posted in accordance with the Texas Open Meetings Law. Comments should be directed to the entire board, not individual members. Engaging in verbal attacks or comments intended to insult, abuse, malign, or slander any individual shall be cause for termination of time privileges.)
3. Minutes of the previous meetings:
 - a. the Authority; and
 - b. the Zone.
4. Adopt Resolutions of Appreciation:
 - a. Alice Valdez;
 - b. Claude Anello;
5. Create committees and appoint committee members.
6. Resolution Designating Meeting Places.
7. Administrator Report.
8. Consider adjustment to maximum monthly hours for Administrator.
9. Projects and Engineering:
 - a. Engineering Consultant's Report;
 - i. Update on Dow School Park;
 - ii. Update Substitute Sanitary Sewer Service, Phase 2;
 - iii. Update on Street Sign Rehabilitation, Phase 3;
 - b. Update on Project with Trees for Houston;
 - c. Consider preparation of RFQ/RFP for Pedestrian and Bike Infrastructure Evaluation, Mobility Planning and Project Prioritization Recommendations;
 - d. Approve related pay estimates or change orders, or other design, construction or

- management contract administration items, and authorize other appropriate action.
10. Financial Matters:
 - a. Receive Financial Report Summary, including account and fund activity statements, and investment report;
 - b. Authorize payment of invoices;
 - c. Approve audit for fiscal year ending June 30, 2019 and authorize filing with the City of Houston;
 - d. Adopt Order Evidencing Review of Investment Policy and List of Qualified Brokers; and
 - e. Authorize other appropriate action.
 11. 2019 Legislative Update - Items relevant to TIRZ and Redevelopment Authorities.
 12. Executive Session – the Authority:
 - a. Confer with legal counsel, Open Meetings Act, V.T.C.A., Government Code § 551.071;
 - b. Purchase, exchange, lease or value of real property, Open Meetings Act, V.T.C.A., Government Code § 551.072; and
 - c. Economic development negotiations, Open Meetings Act, V.T.C.A., Government Code § 551.087.
 13. Executive Session – the Zone:
 - a. Confer with legal counsel, Open Meetings Act, V.T.C.A., Government Code § 551.071;
 - b. Purchase, exchange, lease or value of real property, Open Meetings Act, V.T.C.A., Government Code § 551.072; and
 - c. Economic development negotiations, Open Meetings Act, V.T.C.A., Government Code § 551.087.
 14. Reconvene and take any necessary action regarding items discussed in executive session.
 15. Items for next meeting.
 16. Adjourn.



Clark Stockton Lord
Attorney for the Authority and the Zone

Persons with disabilities who plan to attend this meeting and would like to request auxiliary aids or services are requested to contact Bracewell LLP at (713) 221-3338 at least three business days prior to the meeting so that the appropriate arrangements can be made

**MINUTES OF REGULAR MEETING
OF
OLD SIXTH WARD REDEVELOPMENT AUTHORITY**

June 19, 2019

The Board of Directors (the “Board”) of Old Sixth Ward Redevelopment Authority (the “Authority”), convened in regular session, open to the public, on the 19th day of June 2019, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Claude Anello	Chair
Larissa Lindsay	Secretary
Cynthia Card	Assistant Secretary
Alice Valdez	Director
Ann Guercio	Director

All members of the Board of Directors were present, thus constituting a quorum.

Also present were: Marie Bryant of CART Services; Clark Lord and Tiffany Ehmke of Bracewell LLP; Kyle Macy of Edminster Hinshaw Russ & Associates; Joel Alba of the City of Houston; Sherry Weesner of Principle Solutions; Melissa Morton of the Morton Accounting Services; and Jessica King of Asukara Robinson. Members of the public were present and referenced on the attached sign in sheet, as Exhibit “A”.

Whereupon, the meeting was called to order. A copy of the notice of the meeting is attached hereto as Exhibit “B”.

MEETING RULES

Director Anello reviewed the rules for the proper conduct of the Board meeting.

DETERMINE QUORUM; CALL TO ORDER

Director Anello then noted that a quorum was present and called the meeting to order. He requested that the attendees introduce themselves.

APPROVE MINUTES

The Board considered approving the minutes of March 27, 2019 and the April 17, 2019 Authority minutes. Director Guercio moved that the Board approve the minutes of March 27, 2019 and the April 17, 2019 Authority minutes. Director Card seconded the motion and it passed unanimously.

DISCUSSION OF COH SWAT PROGRAM

The Board recognized Mr. Stephen Costello who outlined services and project history working with the City of Houston related to storm water and drainage. No action was taken on this item.

PROJECTS AND ENGINEERING

Mr. Macy presented the engineer's report, a copy of which is attached hereto as Exhibit "C". He requested the Board consider authorizing change orders be approved between this meeting and the next meeting with the projects committee. Upon a motion brought by Director Guerico, seconded by Director Card, the Board unanimously voted to authorize change orders by project committee as discussed.

He requested the Board consider approving the First Amendment to Interlocal Agreement for the Construction of Improvements to Dow Elementary Park ("First Amendment"), a copy of which is attached hereto as Exhibit "D". After review, upon a motion brought by Director Lindsay, seconded by Director Guerico, the Board unanimously voted to approve the Engineer's report and the First Amendment.

Mr. Macy then updated the Board regarding the approving a masonry contract HD outdoor designs. Upon a motion brought by Director Lindsay, seconded by Director Card, the Board unanimously authorized the Engineer to acquire and prepare additional proposals for masonry.

Mr. Macy requested the Board consider amending the Engineer's general service work order. He noted the estimated fee for the scope of services to be \$20,000. Upon a motion brought Director Guerico, seconded by Director Card, the Board unanimously voted to approve the amendment of general service work order.

Memorial Triangle Public Art

Director Valdez provided an update to the Board the public art improvements.

Contract with City of Houston to develop options for traffic circle and Sabine

Director Card requested the Board consider approving the Camacho proposal and authorize the Board to into enter an agreement with Camacho, not to exceed \$5,000. Upon a motion brought by Director Guerico, seconded by Director Anello, the Board approved the Camacho proposal and authorized entering into an agreement with Camacho, not to exceed \$5,000 and to move forward with the services contract.

The Board then consider approving the Commitment of Matching funds for the Texas Commission on Environmental Quality Environmental Quality ("TCEQ") Nonpoint Source pollution grant request. Director Anello recommended approving the letter requesting an additional \$300,000 more than last year, and if the TCEQ does not approve the grant the Board will move forward with the design phase for projects. Upon a motion brought by Director Lindsay, seconded by Director Anello, the Board

unanimously approved the submittal of the grant letter and to move forward with the design phase if grant is not approved.

FINANCIAL REPORT

Ms. Morton reviewed the financial report, including the profit and loss budget to actual, balance sheet, unpaid bills detail, general operating fund, and profit and loss detail reports. A copy of the financial report is attached hereto as Exhibit “E”. Director Lindsay moved that the Board approve the financial report and payment of the invoices, not including Bracewell’s invoices. Director Guerico seconded the motion and it carried unanimously.

The Board considered engaging CRI to prepare the District’s annual audit, a copy of the engagement is attached hereto as Exhibit “F”. Upon a motion brought by Director Card, seconded by Director Guerico, the Board unanimously voted to approve the engagement of CRI to prepare the annual audit for fiscal year 2019.

Ms. Morton requested the Board authorize her to close the Mid-South Bank Account. Upon a motion brought by Director Anello, seconded by Director Guerico unanimously authorized Ms. Morton to close the Mid-South Bank Accounts.

Ms. Morton then requested the Board to consider her monthly fee to \$1,100 a month, which includes a \$300 increase as the Authority’s investment officer. Upon a motion brought by Director Card, seconded by Director Guerico, the Board unanimously approved the \$1,100 monthly fee for Ms. Morton’s services.

DISCUSS BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2020 AND FIVE YEAR CIP AND CONSIDER AUTHORIZATION OF SUBMISSION TO THE CITY OF HOUSTON

The Board recognized Ms. Weesner who reported that the neighborhood association is in favor of the CIP budget and will include the potential grant adjustment to the budget.

EXECUTIVE SESSION

There was no executive session for the month.

ITEMS FOR NEXT MEETING

There were no items mentioned for the next meeting.

PUBLIC COMMENTS

The Board recognized Mr. Ryan Boehner who stated his concern about conflict of interest as well as ADA compliant brick paths in the community.

The Board recognized Ms. Jane West who stressed the importance of planning within the community and with other interested entities within the community. She also expressed how she is in favor of addition drainage facilities and working with an entity like SWAT.

The Board recognized Mr. Jacob Stava who inquired about the distinction between an Authority and TIRZ quorum for public meetings.

The Board recognized Mr. Paul Beuz who expressed his desire to follow along with the data the Board reviews during the meeting.

The Board recognized Mr. Adrian Melendez who stated his concern about conflict of interest

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Meeting minutes were approved and executed on September 18, 2019.

Secretary

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

June 19, 2019

The Board of Directors (the “Board”) of Reinvestment Zone Number Thirteen (the “Zone”), convened in regular session, open to the public, on the 19th day of June 2019, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Claude Anello	Chair
Larissa Lindsay	Secretary
Cynthia Card	Assistant Secretary
Alice Valdez	Director
Ann Guercio	Director

All members of the Board of Directors were present, thus constituting a quorum.

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Mr. Macy requested the Board consider amending the Engineer's general service work order. He noted the estimated fee for the scope of services to be \$20,000. Upon a motion brought Director Guerico, seconded by Director Card, the Board unanimously voted to approve the amendment of general service work order.

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The Board recognized Ms. Jane West who stressed the importance of planning within the community and with other interested entities within the community. She also expressed how she is in favor of addition drainage facilities and working with an entity like SWAT.

The Board recognized Mr. Jacob Stava who inquired about the distinction between an Authority and TIRZ quorum for public meetings.

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The Board recognized Mr. Adrian Melendez who stated his concern about conflict of interest

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Meeting minutes were approved and executed on September 18, 2019.

Secretary

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Old Sixth Ward Redevelopment Authority, City of Houston, Texas, hereby certify as follows:

1. The Board of Directors of Old Sixth Ward Redevelopment Authority, City of Houston, Texas, convened in regular session on the 18th day of September, 2019, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board to-wit:

Larissa Lindsay	Position 2
Claude Anello	Position 3
Philip C. Neisel	Position 3 Chair
Cynthia Card	Position 5
Ann Guercio	Position 6
Brantly Minor	Position 7
Alison N. Maillet	Position 9

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

RESOLUTION OF APPRECIATION
OF
ALICE VALDEZ

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

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to the follows this certificate; that the Resolution 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 Resolution 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 as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code.

SIGNED this 18th day of September, 2019.

Chair, Board of Directors

OLD SIXTH WARD REDEVELOPMENT AUTHORITY

RESOLUTION OF APPRECIATION

OF

ALICE VALDEZ

WHEREAS, the Old Sixth Ward Redevelopment Authority (the “Authority”) and Tax Increment Reinvestment Zone Number Thirteen (the “Zone”) have been established and designated by the City of Houston to undertake redevelopment and improvement plans and programs benefiting the Old Sixth Ward area; and

WHEREAS, the Authority and the Zone are governed by Boards of Directors (the “Authority Board” and the “Zone Board”, respectively); and

WHEREAS, Alice Valdez was appointed to the Authority Board and the Zone Board on December 31, 2004, and has dutifully served as a director for both boards; and

WHEREAS, over her 15-year tenure on the boards, Ms. Valdez has overseen the implementation of many Project & Financing Plans for the Old Sixth Ward area, providing for economic development, public infrastructure, mobility, parks & recreational improvements, and improvements to MECA; and

WHEREAS, because of the tireless service of Ms. Valdez, the Old Sixth Ward area has achieved significant quality-of-life improvements and tremendous residential, retail, and commercial development, all of which will benefit the area for years to come; ***now, therefore, be it***

RESOLVED, that the Board of Directors of the Authority hereby expresses its gratitude and appreciation to Ms. Valdez for her long service on the Authority Board and the Zone Board, and honors her dedication and commitment to the efforts and successes achieved; ***and, be it further***

RESOLVED, that this resolution be prepared for and presented to Ms. Valdez as an expression of high regard by the Authority and the Zone.

PASSED AND APPROVED this 18th day of September, 2019.

Chair, Board of Directors

ATTEST:

_____, Board of Directors

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Old Sixth Ward Redevelopment Authority, City of Houston, Texas, hereby certify as follows:

1. The Board of Directors of Old Sixth Ward Redevelopment Authority, City of Houston, Texas, convened in regular session on the 18th day of September, 2019, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board to-wit:

Larissa Lindsay	Position 2
Claude Anello	Position 3
Philip C. Neisel	Position 3 Chair
Cynthia Card	Position 5
Ann Guercio	Position 6
Brantly Minor	Position 7
Alison N. Maillet	Position 9

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

RESOLUTION OF APPRECIATION
OF
CLAUDE ANELLO

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

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to the follows this certificate; that the Resolution 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 Resolution 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 as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code.

SIGNED this 18th day of September, 2019.

Chair, Board of Directors

OLD SIXTH WARD REDEVELOPMENT AUTHORITY

RESOLUTION OF APPRECIATION

OF

CLAUDE ANELLO

WHEREAS, the Old Sixth Ward Redevelopment Authority (the “Authority”) and Tax Increment Reinvestment Zone Number Thirteen (the “Zone”) have been established and designated by the City of Houston to undertake redevelopment and improvement plans and programs benefiting the Old Sixth Ward area; and

WHEREAS, the Authority and the Zone are governed by Boards of Directors (the “Authority Board” and the “Zone Board”, respectively; and

WHEREAS, Claude Anello was appointed to the Authority Board and the Zone Board on April 5, 2006, and has dutifully served as Chair for both boards; and

WHEREAS, over his 13-year tenure on the boards, Mr. Anello has overseen the implementation of many Project & Financing Plans for the Old Sixth Ward area, providing for economic development, public infrastructure, mobility, parks & recreational improvements; and

WHEREAS, because of the tireless service of Mr. Anello, the Old Sixth Ward area has achieved significant quality-of-life improvements and tremendous residential, retail, and commercial development, all of which will benefit the area for years to come; *now, therefore, be it*

RESOLVED, that the Board of Directors of the Authority hereby expresses its gratitude and appreciation to Mr. Anello for his long service on the Authority Board and the Zone Board, and honors his dedication and commitment to the efforts and successes achieved; *and, be it further*

RESOLVED, that this resolution be prepared for and presented to Mr. Anello as an expression of high regard by the Authority and the Zone.

PASSED AND APPROVED this 18th day of September, 2019.

Chair, Board of Directors

ATTEST:

_____, Board of Directors

Old Sixth Ward Redevelopment Authority Committee Descriptions

Projects and Planning Committee

The Project Committee provides project oversight for the Old Sixth Ward Redevelopment Authority/TIRZ 13. Tasks include preparation and recommendations to the board for the annual five-year Capital Improvements Plan, definition of project parameters and goals, selection of engineering and construction consultants, bid analysis and selection of construction and other contractors, project supervision and review and recommendation for approval of change orders, payment applications for construction projects, and engineering consulting invoices.

Finance Committee

The Finance Committee provides financial oversight for the Old Sixth Ward Redevelopment Authority/TIRZ 13. Tasks include review and recommendation to the board of all invoices that do not involve engineering consulting or construction, oversight of financial consultants including the bookkeeper, auditor and tax consultants and the creation and monitoring of internal controls and accountability policies. The Committee is also responsible for evaluation of the Zone's long-term financial needs and recommends the use of financial vehicles such as bonds or bank loans when appropriate to further the goals of the Old Sixth Ward Redevelopment Authority/TIRZ 13 and the City of Houston.

Communications and Public Engagement Committee

The Communications and Public Engagement Committee is responsible for recommending to the board the plan and the implementation requirements for the Zone/Redevelopment Authority's public communications. This includes regular communication and dialog, special activities related to specific projects, website and social media and selection and oversight of any communications or website consultants.

Three members of the board are assigned to each committee.

Committee assignments are made/reconfirmed at the first meeting of the fiscal year.

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Reinvestment Zone No. 13, City of Houston, Texas hereby certify as follows:

1. The Board of Directors of Reinvestment Zone No. 13, City of Houston, Texas convened in regular session on September 18, 2019, inside the boundaries of the Zone, and the roll was called of the members of the Board:

Larissa Lindsay	Position 2
Claude Anello	Position 3
Philip C. Neisel	Position 3 Chair
Cynthia Card	Position 5
Ann Guercio	Position 6
Brantly Minor	Position 7
Alison N. Maillet	Position 9

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

RESOLUTION ESTABLISHING MEETING PLACE

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

2. A true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution 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 Resolution 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 as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED on September 18, 2019.

(SEAL)

Secretary, Board of Directors

RESOLUTION ESTABLISHING IN-ZONE MEETING PLACE

WHEREAS, Reinvestment Zone No. 13, City of Houston, Texas (the “Zone”), has been legally created and operates pursuant to Chapter 311, Texas Tax Code; and

WHEREAS, the Board of Directors of the Zone (the “Board”) wishes to establish a meeting place inside and outside the boundaries of the Zone; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NO. 13, CITY OF HOUSTON, TEXAS THAT:

Section 1: A meeting place is hereby established inside and outside the boundaries of the Zone at the following: Inside meeting places: MECA, 1900 Kane Street, Houston, Texas 77007; Winter Street Studios Gallery 2101 Winter Street, 2nd Floor, Houston, Texas 77007; and Outside meeting places: United Way, 50 Waugh Drive, Houston, TX 77007; 900 and 901 Bagby (City Hall and City Hall Annex), Houston, Texas 77002; Bracewell, 711 Louisiana Street, Suite 2300, Houston, Texas 77002 ; which is hereby declared to be a public place and open to the public.

Section 2: The Board invites residents, taxpayers, and all other interested persons to attend all meetings of the Board.

PASSED AND APPROVED on September 18, 2019.

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)



TBPE No. F-726

10555 Westoffice Drive
Houston, Texas 77042
713.784.4500
EHRAinc.com

**T.I.R.Z. NO. 13/OLD SIXTH WARD REDEVELOPMENT AUTHORITY
ENGINEERING REPORT**

Date: Through September 10, 2019

Date of Board Meeting: September 18, 2019

Engineer: Kyle Macy, P.E.


Signature

A. Engineering Consultant Report

i. Dow Elementary Park:

1. Dow Elementary Park is approximately 50% complete.

ACTION ITEM: Request Board Approval for Pay Application No. 3.

ii. Substitute Sanitary Sewer Connections, Phase 2B:

1. EHRA is coordinating with Texas Pride to confirm all work is complete.

ACTION ITEM: None at this time.

iii. Street Sign Rehabilitation, Phase 3:

1. Project was completed by Williams Architectural Signage and Consulting LLC and EHRA is coordinating with the contractor to confirm all work is complete.

ACTION ITEM: None at this time.



**Monthly Financial Report Summary
September Board Meeting
Wednesday, September 18, 2019**

At the beginning of July, the Old Sixth Ward Redevelopment Authority (OSWRA) beginning Operating Fund Balance was \$1,780,957. During the month, OSWRA received 92% of its income from the City of Houston annual increment (\$1,011,412). OSWRA processed \$385,927 in disbursements during the period. 85% of the disbursement related to payments to Millis Development (\$187,069) for the CIP Project – Dow Park and to The City of Houston for the annual municipal services payment (\$142,891). The ending balance as of month end August 31, 2019 was \$2,489,308.

The invoices pending approval through today total \$158,203. See attached “Unpaid Bills Detail” Reports on page 3. \$160,000 needs to be transferred, to the Operating Account to cover the pending invoices.

Capital Improvement Project spending for the period totaled \$221,301. The funds were mainly spent towards the Dow School Park project. See page 4 for the “Capital Projects Detail” Reports.

Cash Basis

OLD SIXTH WARD REDEVELOPMENT AUTHORITY
General Operating Fund
 As of August 31, 2019

BEGINNING BALANCE : \$ 1,780,957.22

REVENUE

City of Houston	1,011,412.07	City Increment
City of Houston	77,240.22	HISD Increment
Misc Income	100.00	Open Records Request
Operating	44.08	Interest
Money Market	904.77	Interest
Operating	147.67	Interest
Money Market	537.29	Interest
Texas Class Investment	2,023.02	Interest
Texas Class Investment	1,868.63	Interest
Total Revenue		1,094,277.75

DISBURSEMENTS

2477	Asakura Robinson Company	13,009.71
2480	Claude Anello	450.00
2478	Bracewell & Giuliani	5,858.40
2479	City of Houston	142,891.00
2481	Edminster Hinshaw Russ	16,661.79
2482	Equitax	1,932.00
2487	The Morton Acct Services	2,319.02
2475	Asakura Robinson Company	8,948.40
2483	Millis Development	104,708.76
2485	SMW Principle Solutions	6,035.78
2484	Sabota Writing & Comm	425.00
2476	Millis Development	82,360.08
2486	The Captioning Company	327.50

Total Disbursements 385,927.44

ENDING BALANCE : \$ 2,489,307.53

LOCATION OF ASSETS	Interest Rate	August 31, 2019 Balance
MidSouth Operating	0.150%	1,088,957.50
MidSouth Money Market Account	0.150%	230.28
Prosperity Bank Operating		47,470.34
Prosperity Money Market Account		345,666.10
Texas Class Investment	2.19%	1,006,983.31
Total Account Balance		\$ 2,489,307.53

No assurance is provided on these financial statements

Old Sixth Ward Redevelopment Authority
Unpaid Bills Detail
As of September 12, 2019

Type	Date	Num	Memo	Due Date	Open Balance
Asakura Robinson Company LLC					
Bill	08/31/2019	OSW1801...	Dow School Park Phase - Construction	09/10/2019	3,758.40
Total Asakura Robinson Company LLC					3,758.40
Bracewell LLP					
Bill	07/31/2019	21856920	Admin- Meeting through July 31, 2019	08/10/2019	3,692.00
Bill	08/31/2019	21859638	General Legal through August 31, 2019	09/10/2019	600.00
Bill	08/31/2019	21859637	Admin- Meeting through August 31, 2019	09/10/2019	710.00
Total Bracewell LLP					5,002.00
Carr Riggs & Ingram LLC					
Bill	09/11/2019	16747401	2019 Audit - 94-02285	09/21/2019	7,800.00
Total Carr Riggs & Ingram LLC					7,800.00
City of Houston - Encroachment					
Bill	09/01/2019	Inv 1380630	Encroachment Location: 901 Sawyer St 77007	09/11/2019	262.68
Total City of Houston - Encroachment					262.68
Edminster Hinshaw Russ & Associates Inc					
Bill	08/20/2019	79366	General Engineering Consultant - \$20,000	08/30/2019	2,170.00
Bill	08/20/2019	79365	Dow School Park Demo, Drain, Grading	08/30/2019	5,069.44
Bill	08/20/2019	79367	General Engineering Consultant	08/30/2019	1,782.50
Total Edminster Hinshaw Russ & Associates Inc					9,021.94
Facility Solutions Group Inc.					
Bill	08/27/2019	4891335-00	Lighting Design - Dow Elementary Park	09/06/2019	3,000.00
Total Facility Solutions Group Inc.					3,000.00
Millis Development & Construction LLC					
Bill	08/31/2019	Pay Requ...	Contract - \$859,151.18 -Apr 2019 (w/Change Ord. \$928,...	09/10/2019	104,140.24
Total Millis Development & Construction LLC					104,140.24
Sabota Writing & Communications, LLC					
Bill	08/31/2019	150	General Communications Support July and August 2019	09/10/2019	446.25
Total Sabota Writing & Communications, LLC					446.25
SMW Principle Solutions, Inc.					
Bill	07/31/2019	1205	Administrative Consulting July 2019	08/10/2019	6,045.67
Bill	08/31/2019	1214	Administrative Consulting August 2019	09/10/2019	6,030.56
Total SMW Principle Solutions, Inc.					12,076.23
The Morton Accounting Services					
Bill	07/31/2019	1933	July Accounting	08/15/2019	2,112.40
Bill	08/31/2019	1934	August Accounting	09/15/2019	1,208.30
Total The Morton Accounting Services					3,320.70
Tolunay-Wong Engineers, Inc.					
Bill	07/19/2019	19-7014	Dow Elementary Engineer Consultant	07/29/2019	1,610.00
Bill	08/31/2019	19-8218	Dow Elementary Engineer Consultant	09/10/2019	2,064.50
Total Tolunay-Wong Engineers, Inc.					3,674.50
Trees for Houston					
Bill	08/01/2019	1160	Watering of 60 trees at Sawyer Ave for 2019	08/31/2019	5,700.00
Total Trees for Houston					5,700.00
TOTAL					158,202.94

**Old Sixth Ward Redevelopment Authority
Capital Projects Detail**

July through August 2019

Accrual Basis

Type	Date	Num	Name	Memo	Amount
Capital Improvement Project					
T-1310 Hemphill Road					
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting	562.50
Total T-1310 Hemphill Road					562.50
T-1312 Sustainable Streetscapes					
Bill	08/01/2019	1160	Trees for Houston	Watering of 60 trees at Sawyer Ave for 2019	5,700.00
Total T-1312 Sustainable Streetscapes					5,700.00
T-1313 Dow School Park					
Bill	07/19/2019	19-7014	Tolunay-Wong Engineers, Inc.	Dow Elementary Engineer Consultant	1,610.00
Bill	07/31/2019	Pay Request ...	Millis Development & Construction LLC	Contract - \$859,151.18 -Apr 2019	82,360.08
Bill	07/31/2019	OSW1801-06	Asakura Robinson Company LLC	Dow School Park Phase - Construction	8,948.40
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting	1,875.00
Bill	08/20/2019	79365	Edminster Hinshaw Russ & Associates Inc	Through 8.19.19 (99.53%)	5,069.44
Bill	08/27/2019	4891335-00	Facility Solutions Group Inc.	Lighting Design - Dow Elementary Park	3,000.00
Bill	08/31/2019	Pay Request ...	Millis Development & Construction LLC	Contract - \$859,151.18 -Apr 2019 (w/Change Ord. \$928,986...	104,140.24
Bill	08/31/2019	OSW1801-07	Asakura Robinson Company LLC	Dow School Park Phase - Construction	3,758.40
Bill	08/31/2019	19-8218	Tolunay-Wong Engineers, Inc.	Dow Elementary Engineer Consultant	2,064.50
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 Consulting	1,350.00
Total T-1313 Dow School Park					214,176.06
T-1319 Sawyer St Reconstruction					
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 Consulting	825.00
Total T-1319 Sawyer St Reconstruction					825.00
Capital Improvement Project - Other					
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting - Signage T-1323	37.50
Total Capital Improvement Project - Other					37.50
Total Capital Improvement Project					221,301.06
TOTAL					221,301.06

Old Sixth Ward Redevelopment Authority
PROFIT AND LOSS
2 Months Ended Aug 31, 2019

	Aug 31, 2019 Actual
Revenue	
Grant Proceeds	\$ 90,000.00
Interest Income Money Market	<u>5,525.46</u>
Total Revenue	95,525.46
Capital Improvement Project	
Capital Improvement Project	37.50
T-1310 Hemphill Road	562.50
T-1312 Sustainable Streetscapes	5,700.00
T-1313 Dow School Park	214,176.06
T-1319 Sawyer St Reconstruction	<u>825.00</u>
Total Capital Improvement Project	<u>221,301.06</u>
Gross Profit	(125,775.60)
Operating Expenses	
Program and Project Consultatnt	0.00
Engineering Consultant	3,952.50
Legal Fees	600.00
Tax Consultants	1,932.00
TIRZ Administration & Overhead	0.00
Accounting Fees	3,320.70
Administration Consultant	11,828.23
Office Expenses	<u>446.25</u>
Total Operating Expenses	<u>22,079.68</u>
Operating Income (Loss)	(147,855.28)
Other Income	
Other Income	<u>100.00</u>
Total Other Income	100.00
Net Income (Loss)	(147,755.28)

Old Sixth Ward Redevelopment Authority
BALANCE SHEET
Aug 31, 2019 and 2018

Assets				
	2019	2018	Variance	%
Current Assets				
Mid South Money Mkt	\$ 230.28	\$ 2,984,015.20	\$ (2,983,784.92)	(99.99)%
Mid South Operating	1,088,957.50	156,041.39	932,916.11	597.86 %
Prosperity Money Market	345,666.10	0.00	345,666.10	0.00 %
Prosperity Operating Account	47,470.34	0.00	47,470.34	0.00 %
Texas Class Investment Account	1,006,983.31	0.00	1,006,983.31	0.00 %
Accounts Receivable	90,000.00	0.00	90,000.00	0.00 %
Prepaid Insurance	1,376.25	1,474.16	(97.91)	(6.64)%
Total Current Assets	2,580,683.78	3,141,530.75	(560,846.97)	(17.85)%
Total Assets	\$ 2,580,683.78	\$ 3,141,530.75	\$ (560,846.97)	(17.85)%

Liabilities and Stockholders' Equity				
	2019	2018	Variance	%
Current Liabilities				
Accounts Payable	\$ 150,051.16	\$ 4,909.90	\$ 145,141.26	2,956.09 %
Cert Of Obligation Current Prin	150,000.00	140,000.00	10,000.00	7.14 %
Cert of Obligation Int Accrual	32,573.52	35,139.76	(2,566.24)	(7.30)%
Retainage Payable	32,014.31	103,868.00	(71,853.69)	(69.18)%
Total Current Liabilities	364,638.99	283,917.66	80,721.33	28.43 %
Long-Term Liabilities				
Certificate of Obligation	1,626,715.00	1,776,715.00	(150,000.00)	(8.44)%
Total Long-Term Liabilities	1,626,715.00	1,776,715.00	(150,000.00)	(8.44)%
Total Liabilities	1,991,353.99	2,060,632.66	(69,278.67)	(3.36)%
Stockholders' Equity				
Fund Balance	(1,947,125.65)	(1,947,125.65)	0.00	0.00 %
Unrestricted Net Assets	2,684,210.72	3,298,058.98	(613,848.26)	(18.61)%
Net Income	(147,755.28)	(270,035.24)	122,279.96	(45.28)%
Total Stockholders' Equity	589,329.79	1,080,898.09	(491,568.30)	(45.48)%
Total Liabilities and Stockholders' Equity	\$ 2,580,683.78	\$ 3,141,530.75	\$ (560,846.97)	(17.85)%

Old Sixth Ward Redevelopment Authority
Profit & Loss Detail
 July through August 2019

Type	Date	Num	Name	Memo	Amount
Ordinary Income/Expense					
Income					
Grant Proceeds					
Invoice	08/21/2019	3	City of Houston.	City of Houston and Old Sixth Ward RA Interlocal agreeme...	90,000.00
Total Grant Proceeds					90,000.00
Interest Income Money Market					
Deposit	07/31/2019			Interest	2,023.02
Deposit	07/31/2019			Interest	44.08
Deposit	07/31/2019			Interest	904.77
Deposit	08/31/2019			Interest	1,868.63
Deposit	08/31/2019			Interest	537.29
Deposit	08/31/2019			Interest	147.67
Total Interest Income Money Market					5,525.46
Total Income					95,525.46
Cost of Goods Sold					
Capital Improvement Project					
T-1310 Hemphill Road					
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting	562.50
Total T-1310 Hemphill Road					562.50
T-1312 Sustainable Streetscapes					
Bill	08/01/2019	1160	Trees for Houston	Watering of 60 trees at Sawyer Ave for 2019	5,700.00
Total T-1312 Sustainable Streetscapes					5,700.00
T-1313 Dow School Park					
Bill	07/19/2019	19-7014	Tolunay-Wong Engineers, Inc.	Dow Elementary Engineer Consultant	1,610.00
Bill	07/31/2019	Pay Requ...	Millis Development & Construction LLC	Contract - \$859,151.18 -Apr 2019	82,360.08
Bill	07/31/2019	OSW180...	Asakura Robinson Company LLC	Dow School Park Phase - Construction	8,948.40
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting	1,875.00
Bill	08/20/2019	79365	Edminster Hinshaw Russ & Associate...	Through 8.19.19 (99.53%)	5,069.44
Bill	08/27/2019	4891335-00	Facility Solutions Group Inc.	Lighting Design - Dow Elementary Park	3,000.00
Bill	08/31/2019	Pay Requ...	Millis Development & Construction LLC	Contract - \$859,151.18 -Apr 2019 (w/Change Ord. \$928,98...	104,140.24
Bill	08/31/2019	OSW180...	Asakura Robinson Company LLC	Dow School Park Phase - Construction	3,758.40
Bill	08/31/2019	19-8218	Tolunay-Wong Engineers, Inc.	Dow Elementary Engineer Consultant	2,064.50
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 Consulting	1,350.00
Total T-1313 Dow School Park					214,176.06
T-1319 Sawyer St Reconstruction					
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 Consulting	825.00
Total T-1319 Sawyer St Reconstruction					825.00
Capital Improvement Project - Other					
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 Consulting - Signage T-1323	37.50
Total Capital Improvement Project - Other					37.50
Total Capital Improvement Project					221,301.06
Total COGS					221,301.06
Gross Profit					-125,775.60
Expense					
Program and Project Consultatnt					
Engineering Consultant					
Bill	08/20/2019	79366	Edminster Hinshaw Russ & Associate...	Through 8.1919 (99.69%)	2,170.00
Bill	08/20/2019	79367	Edminster Hinshaw Russ & Associate...	Through 8.19.19	1,782.50
Total Engineering Consultant					3,952.50
Legal Fees					
Bill	08/31/2019	21859638	Bracewell LLP	General Legal through August 31, 2019	600.00
Total Legal Fees					600.00
Tax Consultants					
Bill	07/01/2019	54186	Equi-Tax, Inc.	July 2019 - June 30, 2020	1,932.00
Total Tax Consultants					1,932.00
Total Program and Project Consultatnt					6,484.50

Old Sixth Ward Redevelopment Authority
Profit & Loss Detail
July through August 2019

Type	Date	Num	Name	Memo	Amount
TIRZ Administration & Overhead					
Accounting Fees					
Bill	07/31/2019	1933	The Morton Accounting Services	July Accounting	2,112.40
Bill	08/31/2019	1934	The Morton Accounting Services	August Accounting	1,208.30
Total Accounting Fees					3,320.70
Administration Consultant					
Bill	07/31/2019	21856920	Bracewell LLP	Admin- Meeting through July 31, 2019	3,692.00
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	Administrative Consulting July 2019	3,525.00
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 - Reimbursable Expense	22.70
Bill	07/31/2019	1205	SMW Principle Solutions, Inc.	July 2019 - Mileage Reimbursement	22.97
Bill	08/31/2019	21859637	Bracewell LLP	Admin- Meeting through August 31, 2019	710.00
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	Administrative Consulting August 2019	3,825.00
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 - Mileage Reimbursement	18.56
Bill	08/31/2019	1214	SMW Principle Solutions, Inc.	August 2019 - Reimbursable Expense	12.00
Total Administration Consultant					11,828.23
Office Expenses					
Bill	08/31/2019	150	Sabota Writing & Communications, LLC	General Communications Support July and August 2019	446.25
Total Office Expenses					446.25
Total TIRZ Administration & Overhead					15,595.18
Total Expense					22,079.68
Net Ordinary Income					-147,855.28
Other Income/Expense					
Other Income					
Other Income					
Deposit	08/15/2019			Open Records Request Deposit	100.00
Total Other Income					100.00
Total Other Income					100.00
Net Other Income					100.00
Net Income					-147,755.28

**OLD SIXTH WARD REDEVELOPMENT AUTHORITY
 QUARTERLY INVESTMENT REPORT
 4TH QUARTER FISCAL YEAR 2019**

April 1, 2019 to
 June 30, 2019

Transaction Date	TexasClass Deposits or Withdrawals	Book Value	Market Value	Activity
4/1/2019	TexPool	\$ -	\$ -	Beginning Balance
5/14/2019	1,000,000.00	1,000,000.00	1,000,000.00	Transfer to Texas Class
5/31/2019	1,121.56	1,001,121.56	1,001,121.56	Interest 2.42%
6/30/2019	1,970.10	1,003,091.66	1,003,091.66	Interest 2.39%
6/30/2019		1,003,091.66	1,003,091.66	Ending Balance

The investments for the District for the period are in compliance with the Public Funds Investment Act, the District's investment policy and the District's investment strategy.

Investment Officer: 

Old Sixth Ward Redevelopment Authority

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2019

DRAFT



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

Old Sixth Ward Redevelopment Authority
Table of Contents
June 30, 2019

REPORT	
Independent Auditors' Report	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis (Unaudited)	3
FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet and Statement of Net Position as of June 30, 2019	8
Governmental Fund Revenues, Expenditures and Changes in Fund Balance and Statement of Activities for the year ended June 30, 2019	9
Notes to Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual – General Fund for the year ended June 30, 2019	20
SUPPLEMENTARY INFORMATION	
Schedule of Operating Expenses and Capital Expenditures for the Year Ended June 30, 2019	22
Schedule of Estimated Project Costs to Actual Costs for the Period November 7, 2002 (Date of Incorporation) through June 30, 2019	24

INDEPENDENT AUDITORS' REPORT

Board of Directors
Old Sixth Ward Redevelopment Authority
Houston, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Old Sixth Ward Redevelopment Authority (the Authority), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating expenses and capital expenditures for the year ended June 30, 2019 and the schedule of estimated project costs to actual costs for the period from November 7, 2002 (date of incorporation) through June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Houston, Texas
September XX, 2019

Old Sixth Ward Redevelopment Authority Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- During fiscal year 2019, the Authority continued work on their capital improvement program and conducted various negotiations including the following:
 - Completed the reconstruction of Sabine Street.
 - Started construction of the improvements to Dow School Park.
 - Relocated, rehabilitated and/or replaced over 200 signs within the TIRZ boundary.
- Since the creation of the Zone in December 1998, the appraised value for property located within the Zone has increased from approximately \$34.3 million in the Original Area, and \$72 million in the 2011 Annexed Area, to an estimated \$300 million in the Original Area, and an estimated \$114.2 million in the 2011 Annexed Area for Tax Year 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. According to the definition in Governmental Accounting Standards Board (GASB), the Authority qualifies as a special purpose government with one program - redevelopment of the Old Sixth Ward.

The Statement of Net Position includes all of the Authority's assets and liabilities, with the difference between assets and liabilities presented as net position. Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The fund financial statements report information about the Authority on the modified accrual basis, which only accounts for revenues that are measurable and available within the current period or soon enough thereafter to pay liabilities of the current period. Adjustments are provided to reconcile the government-wide statements to the fund statements. Explanations for the reconciling items are provided as part of the financial statements.

**Old Sixth Ward Redevelopment Authority
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. The following table reflects condensed information (rounded to the nearest thousand) on the Authority's net position (deficit) at June 30:

	2019	2018
Assets:		
Cash and cash equivalents	\$ 778,000	\$ 3,157,000
Investments	1,003,000	-
Grant receivable	-	600,000
Tax increment receivables	1,089,000	-
Prepaid insurance	1,000	2,000
Total assets	2,871,000	3,759,000
Liabilities:		
Accounts payable	293,000	351,000
Retainage payable	32,000	103,000
Interest payable	32,000	35,000
Loan payable - due within one year	150,000	140,000
Loan payable - due in more than one year	1,627,000	1,777,000
Total liabilities	2,134,000	2,406,000
Net position - unrestricted	\$ 737,000	\$ 1,353,000

The Authority's cash is held in demand deposits and money market accounts. In fiscal year 2019, excess funds were invested in Texas CLASS, a local government investment pool.

Grant receivable at June 30, 2018, represents amount owed by the City of Houston totaling \$600,000 for Dow Elementary Park Improvements under an executed Interlocal Agreement. The balance was fully collected in August 2018.

Tax increments are based on calendar year taxes which are then received the next fiscal year. The Authority received tax increments outstanding at June 30, 2019 in July 2019. There were no tax increments outstanding at June 30, 2018.

**Old Sixth Ward Redevelopment Authority
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Accounts payable at June 30, 2019 and 2018, include amounts owed to vendors totaling approximately \$134,000 and \$329,000 for capital projects, respectively. In addition, at June 30, 2019 and 2018 the Authority recorded retainage payable totaling \$32,014 and \$103,868, respectively under its ongoing construction contracts.

Statement of Activities

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

	2019	2018
Revenues:		
Tax increments	\$ 1,088,000	\$ 1,267,000
Grant proceeds	-	1,476,000
Investment income	8,000	3,000
Total revenues	1,096,000	2,746,000
Expenditures:		
Current	307,000	113,000
Capital outlay	1,300,000	1,136,000
Interest	103,000	111,000
Total expenditures	1,710,000	1,360,000
Change in net position	(614,000)	1,386,000
Net position (deficit), beginning of year	1,351,000	(35,000)
Net position, end of year	\$ 737,000	\$ 1,351,000

Tax Increments

The City and HISD have agreed, subject to certain limitations, to deposit to the Tax Increment Fund established for the Authority, a certain percentage of tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the Zone since a designated base year. The base year for the Zone is 2000. The City remits tax increments collected by the City and HISD on an annual basis.

**Old Sixth Ward Redevelopment Authority
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Grant Proceeds

In 2018, the Authority received \$1,476,336 under Interlocal Agreements with the City for the Authority's Sabine street reconstruction project and Dow Elementary Park project. No grant proceeds were received in 2019.

Capital Outlay

The Authority's capital projects consisted of the following during the years ended June 30:

	2019	2018
Historic Sabine Street	\$ 1,008,000	\$ 856,000
Dow School Park	158,000	32,000
Traffic Sign Rehabilitation	54,000	-
Sustainable Streetscapes	39,000	22,000
Washington and Sawyer	29,000	
Sawyer Street Reconstruction	7,000	-
Sanitary Sewer Rehabilitation/Substitute	3,000	183,000
Sawyer Park	1,000	42,000
HAWK Pedestrian Crosswalk	1,000	-
Washington Avenue Curb and Sidewalk Rehab	-	1,000
Total	\$ 1,300,000	\$ 1,136,000

Governmental Fund

At June 30, 2019, the Authority's General Fund balance was approximately \$2,577,000 representing an approximate \$828,000 decrease from the prior year. The majority of the Authority's fund balances are currently restricted, committed or assigned to debt service (\$247,000) and capital projects (\$2,124,000).

Capital Assets

The Authority had no capital assets as of June 30, 2019 or 2018.

Old Sixth Ward Redevelopment Authority Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Debt

During fiscal year 2010, the Authority received a \$3.05 million loan from the City to finance certain capital projects. Under the loan agreement, annual principal and semi-annual interest payments were due beginning in March 2010. The note is secured by tax increments. During the 2019 and 2018 fiscal years the Authority paid \$102,853 and \$110,356 of interest payments related to the loan, respectively and principal payments of \$140,000 and \$135,000, respectively, under this loan agreement. More detailed information about the Authority's debt is presented in the notes to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopts an annual budget for the General Fund. The Authority's annual budget was not amended during the year. Actual tax increments received by the Authority will be less than budgeted each year because the Authority's adopted budget is based on gross tax increments to be remitted to the Old Sixth Ward TIRZ. The Authority only receives, and records, amounts available for the Authority's operations. Tax increments used for educational facilities, affordable housing and City administrative fees are withheld by the City and paid directly to the City or paid back to HISD.

FUTURE PROJECTS

The Authority is pursuing the following projects within the Old Sixth Ward Zone:

- Complete the improvement of the Dow School Park.
- Complete design and reconstruction of Hemphill Road from Lubbock Street to Washington Avenue.
- Improvements to Washington Avenue driven by the Livable Center Study, the character of the neighborhood and the former Mayor's Complete Streets program.
- Re-construction of existing roadways within the Zone.
- Complete walkability/bikeability study for the Zone.

This financial report is designed to provide a general overview of the Old Sixth Ward Redevelopment Authority's finances for all those with an interest in the government's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Houston, 611 Walker, 10th Floor, Houston, TX 77002.

**Old Sixth Ward Redevelopment Authority
Governmental Fund Balance Sheet
and Statement of Net Position**

<i>June 30, 2019</i>	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 777,865	\$ -	\$ 777,865
Investments	1,003,092	-	1,003,092
Tax increment receivables	1,088,652	-	1,088,652
Prepaid insurance	-	1,376	1,376
Total assets	\$ 2,869,609	\$ 1,376	\$ 2,870,985
Liabilities			
Accounts payable	\$ 292,598	\$ -	\$ 292,598
Retainage payable	-	32,014	32,014
Interest payable	-	32,574	32,574
Loan payable - due in one year	-	150,000	150,000
Loan payable - due in more than one year	-	1,626,715	1,626,715
Total liabilities	292,598	1,841,303	2,133,901
Fund balance			
Restricted	409,757	(409,757)	-
Committed	591,188	(591,188)	-
Assigned	1,576,066	(1,576,066)	-
Total fund balance	2,577,011	(2,577,011)	-
Total liabilities and fund balance	\$ 2,869,609	-	-
Net position - unrestricted		\$ 737,084	\$ 737,084
Total fund balance of governmental fund			\$ 2,577,011
Amounts reported for governmental activities in the statement of net position are different because:			
Prepaid insurance is expensed when incurred and therefore not reported in the fund			1,376
Certain liabilities are not due and payable in the current period and therefore are not reported in the fund			(32,014)
Loan payable and interest payable are not due and payable in the current period and therefore not reported in the general fund			(1,809,289)
Net position of governmental activities			\$ 737,084

The accompanying notes are an integral part of these financial statements.

**Old Sixth Ward Redevelopment Authority
Governmental Fund Revenues, Expenditures and
Change in Fund Balance and Statement of Activities**

<i>For the year ended June 30, 2019</i>	General Fund	Adjustments	Statement of Activities
Revenues			
Tax increments	\$ 1,088,652	\$ -	\$ 1,088,652
Investment income	8,151	-	8,151
Total revenues	1,096,803	-	1,096,803
Expenditures			
Current:			
Professional services	77,511	-	77,511
Administrative services	72,344	-	72,344
Municipal services agreement	142,891	-	142,891
Other	15,077	98	15,175
Capital outlay	1,371,732	(71,854)	1,299,878
Debt service:			
Principal payment	140,000	(140,000)	-
Interest expense	105,419	(2,566)	102,853
Total expenditures	1,924,974	(214,322)	1,710,652
Excess of revenues over expenditures	(828,171)	828,171	
Change in net position		(613,849)	(613,849)
Fund balance/net position (deficit):			
Beginning of year	3,405,182	(2,054,249)	1,350,933
End of year	\$ 2,577,011	\$ (1,839,927)	\$ 737,084
Net change in fund balance of governmental fund			\$ (828,171)
Amounts reported for governmental activities in the statement of activities are different because:			
Repayment of loan principal is an expenditure in the governmental fund, but the repayment reduces loans payable in the statement of net position			140,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund			74,322
Change in net position of governmental activities			\$ (613,849)

The accompanying notes are an integral part of these financial statements.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 1: DESCRIPTION OF ORGANIZATION

Old Sixth Ward Redevelopment Authority (the Authority) is a not-for-profit local government corporation, incorporated on November 7, 2002 under the laws of the State of Texas, and operating under Chapter 431, Texas Transportation Code. On August 16, 2000, the City of Houston (the City) adopted Resolution No. 2000-40, which authorized the Authority to aid, assist and act on behalf of the City, in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of Reinvestment Zone Number Thirteen, City of Houston, Texas (Old Sixth Ward TIRZ or Zone).

Reinvestment Zone Number Thirteen

Old Sixth Ward TIRZ was created on December 22, 1998, under Chapter 311, Texas Tax Code, by City Ordinance No. 98-1256, as a tax increment reinvestment zone (TIRZ). The TIRZ is created for the purpose of revitalizing and advancing the improvement of the Old Sixth Ward area. The TIRZ will provide a source of funding through the tax increments generated by redevelopment of the Old Sixth Ward area.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these basic financial statements represent all the funds of the Old Sixth Ward Redevelopment Authority. The Authority is a component unit of the City of Houston, Texas. Component units are legally separate entities for which the primary government is financially accountable. The City appoints voting Board Members and approves the Authority's budget. There are no separate legal entities that are a part of the Authority's reporting entity.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statement

The statement of net position and the statement of activities display information about the reporting government as a whole. These statements are prepared on the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flow. Annual assessments are recognized as revenues in the year for which they are levied. Expenses are recorded when liabilities are incurred.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

Fund Accounting

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. The fund the Authority uses, the general fund, is the general operating fund of the Authority. It accounts for all activities except those required to be accounted for in other funds.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority did not have any nonspendable resources as of June 30, 2019.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority's Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Authority's Board Chair through the budgetary process.

Unassigned – residual fund balance for the General Fund.

The Authority would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of demand and time deposits and funds maintained in a public funds investment pool.

Investments of the Authority consist of Texas Cooperative Liquid Assets Securities System (Texas CLASS), a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Portfolio assets aim to comply with the Public Funds Investment Act, Texas Government Code (PFIA). Texas CLASS is administered by Public Trust Advisors, LLC and Wells Fargo Bank serves as the Custodian.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increments

The City and the Houston Independent School District (HISD) (each a Participant) has agreed to deposit to the Tax Increment Fund established for the Old Sixth Ward TIRZ (the Tax Increment Fund) a certain percentage of tax collections arising from their taxation of the increase, if any, in the appraised value of real property located in the Old Sixth Ward TIRZ since January 1, 2000 (the Tax Increments).

Each Participant is required to collect taxes on real property located within the Old Sixth Ward TIRZ in the same manner as other taxes are collected by the Participant. The Participant is then required to pay into the Tax Increment Fund the Tax Increments, as agreed upon in accordance with such Participant's agreement with the City and the Old Sixth Ward TIRZ (collectively, the Participation Agreements) by not later than the 90th day after the delinquency date for the Participant's property taxes. Thus, Tax Increments are due to be deposited in the Tax Increment Fund on May 1. The Tax Increment Financing Act under which the Old Sixth Ward TIRZ presently operates requires that for a petition created TIRZ, such as Old Sixth Ward TIRZ, one-third of the Tax Increments from each Participant be dedicated to providing affordable housing during the term of the Old Sixth Ward TIRZ. The City has agreed to pay 100% of their Tax Increments to the Tax Increment Fund beginning January 1, 1999.

HISD has agreed to pay 100% of the collected Tax Increments based on its then current tax rate per \$100 valuation of the Captured Appraised Value beginning January 1, 2000. As with the City, one-third of the HISD Tax Increments will apply to affordable housing. Of the remaining two-thirds of the HISD Tax Increment, \$0.32 per \$100 valuation will be applied to payment of non-educational facilities with the remaining amount paid to HISD for educational facilities. Under the provisions of the HISD interlocal agreement, taxes collected by HISD in any year on actual Captured Appraised Value that exceeds the estimate of Captured Appraised Value for that year shown in the Project Plan approved before September 1, 1999, shall be retained by HISD.

The Authority is dependent upon the Tax Increments. Default by any of the governmental entities involved in the Zone would impact the Authority's ability to repay its outstanding note and other obligations.

Debt

All debt to be repaid from governmental resources is reported as a liability in the government-wide statements. Debt consists of a loan payable.

Debt for the governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Tax

The Authority is exempt from Federal income taxes under section 509(a) as an organization described in Section 501(c)3 of the Internal Revenue Code. Furthermore, the Internal Revenue Service has ruled that the Authority is a publicly-supported organization and is not a private foundation. Under the provisions of Interregional Revenue Procedure 95-48, the Authority is not required to file public information returns on Form 990.

Use of Estimates

The preparation of the Authority's basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

Financial Instruments

The Authority's financial statements (primarily cash and cash equivalents, investments, receivables, payables and debt) are carried in the accompanying basic financial statements at amounts which reasonably approximate fair value.

NOTE 3: AUTHORIZED INVESTMENTS

The Board of Directors has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act of 1997 (Chapter 2256, Texas Government Code). Such investments include (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies; (4) certificates of deposit; and (5) various other items that comply with the Public Funds Investment Act.

NOTE 4: DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2019, the carrying amount and bank balances of the Authority's deposits totaled \$777,865 and \$786,997, respectively. The Authority's deposits in excess of Federal Deposit Insurance Corporation (FDIC) totaling \$536,654 were adequately collateralized.

**Old Sixth Ward Redevelopment Authority
Notes to Financial Statements**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Investments include deposits of \$1,003,092, which the Authority has chosen to invest in the Texas CLASS. Texas CLASS is specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The program seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools.

Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. To minimize credit risk, Texas CLASS investment policy restricts investments of the portfolio into designated investments only. Market risk is the potential for a decline in market value generally due to, but not limited exclusively to, rising interest rates.

The Authority's investment in Texas CLASS is rated AAAM by Standard and Poor's and maintains a weighted average maturity of 60 days or less. The Authority considers the investments in Texas CLASS to have maturities of less than one year due to the fact the share position can unusually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

Investments are reported at fair value in accordance with GASB Statements No. 79 and Statement No. 31, and therefore is not required to be categorized within the fair value hierarchy for purposes of GASB Statement No. 72. There is no difference between the fair value of the Authority's position in TexasCLASS and the amortized costs of the pool shares at June 30, 2019.

NOTE 5: LOAN PAYABLE

A summary of changes in the Authority's loan payable follows:

Balance at July 1, 2018	\$ 1,916,715
Additions	-
Retirements	(140,000)
<hr/>	
Balance at June 30, 2019	\$ 1,776,715
<hr/>	
Current portion due	\$ 150,000
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Old Sixth Ward Redevelopment Authority
Notes to Financial Statements

NOTE 5: LOAN PAYABLE (Continued)

In September 2009, the Authority entered into a \$3.05 million loan agreement (direct borrowing) with the City to fund certain capital projects. The loan bears interest at a rate of 5.5%. Annual principal and semi-annual interest payments are due beginning March 1, 2010. The note matures on March 1, 2029. The note is secured by the Authority's City Tax Increments. Future debt payments are as follows:

	Principal	Interest	Total
2020	\$ 150,000	\$ 97,720	\$ 247,720
2021	160,000	89,468	249,468
2022	165,000	80,669	245,669
2023	170,000	71,594	241,594
2024	180,000	62,244	242,244
2025-2029	951,715	149,248	1,100,963
Total	\$ 1,776,715	\$ 550,943	\$ 2,327,658

NOTE 6: FUND BALANCES – GOVERNMENTAL FUND

As of June 30, 2019, fund balances of the general fund are classified as follows:

Restricted to:		
Parks and recreational areas		\$ 409,757
Committed to:		
Roadway and sidewalk improvements		70,693
Public utilities		138,017
Parks and recreational areas		375,698
Other commitments		6,780
Assigned to:		
Debt service		247,720
Roadway and sidewalk improvements		1,123,596
Fiscal year 2020 administrative budget		204,750
Total fund balances		\$ 2,577,011

**Old Sixth Ward Redevelopment Authority
Notes to Financial Statements**

NOTE 7: TAX INCREMENT SUMMARY

The Authority's tax increment revenues, net of transfers, were received from the following participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 1,640,127	\$ (628,715)	\$ 1,011,412
Houston Independent School District	391,271	(314,031)	77,240
Total Tax Increments	\$ 2,031,398	\$ (942,746)	\$ 1,088,652

NOTE 8: ENFORCEMENT AGREEMENT

In connection with the City's purchase of Dow School and transfer of the title of Dow School to Multicultural Education and Counseling through the Arts (MECA), the City entered into a Declaration of Conditions and Restrictions (Declaration) agreement with MECA restricting the use of the property for community-based cultural and education purposes and requiring the historic character be maintained and the façade preserved. Since purchase of the Dow School was a part of the Old Sixth Ward TIRZ project plan, the City, the Zone and the Authority entered into an Enforcement Agreement (Agreement) whereas the Authority will assist the City in its monitoring and enforcing the Declaration to ensure compliance with the restrictions. The Authority will furnish a report to the City annually regarding MECA's compliance with the Declaration no later than January 31. The Authority will also notify the City of any other violations occurring throughout the year.

NOTE 9: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage and no settlements.

Old Sixth Ward Redevelopment Authority Notes to Financial Statements

NOTE 10: COMMITMENTS AND CONTINGENCIES

Construction contracts and Consultant Agreements

The Authority has entered into agreements with various engineering and construction contractors relating to capital projects. In addition, the Authority has entered into agreement with various consultants to provide professional services. These contracts will be paid in future periods as work is performed and services are provided. At June 30, 2019, the Authority had outstanding commitments under these agreements totaling approximately \$1 million.

Interlocal Agreements

The Zone, the Authority, and the City entered into an Interlocal Agreement to provide for the upgrade of sanitary sewer within the boundaries of the Zone, the Sabine Street reconstruction and utilities improvements. The City paid \$1,900,310 in prior years to the Authority towards the costs incurred for the sanitary sewer construction and Sabine street reconstruction. As of June 30, 2019, the Authority has expended the full amount received under the Interlocal Agreement.

The Zone, the Authority, and the City entered into an Interlocal Agreement to provide for the improvements to Dow Elementary School Park. In August 2018, the City paid \$600,000 to the Authority towards the costs incurred and to be incurred for the Dow Elementary School Park improvements. Upon the City's acceptance of the project, the Authority shall remit back to the City any portion of the project amount not expended for project costs. As of June 30, 2019, the Authority has expended in \$190,243 under the Interlocal Agreement.

Municipal Services Agreement

The Authority, the Zone, and the City entered into an agreement whereby the Authority will pay to the City incremental costs of providing municipal services incurred as a result of the creation of the Zone and the development of the land within the Zone. Payment of the incremental services costs is from the City's tax increment and is limited to the tax increment received by the Authority and the amount included in the Authority's annual approved budget. If the City increment is not sufficient in any year to pay the amount included in the approved budget, the amount due will accrue. Accrued amounts will not bear interest. The agreement renews annually each June 30.



**Old Sixth Ward Redevelopment Authority
Notes to Financial Statements**

NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)

Lease Agreement

The Authority and the City entered into a lease agreement in November 2011 for purposes of constructing and maintaining a City park. The park will be open to the general public and primarily for the use and enjoyment of the surrounding neighborhood. Upon completion of the park, the Authority has certain obligations, as defined in the agreement, to maintain the park during the term of the agreement. The agreement is for an initial term of thirty (30) years. After the initial term, the term of the agreement continues for annual terms until either party terminates the agreement.

DRAFT



**Required Supplementary Information
and
Supplementary Information**

DRAFT

**Old Sixth Ward Redevelopment Authority
Schedule of Revenues, Expenditures, and Change in
Fund Balance – Budget to Actual – General Fund**

<i>For the year ended June 30, 2019</i>	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 2,013,741	\$ 3,405,182	\$ 1,391,441
Resources			
Tax increments	2,395,594	2,031,398	(364,196)
Grant proceeds	1,476,840	-	(1,476,840)
Other	3,284	8,151	4,867
Total available resources	5,889,459	5,444,731	(444,728)
Expenses			
Maintenance and operations	91,800	164,932	(73,132)
Capital outlay	3,073,000	1,371,732	1,701,268
Debt service	245,420	245,419	1
Other interfund transfers:			
Municipal services	142,891	142,891	-
Affordable housing	798,532	677,133	121,399
HISD educational facilities	158,641	158,607	34
Administrative fees	125,069	107,006	18,063
Total uses of resources	4,635,353	2,867,720	1,767,633
Budgetary fund balance - end of year	\$ 1,254,106	\$ 2,577,011	\$ 1,322,905

See independent auditors' report.

**Old Sixth Ward Redevelopment Authority
Schedule of Revenues, Expenditures, and Change in
Fund Balance – Budget to Actual – General Fund (Continued)**

Explanation of differences between budgetary inflows and outflows
and GAAP revenues and expenses

Sources/inflows of resources:

Actual amounts (budgetary basis)	\$ 5,444,731
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,405,182)
Budgeted revenues include HISD educational facilities transfers, city administrative charges and the affordable housing transfer to the city, while the Authority's fund reports revenues net of these transfers	(942,746)

Total revenue as reported on the statement of revenues, expenditures, and change in fund balance - governmental fund	\$ 1,096,803
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Uses/outflows of resources:

Actual amounts (budgetary basis)	\$ 2,867,720
Differences - budget to GAAP	
Budgeted expenditures include HISD educational facilities transfers, city administrative charges and the affordable housing transfer to the city, while the Authority's fund reports revenues net of these transfers	(942,746)

Total expenditures as reported on the statement of revenues, expenditures, and change in fund balance - governmental fund	\$ 1,924,974
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See independent auditors' report.

Old Sixth Ward Redevelopment Authority
Schedule of Operating Expenses and Capital Expenditures

For the year ended June 30, 2019

Management consulting services	Vendor	Budget	Actual Expenditures	Variance
Administration and overhead:				
Administrative support	Bracewell/SMW Principle Solutions	\$ 25,000	\$ 72,344	\$ (47,344)
Insurance	N/A	2,250	1,501	749
Accounting	The Morton Accounting Services	12,000	12,292	(292)
Auditor - financial	Carr Riggs & Ingram, LLC	7,600	7,600	-
Bond/services/trustee/financial advisor	Equi-Tax	1,950	1,914	36
Office expenses/bank fees	Various	3,000	13,575	(10,575)
Total administration and overhead		51,800	109,226	(57,426)
Legal - general matters	Bracewell LLP Edminster, Hinshaw, Russ & Associates	20,000	24,871	(4,871)
Engineering and program consultants		-	30,835	(30,835)
Planning consultant		20,000	-	20,000
Total program and project consultants		40,000	55,706	(15,706)
Total management consulting services		\$ 91,800	\$ 164,932	\$ (73,132)
Capital expenditures				
Historic District Monumentation (T-1301)		\$ 40,000	\$ -	\$ 40,000
Sanitary Sewer Rehabilitation/Substitute Service Program (T-1304):				
Construction	Edminster, Hinshaw, Russ & Associates	100,000	3,080	96,920
Total Sanitary/Sewer Rehabilitation/Substitute Service Program (T-1304)		100,000	3,080	96,920
Historic Sabine Street (T-1307)				
Design	Edminster, Hinshaw, Russ & Associates	20,000	7,178	12,822
Construction	Millis Equipment	950,000	1,001,414	(51,414)
Total Historic Sabine Street (T-1307)		970,000	1,008,592	(38,592)
Washington and Sawyer (T-1308)	Edminster, Hinshaw, Russ & Associates/Asakura Rboninson	-	28,075	(28,075)
Hemphill Road (T-1310)		400,000	-	400,000
Sawyer Park (T-1311):				
Construction	Renfrow Metalsmiths LLC	-	1,350	(1,350)
Total Sawyer Park (T-1311)		-	1,350	(1,350)
Sustainable Streetscapes (T-1312)	Vossos Landscape Designs	30,000	38,060	(8,060)

See independent auditors' report.

Old Sixth Ward Redevelopment Authority
Schedule of Operating Expenses and Capital Expenditures (Continued)

For the year ended June 30, 2019

Capital expenditures	Vendor	Budget	Actual Expenditures	Variance
Dow School Park (T-1313)				
Design	Edminster, Hinshaw, Russ & Associates/Asakura Robinson Company	\$ -	\$ 42,125	\$ (42,125)
Construction	Millis Equipment, Inc	755,000	116,343	638,657
Total Dow School Park (T-1313)		755,000	158,468	596,532
Streetscape - Sidewalks, Curbs and Related Issues (T-1314)		15,000	-	15,000
HAWK Pedestrian Crosswalk (T-1315)				
Design		10,000	-	10,000
Construction	Bracewell	200,000	1,400	198,600
Total HAWK Pedestrian Crosswalk (T-1315)		210,000	1,400	208,600
Washington Avenue Curb and Sidewalk Rehab (T-1317)				
Design		80,000	-	80,000
Construction		350,000	-	350,000
Total Washington Avenue Curb and Sidewalk Rehab (T-1317)		430,000	-	430,000
Traffic Sign Rehabilitation (T-1318)				
Construction	Williams Arch. Signage & Consulting	-	54,153	(54,153)
Total Traffic Sign Rehabilitation (T-1318)		-	54,153	(54,153)
Sawyer Street Re-Construction (T-1319)				
Design/Engineering	Bracewell	75,000	6,700	68,300
Total Sawyer Street Re-Construction (T-1319)		75,000	6,700	68,300
Memorial Silver Triangle Park (T-1321)		23,000	-	23,000
Concrete Panel Replacement Program (T-1399)		25,000	-	25,000
Total capital expenditures		\$ 3,073,000	\$ 1,299,878	\$ 1,773,122

See independent auditors' report.

Old Sixth Ward Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period November 7, 2002 (Date of Incorporation) through June 30, 2019

	Estimated Total Costs	Total Expenditures	Variance
Infrastructure improvements			
Public utilities	\$ 15,400,000	\$ 3,833,957	\$ 11,566,043
Roadway and sidewalk improvements	21,912,000	2,650,182	19,261,818
Total infrastructure improvements	37,312,000	6,484,139	30,827,861
Other project costs			
Historic preservation	6,000,000	1,013,867	4,986,133
Parks and recreational facilities	6,134,000	1,157,645	4,976,355
Mitigation and remediation	100,000	-	100,000
Affordable housing	11,765,306	6,579,055	5,186,251
Education related projects	4,854,691	2,217,289	2,637,402
Financing costs	-	1,562,119	(1,562,119)
Zone creation	60,000	-	60,000
Zone administration	1,339,973	1,248,486	91,487
Total other costs	30,253,970	13,778,461	16,475,509
Project plan total	\$ 67,565,970	\$ 20,262,600	\$ 47,303,370

See independent auditors' report.

AMENDED INVESTMENT POLICY

This Amended Investment Policy (the “Policy”) is adopted by the Board of Directors of Old Sixth Ward Redevelopment Authority (the “Authority”) pursuant to Chapter 2256 of the Texas Government Code, effective as of September 18, 2019.

ARTICLE I PURPOSE

Section 1.01. Purpose. This Policy with respect to Authority investments has been adopted to establish the principles and criteria by which the funds of the Authority should be invested and secured and to comply with various provisions of Texas law relating to the investment and security of funds of local government corporations (the “Investment Laws”). As of the date of the adoption of this Policy, the following laws are applicable to the investment of the Authority’s funds: Chapter 2256, Texas Government Code; Chapter 791, Texas Government Code; Chapter 2257, Texas Government Code; and Section 404.101 et seq., Texas Government Code. The Investment Laws generally provide the minimum criteria for the authorized investment and security of the Authority’s funds and require the Authority to adopt rules to ensure the investment of Authority funds in accordance with such laws. This Policy will specify the scope of authority of Authority Officials who are responsible for the investment of Authority funds.

ARTICLE II DEFINITIONS

Section 2.01. Definitions. Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

- (a) “Authority Officials” means the Investment Officer, Directors, Employees, and persons and business entities engaged in handling the investment of Authority funds.
- (b) “Authorized Collateral” means any means or method of securing the deposit of Authority funds authorized by Chapter 2257, Texas Government Code.
- (c) “Authorized Investment” means any security in which the Authority is authorized to invest under Chapter 2256, Texas Government Code.
- (d) “Board” means the Board of Directors of the Authority.
- (e) “Collateral” means any means or method of securing the deposit of Authority funds under Article IV hereof.
- (f) “Collateral Act” means Chapter 2257, Texas Government Code, as amended from time to time.
- (g) “Director” means a person appointed to serve on the Board of Directors of the Authority.
- (h) “Employee” means any person employed by the Authority, but does not include independent contractors or professionals hired by the Authority as outside consultants, such as the Authority’s financial advisor, accountant or general counsel.
- (i) “FDIC” means the Federal Deposit Insurance Corporation or any successor entity.

- (j) "Investment Act" means Chapter 2256, Texas Government Code, as amended from time to time.
- (k) "Investment Officer(s)" means the Director(s) or Employee(s) of the Authority appointed from time to time by the Board to invest and reinvest the funds of the Authority held in its various accounts.
- (l) "State" means the State of Texas.

**ARTICLE III
INVESTMENT OFFICER**

Section 3.01. Investment Officer.

From time to time, the Authority shall appoint one or more of its Directors or Employees to serve as Investment Officer(s) to handle the investment of Authority funds. The Investment Officer(s) shall be responsible for investing Authority funds in accordance with this Policy. The Investment Officer(s) shall invest the Authority's funds, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived, with all investment decisions to be governed by the objectives set forth in Section 7.01 hereof.

Section 3.02. Training. The Investment Officer(s) shall attend training sessions and receive the number of hours of instruction as required by the Investment Act.

Section 3.03. Reporting by the Investment Officer and Authority Officials. Not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer and Authority Officials shall prepare and submit to the Board a written report of the investment transactions for all funds of the Authority for the preceding reporting period. The report must (1) describe in detail the investment position of the Authority on the date of the report, (2) be prepared jointly by all the Investment Officers of the Authority, if the Authority appoints more than one, (3) be signed by all Investment Officers and Authority Officials who prepare the report, (4) contain a summary statement of each pooled fund group that states the beginning market value for the reporting period; ending market value for the period; and fully accrued interest for the reporting period; (5) state the book value and the market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested, (6) state the maturity date of each separately invested asset that has a maturity date, (7) state the Authority fund for which each individual investment was acquired, and (8) state the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

Section 3.04. Assistance with Certain Duties of the Investment Officer. The Board hereby authorizes and directs the Authority Officials requested by the Investment Officer to assist the Investment Officer(s) with any of his/her duties, including but not limited to the following:

- (a) Presenting a copy of this Policy to any person or business organization seeking to sell an investment to the Authority and obtaining the necessary written certification from such seller referred to in this section;
- (b) Handling investment transactions;
- (c) Preparing and submitting to the Board the written report of all investment transactions for the Authority as required by this section;

- (d) Researching investment options and opportunities;
- (e) Obtaining written depository pledge agreements as required herein;
- (f) Obtaining safe-keeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and
- (g) Reviewing the market value of the Authority's investments and of the Collateral pledged to secure the Authority's funds.

ARTICLE IV PROCEDURES FOR INVESTMENT OF AUTHORITY MONIES

Section 4.01. Qualified Broker/Dealers. The list of qualified broker/dealers with whom the Authority may engage in investment transactions is attached hereto as **Exhibit A.**

Section 4.02. Disclosures of Relationships with Entities Offering to Enter into Investment Transactions with the Authority. The Investment Officer(s) and the Authority Officials shall disclose in writing (a) any "personal business relationship" with a business organization offering to engage in an investment transaction with the Authority and (b) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, to any individual seeking to sell an investment to the Authority, as required by the Investment Act. The existence of a "personal business relationship" shall be determined in accordance with the Investment Act. Such disclosure statement shall be filed with the Board and the Texas Ethics Commission.

Section 4.03. Certifications from Sellers of Investments. The Investment Officer(s) or the Authority Officials shall present this Policy to any person or business organization offering to engage in an investment transaction with the Authority and obtain a certificate stating that such potential seller has reviewed the Policy as provided in the Investment Act. This certificate shall be in a form acceptable to the Authority and shall state that the potential seller has received and reviewed the Policy and has acknowledged that the potential seller has implemented reasonable procedures and controls in an effort to preclude investment transactions with the Authority that are not authorized by this Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Authority's entire portfolio or requires an interpretation of subjective investment standards. Neither the Investment Officer nor the Authority Officials shall purchase or make any investment from a potential seller that has not delivered to the Authority this required certification. A form of certificate acceptable to the Authority is attached hereto as **Exhibit B.**

Section 4.04. Solicitation of Bids for Certificates of Deposit. Bids for certificates of deposit may be solicited orally, in writing, electronically or in any combination of those methods.

Section 4.05. Settlement Basis. All purchases of investments, except investment in investment pools or in mutual funds, shall be made on a delivery versus payment basis. The safekeeping entity for all Authority investments and for all Collateral pledged to secure Authority funds shall be one approved by the Investment Officer(s).

Section 4.06. Monitoring of the Market Value of Investments and Collateral. The Investment Officer(s), with the help of such Authority Officials as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of Authority funds at least quarterly and at a time as close as practicable to the closing of the reporting period for investments. Such values shall be included on the investment report. The following methods shall be used:

- (a) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- (b) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
- (c) Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:
 - (1) the lower of two bids obtained from securities broker/dealers for such security;
 - (2) the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
 - (3) the bid price published by any nationally recognized security pricing service; or
 - (4) the market value quoted by the seller of the security or the owner of such Collateral.
- (d) Other investment securities with a remaining maturity greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in 4.06(c) hereof.

Section 4.07. Monitoring the Rating Changes in Investments. Consistent with Section 2256.021, Texas Government Code, as amended, the Investment Officer shall monitor all investments that require a minimum rating under subchapter A of Chapter 2256, Texas Government Code, as amended, such that any such investment that does not have the minimum rating shall no longer constitute an authorized investment. Such investments that do not have the required minimum rating shall be liquidated within 30 days of the investment's failure to maintain its required minimum rating.

ARTICLE V PROVISIONS APPLICABLE TO ALL FUNDS

Section 5.01. Provisions Applicable to All Fund Groups.

- (a) All funds of the Authority shall be invested only in accordance with this Policy and shall comply with any additional requirements imposed by bond resolutions or trust indentures of the Authority and applicable state law or federal tax law, including the Investment Laws.
- (b) The Board, by separate resolution, may provide that a designated officer or agent of the Authority may withdraw or transfer funds from and to accounts of the Authority only in compliance with this Policy.
- (c) No fund groups shall be pooled for the purposes of investment, e.g. the funds in the Operating Account and in the Project Account shall not be commingled or pooled for purposes of investment.

Section 5.02. Policy of Securing Deposits of Authority Funds -- Applicable to All Deposited Authority Funds.

- (a) The Authority recognizes that FDIC (or its successor) insurance is available for Authority funds deposited at any one Texas Financial Institution (including branch banks) only up to a maximum of \$250,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders.¹ It is the policy of the Authority that all deposited funds in each of the Authority's accounts shall be insured by the FDIC, or its successor, and to the extent the deposit surpasses the FDIC Deposit Insurance Coverage limit at any given time, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest as required by the Collateral Act.
- (b) If it is necessary for the Authority's depositories to pledge Collateral to secure the Authority's deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide to the Investment Officer or Authority Officials with written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to the Authority. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any Authority funds in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and Authority Officials to proceed diligently to have such agreement approved and documented to assure protection of the Authority's funds. If the decision is made to forego the protection of a Collateral pledge agreement with any depository, the Authority's Executive Director shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.
- (c) Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the Authority's Executive Director shall obtain safe-keeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this Investment Policy and in the amount required was pledged to the Authority. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or its successor's, insurance limits or the market value of the Collateral pledged as security for the Authority's deposits. It shall be acceptable for the Authority's Executive Director to periodically receive interest on deposits to be deposited to the credit of the Authority if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or cotenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and Authority Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The Authority's Executive Director shall monitor the pledged

¹ The \$250,000 limit is temporary and may change from time to time under applicable law.

Collateral to assure that it is pledged only to the Authority, review the fair market value of the Collateral to ensure that the Authority's funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.

- (d) The Authority's funds deposited in any Texas financial institution, to the extent that they are not insured, may be secured by the pledge of any of the following:
- (1) Surety bonds;
 - (2) An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;
 - (3) A general or special obligation that is (a) payable from taxes, revenues, or a combination of taxes and revenues and (b) issued by a state or political or governmental entity, agency, instrumentality or subdivision of the state, including a municipality, an institution of higher education as defined by Section 61.003, Texas Education Code, a junior college, a district created under Article XVI, Section 59, of the Texas Constitution, and a public hospital;
 - (4) A fixed-rate collateralized mortgage obligation that has an expected weighted average life of 10 years or less and does not constitute a "high-risk mortgage security" under the Collateral Act;
 - (5) A floating-rate collateralized mortgage obligation that does not constitute a "high-risk mortgage security" under the Collateral Act;
 - (6) A letter of credit issued by a federal home loan bank; or
 - (7) A security in which a public entity may invest under the Investment Act. As of the date of this Policy, the following are the securities in which a public entity may invest under the Investment Act and, therefore, may be used as Collateral:
 - (i) Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
 - (ii) Direct obligations of the State of Texas or its agencies and instrumentalities;
 - (iii) Collateralized mortgage obligations directly issued by a federal agency or instrumentality or the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
 - (iv) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or the State of Texas or their respective 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;

- (v) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
 - (vi) Certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas that are (1) guaranteed by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (2) secured by the obligations in which the Authority may invest under the Investment Act, or (3) secured in any other manner and amount provided by law for deposits of the Authority;
 - (vii) Certificates of deposit made in accordance with the following conditions: (1) a broker that has its main office or a branch office in this state and is selected from a list adopted by the Authority; (2) the funds are invested by the Authority through a depository institution that has its main office or a branch office in the State of Texas and that is selected by the Authority; (3) the broker or the depository institution selected by the Authority under Subdivision (2) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority; (4) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (5) the depository institution selected by the Authority under Subdivision (2), an entity described by Section 2257.041(d), or a clearing broker dealer registered with the Securities and Exchange Commission and operating pursuant to Security and Exchange Commission Rule 15c3-3 (17C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority;
 - (viii) Repurchase agreements that comply with the Investment Act;
 - (ix) Bankers' acceptances that comply with the Investment Act;
 - (x) Commercial paper that complies with the Investment Act;
 - (xi) No-load money market mutual funds that comply with the Investment Act;
 - (xii) No-load mutual funds that comply with the Investment Act; and
 - (xiii) Guaranteed investment contracts that comply with the Investment Act.
- (e) Notwithstanding anything to the contrary provided above, the following may not be used as Collateral and are not authorized as investments for the Authority under the Investment Act:
- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

- (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) Collateralized mortgage obligations that have a final stated maturity date of greater than 10 years other than those listed in Sections 5.02(d)(4) and 5.02(d)(5) above; or
- (4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Section 5.03. Diversification. The Investment Officer may invest up to 100% of the funds of the Authority in any investment instrument authorized in this Policy.

ARTICLE VI AUTHORIZED INVESTMENTS

Section 6.01. Authorized Investments. Unless specifically prohibited by law or elsewhere by this Policy, Authority funds may be invested and reinvested only in the following types of investments:

- (a) Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (b) Direct obligations of the State or its agencies and instrumentalities;
- (c) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (d) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities;
- (e) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- (f) Bonds issued, assumed, or guaranteed by the State of Israel;
- (g) Interest-bearing banking deposits that are guaranteed or insured by:
 - (1) The Federal Deposit Insurance Corporation or its successor; or
 - (2) The National Credit Union Share Insurance Fund or its successor;
- (h) Interest-bearing banking deposits other than those described by Subsection (g) if:
 - (1) The funds invested in the banking deposits are invested through (i) a broker with a main office or branch in this state and is selected from a list adopted by the Authority, or (ii) a depository institution with a main office or branch office in this state that the Authority selects;

- (2) The broker or depository institution selected as described by Subdivision (1) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Authority's account;
 - (3) The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
 - (4) The Authority appoints as the Authority's custodian of the banking deposits issued for the Authority's account: (i) the depository institution selected as described by Subdivision (1); (ii) an entity described by Section 2257.041(d) of the Texas Government Code, as amended; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3.
- (i) Certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas that are (1) guaranteed by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (2) secured by the obligations in which the Authority may invest under the Investment Act, or (3) secured in any other manner and amount provided by law for deposits of the Authority;
 - (j) Certificates of deposit made in accordance with the following conditions: (1) (A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the Authority, or (B) the funds are invested by the Authority through a depository institution that has its main office or a branch office in the State of Texas and that is selected by the Authority; (2) the broker or the depository institution selected by the Authority under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority; (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (4) the depository institution selected by the Authority under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker dealer registered with the Securities and Exchange Commission and operating pursuant to Security and Exchange Commission Rule 15c3-3 (17C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority;
 - (k) Repurchase agreements that comply with the Investment Act;
 - (l) Bankers' acceptances that comply with the Investment Act;
 - (m) Commercial paper that complies with the Investment Act;
 - (n) No-load money market mutual funds that comply with the Investment Act;
 - (o) No-load mutual funds that comply with the Investment Act;
 - (p) Investment Pools which meet the requirements set forth in Section 2256.016 and Section 2256.019 of the Texas Government Code, as amended, and which are specifically authorized by a resolution that is approved by the Board; and

- (q) With respect to bond proceeds, guaranteed investment contracts that comply with the Investment Act.

Section 6.02. Prohibited Investments. Notwithstanding anything to the contrary stated herein, no funds of the Authority may be invested in the following or in any other type of investment prohibited by the Investment Act or other applicable law:

- (a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (IO's);
- (b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (PO's);
- (c) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (d) Collateralized mortgage obligations the interest rate of which are determined by an index that adjusts opposite to the changes in the market index (inverse floaters).

Section 6.03. Investment of Funds Held Under Trust Indentures. Anything in this Policy to the contrary notwithstanding, to the extent that any funds are held by a trustee under a trust indenture relating to the Authority's bonds, such funds may be invested as provided by the resolution authorizing the issuance of the bonds or the trust indenture.

ARTICLE VII INVESTMENT STRATEGIES

Section 7.01. Strategy Applicable to All Funds. The Authority's general investment strategy for all fund groups shall be to invest such monies from such fund groups so as to accomplish the following objectives, which are listed in the order of importance:

- (a) Understanding of the suitability of the investment to the financial requirements of the Authority;
- (b) Preservation and safety of principal;
- (c) Liquidity;
- (d) Marketability of the investment if the need arises to liquidate the investment before maturity;
- (e) Diversification of the investment portfolio; and
- (f) Yield.

Section 7.02. Investment Strategy for the Operating Account. Funds in the Operating Account shall be invested to meet the operating and cash flow requirements of the Authority as determined by the annual operating budget adopted by the Board. Operating funds shall not be invested for longer than three years.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.01. Annual Review. The Authority shall review this Investment Policy at least annually and adopt a resolution confirming the continuance of the Investment Policy without amendment or adopt an Amended Investment Policy.

Section 8.02. Superseding Clause. This Policy supersedes any prior policies adopted by the Board of Directors regarding investment or securitization of Authority funds.

Section 8.03. Open Meeting. The Board officially finds, determines and declares that this Policy was reviewed, carefully considered, and adopted at a regular meeting of the Board, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the Authority and on a bulletin board located at a place convenient to the public in the City of Houston, Texas for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

[EXECUTION PAGE FOLLOWS]

Adopted on the 18th day of September, 2019.

Claude Anello

Philip C. Neisel

Cynthia Card

Ann Guercio

Larissa Lindsay

Alison N. Maillet

Brantly Minor III

EXHIBIT A
LIST OF AUTHORIZED BROKER/DEALERS

Allegiance Bank
Amegy Bank of Texas (Amegy Bank, N.A.)
American First National Bank
Bank of America Corporation
Bank of America, N.A.
Bank of OZK
Bank of Texas (BOKF, NA)
BBVA Compass Bank
Beal Bank
BOKF Financial
Capital Bank, N.A.
Capital One, N.A.
Capital Markets Group, Inc.
Cathay Bank
Central Bank
Chase Investments Services Corp.
Chasewood Bank
Citibank
City Bank
Comerica Bank
Commercial State Bank
CommunityBank of Texas, N.A.
CUNA
Edward Jones
Encore
Enterprise Bank and Trust Company
FirstBank & Trust Company
First Bank Texas
First Citizens Bank
First Community Bank, N.A.
First Financial Bank
First International Bank & Trust
First National Bank of Bastrop
First National Bank Texas
First Texas Bank
Fiserve, Inc.
Frost Bank
FTN Financial
Guaranty Bank and Trust
Green Bank, N.A.
Golden Bank, National Association
Hanmi Bank
Herring Bank
Hilltop Securities
HomeTown Bank, N.A.
Icon Bank
Independence Bank
Independent Bank

Integrity Bank
IBC Bank
Invesco
JPMorgan Chase & Co.
Chase Bank, N.A.
J.P. Morgan Securities LLC
Legacy Texas Bank
Legg Mason
LOGIC (Local Government Investment Cooperative)
Lone Star National Bank
Lone Star Investment Pool
LPL Financial Services
Masterson Advisors
Mercantil Commercebank, National Association
Merchants Bank
Metro Bank, National Association
Midkiff & Stone Capital Group, Inc.
MidSouth Bank
Moody National Bank
Morgan Stanley
Morgan Stanley Wealth Management
New First National Bank
Northern Trust, National Association
Omnibank National Association
Patriot Bank
Plains State Bank
Post Oak Bank
Preferred Bank
Prime Way Federal Credit Union
Prosperity Bank
Prudential Equity Group
Raymond James
RBC Wealth Management USA
Regions Bank
Regions Financial Corporation
Security State Bank
Southwestern National Bank
Spirit of Texas Bank
State Bank of Texas
State Street Bank & Trust Co.
TexSTAR
Texan Bank
Texas Capital Bank, National Association
Texas Citizens Bank
Texas CLASS
Texas Community Bank
Texas First Bank
Texas Gulf Bank
Texas State Bank
TIB – The Independent BankersBank
TexPool/TexPool Prime

The Bank of River Oaks
Tri Star Financial
Trustmark National Bank
U.S. Bank National Association
UBS Financial Services, Inc.
Unity National Bank
Vista Bank
Wallis State Bank
Wells Fargo Advisors, LLC
Wells Fargo Bank, N.A.
Whitney Bank
Woodforest National Bank

EXHIBIT B

**CERTIFICATE OF COMPLIANCE FROM SELLERS OF
INVESTMENTS AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT**

To: Old Sixth Ward Redevelopment Authority (the "Authority")

From:

[Name of the person offering or the "qualified representative of the business organization" offering to engage in an investment transaction with the Authority] _____ [Office such person holds]

of _____ (the "Business Organization")
[name of financial institution, business organization or investment pool]

Date: _____, 20____

In accordance with the provisions of Chapter 2256 of the Texas Government Code, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the Authority or a "qualified representative" of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments that comply with the Authority's Investment Policy and the Investment Act (collectively referred to herein as the "Investments") dated _____ (the "Investment Policy").
3. I or a registered investment professional that services the Authority's account, as applicable, have received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. The Authority has further acknowledged that I or the Business Organization, as applicable, may rely upon the Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy.
4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions between the Authority and me or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the Authority's entire portfolio or requires an interpretation of subjective investment standards.
5. I or the Business Organization, as applicable, have/has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the Authority and determined (i) that each of the Investments is an authorized investment for local governments under the Investment Act and (ii) each of the Investments is an authorized

investment under the Investment Policy. The Business Organization makes no representation as to whether any limits on the amount of Authority monies to be invested in the Investments exceeds or in any way violates the Investment Policy.

6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.
7. The Business Organization has attached hereto, for return to the Authority, or will provide a prospectus or disclosure document for each of the Investments other than certificates of deposit and direct obligations of the United States.

By: _____

Name: _____

Title: _____