



**MIDTOWN REDEVELOPMENT AUTHORITY
and**

**REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS
(ALSO KNOWN AS THE MIDTOWN REINVESTMENT ZONE)**

**TO: THE BOARD OF DIRECTORS OF THE MIDTOWN REDEVELOPMENT AUTHORITY
AND THE MIDTOWN REINVESTMENT ZONE AND TO ALL OTHER INTERESTED
PERSONS:**

Notice is hereby given that the Board of Directors of the Midtown Redevelopment Authority (the "Authority") will hold a **joint regular** meeting, open to the public, with the Board of Directors of the Midtown Reinvestment Zone to be held on **Thursday, January 30, 2020 at 12:30 P.M. on the 3rd Floor of the Houston Exponential Center, 410 Pierce Street, Suite 355, Houston, Texas 77002.** The Board of Directors of each of the Authority and the Midtown Reinvestment Zone will (i) consider, present and discuss orders, resolutions or motions; (ii) adopt, approve and ratify such orders, resolutions or motions; and (iii) take other actions as may be necessary, convenient or desirable, with respect to the following matters:

AGENDA

1. Call to Order and Introduction of Guests.
2. Public Comment.
3. Election of Officer – Secretary & Assistant Secretary.
4. Consent Agenda for the Midtown Reinvestment Zone:
 - a. Minutes for December 12, 2019.
5. Consent Agenda for the Authority:
 - a. Minutes for December 12, 2019;
 - b. Monthly financial reports for November 2019;
 - c. Invoices from Trustee and Operating Accounts for December 2019 and January 2020.
6. Agreed Upon Procedures Report for FY 2019.
7. Investment Report for the Quarter Ending December 31, 2019.
8. Midtown Reinvestment Zone and Midtown Redevelopment Authority Resolution Authorizing Refunding Bonds.



- a. A Resolution of the Midtown Redevelopment Authority Approving an Engagement Agreement for Co-Disclosure Counsel Services and Other Matters in Connection Therewith
 - b. Resolution authorizing the issuance of Midtown Redevelopment Authority Tax Increment Contract Revenue and Refunding Bonds, Series 2020; approving and designating a Pricing Committee to determine method of sale and matters related to the Bonds; approving other agreements related to such Bonds; making findings and provisions relating to such Bonds and matters incident thereto.
 - c. Resolution of Reinvestment Zone Number Two, City of Houston, Texas approving the adoption of a Resolution authorizing the issuance of Midtown Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2020; approving a Pricing Certificate; approving other agreements related to such Bonds; making findings and provisions relating to such Bonds and matters incident thereto..
9. First Amendment to Development Agreement and Maintenance Covenants - Morgan Group Development.
 10. Midtown Affordable Housing Program:
 - a. Affordable Housing Operations Center;
 - i. Change Orders
 - b. Grant Agreement with Agape Homes Corporation;
 - c. Affordable Housing Development Update.
 11. Midtown Capital Improvements Program:
 - a. Parks and Greenspace - Walter P Moore / Design Workshop
 - i. Midtown Park
 1. Change Orders – Millis
 - ii. Bagby Park – Storage and Renovations
 1. Change Orders
 - b. Caroline Street Reconstruction – ESPA Corp/KCI
 - i. Change Orders
 - c. FTA Grant Program - The Goodman Corporation.
 12. With respect to the foregoing agenda items, the Authority may conduct an executive session with regard to the following, as appropriate and necessary:
 - a. Consultation with attorney (Section 551.071, Texas Government Code);
 - b. The purchase, exchange, lease or value of real property (Section 551.072, Texas Government Code);
 - c. Personnel matters (Section 551.074, Texas Government Code);
 - d. Security personnel or devices (Section 551.076, Texas Government Code); and
 - e. Economic development negotiations (Sections 551.087, Texas Government Code).

Upon entering into the executive session, the presiding officer shall announce which agenda items will be discussed.

Adjourn.



Matt Thibodeaux
 Matt Thibodeaux
 Executive Director



midtown
HOUSTON

January 27, 2019

BY MESSENGER

*CITY SECRETARY'S OFFICE
CITY OF HOUSTON
CITY HALL ANNEX
900 BAGBY
HOUSTON, TEXAS 77002*

ATTN: ANNA RUSSELL

DEAR MADAM:

ENCLOSED IS AGENDA FOR THE BOARD OF DIRECTORS JOINT MEETING ON JANUARY 30, 2020 FOR THE HOUSTON REINVESTMENT ZONE NUMBER TWO (ALSO KNOWN AS THE MIDTOWN REINVESTMENT ZONE) AND THE MIDTOWN REDEVELOPMENT AUTHORITY WHICH NEED TO BE POSTED AS SOON AS POSSIBLE.

ALSO ENCLOSED IS AN ADDITIONAL COPY OF THIS LETTER WHICH WE WOULD APPRECIATE YOUR DATE STAMPING AND RETURN WITH OUR MESSENGER.

THANK YOU FOR YOUR HELP IN THIS MATTER.

VERY TRULY YOURS,

SALLY ADAME,
OFFICE OF MATT THIBODEAUX,
EXECUTIVE DIRECTOR



ENCLOSURES



midtown
HOUSTON

January 27, 2019

BY MESSENGER

*CITY SECRETARY'S OFFICE
CITY OF HOUSTON
CITY HALL ANNEX
900 BAGBY
HOUSTON, TEXAS 77002*

ATTN: ANNA RUSSELL

DEAR MADAM:

ENCLOSED IS THE PUBLIC NOTICE FOR MEETING ON JANUARY 30, 2020 FOR THE MIDTOWN REDEVELOPMENT AUTHORITY WHICH NEED TO BE POSTED AS SOON AS POSSIBLE.

ALSO ENCLOSED IS AN ADDITIONAL COPY OF THIS LETTER WHICH WE WOULD APPRECIATE YOUR DATE STAMPING AND RETURN WITH OUR MESSENGER.

THANK YOU FOR YOUR HELP IN THIS MATTER.

VERY TRULY YOURS,

SALLY ADAME,
OFFICE OF MATT THIBODEAUX,
EXECUTIVE DIRECTOR



ENCLOSURES

MIDTOWN REDEVELOPMENT AUTHORITY
PUBLIC NOTICE


The Board of Directors (the "Board") of the Midtown Redevelopment Authority (the "Authority") will hold a meeting at the offices of the Authority, 410 Pierce Street, Suite 355, Houston, TX 77002 on Thursday, January 30, 2020 at 12:30 p.m. The Board will consider the engagement of Norton Rose Fulbright US LLP and The Washington Law Firm, P.C. as co-disclosure counsel in connection with the issuance of its Midtown Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2020 (the "Bonds").

Pursuant to Section 2254.1036, Texas Government Code, the following written notice is given to the public:

1. The purpose of issuing the Bonds is to refund certain outstanding bonds of the Authority to produce a savings in debt service. The Bonds will be issued in accordance with Texas Statutes and in accordance with federal securities law.
2. Norton Rose Fulbright and The Washington Law Firm, P.C. (together, the "Firms") are recognized in the field of public finance law and are experienced as disclosure counsel for tax increment reinvestment zones.
3. The Firms have previously represented the Authority as co-disclosure counsel regarding the issuance of the Authority's Tax Increment Contract Revenue and Refunding Bonds, Series 2017.
4. The Authority and its staff do not have the required experience, qualifications or resources to adequately perform disclosure counsel services for the issuance of the Bonds.
5. Given the nature of disclosure counsel services and the source of payment therefor (being from the proceeds of the Bonds to be issued by the Authority, such legal services cannot reasonably be obtained from attorneys in private practice under a contract providing for the payment of hourly fees without Contingency.
6. Entering into a contingent fee contract with the Firms for co-disclosure counsel services is in the best interest of the residents of the Authority as the Authority will have competent, qualified and experienced disclosure counsel to advise the Authority on the [preparation of the offering documents] related to the issuance of the Authority's Bonds, and the provision of such legal services will not financially impact the Authority, as the compensation for such services will be paid from the proceeds of such Bonds.

I hereby certify that the above public notice of Midtown Redevelopment Authority was posted in accordance with the Texas Open Meetings Act (Chapter 551 of the Texas Government Code) on Monday, January 27, 2020.




Matt Thibodeaux, Executive Director

**MINUTES OF THE BOARD OF DIRECTORS OF
REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS**

December 12, 2019

A regular meeting of the Board of Directors (the “Board”) of Reinvestment Zone Number Two, City of Houston, Texas (the “Zone”) was held at the Authority’s offices in the Third Floor Conference Room of the Houston Exponential Building, 410 Pierce, Houston, Texas 77002, on Thursday, December 12, 2019 at 12:30 p.m. The meeting was open to the public. The roll of the duly appointed members of the Board was called, to-wit:

<u>Pos. #</u>	<u>Name</u>	<u>Pos. #</u>	<u>Name</u>
1	Camille Foster	6	Abe Goren
2	Vacant	7	Caton M. Fenz
3	Gayle Fortson	8	John Thomas
4	Pamela Ngo Castleman	9	Brandon Dudley
5	Al Odom		

and all of the above were present except Directors Castleman, Dudley and Thomas.

Also in attendance were Matt Thibodeaux, Vernon Williams, Kandi Schramm, Todd Edwards, Cynthia Alvarado, Theresa Gilmore, Marlon Marshall, David Thomas, Jalisa Hurst, Mechelle Phillips, Madeline Pena, and Amaris Salinas of Midtown; Barron F. Wallace of Bracewell LLP; Peggy Foreman of Burney & Foreman; Algenita Davis, Angie Gomez and Linda Larry Mitchell of CCPPI; Roberta Burroughs of Roberta Burroughs & Associates; Zack Martin of MCMD; Rachel Ray and Bryan Lozano of Walter P. Moore; Jeri Brooks of One World Strategy Group; Tim Buscha of IDS Engineering; Kristin Blomquist of Masterson Advisors; Ashly Small of One World Strategy Group; Acie Phillips of A.O. Phillips & Associates; Sonia Ponce of Third Ward CDC; Vernon E. Smith of Dominion; Theodore Andrews of Hiram Clark Fort Bend; Andy Byram of Mesirow; Vanessa Cole of Cole Klein Builders and Sarah Del Cambre of Design Workshop.

Chairman Odom called the meeting to order and welcomed the guests.

CONSENT AGENDA

MINUTES FOR OCTOBER 31, 2019.

Matt Thibodeaux, Executive Director, presented the consent agenda to the Board.

Director Goren made a motion to approve the consent agenda. The motion was seconded by Director Fenz and carried by unanimous vote.

ADJOURNMENT

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

Secretary

Date

DRAFT

DRAFT

**MINUTES OF THE BOARD OF DIRECTORS OF
THE MIDTOWN REDEVELOPMENT AUTHORITY**

December 12, 2019

A regular meeting of the Board of Directors (the “Board”) of the Midtown Redevelopment Authority (the “Authority”) was held at the Authority’s offices in Third Floor Conference Room of the Houston Exponential Building, 410 Pierce, Houston, Texas 77002, on Thursday, December 12, 2019 at 12:30 p.m. The meeting was open to the public. The roll was called of the duly appointed members of the Board, to-wit:

<u>Pos. #</u>	<u>Name</u>	<u>Pos. #</u>	<u>Name</u>
1	Camille Foster	6	Abe Goren
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Chairman Odom called the meeting to order and welcomed the guests.

PUBLIC COMMENTS.

Theodore Andrews of Hiram Clark Fort Bend introduced Clifford Jackson, owner of a gym on Emancipation Blvd. Mr. Jackson spoke briefly and stated that would like to see programs for youth in the 3rd Ward community such as: football, soccer, teaching future farmers organic gardening skills, teaching healthy meal preparation and other beneficial programing.

CONSENT AGENDA FOR THE AUTHORITY:

- a. **MINUTES FOR OCTOBER 31, 2019;**
- b. **MONTHLY FINANCIAL REPORTS FOR OCTOBER 2019;**
- c. **INVOICES FROM TRUSTEE AND OPERATING ACCOUNTS FOR NOVEMBER & DECEMBER 2019.**

Executive Director Matt Thibodeaux presented the Consent Agenda. Director Fortson made a motion to approve the Consent Agenda as presented. The motion was seconded by Director Fenz and carried by unanimous vote.

INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2019.

Executive Director Thibodeaux presented the Investment Report noting an average yield of 1.603% with a total amount of interest earned of \$146,176.56 for the Quarter ending September 30, 2019. Director Goren made a motion to approve the Investment Report for the Quarter ending September 30, 2019 as presented. The motion was seconded by Director Fenz and carried by unanimous vote.

INVESTMENT POLICY

Barron F. Wallace of Bracewell LLP presented the annual review of the Investment Policy; noting that the only changes were made to the Broker/Dealer List to remove or add financial institutions as necessary. Director Fortson made a motion to approve the Amended Investment Policy. The motion was seconded by Director Goren and carried by unanimous vote.

MIDTOWN REINVESTMENT ZONE AND MIDTOWN REDEVELOPMENT AUTHORITY RESOLUTION AUTHORIZING REFUNDING BONDS.

Mr. Wallace presented the proposed bond transaction. He advised the Board that based on the current rates there was an opportunity to achieve debt service savings of approximately 16% or \$190,000 annually by refunding certain outstanding bonds.

- a. **RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE AND REFUNDING BONDS, SERIES 2020; APPROVING AND DESIGNATING A PRICING COMMITTEE TO DETERMINE METHOD OF SALE AND MATTERS RELATED TO THE BONDS; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO.**

Director Fortson made a motion to approve the Resolution Authorizing the Issuance of Midtown Redevelopment Authority Tax Increment Contract Revenue and Refunding Bonds, Series 2020; Approving and Designating a Pricing Committee to Determine Method of Sale and Matters Related to the Bonds; Approving Other Agreements Related to Such Bonds; Making Findings and Provisions Relating to Such Bonds and Matters Incident Thereto. The motion was seconded by Director Fenz. Following all discussion, the motion carried by unanimous vote.

- b. **RESOLUTION OF REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS APPROVING THE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020; APPROVING A PRICING CERTIFICATE; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO.**

This agenda item was tabled and will be presented at a future Board meeting.

EMPLOYEE AND ADMINISTRATIVE POLICIES.

Mr. Wallace presented the Employee and Administrative Policies for the annual review. He noted that the only change was to the medical section regarding the use of medical authorized marijuana. Director

Fortson made a motion to approve the Employee and Administrative Policies as presented. The motion was seconded by Director Goren and carried by unanimous vote.

MIDTOWN AFFORDABLE HOUSING PROGRAM:

a. AFFORDABLE HOUSING OPERATIONS CENTER;

i. Construction Change Orders.

Marlon Marshall advised the Board that there were no change orders to present at this meeting.

b. AGREEMENT WITH A.O. PHILLIPS & ASSOCIATES

Peggy Foreman of Burney & Foreman advised the Board of the terms of a professional services agreement with A.O. Phillips & Associates to provide certain services in connection with the affordable housing program, including but not limited to assistance with developing certain operational procedures, construction monitoring, MWDBE participation goals compliance monitoring and certain other related services. Director Fenz made a motion to approve the agreement with A.O. Phillips & Associates to provide the stated services. The motion was seconded by Director Goren. Following all discussion, the motion carried by unanimous vote.

c. FIRST AMENDMENT TO DEVELOPMENT AGREEMENT WITH COLE/KLEIN BUILDERS LLC;

Ms. Foreman presented the First Amendment to the Development and Purchase Agreement with Cole Klein Builders, LLC dated April 30, 2019. She stated that the amendment authorized the sale of the property located at 5335 Dewberry Street to Cole Klein Builders, LLC and voids the previously authorized sale of the property located at 5027 Nassau Street to Cole Klein Builders, LLC. Director Foster made a motion to approve the First Amendment to the Development and Purchase Agreement with Cole Klein Builders, LLC. The motion was seconded by Director Goren. Following all discussion, the motion carried by unanimous vote.

d. AFFORDABLE HOUSING DEVELOPMENT UPDATE.

Todd Edwards reported that the affordable housing landscaping crews were working on cleaning and maintaining the Authority's lots in the Third Ward. Todd Edwards reported on the status of completed and in process affordable housing units in the targeted Third Ward Area. Director Fenz presented a one page Summary showing the number of single and multi-family affordable housing units facilitated with Authority participation.

MIDTOWN CAPITAL IMPROVEMENTS PROGRAM:

a. PARKS AND GREENSPACE - WALTER P MOORE / DESIGN WORKSHOP;

a. MIDTOWN PARK

Marlon Marshall reported that installation of the mosaic artwork designed by Shahzia Sikander on the fountain in the Front 90 Plaza has been completed. He stated that once the mosaic artwork cures and dries completely, the fountain will be operational. Mr. Marshall reported

that the staff is continuing to work with Wulfe & Co. on the design of the proposed food hall slated for the Front 90 Plaza.

1. CHANGE ORDERS – MILLIS

Mr. Marshall reported that there were no change orders for consideration at this meeting.

2. ADDITIONAL SERVICES REQUEST FOR DESIGN/CONSTRUCTION PHASE SERVICES – WALTER P MOORE

Mr. Marshall advised the Board that it is necessary to expand the Scope of Services for Design/Construction Phase to include the proposed design of the Front 90 Plaza restaurant pad. He presented the Additional Services Request from Walter P. Moore in an amount not to exceed \$395,000.00. Director Fortson made a motion to approve the Additional Services Request for Design/construction Phase Services from Walter P. Moore in an amount not to exceed \$395,000.00. The motion was seconded by Director Fenz. Following all discussion, the motion carried by unanimous vote.

ii Bagby Park – Storage and Renovations.

Mr. Marshall reported that the remaining items for the completion of Bagby Park includes installation of the stage lighting and the overhead canopy. He further reported that construction of the storage building has been delayed to explore the feasibility of redesign of the storage facility to include a restroom,

1. CHANGE ORDERS

Mr. Marshall presented Change Order #2 for certain additional electrical work required for installation of stage lighting in the amount of \$40,297.95. Director Foster made a motion to approve Change Order #2 for certain additional electrical work required for installation of stage lighting. The motion was seconded by Director Goren and carried by unanimous vote.

2. WORK ORDER FOR DESIGN/CONSTRUCTION PHASE SERVICES OF RESTROOM AND STORAGE BUILDING – WALTER P MOORE

Mr. Marshall presented the Work Order from Walter P. Moore for Design/Construction Phase Services for the Restroom and Storage Building at Bagby Park in an amount not to exceed \$69,425.00. Director Fenz made a motion to approve the Work Order for Design/Construction Phase Services for the Restroom and Storage Building at Bagby Park in an amount not to exceed \$69,425.00. The motion was seconded by Director Goren and carried by unanimous vote.

b. CAROLINE STREET RECONSTRUCTION – ESPA CORP/KCI

Mr. Marshall reported that the contractor has completed the waterline lateral and the fire hydrant installations on the initial segment of the waterline from Elgin Street to McGowen Street. He also reported that work is continuing on the storm sewer installations on Webster between Caroline and Anita Streets.

i. Change Orders

Mr. Marshall presented Change Order #6 for waterline revisions related to alignment and grade adjustments to match field dimensions in the amount of \$43,768.84; Change Order #27 for sanitary sewer bypass equipment required to keep existing sanitary sewer line in service during construction in the amount of \$15,856.00 and Change Order #28 for additional cleaning and sweeping of Caroline Street to address concerns of adjacent property/business owners in the amount of \$15,239.75. Director Fenz made a motion to approve Change Order #6 for waterline revisions related to alignment and grade adjustments to match field dimensions in the amount of \$43,768.84; Change Order #27 for sanitary sewer bypass equipment required to keep existing sanitary sewer line in service during construction in the amount of \$15,856.00 and Change Order #28 for additional cleaning and sweeping of Caroline Street to address concerns of adjacent property/business owners in the amount of \$15,239.75. Director Fortson seconded the motion which carried by unanimous vote.

c. WORK ORDER FOR TRANSPORTATION PLANNING STUDY TO UPDATE CITY OF HOUSTON'S MAJOR THOROUGHFARE AND FREEWAY PLAN (MTFP) FOR MIDTOWN CORRIDORS

Mr. Marshall presented the Work Order for Walter P. Moore to perform a Transportation Planning Study to update the City of Houston's Major Thoroughfare and Freeway Plan (MTFP) for Midtown Corridors by updating the 2011-2013 traffic study which was conducted before significant changes were made to the Midtown Corridors. He stated that the cost of the new Transportation Planning Study will not exceed \$40,000.00. Director Fortson made a motion to approve the Work Order for Walter P. Moore to perform a Transportation Planning Study to update the City of Houston's Major Thoroughfare and Freeway Plan (MTFP) for Midtown Corridors for a cost not to exceed \$40,000.00. Director Fenz seconded the motion which carried by unanimous vote.

d. AGREEMENT WITH CITY OF HOUSTON TO INCLUDE ADDITIONAL MIDTOWN IMPROVEMENTS ON CITY'S GILLETTE TRUNKLINE (TUAM, SMITH, AND ELGIN SEGMENTS) DRAINAGE AND PAVING IMPROVEMENTS (WBS NO. M-410290-0004)

Mr. Marshall presented the Agreement with the City of Houston which include additional Midtown improvements to City's Gillette Trunkline (Tuam, Smith and Elgin Segments), drainage and paving project. The Midtown improvement include the installation of black powder coated traffic signals, mast arms, pedestrian push poles and pedestrian poles to match the Midtown standards for a cost of \$39,848.81. Director Foster made a motion to approve the Agreement with the City of Houston to include additional Midtown improvements to City's Gillette Trunkline (Tuam, Smith and Elgin Segments) drainage and paving project for a cost of \$39,848.81. Director Fenz seconded the motion which carried by unanimous vote.

e. AGREEMENT WITH CITY OF HOUSTON TO INCLUDE ADDITIONAL MIDTOWN IMPROVEMENTS ON CITY'S 72-INCH WATER LINE ALONG TUAM (WBS NO. S-000900-0134-3)

This item was tabled and will be presented for consideration at a future meeting.

f. FTA GRANT PROGRAM - THE GOODMAN CORPORATION.

Mr. Marshall reported that The Goodman Corporation is exploring additional sources for grant funding to help pay for required infrastructure costs in connection with the construction of new affordable housing. He stated that The Goodman Corporation will make a report to the Board once they complete their review of available potential sources of grant funds.

WITH RESPECT TO THE FOREGOING AGENDA ITEMS, THE AUTHORITY MAY CONDUCT AN EXECUTIVE SESSION WITH REGARD TO THE FOLLOWING, AS APPROPRIATE AND NECESSARY:

- a. **CONSULTATION WITH ATTORNEY (SECTION 551.071, TEXAS GOVERNMENT CODE);**
- b. **THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY (SECTION 551.072, TEXAS GOVERNMENT CODE);**
- c. **PERSONNEL MATTERS (SECTION 551.074, TEXAS GOVERNMENT CODE);**
- d. **SECURITY PERSONNEL OR DEVICES (SECTION 551.076, TEXAS GOVERNMENT CODE); AND**
- e. **ECONOMIC DEVELOPMENT NEGOTIATIONS (SECTIONS 551.087, TEXAS GOVERNMENT CODE).**

The Authority did not conduct an Executive Session at this meeting.

ADJOURN.

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

Secretary

Date

DRAFT

Midtown Redevelopment Authority

Profit & Loss

July through November 2019

Jul - Nov 19

Ordinary Income/Expense

Income

400000 · Revenue & Support

400007 · HISD PASS THROUGH	1,351,393.00
400020 · Reimb Off Exp & Staff	296,334.32
400023 · HTC Build Out Reimbursement	4,129.32
400025 · Interest-Debt Service & Reserve	56,918.59
400026 · Interest-Other Bond Funds	57,960.48
400029 · Interest - Affordable Housing	68,764.24
400030 · Interest-Operating Funds	32,510.67
400032 · Other Revenue	55,977.06

Total 400000 · Revenue & Support

1,923,987.68

Total Income

1,923,987.68

Gross Profit

1,923,987.68

Expense

500000 · BOND FUND EXPENSES

500419 · Camden Int.	581,534.90
505000 · T-0220 Afford.Hous Lnd Bk Prg	
500022 · T-220 Afford Hous Expend	160,575.25

Total 505000 · T-0220 Afford.Hous Lnd Bk Prg

160,575.25

Total 500000 · BOND FUND EXPENSES

742,110.15

510000 · INCREMENT PROJECTS/EXPENSE

510002 · T-0214 Caroline St near HCCS	68,599.65
510008 · T-0220 Afford Housing Land Bnk	
510009 · T-0220 Afford Housing Ins	
510016 · Demos and Maintenance	65,000.00

Total 510009 · T-0220 Afford Housing Ins

65,000.00

510013 · T-0220 Affordable Housing Legal

16,416.25

510014 · T-0220 MRA AFF HOUS THIRD GIS

14,903.75

510017 · T-0220 Drainage Fees

2,574.88

510018 · Fines

378.58

512001 · T-0220 Aff Hous Expense

1,427,938.41

512003 · Operations Center (3117 Emancipation Ave & 3112 St Charles St.)

1,452,325.48

510008 · T-0220 Afford Housing Land Bnk - Other

624.75

Total 510008 · T-0220 Afford Housing Land Bnk

2,980,162.10

510019 · T-0214 Caroline St

24,636.64

510024 · T-0204 Infrastruc/Street Lights

948.27

510041 · CIP Program Expenses

58,662.31

510043 · T-0234 Parks & Open Space & Mob

312,594.99

510044 · T-0236 Bagby Park

404,311.02

510045 · T-0224 HTC I - Bldg Maintenance

64,668.43

510046 · T-0221 Midtown Pk

536,044.04

510047 · Midtown Garage Maint

38,734.32

510050 · T-0210 Main Street Enhancements

85,868.17

510102 · HMAAC Interest Expense

21,185.91

510400 · KIOS at Bagby Park

13,600.00

510534 · T-0225 Mobility & Pedest Imprv

260,175.73

510700 · Municipal Services Costs

350.00

511001 · T-0232 Public & Cultural Fac

Total 510000 · INCREMENT PROJECTS/EXPENSE

4,870,541.58

550000 · General & Admin. Expense

550002 · Contract Labor

16,162.40

550003 · Rent Expense (Additional office space)

38,775.00

Midtown Redevelopment Authority

Profit & Loss

July through November 2019

Jul - Nov 19

550004 · Salaries	
550014 · Health Insurance	45,014.05
550015 · AFLAC	516.16
550018 · Life Insurance	121.70
550004 · Salaries - Other	656,475.04
Total 550004 · Salaries	702,126.95
5500047 · Overtime	1,143.69
550007 · Courier Service	1,618.79
550008 · Office Supply & Expense	6,581.03
550009 · Misc Exp	1,230.25
550010 · Telephone & Utilities	
550110 · Cellular Service	724.13
550113 · Drainage fee	920.55
550010 · Telephone & Utilities - Other	7,473.25
Total 550010 · Telephone & Utilities	9,117.93
550012 · Postage	837.75
550019 · Special Projects (Special Projects as determined by the City of Houston)	500.00
550022 · Bank Charges & Fees	4,679.40
550023 · Trust Expenses	2,840.80
550025 · Professional Services	67,123.54
550026 · Accounting Consultants	8,562.50
550027 · Financial Audit (Audit Services)	37,700.00
550028 · Legal Consultants	57,791.44
550032 · Engineering Consultants	13,718.00
550034 · Equip Rent & Lease Expense	3,708.48
550036 · Licenses & Fees	125.00
550037 · Workman's Comp Insurance	1,751.72
550038 · Insurance - All	-706.71
550039 · Computers & Repairs & Maint	9,505.68
550040 · Repair & Maintenance	7,437.04
550044 · Payroll Expense & PR Tax Exp	1,424.93
550045 · Payroll Fees	9,188.81
550046 · Reimb. Employee Office Exp.	84.21
550047 · Soc Sec - Medicare	45,643.32
550050 · Depreciation Expense	182,191.30
550052 · Depre Expense-Midtown Park	265,202.15
550053 · Deprec Expense-Works of Art	12,096.30
550058 · Travel	1,085.60
550061 · Public Relations	62,500.00
Total 550000 · General & Admin. Expense	1,571,747.30
550051 · Dep Exp - Midtown Park/Garage	192,540.80
600000 · Bond Related Expenses	
550055 · Amort Bond Prem	-177,936.55
560038 · 11 Bond Series Interest Expense	335,494.80
560039 · 2013 Bond Series Int Expense	490,257.80
560040 · 2015 Bond Int Expense	186,890.65
560041 · 2017 Bond Int Expense	758,177.10
Total 600000 · Bond Related Expenses	1,592,883.80
999999 · SUSPENSE (flow through account)	4,069.52
Total Expense	8,973,893.15
Net Ordinary Income	-7,049,905.47
Net Income	-7,049,905.47

Midtown Redevelopment Authority
Balance Sheet
As of November 30, 2019

Nov 30, 19

ASSETS

Current Assets

Checking/Savings

101001 · Wells Fargo Ope Acctg 64040	1,722,339.15
101002 · Infrastructure Projects 1731	950.99
101010 · WF Surplus Acct 63943	1,183.28
101020 · WF FTA Enhanced Path 63919	59.99
102200 · Logic Operating Account (Investment Account)	5,054,605.88
103200 · TexStar Operating Acct 1111	6,841.90
103600 · Wells Fargo Oper Inves 63901	729.73
103700 · WF Operating Saving 3215777180	45,314.96
104000 · Affordable Housing Accounts	
104021 · WF Afford Hous 3927	2,369,610.56
104022 · WF Pilot Program 3935	343.69
104116 · TexStar Aff. Hsng MM 1800	2,001.97
104200 · Logic Affordable Housing (Investment Account)	2,719,164.98
1043000 · BBVA USA	<u>1,004,111.60</u>
Total 104000 · Affordable Housing Accounts	6,095,232.80

105000 · Trustee Investments

105001 · Pledge Revenue Fund 422885	
105100 · Pledge Revenue Fund -422885	24,251.89
Total 105001 · Pledge Revenue Fund 422885	<u>24,251.89</u>
105002 · Debt Service Fund	
105200 · BNY-Debt Service Fund 422896	7,634,677.42
Total 105002 · Debt Service Fund	<u>7,634,677.42</u>
105003 · Reserve Fund 422897	
105302 · Reserve Fund Money Mkt 422897	45.02
105324 · TexStar Debt Res Fnd MM 1023 (Debt Reserve Fund)	8,010,661.38
Total 105003 · Reserve Fund 422897	<u>8,010,706.40</u>
105009 · Austin Park Maint. Fund 422919	
105901 · Austin Park Money Market Acct.	3,567.92
Total 105009 · Austin Park Maint. Fund 422919	<u>3,567.92</u>
107000 · BOND FUNDS	
107012 · BNY 443264 2011 Escrow	9.99
107017 · 937933 8400 2017 ESCROW	1,222,757.24
107018 · LOGIC 2017 PROJECT FUND (Trust Account 7487592004)	5,031,511.89
107019 · LOGIC 2017 AFFORDABLE HOUSING (Trust Account 7487592005)	3,172,243.94
Total 107000 · BOND FUNDS	<u>9,426,523.06</u>
Total 105000 · Trustee Investments	<u>25,099,726.69</u>
Total Checking/Savings	<u>38,026,985.37</u>

Accounts Receivable

170000 · Accounts Receivable	
170008 · KIOS	-6,400.00
170010 · Midtown Management District	121,148.54
170011 · Midtown Parks Conservancy	321,833.87
170020 · HX Houston Exponential AR	4,129.19
170021 · HTC BUILTOUT	338,285.67
170050 · MRA AHF	-0.40
170060 · Fourth Ward Redevelopment Autho (Expense Reimbursement)	9,337.90
Total 170000 · Accounts Receivable	<u>788,334.77</u>

Total Accounts Receivable

788,334.77

Total Current Assets

38,815,320.14

Fixed Assets

150000 · Fixed Assets

150010 · Office Furniture & Equipment	26,321.36
150011 · Accumulated Depreciation-Furn.	-26,321.36
150020 · Computer Equipment	32,057.11

Midtown Redevelopment Authority
Balance Sheet
As of November 30, 2019

	Nov 30, 19
150021 · Accumulated Depreciation-Comp.	-32,057.11
150040 · Land - JPI Park	736,911.00
150045 · Walgreens/Lui Park Land	141,000.00
150062 · Land - Houston Tech.Center I	798,053.89
150063 · Houston Tech Center I	2,676,862.62
150064 · Accm Deprec-Houston Tech Cntr I	-2,212,058.21
150065 · Land - HTC Phase II	697,219.00
150066 · Houston Tech Center II	2,816,117.96
150067 · Accum.Deprec. HTC Phase I	-1,877,412.06
150069 · Land - Bagby Park	1,318,870.15
150070 · BagbyPark	2,453,218.83
150071 · Accum.Deprec. BagbyPark	-1,233,160.23
150075 · Midtown Park 2905 Travis St	3,506,306.26
150078 · Midtown Park Land-Tracts I & II	4,416,883.45
1500783 · Accum Deprec-Works of Art	-41,127.44
150078A · Midtown (Superblock) Garage	13,784.20
150078B · Midtown (Superblockj) Park	4,598,895.40
150078C · Midtown Garage - Depreciable As	
1500781 · Acc Depre - Midtown Garage	-885,687.72
150078C · Midtown Garage - Depreciable As - Other	23,104,895.00
Total 150078C · Midtown Garage - Depreciable As	22,219,207.28
150078D · Midtown Park - Depreciable Asse	
1500782 · Acc Depre Midtown Park	-1,326,010.31
150078D · Midtown Park - Depreciable Asse - Other	19,094,553.00
Total 150078D · Midtown Park - Depreciable Asse	17,768,542.69
150079B · Works of Art - Donated	725,778.00
150080 · Land (Resale) (Land purchase for resale)	
150081 · Earnest Money	36,686.18
150082 · Option Fees	10,700.00
150803 · Affordable Housing Legal	109,050.45
150804 · Affordable Housing Misc	752,799.46
150805 · AFFORD HOUS GRANTS	126,750.28
150080 · Land (Resale) (Land purchase for resale) - Other	46,023,939.15
Total 150080 · Land (Resale) (Land purchase for resale)	47,059,925.52
150080A · Land Held for Resale	1,999,033.00
150089 · Land HMAAC (Land)	1,206,150.00
150090 · HMAAC Property	918,850.00
150091 · Accum Depr HMAAC	-417,310.56
150100 · 2800 MAIN	317,069.93
Total 150000 · Fixed Assets	110,607,610.68
Total Fixed Assets	110,607,610.68
TOTAL ASSETS	149,422,930.82
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
200000 · Accounts Payable	1,100,032.87
Total Accounts Payable	1,100,032.87
Other Current Liabilities	
200001 · Current Liabilities	
200005 · Accrued Expenses	357,121.00
201000 · Operating Account Liabilities	-2,530.25
201001 · MIDCORP Kios	24,454.84
202000 · Project Fund Liabilities	18,578.35
2021061 · Due from FWRA for AFLAC	-774.24
204000 · HMAAC NOTE - CURRENT	102,902.00
2103008 · CRI Current Camden	-0.32

Midtown Redevelopment Authority
Balance Sheet
As of November 30, 2019

	Nov 30, 19
200001 · Current Liabilities - Other	13,800.00
Total 200001 · Current Liabilities	513,551.38
2103007 · Developer Advances Midtown Park	7,870,302.00
25000 · Retainage Payable (Retainage)	940,796.98
Total Other Current Liabilities	9,324,650.36
Total Current Liabilities	10,424,683.23
Long Term Liabilities	
210000 · Long Term Liabilities	
210044 · Bonds Payable Series 2011	14,935,000.00
210047 · Bonds Payabe Series '13	21,990,000.00
210048 · Current Portion Bonds Payable	5,873,000.00
210049 · Bond Payable Series '15	9,845,000.00
210050 · Bond Payable Series 2017	35,797,000.00
210053 · Accrued Bond Int 2015 series	186,890.65
210055 · Accrued Bond Interest 13 Series	490,257.80
210056 · Accrued Bond Interest Series 11	335,494.80
210058 · Series 2013 BOND PREMIUM	1,039,933.51
210059 · Series 2015 Bond Prem	688,398.13
210061 · Series 2017 Bond Premium	3,730,721.75
210062 · Accrued Bond Interest Series 17	758,177.10
2103000 · LOANS	
2103003 · HMAAC LOAN REFINANCED	1,113,341.68
2103004 · MRA AFF HOU LOAN	-291,200.00
Total 2103000 · LOANS	822,141.68
Total 210000 · Long Term Liabilities	96,492,015.42
Total Long Term Liabilities	96,492,015.42
Total Liabilities	106,916,698.65
Equity	
1110 · Retained Earnings (Retained Earnings)	49,556,137.64
Net Income	-7,049,905.47
Total Equity	42,506,232.17
TOTAL LIABILITIES & EQUITY	149,422,930.82

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Midtown Redevelopment Authority
Transactions by Account

Friday, January 31, 2020

Type	Date	Num	Name	Memo	Amt
101001 - Wells Fargo Ope Acctg 84040					
Bill Pmt -Check	01/08/2020	9387	PHONOSCOPE SERVICES, INC.	January 2020	144.75
Bill Pmt -Check	01/02/2020	9388	HX Houston Exponential	JANUARY 2020 Rent	7,645.00
Bill Pmt -Check	01/13/2020	9389	MBM Financial Corporation	CANON/IRAC5250	233.00
Bill Pmt -Check	01/13/2020	9390	marimon	Contract bas cost & copies	354.01
Bill Pmt -Check	01/14/2020	9391	Purchase Power	Postage	318.92
Bill Pmt -Check	01/16/2020	9393	Bee-Line Delivery Service	Courier Service	337.17
Bill Pmt -Check	01/30/2020	9394	Goode Systems & Consulting, Inc.	IT Service	1,933.35
Bill Pmt -Check	01/30/2020	9395	HX Houston Exponential	Midtown Reimbursable Expenses 08-12-2019 thru 12-31-2019	6,019.82
Bill Pmt -Check	01/30/2020	9396	IDS Engineering Group	Professional Services	29,477.92
Bill Pmt -Check	01/30/2020	9397	Maya Itulu Ford-Belgrave D/B/A Ford Momen	COMMS PLNNG DECEMBER 2019	4,950.00
Bill Pmt -Check	01/30/2020	9398	McConnell & Jones, LLP	December 2019 Professional Services assis stff with AJE FYE 06/	812.50
Bill Pmt -Check	01/30/2020	9399	NEVA Corporation	Monthly Maintenance AC January 2020	1,147.00
Bill Pmt -Check	01/30/2020	9400	One World Strategy Group, LLC	Public Relations	12,500.00
Bill Pmt -Check	01/30/2020	9401	SER Construction Partners, Ltd.	Main Street Enhancements Project No. 1174-005-00 NOV 2019	12,323.50
Bill Pmt -Check	01/30/2020	9402	The Goodman Corporation	FTA MID115	12,163.00
Bill Pmt -Check	01/30/2020	9403	The Tab Store	BLANK TABS	118.20
Bill Pmt -Check	01/30/2020	9404	TLC Engineering, Inc.	CAROLINE STREET	7,822.50
Bill Pmt -Check	01/30/2020	9405	The Goodman Corporation	FTA MID112	2,916.26
Bill Pmt -Check	01/30/2020	9406	ThyssenKrupp Elevator	Elevator Maintenance	352.21
Bill Pmt -Check	01/30/2020	9407	IDS Engineering Group	Professional Consultants	17,801.99
Bill Pmt -Check	01/30/2020	9408	Walter P. Moore	Professional Consultants	30,956.00
Bill Pmt -Check	01/30/2020	9409	Walter P. Moore	Midtown Supervlock 3.0 Professional Services Project #M031-12C	180,000.00
Bill Pmt -Check	01/30/2020	9410	Wulfe & Co.	Consulting for Bagby Park and Midtown Park JANUARY 2020	3,400.00
Bill Pmt -Check	01/30/2020	9411	AFLAC	JANUARY 2020	2,631.28
Total					336,358.18

Midtown Redevelopment Authority
Transactions by Account

Type	Date	Num	Name	Memo	Amt
01/31/2020					
104000 - Affordable Housing Accounts					
104021 - WF Afford Hous 3927					
Bill Pmt -Check	01/30/2020	3472	ALL-TERRA ENGINEERING, INC	3131 Emancipation Center 1 & 2, Houston, Texas Prc	15,583.00
Bill Pmt -Check	01/30/2020	3473	American Fence Company	Fencing CALLE & ANITA 308 ft temporary fence 12-	116.69
Bill Pmt -Check	01/30/2020	3474	VOID	VOID	0.00
Bill Pmt -Check	01/30/2020	3475	TransTeQ	JANUARY 2020 LAWN AND LANDSCAPING SERVI	3,663.00
Bill Pmt -Check	01/30/2020	3476	TLC Engineering, Inc.	Mldtown Affordable Housing	17,375.00
Bill Pmt -Check	01/30/2020	3477	South Texas Surveying Associates	Topographic Survey 2604 Gray St Houston, Texas 77	1,800.00
Total 104021 - WF Afford Hous 3927					38,537.69

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**Midtown Redevelopment Authority
Bond & Project Fund Expenses & Balances
Friday, January 31, 2020**

Trustee Investments (Bond Funds)	Beginning Balance	Chase	BKNY MELLON	WELLS FARGO	TexSTAR/LOGIC	Ending Balance
422885 Pledge Reserve Funds 422896	24,632.98					24,632.98
422896 Debt Service US Treasury Money Market Funds	2,138,326.15					2,138,326.15
422897 Reserve Fund US Treasury Money Market Funds	45.03					45.03
105324 - TexStar Debt Res Fnd MM 1023 (Debt Reserve Fur	8,031,968.87					8,031,968.87
422919 Austin Park Maint.(2001 Series) US Treasury Money Market Funds	3,571.24					3,571.24
LOGIC 2017 AFFORDABLE HOUSING (Trust Account)	3,020,449.16		-1,125,252.94			1,895,196.22
107009 - BNY-TICR AFF HSG 693802	1,271,386.19					
01/08/2020 REQ 156 Arch-Con Corporation			691,956.34			
01/16/2020 REQ 158 Arch-Con Corporation			<u>433,296.60</u>			
			1,125,252.94			146,133.25
LOGIC 2017 Project Funds	5,039,277.64					5,039,277.64
443264 2011 Escrow 1998 2001	9.99					9.99
TOTALS						17,279,161.37

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January 30, 2020

Carr, Riggs & Ingram LLC
Two Riverway, 15th Floor
Houston, Texas 77056

In connection with your engagement to apply agreed-upon procedures to the Midtown Redevelopment Authority's ("the Authority") Capital Improvement Plan projects (the "Projects") as of and for the year ended June 30, 2019, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

- 1) We are responsible for the presentation of the Projects included as Exhibit 1 – Schedule of Construction Expenditures.
- 2) As of and for the year ended June 30, 2019, the Schedule of Construction Expenditures represents all significant projects subject to the engagement.
- 3) We are responsible for selecting the criteria and for determining that such criteria are appropriate for our purposes.
- 4) We have disclosed to you all known matters contradicting the Schedule of Construction Expenditures.
- 5) There have been no communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the Schedule of Construction Expenditures, including communications received between June 30, 2019 and the date of this letter.
- 6) We have provided you with access to all records that we believe are relevant to the contracts and agreements related to the Capital Improvement Plan projects and the agreed-upon procedures.
- 7) For the year ended June 30, 2019, there were no grant agreements for affordable housing projects subject to the engagement.
- 8) We have responded fully to all inquiries made to us by you during the engagement.
- 9) No events have occurred subsequent to June 30, 2019 that would require adjustment to or modification of the Schedule of Construction Expenditures.

Signature: _____

Title: _____

Midtown Redevelopment Authority

Agreed-Upon Procedures

June 30, 2019

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CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com



**Midtown Redevelopment Authority
Table of Contents
June 30, 2019**

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Procedures and Findings	2
Exhibit 1 – Schedule of Construction Expenditures	4

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
Midtown Redevelopment Authority
Houston, Texas

We have performed the procedures enumerated in the attached listing of procedures and findings, which were agreed to by Midtown Redevelopment Authority (the Authority) (the specified party), solely to assist the Authority in evaluating compliance with contracts and agreements related to the Authority's Capital Improvement Plan projects (the "Projects") as of and for the year ended June 30, 2019. The Authority's management is responsible for the Projects. The sufficiency of these procedures is solely the responsibility of the Authority. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule of procedures and findings either for the purpose for which this report has been requested or for any other purpose.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Projects. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Midtown Redevelopment Authority and is not intended to be and should not be used by anyone other than these specified parties.

Houston, Texas

[Date]

**Midtown Redevelopment Authority
Agreed-Upon Procedures
Procedures and Findings (Continued)
June 30, 2019**

Procedures and Findings

1. Procedure

Obtain a listing of all construction and related contracts/agreements, as identified by the Authority, to be included in the scope of the agreed-upon procedures engagement for the year ended June 30, 2019.

Findings

Obtained from the Authority. See Exhibit 1- Schedule of Construction Expenditures ("Exhibit 1").

2. Procedure

Obtain all construction and related contract/agreements and amendments for contracts and agreements identified in procedure one.

Findings

Obtained from the Authority.

3. Procedure

Inspect supporting documentation (including original invoices, certificates for payment, and cancelled checks) for amounts paid to architects, engineers, construction contractors, and other professionals for each contract included on Exhibit 1 for compliance with contract terms and mathematical accuracy.

Findings

No exceptions were found as a result of applying the procedure.

4. Procedure

Obtain and compare certificates of insurance coverage for compliance with executed contracts/agreements.

Findings

No exceptions were found as a result of applying the procedure.

5. Procedure

Inspect change orders and other modifications to contracts/agreements for proper approval.

Findings

No exceptions were found as a result of applying the procedure.

**Midtown Redevelopment Authority
Agreed-Upon Procedures
Exhibit 1 – Schedule of Construction Expenditures
For the Year Ended June 30, 2019**

Project Description/ Consultants or Contractor	Source of Funding	Contract Amount	Amount Expended During Prior Fiscal Year(s)	Amount Expended During Fiscal Year Ended June 30, 2019	Total Expended	Contract Amount Remaining
T-0210 Main Street Enhancement:						
Walter P. Moore and Associates, Inc.	Operating/ Bonds	\$ 1,007,578	\$ 974,649	\$ 28,278	\$ 1,002,927	\$ 4,651
SER Construction Partners	Operating/ Bonds/ Federal Grants	9,675,820	8,149,550	1,202,879	9,352,429	323,391
IDS Engineering	Operating/ Bonds	948,104	746,388	194,573	940,961	7,143
Total Main Street Enhancement		11,631,502	9,870,587	1,425,730	11,296,317	335,185
T-0211 HCC Academic Walk Holman:						
IDS Engineering	Operating/ Bonds	537,197	535,091	2,106	537,197	-
SER Construction Partners	Bonds/ Federal Grants	5,610,986	5,417,997	124,044	5,542,041	68,945
TLC Engineering	Operating/ Bonds	460,937	368,236	23,964	392,200	68,737
Total HCC Academic Walk Holman		6,609,120	6,321,324	150,114	6,471,438	137,682
T-0214 Caroline Street @ HCCS						
ESPA Corporation/KCI Technologies of Texas Texas Department of Transportation	Operating/ Bonds	1,521,508	1,083,750	130,447	1,214,197	307,311
	Operating/ Bonds	8,497,183	8,497,183	-	8,497,183	-
TLC Engineering	Operating/ Bonds	693,120	89,859	305,512	395,371	297,749
Total Caroline Street @ HCCS		10,711,811	9,670,792	435,959	10,106,751	605,060
T-0234 Parks and Open Spaces - Midtown Entry Portals						
Walter P. Moore and Associates, Inc.						
Midtown Entry Portals WO#16	Operating/ Bonds	336,390	333,732	2,658	336,390	-
Midtown Entry Portals WO#3	Bonds	171,447	127,062	-	127,062	44,385
TLC Engineering	Operating/ Bonds	182,307	83,123	2,590	85,713	96,594
B&D Contractors, Inc.	Operating/ Bonds	1,476,491	1,188,878	139,963	1,328,841	147,650
Total Parks and Open Spaces - Midtown Entry Portals		2,166,635	1,732,795	145,211	1,878,006	288,629

Midtown Redevelopment Authority
Agreed-Upon Procedures
Exhibit 1 – Schedule of Construction Expenditures (Continued)
For the Year Ended June 30, 2019

Project Description/ Consultants or Contractor	Source of Funding	Contract Amount	Amount Expended During Prior Fiscal Year(s)	Amount Expended During Fiscal Year Ended June 30, 2019	Total Expended	Contract Amount Remaining
T-0221 and T-0233 Midtown Park & Garage:						
Walter P. Moore and Associates, Inc. (park and garage)	Operating/ Bonds	\$ 3,474,100	\$ 3,355,003	\$ 67,533	\$ 3,422,536	\$ 51,564
T-0221 Midtown Park:						
Millis Construction	Operating/ Bonds	18,341,148	14,474,749	2,743,064	17,217,813	1,123,335
IDS Engineering	Operating/ Bonds	2,630,107	1,904,563	521,689	2,426,252	203,855
Total Midtown Park		20,971,255	16,379,312	3,264,753	19,644,065	1,327,190
T-0233 Midtown Park Garage:						
TLC Engineering	Operating	1,968,783	1,865,512	92,209	1,957,721	11,062
Total Midtown Park and Garage		26,414,138	21,599,827	3,424,495	25,024,322	1,389,816
T-0236 Bagby Park						
IDS Engineering	Operating	140,508	-	-	-	140,508
Jerdon Enterprises, L.P.	Operating	480,481	-	64,163	64,163	416,318
Total Bagby Park		620,989	-	64,163	64,163	416,318
T-0239 Brazos Street Reconstruction						
Walter P. Moore and Associates, Inc.	Bonds	1,635,773	716,066	-	716,066	919,707
TOTAL CONSTRUCTION EXPENDITURES		\$ 59,789,968	\$ 49,911,391	\$ 5,645,672	\$ 55,557,063	\$ 4,232,905

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midtown
HOUSTON

January 15, 2020

Board of Directors
Midtown Redevelopment Authority
410 Pierce, Suite 355
Houston, Texas 77002

Re: Investment Report – Quarter Ending December 31, 2019

Dear Board of Directors:

In my capacity as Investment Officer and in compliance with Article III, Section 3.03 and Article IV, Section 4.06 of the Investment Policy of the Authority, please find attached the 2nd Quarter Fiscal Year 2020 Investment Report.

These reports reflect compliance of the Investment Policies of the Authority, and in accordance with the Investment provisions of the Public Funds Investment Act. The enclosed report is presented to the Board of Directors for review and approval.

Kindest regards,

Matt Thibodeaux
Executive Director

cc: Carr, Riggs & Ingram (CRI)



midtown
H O U S T O N

January 15, 2020

Board of Directors
Matt Thibodeaux, Executive Director
Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002

Re: Investment Report – Quarter Ending December 31, 2019

Dear Board of Directors:

I have prepared the Quarterly Investment Report in my capacity as Financial Accounts Manager for the Authority. This report is presented in accordance with generally accepted accounting principals and Article III, Section 3.03 and Article IV, Section 4.06 of the Investment Policy of the Authority and will be reviewed as part of the annual audit.

The average yield from TexStar Money Market Accounts for this quarter is 1.677667%

The average yield from Logic Money Market Accounts for this quarter is 1.9060%

The average yields from Wells Fargo interest earning accounts is 0.15666 %

The total amount of interest earned for this quarter is \$117,024.81

The total average yield on fifteen interest bearing accounts is 0.9273556%

The report reflects the compliance of your investment portfolio with the Investment Policies of the Authority, and is in accordance with the Investment provisions of the Public Funds Investment Act.

This report is presented to the Board of Directors for review and approval.

Respectfully,

Theresa D. Gilmore
Financial Accounts Manager

cc: Carr, Riggs & Ingram (CRI)

NAME OF FUND	DATE OF PURCHASE	M R A I T U Y	BEGINNING BOOK VALUE	BEGINNING MARKET VALUE	CHANGES		INCOME RECEIVED THIS PERIOD	INCOME RECEIVED TO DATE	ENDING BOOK VALUE	ENDING MARKET VALUE	MATURITY VALUE	YIELD
					PURCHASES	SALES & REDEMPTIONS						
WF 64040			1,326,786.49	1,326,786.49	1,595,922.71	1,145,216.07	678.72	3,427.22	876,758.57	876,758.57		0.1700%
WF Infrastructure Projects 1731			950.72	950.72			0.41	0.86	951.13	951.13		0.1700%
WF Surplus 63843			1,057.28	1,057.28	2,698,629.73	2,698,629.73	126.17	249.58	1,183.45	1,183.45		0.3000%
WF FTA 63919			59.97	59.97			0.03	0.06	60.00	60.00		0.1700%
LOGIC Operating			5,038,155.72	5,038,155.72			24,251.55	36,706.13	5,062,407.27	5,062,407.27		1.9000%
TexSTAR Operating Account			6,788.14	6,788.14			78.44	181.02	6,866.58	6,866.58		0.1700%
WF Investment Acct 63901			729.52	729.52			0.31	0.67	729.83	729.83		0.1700%
WF OPR SAV ACCT 77180			45,312.69	45,312.69			3.43	6.86	45,316.12	45,316.12		0.0300%
TOTAL OPERATING FUNDS			6,419,840.53	6,419,840.53	4,294,552.44	3,843,645.80	25,139.06	40,572.42	5,994,272.95	5,994,272.95	0.00	
ACCT. 36024024 AFFORDABLE HOUSING												
WF Affordable Housing 3927			1,245,217.00	1,245,217.00	1,071,676.20	1,564,170.36	766.26	1,480.12	1,738,477.42	1,738,477.42		0.1700%
WF Pilot Program 3935			343.59	343.59			0.15	0.32	343.74	343.74		0.1733%
TOTAL DDA			1,245,560.59	1,245,560.59	1,071,676.20	1,564,170.36	766.41	1,480.44	1,738,821.16	1,738,821.16	x	
TEXSTAR AFF HOUS			1,996.16	1,996.16			8.51	19.57	2,004.67	2,004.67		1.6777%
LOGIC AFF HOUS			2,710,315.49	2,710,315.49			13,045.30	29,337.23	2,723,361.79	2,723,361.79		1.9000%
BEVA AFFORD HOUSE			1,002,734.71	1,002,734.71	7,583.33	17,583.33	2,084.86	2,919.57	1,014,819.57	1,014,819.57		1.9000%
TOTAL AFFORDABLE HOUSING			4,960,606.95	4,960,606.95	1,071,676.20	1,564,170.36	15,906.08	33,756.81	5,479,007.19	5,479,007.19	#VALUE!	
422885 PLEDGE REVENUE			0.00	0.00								
677 FUND US TREASURY MM			15,799.69	15,799.69	2,701,470.53	2,710,303.82			24,632.98	24,632.98		0.00
TOTAL PLEDGE REVENUE			15,799.69	15,799.69	2,701,470.53	2,710,303.82	0.00	0.00	24,632.98	24,632.98	0.00	
422896 DEBT SERVICE FUND												
Debt Service			7,616,977.89	7,616,977.89		24,832.64			7,641,810.53	7,641,810.53		0.00
TOTAL DEBT SERV FUND			7,616,977.89	7,616,977.89	0.00	24,832.64	0.00	0.00	7,641,810.53	7,641,810.53	0.00	
422897 RESERVE FUND												
Debt Service			44.94	44.94		0.09			45.03	45.03		
TexSTAR Debt Ser Money Market			7,996,087.75	7,996,087.75			33,881.12	78,226.08	8,031,968.87	8,031,968.87		
TOTAL RESERVE FUND			7,996,132.69	7,996,132.69	0.00	0.09	33,881.12	78,226.08	8,032,013.90	8,032,013.90	0.00	
ESCROW												
937933 8400 2017 ESCROW			1,222,757.24	1,222,757.24					1,222,757.24	1,222,757.24		
443284 2011 Escrow 1988 2001			9.99	9.99					9.99	9.99		
TOTAL ESCROW			1,222,767.23	1,222,767.23	0.00	0.00	0.00	0.00	1,222,767.23	1,222,767.23	0.00	
422819 AUSTIN PARK												
677 FUND US TREASURY MM			3,559.64	3,559.64		11.60			3,571.24	3,571.24		
TOTAL AUSTIN MAINT. FUND			3,559.64	3,559.64	0.00	11.60	0.00	0.00	3,571.24	3,571.24	-	
AFFORD. HOUSING												
693802 AFF HOUS FUND 2013						146,133.25			146,133.25	146,133.25		
Logic Affordable Housing 2017			4,615,835.43	4,615,835.43	1,613,225.48	0.00	17,839.21	45,019.73	3,020,449.16	3,020,449.16		1.9060%
TOTAL AFFORD. HOUSING 2011			4,615,835.43	4,615,835.43	1,613,225.48	146,133.25	17,839.21	45,019.73	3,166,582.41	3,166,582.41	0.00	
937932 PROJECT FUND												
697932 PROJECT FUND 2017												
LOGIC 2017 PROJECT			7,041,957.44	7,041,957.44	2,026,939.14		24,259.34	65,726.23	5,039,277.64	5,039,277.64		1.9060%
TOTAL PROJECT FUND			7,041,957.44	7,041,957.44	2,026,939.14	0.00	24,259.34	65,726.23	5,039,277.64	5,039,277.64	0.00	
TOTAL INVESTMENTS			39,895,477.49	39,895,477.49	11,707,863.79	8,264,464.92	117,024.81	263,301.27	36,603,936.07	36,603,936.07	0.00	

DRAFT

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Midtown Redevelopment Authority (the “Board”) do hereby certify as follows:

1. The Board convened in [regular/special] session on the 30th day of January, 2020, at the regular meeting place thereof within said Midtown Zone; and the roll was called of the duly constituted officers and members of said Board, to-wit:

1	Camille Foster	Director
2	(Vacant)	
3	Gayle Fortson	Director
4	Pamela Castleman	Director/Secretary
5	Al Odom	Director
6	Abe S. Goren	Director
7	Caton M. Fenz	Director
8	John Thomas	Director
9	Brandon Dudley	Director

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

**APPROVING AN ENGAGEMENT AGREEMENT FOR CO-
DISCLOSURE COUNSEL SERVICES AND OTHER MATTERS IN
CONNECTION THEREWITH**

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 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 Vernon’s Texas Codes Annotated, Chapter 551, Government Code.

SIGNED this 30th day of January, 2020.

Secretary, Board of Directors
Midtown Redevelopment Authority

DRAFT

A RESOLUTION OF THE MIDTOWN REDEVELOPMENT AUTHORITY
APPROVING AN ENGAGEMENT AGREEMENT FOR CO-DISCLOSURE
COUNSEL SERVICES AND OTHER MATTERS IN CONNECTION
THEREWITH

THE STATE OF TEXAS
COUNTY OF HARRIS
MIDTOWN REDEVELOPMENT AUTHORITY

§
§
§

WHEREAS, the Board of Directors (the “Board”) of the Midtown Redevelopment Authority (the “Authority”) wishes to issue its Midtown Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2020 (the “Bonds”) to achieve net debt service savings as authorized by Texas statutes; and

WHEREAS, the Board desires to engage competent, experienced disclosure counsel services for the issuance of the Bonds; and

WHEREAS, the Norton Rose Fulbright US LLP and the Washington Law Firm, P.C. (together, the “Firms”) are recognized law firms providing disclosure counsel services; and

WHEREAS, the Authority and the Firms desire to enter into an engagement agreement (the “Engagement Agreement”) that sets forth the agreement between the parties with respect to co-disclosure counsel services;

WHEREAS, pursuant to Section 2254.1036, Texas Government Code, the Authority has provided written notice to the public of the pendency of such Engagement Agreement, a copy of which is attached hereto as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MIDTOWN REDEVELOPMENT AUTHORITY THAT:

1. The recitals set forth in the preamble of this Resolution are true and correct in all material respects.

2. It is hereby found, determined and declared that there is a substantial need for the Firms’ legal services; the legal services cannot be adequately performed by the supporting personnel of the Authority; and the legal services cannot reasonably be obtained from attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter, because of the nature of the matter for which the services will be obtained and the compensation for such services will be paid from the proceeds of the Bonds issued by the Authority.

3. The Board of the Authority hereby approves the Engagement Agreement by and between the Authority and the Firms in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the Executive Director of the Authority executing the Engagement Agreement, and the Board Chair is hereby authorized to execute such Engagement Agreement and the Board Secretary may attest such signature.

3. Based on the foregoing, the Board hereby approves the Authority entering into engagement letters with Norton Rose Fulbright US LLP and The Washington Law Firm, P.C. in substantially the form approved by the Executive Director, and authorizes the Board Chair to execute the engagement letters.

4. It is hereby found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of this meeting of the Board of Directors of the Authority was posted at the location and the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. It is further found, determined and declared that sufficient written notice of the Engagement Agreement was posted as required by Chapter 2254, Texas Government Code. The Authority further ratifies, approves and confirms such written notices and the contents and posting thereof.

5. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

[Remainder of Page Intentionally Left Blank]

PASSED, ADOPTED AND APPROVED on this the 30th day of January, 2020.

MIDTOWN REDEVELOPMENT AUTHORITY

Chair, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A

ENGAGEMENT AGREEMENT

[Attached]

DRAFT

DRAFT

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Midtown Redevelopment Authority (the “Board”) do hereby certify as follows:

1. The Board convened in [regular/special] session on the 30th day of January, 2020, at the regular meeting place thereof within said Midtown Zone; and the roll was called of the duly constituted officers and members of said Board, to-wit:

- | | | |
|---|------------------|--------------------|
| 1 | Camille Foster | Director |
| 2 | (Vacant) | |
| 3 | Gayle Fortson | Director |
| 4 | Pamela Castleman | Director/Secretary |
| 5 | Al Odom | Director |
| 6 | Abe S. Goren | Director |
| 7 | Caton M. Fenz | Director |
| 8 | John Thomas | Director |
| 9 | Brandon Dudley | Director |

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

RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020; APPROVING AND DESIGNATING A PRICING COMMITTEE TO DETERMINE METHOD OF SALE AND MATTERS RELATED TO THE BONDS; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO

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 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 Vernon's Texas Codes Annotated, Chapter 551, Government Code.

SIGNED this 30th day of January, 2020.

Secretary, Board of Directors
Midtown Redevelopment Authority

**RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT
AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS,
SERIES 2020; APPROVING AND DESIGNATING A PRICING COMMITTEE TO
DETERMINE METHOD OF SALE AND MATTERS RELATED TO THE BONDS;
APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING
FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS
INCIDENT THERETO**

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RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020; APPROVING AND DESIGNATING A PRICING COMMITTEE TO DETERMINE METHOD OF SALE AND MATTERS RELATED TO THE BONDS; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MIDTOWN REDEVELOPMENT AUTHORITY:

ARTICLE I

RECITALS

WHEREAS, by Ordinance No. 94-1345, adopted on December 14, 1994, the City of Houston (the "City") created Reinvestment Zone Number Two, City of Houston, Texas (the "Midtown Zone") pursuant to Chapter 311, Texas Tax Code (the "Act"), and approved a preliminary project plan for the Midtown Zone and a preliminary reinvestment zone financing plan for the Midtown Zone; and

WHEREAS, by Resolution No. 95-96, adopted on June 28, 1995, the City authorized the creation of the Midtown Redevelopment Authority (the "Authority") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the portion of the City known as "Midtown" and neighboring areas as described in Ordinance Nos. 94-1345, 97-600, 97-1338 and 99-850; and

WHEREAS, the City, the Midtown Zone and the Authority have entered into that certain agreement dated April 1, 1996, approved as Ordinance No. 96-389, and amended by Ordinance No. 97-1540, adopted on December 10, 1997, and Ordinance No. 98-301, adopted on April 22, 1998, as amended and restated pursuant to Ordinance No. 2000-494, adopted on June 7, 2000 (collectively, the "Tri-Party Agreement"), pursuant to which the City delegated to the Authority the power and authority to administer the Midtown Zone and authorized the Authority to issue, sell or deliver its bonds, notes or other obligations, subject to City Council approval; and

WHEREAS, pursuant to the Tri-Party Agreement, the City also delegated to the Authority the power to fund capital projects consistent with such projects listed in the Project Plan and Reinvestment Zone Financing Plan approved by City Ordinance No. 97-600, adopted on May 28, 1997, as amended by City Ordinance Nos. 97-1338, adopted on October 22, 1997, 99-850, adopted on August 11, 1999, 09-1395, adopted on December 29, 2009, 11-534, adopted on June 22, 2011, 2013-638, adopted on July 10, 2013, and 2015-1001, adopted on October 14, 2015 (collectively, the "Project Plan"), including costs of construction of infrastructure, subject to the limitations set forth in the Tri-Party Agreement; and

WHEREAS, Ordinance No. 11-533, adopted on June 22, 2011, extended the termination date of the Zone from December 31, 2025 to December 31, 2033; and

WHEREAS, Ordinance No. 2015-1002, adopted on October 14, 2015, extended the termination of the Zone from December 31, 2033 to December 31, 2040; and

WHEREAS, Ordinance No. 2013-637, adopted July 10, 2013, amended the Certificate of Formation and the Bylaws of the Authority; and

WHEREAS, by Ordinance No. 1997-1540, adopted on December 10, 1997, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$16,000,000 secured by tax increments paid by the City to the Authority under the Agreement from the Participants, set forth in the Amended and Restated Trust Indenture dated as of September 1, 2003 (as further amended and supplemented, the "Indenture") between the Authority and the Trustee, thereby constituting Pledged Revenues; and

WHEREAS, on July 29, 1998, the Authority issued its \$9,000,000 Tax Increment Contract Revenue Bonds, Series 1998 (the "Series 1998 Bonds"); and

WHEREAS, by Ordinance No. 2000-495, adopted on June 7, 2000, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$26,000,000 secured by Pledged Revenues; and

WHEREAS, on July 16, 2001, the Authority issued its \$17,000,000 Tax Increment Contract Revenue Bonds, Series 2001 (the "Series 2001 Bonds"); and

WHEREAS, by Ordinance No. 2003-538, adopted on June 11, 2003, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds outstanding at any one time shall not exceed an aggregate principal amount of \$45,500,000 secured by Pledged Revenues, inclusive of \$6,000,000 in notes authorized by the Tri-Party Agreement to be outstanding at any one time; and

WHEREAS, on September 16, 2003, the Authority issued its \$13,500,000 Tax Increment Contract Revenue Bonds, Series 2003 (the "Series 2003 Bonds"); and

WHEREAS, by Ordinance No. 2005-0355, adopted on April 13, 2005, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds outstanding at any one time shall not exceed an aggregate principal amount of \$65,500,000 secured by Pledged Revenues, inclusive of \$6,000,000 in notes previously approved by the City; and

WHEREAS, on July 17, 2005, the Authority issued its \$22,620,000 Tax Increment Contract Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); and

WHEREAS, by Ordinance No. 2011-0326, adopted on May 4, 2011, the City authorized the Authority to issue additional bonds in order to implement the Project Plan; provided that all

obligations outstanding at any one time shall not exceed an aggregate principal amount of \$85,500,000, secured by Pledged Revenues, inclusive of the \$6,000,000 in notes authorized pursuant to the Tri-Party Agreement to be outstanding at any one time; and

WHEREAS, on August 31, 2011, the Authority issued its \$33,130,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2011 (the "Series 2011 Bonds"), which refunded \$4,490,000 in principal amount of the Series 1998 Bonds and \$10,855,000 in principal amount of the Series 2001 Bonds; and

WHEREAS, on December 17, 2013, the Authority issued its \$32,280,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2013 (the "Series 2013 Bonds"), which refunded \$7,650,000 in principal amount of the Series 2003 Bonds and \$3,650,000 in principal amount of the Series 2005 Bonds; and

WHEREAS, by Ordinance No. 2015-1002, adopted on October 14, 2015, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$104,000,000 secured by Pledged Revenues inclusive of the \$6,000,000 in notes previously approved by the City; and

WHEREAS, on January 31, 2017, the Authority issued its \$39,310,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2017 (the "Series 2017 Bonds"), which refunded \$1,200,000 in principal amount of the Series 2011 Bonds; and

WHEREAS, the Authority has bond authorization in the amount of [\$] remaining under Ordinance No. 2015-1002; and

WHEREAS, the Authority desires to issue Bonds (as hereinafter defined) in a proposed principal amount not to exceed [\$] to pay costs of defeasing all or a portion of the bonds described on Scheduled I attached hereto and incorporated herein by reference for all purposes (collectively, the "Refunded Bond Candidates") in order to restructure Authority debt service payments to achieve level debt service payments; and

WHEREAS, it is intended that all or a portion of the Refunded Bond Candidates shall be designated as Refunded Bonds (as hereinafter defined) in the Pricing Certificate (as hereinafter defined) and shall be refunded pursuant to this Resolution and the Pricing Certificate; and

WHEREAS, the Authorizing Law (as hereinafter defined) authorizes the Authority to defease all or a portion of the Refunded Bonds in advance of their maturities, and to accomplish such defeasance by depositing directly with the Trustee or the Paying Agent/Registrar for the Refunded Bonds or other qualified escrow agent, the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, including all sums payable under the Indenture by the Authority representing the compensation due or to become due to the Trustee; and

WHEREAS, upon the issuance of the Bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being Outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other

covenants, provisions, terms and conditions of the resolution authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the Authority has determined it is in the Authority's best interest to defease the Refunded Bonds for the purposes stated herein.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1 Definition. In this Resolution, the following terms shall have the following meanings, unless heretofore defined in the Preamble or unless the context clearly indicates otherwise. Capitalized terms not defined herein shall have the meanings assigned to such terms in the Indenture:

“Annual Financial Information and Operating Data” shall mean the financial information and operating data with respect to the Authority and the Participants of the general type included in the Final Official Statement authorized by this Resolution under the headings “OFFICIAL STATEMENT SUMMARY - Schedule 1: Selected Financial Information (unaudited)”; “STATUS OF DEVELOPMENT – Schedule 2: Breakdown of 2016 Taxable Values in the Zone by Type”; “FINANCIAL INFORMATION – Schedule 3: Authorized and Unissued Bonds and Notes”; “FINANCIAL INFORMATION – Schedule 4: Tax Increment Collections”; “FINANCIAL INFORMATION” – Schedule 5: Estimated Expiration of County Tax Increments”; “FINANCIAL INFORMATION – Schedule 6: Historical Debt Service Coverage”; “FINANCIAL INFORMATION – Schedule 7: Principal Taxpayers in the Zone”; and “APPENDIX B - FINANCIAL STATEMENTS OF THE AUTHORITY”.

“Attorney General” shall mean the Attorney General of the State.

“Audit” shall mean the audited annual financial statements of the Authority prepared by an independent auditor.

“Authorizing Law” shall mean Chapter 431, Transportation Code; Chapter 394, Local Government Code; Article 1396, Vernon's Texas Civil Statutes; and the Authority's Articles of Incorporation and Bylaws.

“Blanket Issuer Letter of Representations” shall mean the Blanket Issuer Letter of Representations between the Authority and DTC.

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

“Bond” or “Bonds” shall mean the Authority's bonds authorized to be issued by Section 3.1 by this Resolution.

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

“Co-Bond Counsel” shall mean Bracewell LLP and Burney & Foreman Attorneys at Law, or such other nationally qualified counsel.

“Co-Disclosure Counsel” shall mean the Firms.

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

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

“Dated Date” shall mean such date specified in the Pricing Certificate.

“Deposit Letter Agreement” shall mean the agreement between the Authority and the Paying Agent/Registrar for the Refunded Bonds in the form attached hereto as **Exhibit C**.

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

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

“EMMA” means the MSRB’s Electronic Municipal Market Access System.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Government Obligations” shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Initial Bond” shall mean the initial Bond authorized by Section 3.3.

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

“Interest Payment Date” shall mean the date or dates on which interest on the Bonds is scheduled to be paid, as designated in the Pricing Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Outstanding” is defined in the Indenture.

“Participants” shall mean, at such times as shall be appropriate for their participation in the tax increments paid by the City to the Authority, the City, the County, Houston Independent School District, and Houston Community College.

“Paying Agent/Registrar” shall mean the Trustee and its successors in that capacity.

“Policy” is defined in Section 5.2.

“Pricing Certificate” shall mean the certificate executed by the Pricing Committee, which sets forth the final terms of the Bonds, the form of which is attached hereto as **Exhibit A**.

“Pricing Committee” shall mean the Executive Director and the Chair or the Vice Chair of the Board, who are authorized to act on behalf of the Authority in selling and delivering the Bonds, or such other persons as the Chair may designate in writing.

“Record Date” shall mean, for any Interest Payment Date, the 15th calendar day of the month next preceding each Interest Payment Date.

“Refunded Bond Candidates” shall mean the bonds of the Authority identified in Schedule I hereto which are authorized to be designated as Refunded Bonds in the Pricing Certificate.

“Refunded Bonds” shall mean those bonds of the Authority designated as such in the Pricing Certificate from the list of Refunded Bond Candidates described in Schedule I attached hereto.

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

“Representative” is defined in the Pricing Certificate.

“Resolution” shall mean this resolution authorizing the Bonds, and all amendments hereof and supplements hereto.

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

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

“Security Documents” is defined in Section 5.2.

“State” means the State of Texas.

“Taxable Bonds” shall mean any Bonds so designated as taxable bonds in the Pricing Certificate.

“Tax-Exempt Bonds” shall mean any Bonds so designated as tax-exempt Bonds in the Pricing Certificate.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N.A. and its successors in that capacity.

“Underwriters” is defined in the Pricing Certificate.

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

ARTICLE III

TERMS OF THE BONDS

Section 3.1 Amount, Purpose, Authorization. The Authority’s bonds to be designated as the “MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020,” or having such other title or titles as may be designated in the Pricing Certificate, are hereby authorized to be issued in fully registered form in a maximum amount not to exceed [\$] for the purpose of (1) defeasing certain outstanding bonds in order to restructure the debt service of the Authority to achieve level debt service payments and (2) paying costs of issuing the Bonds, all under and pursuant to the authority of the Act and all other applicable law. The Bonds authorized to be issued herein may be issued as either Taxable Bonds or Tax-Exempt Bonds.

Section 3.2 Date and Interest Payment Dates. The Bonds shall be dated the Dated Date and shall be subject to prior optional and mandatory redemption or as otherwise set forth in the Pricing Certificate on the dates, for the redemption prices and in the amounts as set forth in the Pricing Certificate. The Bonds shall bear interest at the rates set forth in the Pricing Certificate from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months.

Section 3.3 Initial Bond; Numbers and Denomination. The Bonds shall be initially issued in the principal amounts, and bearing interest at the rates set forth in the Pricing Certificate, and may be transferred and exchanged as set out in this Resolution. The Bonds shall mature, subject to prior redemption in accordance with this Resolution, on January 1 in each of the years and in the amounts set out in the Pricing Certificate. The Initial Bond shall be numbered I-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in the order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

Section 3.4 Selling, Awarding and Delivering the Bonds. As authorized pursuant to the Authority's Bylaws, the Pricing Committee is hereby designated as an executive committee by this Resolution and is created for purposes of acting on behalf of the Board for purposes of finalizing the issuance of the Bonds as herein described and is hereby authorized to act on behalf of the Authority in selling, awarding and delivering the Bonds and carrying out the other procedures specified in this Resolution. The Pricing Committee is hereby authorized to determine and confirm the Dated Date and Issuance Date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the principal amount of the Bonds, the price at which the Bonds will be sold, the maturity dates for the Bonds, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, any optional redemption or mandatory sinking fund redemption provisions for the Bonds, the selection of the bond insurer (if any) to provide a bond insurance policy and/or a reserve fund surety policy which is determined to be most cost effective to the Authority for the Bonds, the identity and specific maturities of the bonds constituting the Refunded Bonds from the Refunded Bond Candidates, the form of the escrow agreement required to effect such defeasance, and the selection, to the extent required, of the verification agent to verify escrow funds or special funds relating to the defeasance of the Refunded Bonds, whether the Bonds will be issued as Taxable Bonds or Tax-Exempt Bonds, all as specified in the Pricing Certificate, provided that

(i) none of the Bonds shall bear interest at a rate greater than the maximum lawful rate of interest allowed by Chapter 1204, Texas Government Code, as amended; and

(ii) the aggregate principal amount of the Bonds shall not exceed the maximum amount authorized in Section 3.1 hereof; and

(iii) the aggregate principal amount of the Bonds shall provide a sufficient amount, together with any net premium and other available funds, to defease the Refunded Bonds and to fund all other costs set forth in Section 3.1 herein; and

(iv) the Authority shall purchase a bond insurance policy or reserve fund surety policy only if such policy would result in a lower net rate of interest as determined by the Pricing Committee.

Section 3.5 Approval, Registration and Initial Delivery. The Pricing Committee is hereby authorized to have control and custody of the Bonds and all necessary records and

proceedings pertaining thereto pending their delivery, and the Pricing Committee, the Secretary of the Authority's Board of Directors and other officials and employees of the Authority are hereby authorized, directed and instructed to make such certifications and to execute such instruments (including the printed facsimile signature) as may be necessary to accomplish the delivery of the Bonds and to assure the investigation, examination, and approval thereof by the Attorney General and the registration of the initial Bond of each series by the Comptroller. Upon registration of the Bonds, the Comptroller (or a deputy designated in writing to act for her) shall be requested to sign manually the Comptroller's Registration Certificate prescribed herein to be attached or affixed to the Bond initially delivered and the seal of the Comptroller shall be impressed or printed or lithographed thereon.

Section 3.6 Execution and Registration of Bonds. The Bonds shall be signed on behalf of the Authority by the Chair or Vice Chair and countersigned by the Secretary of the Board by their manual or facsimile signatures. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers.

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

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Paying Agent/Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Paying Agent/Registrar's Authentication Certificate on all the Bonds. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered at the Issuance Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General and that it is a valid and binding obligation of the Authority, and has been registered by the Comptroller.

(c) On the Issuance Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriters, executed by manual or facsimile signature of the Chair or Vice Chair and the Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Representative. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver the Bonds to DTC in accordance with Section 3.11.

Section 3.7 Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the registrar and paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United

States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the designated corporate trust office of the Paying Agent/Registrar. The interest on each Bond shall be payable by check payable on the Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Owner.

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

Section 3.8 Successor Paying Agent/Registrars. The Authority covenants that at all times while any Bonds are Outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to act as Paying Agent/Registrar for the Bonds. The Authority reserves the right to change the Paying Agent/Registrar for the Bonds on not less than sixty days written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than sixty days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the designated corporate trust office of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.9 Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a "Special Record Date." The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Authority. Such Special Record Date shall be fifteen days prior to the date fixed for payment of such past due interest (the "Special Payment Date"), and notice of the Special Payment Date shall be sent by United States mail, first class, postage prepaid, not later than five days prior to the Special Payment Date, to each Owner of record of an affected Bond on the Special Record Date.

Section 3.10 Ownership; Unclaimed Principal and Interest. Subject to the further provisions of this Section, the Authority, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the Authority nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the Authority and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

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

Section 3.11 Registration, Transfer, and Exchange. So long as any of the Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its designated corporate trust office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Bonds in accordance with the terms of this Resolution.

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

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

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

The Paying Agent/Registrar shall not be required to transfer or exchange any Bond during the period beginning on a Record Date or a Special Record Date and ending on the next succeeding Interest Payment Date (including any Special Payment Date) or to transfer or exchange any Bond called for redemption during the period beginning thirty (30) days prior to the date fixed for redemption and ending on the date fixed for redemption; provided, however, that this limitation shall not apply to the exchange by the Owner of the unredeemed portion of a Bond called for redemption in part.

Section 3.12 Cancellation of Bonds. All Bonds paid or redeemed in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are

authenticated and delivered in accordance herewith, shall be canceled and retained by the Paying Agent/Registrar in accordance with its document retention policies. Upon request of the Authority therefor, the Paying Agent/Registrar shall furnish the Authority with appropriate certificates of destruction of such Bonds.

Section 3.13 Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefore a replacement Bond of like maturity, Dated Date, interest rate and principal amount, bearing a number not contemporaneously Outstanding. The Authority or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar.

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

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

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

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

Each replacement Bond delivered in accordance with this Section 3.13 shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.14 Redemption.

(a) Optional Redemption. The Bonds shall be subject to redemption prior to the maturity at the option of the Authority at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the in the Pricing Certificate.

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(b) Mandatory Sinking Fund Redemption.

(i) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the Authority, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(ii) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 3.14(d).

(iii) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (i) of this Section 3.14(b) shall be reduced, at the option of the Authority, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Authority and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

(iv) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (i) of this Section 3.14(b) shall be reduced, at the option of the Authority, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Authority and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

(c) Partial Redemption.

(i) If less than all of the Bonds are to be redeemed pursuant to Section 3.14(a), the Authority shall determine the maturities and the principal amount (or mandatory sinking fund payment amount) thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

(ii) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(iii) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.11 of this Resolution, shall authenticate

and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

(d) Notice.

(i) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(ii) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(iii) The Authority reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, or (ii) that the Authority retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Authority delivers a certificate of the Authority to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Registered Owners. Any Bonds that are subject to conditional redemption shall remain Outstanding if such redemption is rescinded prior to redemption of such Bonds.

(iv) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice.

(e) Payment Upon Redemption.

(i) Before or on each redemption date, the Authority shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the interest and sinking fund or otherwise received by the Paying Agent/Registrar from the Authority and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(ii) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued

interest on such Bond to the date of redemption from the money set aside for such purpose.

(f) Effect Upon Redemption.

(i) When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(ii) If the Authority fails to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

(g) Lapse in Payment. set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.10 hereof.

Section 3.15 Limited Obligations. THE BONDS ARE A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED REVENUES, WHICH IS THE SOLE ASSET OF THE AUTHORITY PLEDGED THEREFOR. THE BONDS ARE OBLIGATIONS SOLELY OF THE AUTHORITY AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE CITY OF HOUSTON, TEXAS, HARRIS COUNTY, TEXAS, THE STATE OF TEXAS, HOUSTON INDEPENDENT SCHOOL DISTRICT, HOUSTON COMMUNITY COLLEGE SYSTEM OR ANY OTHER MUNICIPALITY, COUNTY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OF TEXAS. NONE OF THE CITY OF HOUSTON, TEXAS, HARRIS COUNTY, TEXAS, THE STATE OF TEXAS, HOUSTON INDEPENDENT SCHOOL DISTRICT NOR HOUSTON COMMUNITY COLLEGE SYSTEM IS OBLIGATED TO MAKE PAYMENTS ON THE BONDS.

Section 3.16 Book-Entry Only System. The Initial Bond shall be issued in the form of a single fully registered Bond representing the entire principal amount of the Bonds and be registered in the name of the Representative. Except as provided in Section 3.17, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(a) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any

other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the Authority to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(b) The execution and delivery of the Blanket Issuer Letter of Representations from the Authority to DTC is hereby ratified and approved.

Section 3.17 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Authority, in its sole discretion, determines that the beneficial owners of the Bonds shall be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

Section 3.18 Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

ARTICLE IV

FORM OF BOND

Section 4.1 Form. The Form of Bond, including the form of the Paying Agent/Registrar's authentication certificate, the form of Assignment, and the form of the Comptroller's Registration Certificate for the Bonds to be initially issued, shall be substantially in the form set forth in the Pricing Certificate attached hereto as **Exhibit A**, with such additions, deletions and variations, as may be necessary or desirable and not prohibited by this Resolution.

Section 4.2 CUSIP Registration. The Authority may secure identification numbers through the CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, or another entity that provides securities identification numbers for municipal securities, and may print such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the Authority nor Co-Bond Counsel to the Authority are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

ARTICLE V

BOND INSURANCE

Section 5.1 Application. The provisions of this Article apply solely to the extent that the Bonds are insured by the Insurer.

Section 5.2 Definitions. In this Article, the following terms shall have the following meanings:

“Insurer” shall mean the entity so designated in the Pricing Certificate, or any successor thereto.

“Insured Bonds” shall mean the Bonds maturing on January 1 as set forth in the Pricing Certificate.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Policy” shall mean the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Bonds when due.

“Security Documents” shall mean this Resolution, the Indenture, the Bonds and/or any additional or supplemental document executed in connection with the Insured Bonds.

Section 5.3 Notice and Other Information to Be Given to Insurer. The Authority will provide the Insurer with all notices and other information it is obligated to provide (i) under Article XI hereof and (ii) to the holders of Insured Bonds or the Trustee under the Security Documents.

Section 5.4 Defeasance.

(a) With respect to any Insured Bonds subject to defeasance, investments deposited in any escrow fund shall be limited to investments authorized under Section 9.17(1) and (9) of the Indenture.

(b) At least five Business Days prior to any defeasance of the Insured Bonds, the Authority shall deliver to the Insurer copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a “Verification Report”) of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. to the effect that the Insured Bonds are no longer Outstanding under the Indenture or this Resolution. Such opinions and Verification Report shall be addressed to the Insurer and shall be in form and substance satisfactory to the Insurer, as further provided in the Policy.

Section 5.5 Trustee and Paying Agent.

(a) The Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. In addition to the provisions of the Indenture, the Authority covenants that any substitute Trustee will be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by the Insurer in writing.

(b) No removal, resignation or termination of the Trustee shall take effect until a successor meets the standard set forth in Section 5.4(a) above.

Section 5.6 Amendments and Consents. The Insurer’s prior written consent is required for all amendments to the Indenture, with the exceptions noted below. The Authority shall provide a copy of proposed amendments to the Insurer and the rating agencies which have assigned a rating to the Insured Bonds.

(a) Consent of the Insurer. Any amendments or supplements to the Indenture shall require the prior written consent of the Insurer with the exception of amendments:

(i) To cure any ambiguity, inconsistency or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

(ii) To grant or confer upon the Trustee for the benefit of any Owner (including holders of Insured Bonds) any additional rights, remedies, powers of authority or security that may lawfully be granted to or conferred upon the Owner, or

(iii) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the transaction documents other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the Authority in the Security Documents certain other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power therein reserved to or conferred upon the Authority.

(b) Consent of the Insurer. Any amendment or modification to, or waiver of, the Indenture that requires the consent of holders of the Insured Bonds or adversely affects the rights or interests of the Insurer shall be subject to the prior written consent of the Insurer.

(c) Consent of the Insurer in the Event of Insolvency. To the extent Insured Bonds are outstanding, any reorganization or liquidation plan with respect to the Authority must be acceptable to the Insurer in writing. In the event of any reorganization or liquidation of the Authority, the Insurer shall have the right to vote on behalf of all holders of the Insured Bonds absent a continuing failure by the Insurer to make a payment under the Policy.

(d) Consent of the Insurer Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the Trustee or Paying Agent for the benefit of the holders of the Insured Bonds under any Security Document. The Trustee may not waive any default or event of default without the Insurer's written consent.

(e) The Insurer as Owner. Upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole owner of the Insured Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the Insured Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Insurer.

(g) Special Provisions for Insurer Default. If an Insurer Default (as defined in the Policy) shall occur and be continuing, then, notwithstanding anything in paragraphs 5(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, the Insurer has made payment under the Policy, to the extent of such payment the Insurer shall be treated like any other holder of the Insured Bonds for all purposes, including giving of consents, and (2) if

the Insurer has not made any payment under the Policy, the Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control.

Section 5.7 The Insurer As Third Party Beneficiary. the Insurer is recognized as and shall be deemed to be a third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party thereto.

Section 5.8 Payment Procedure Under the Policy. In the event that Debt Service due on the Insured Bonds shall be paid by the Insurer pursuant to the Policy, the Insured Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Bonds.

In the event that on the second (2nd) Business Day prior to any Interest Payment Date on the Insured Bonds, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Bonds due on such payment date, the Paying Agent or Trustee shall immediately notify the Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.

In addition, if the Trustee has notice that any holder of the Insured Bonds has been required to disgorge payments of principal of or interest on the Insured Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Bonds as follows:

(a) If there is a deficiency in amounts required to pay Debt Service on the Insured Bonds, the Authority shall direct the Trustee to (i) execute and deliver to the Insurer, in form satisfactory to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holders of the Insured Bonds in any legal proceeding related to the payment and assignment to the Insurer of the claims for interest on the Insured Bonds, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment from the Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Insured Bonds, the Authority shall direct the Trustee to (i) execute and deliver to the Insurer, in form satisfactory

to the Insurer, an instrument appointing the Insurer as agent and attorney-in-fact for such holder of the Insured Bonds in any legal proceeding related to the payment of such principal and an assignment to the Insurer of the Insured Bonds surrendered to the Insurer, (ii) receive as designee of the respective holders in accordance with the tenor of the Policy payment therefore from the Insurer, and (iii) disburse the same to such holders.

The Authority shall cause the Trustee to designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Bond to the Insurer, registered in the name directed by the Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the Authority on any Insured Bond or the subrogation or assignment rights of the Insurer.

Payments with respect to claims for interest on and principal of Insured Bonds disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Insured Bonds, and the Insurer shall become the owner of such unpaid Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Authority agrees for the benefit of the Insurer that:

(a) They recognize that to the extent the Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Bonds, the Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the sources stated in the transaction documents and the Bonds; and

(b) They will accordingly pay to the Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Bonds to holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

Section 5.9 Additional Payments. To the extent allowed by Texas law, the Authority agrees unconditionally that it will pay or reimburse the Insurer on demand any and all reasonable, documented charges, fees, costs, losses, liabilities and expenses that the Insurer may pay or incur, including, but not limited to, fees and expenses of the Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). The Authority agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount

at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Insurer until the date the Insurer is paid in full.

Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Policy (the “Insurer Policy Payment”); and (ii) interest on such the Insurer Policy Payments from the date paid by the Insurer until payment thereof in full by the Authority, payable to the Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”) compounded semi-annually. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts shall be paid with Pledged Revenues as debt service is paid on the Insured Bonds.

Section 5.10 Reserve Fund.

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund, if any. Amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Insured Bonds.

(b) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Project Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

Section 5.11 Exercise of Rights by the Insurer. The rights granted to the Insurer under the Security Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Bonds or any other person is required in addition to the consent of the Insurer.

Section 5.12 Payment of Principal or Interest on Insured Bonds. The Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Policy), whether or not the Insurer has received a claim upon the Policy.

Section 5.13 Additional Parity Bonds and Refunding Bonds. The Authority reserves the right to issue Additional Parity Bonds as provided in Article VI below without consent of the Insurer.

ARTICLE VI

ADDITIONAL PARITY BONDS AND COVENANTS

Section 6.1 Additional Parity Bonds. The Authority reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds), one or more

series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds; provided, however, that Additional Parity Bonds may be issued only in accordance with the provisions of Article III of the Indenture.

Section 6.2 Covenants. All covenants made by the Authority in Article V of the Indenture are hereby incorporated into this Resolution.

ARTICLE VII

DEPOSIT LETTER AGREEMENT AND RELATED PROVISIONS

Section 7.1 Subscription for Securities. The Pricing Committee is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the defeasance of the Refunded Bonds as required by and referenced in the Deposit Letter Agreement as may be necessary for the Redemption Fund (as defined in the Deposit Letter Agreement), and the application for the acquisition of any securities is hereby approved and ratified, as further set forth and authorized by the Pricing Certificate.

Section 7.2 Payment of Refunded Bonds; Redemption of Refunded Bonds. Following the deposit to the Redemption Fund or with the Paying Agent/Registrar for the Refunded Bonds as herein specified, the Refunded Bonds shall be payable solely from cash in an amount equal to the principal amount and redemption premium, if any, of such Refunded Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or securities (as authorized in the resolution issuing the Refunded Bonds) in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Refunded Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any Refunded Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in the resolution authorizing the Refunded Bonds. Upon such deposit, the Refunded Bonds shall no longer be regarded to be Outstanding or unpaid. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The Secretary of the Board is hereby authorized and directed to cause to be delivered to the Paying Agent/Registrar for the Refunded Bonds a certified copy of this Resolution calling the Refunded Bonds for redemption and a copy of the Pricing Certificate. The delivery of this Resolution and the Pricing Certificate to the Paying Agent/Registrar shall constitute the giving of notice of redemption to the Paying Agent/Registrar for the Refunded Bonds and such Paying Agent/Registrar is hereby authorized and directed to give notice of redemption to the owners of the Refunded Bonds in accordance with the requirements of the resolution authorizing the issuance thereof.

ARTICLE VIII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF THE BONDS

Section 8.1 Sale. The Bonds are hereby sold and shall be delivered to the Underwriters, or to such other party as is authorized in the Pricing Certificate, at a price to be set

forth in the Pricing Certificate, which is hereby approved in substantially the form attached hereto as **Exhibit A**, and are hereby approved by the Authority, subject to the approval of the Attorney General and Co-Bond Counsel, and such price and terms as set forth in the Pricing Certificate being found and determined to be consistent with the provisions contained herein, particularly Section 3.4. The Chair, the Pricing Committee, and other appropriate officers, agents, and representatives of the Authority are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Bonds.

Section 8.2 Preliminary Official Statement and Official Statement. The Authority hereby authorizes the preparation of one a Preliminary Official Statement for use in the initial offering and sale of the Bonds and authorizes the Executive Director of the Authority to approve the form of and deem the Preliminary Official Statement (with such addenda, supplements or amendments as may be approved by the Executive Director of the Authority) final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934 on behalf of the Authority. The Authority hereby authorizes the preparation of an Official Statements reflecting the terms of the applicable Bond Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters (in the form and with such appropriate variations as shall be approved by the Executive Director of the Authority and the Underwriters) is hereby approved and authorized and the proper officials of the Authority are authorized to sign such Official Statement, if needed.

Section 8.3 Application of Proceeds. Proceeds of the sale of the Bonds shall be applied to (i) cause the refunding of the Refunded Bonds, (ii) fund the Reserve Requirement of the Debt Service Fund, if any, and the Debt Service Fund, if required, and (iii) pay the costs of issuing the Bonds, all as determined and set forth in the Pricing Certificate.

ARTICLE IX

DEFEASANCE

Section 9.1 Authority and Procedure. (i) The Authority may defease the provisions of this Resolution and discharge its obligation to the Owners of the Bonds to pay principal, interest, or redemption price on all or any portion of the Bonds and thereby discharge the lien created hereby on the Pledged Revenues in any manner now or hereafter permitted by law, including by depositing with the Comptroller, with the Paying Agent/Registrar or with any other escrow agent so authorized by law, either (i) cash in an amount equal to the principal amount and redemption amount, if any, of such Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and Government Obligations, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of such Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in this Resolution. Upon such deposit, such Bonds shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the Authority.

(a) Until all defeased bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such defeased bonds the same as if they had not been defeased, and the Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

(b) In the event that the Authority elects to defease less than the entire principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

ARTICLE X

FEDERAL INCOME TAX MATTERS

Section 10.1 Taxable Bonds. The Authority does not intend to issue Bonds designated as Taxable Bonds in a manner such that the Taxable Bonds would constitute obligations described in section 103(a) of the Code.

Section 10.2 Federal Income Tax Matters for Tax-Exempt Bonds.

(a) General. The System covenants not to take any action or omit to take any action, that if taken or omitted, would cause the interest on the Tax-Exempt Bonds to be includable in gross income, for federal income tax purposes. In furtherance, the Authority covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Authority in connection with the Tax-Exempt Bonds.

(b) No Private Activity Bonds. The Authority covenants that it will use the proceeds of the Tax-Exempt Bonds (including investment income) and the property financed, directly or indirectly with such proceeds so that the Tax-Exempt Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the Authority will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Tax-Exempt Bonds to be “private activity bonds” unless it takes a remedial action permitted by Section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Authority covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Authority covenants not to take any action or omit to take action that, if taken or omitted, would cause the Tax-Exempt Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Authority covenants that it will make such use of the proceeds of the Tax-Exempt Bonds (including investment income) and regulate the investment of such proceeds of the Tax-Exempt Bonds so that the Tax-Exempt Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Arbitrage Rebate. The Authority covenants that, if the Authority does not qualify for an exception to the requirements of section 148(f) of the Code, the Authority will comply with the requirement that certain amounts earned by the Authority on the investment of the gross proceeds of the Tax-Exempt Bonds, be rebated to the United States.

(g) Information Reporting. The Authority covenants to file or cause to be filed with the Secretary of the Treasury, an information statement concerning the Tax-Exempt Bonds, in accordance with section 149(e) of the Code.

(h) Record Retention. The Authority covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Refunded Bonds and the Tax-Exempt Bonds and the use of property financed directly or indirectly, thereby until three (3) years after the last Tax-Exempt Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury in a manner that ensures their complete access throughout such retention period.

(i) Registration. The Tax-Exempt Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Authority will not be required to comply with any of the federal tax covenants set forth above if the Authority has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(k) Continuing Compliance. Notwithstanding any other provision of this Order, the Authority's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Tax-Exempt Bonds for as long as such matters are relevant to the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

ARTICLE XI

CONTINUING DISCLOSURE UNDERTAKING

Section 11.1 Annual Reports. The Authority agrees to provide Annual Financial Information in an electronic format to the MSRB on or before each Annual Filing Date. If not submitted as part of the Annual Financial Information, the Authority will provide the MSRB with the Financial Statements when and if available.

The Annual Financial Information to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents available to the public on EMMA or filed with the SEC.

Section 11.2 Material Event Notices. The Authority shall notify the MSRB of the occurrence of any of the following events with respect to the Bonds, in a timely manner, but not later than ten (10) Business Days after the occurrence of the event:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of security holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the obligated person;

Note to Paragraph 12: For the purposes of the event described in subsection (12) of this Material Event Notices section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) Incurrence of a Financial Obligation of the System, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the System, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the System, any of which reflect financial difficulties.

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.1, the System intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

The Authority shall notify the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with Section 11.1, respectively, by the time required.

Section 11.3 Notice of Change in Fiscal Year or Accounting Principles. If the Authority changes its Fiscal Year, it will provide notice of such change to the MSRB, including the dates of the new Fiscal Year and the new Annual Filing Date. The Authority shall provide such notice prior to the next Annual Filing Date, determined without regard to the change in Fiscal Year.

If the Authority changes the accounting principles under which the Financial Statements are prepared, it will provide notice of such change to the MSRB, including identification of the new accounting principles and such additional information as may be required under the Rule.

All documents, reports, notices, statements, information and other materials provided to the MSRB under this Section shall be provided in electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 11.4 Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give the notice of any deposit made in accordance with Texas law that causes the Bonds to be no longer outstanding.

The provisions of this Section are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not undertake to provide any other information that may be relevant or material to a complete presentation of the Authority’s financial results, condition, or prospects or hereby undertake to update any

information provided in accordance with this Section or otherwise, except as expressly provided in this Section. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

The Authority may amend one or more provisions of this Section required to comply with any amendment to or interpretation of the Rule announced by the Securities and Exchange Commission from time to time by providing notice thereof to the MSRB.

In addition to any change made pursuant to Sections 0 and 11.4 above, the Authority may amend one or more provisions of this Section from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of principal payment of the Authority if (1) the Section, as so amended, would permit an underwriter to purchase or sell Bonds in an original primary offering in compliance with the Rule, taking into account such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If any such amendment is made, the Authority will (1) provide notice thereof to the MSRB and (2) include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

ARTICLE XII

AUTHORIZATION OF AGREEMENTS

Section 12.1 Authorization of Agreements. The Board hereby approves issuance of the Bonds and all reasonable agreements necessary in connection with the issuance of the Bonds, including without limitation the following: the Paying Agent/Registrar Agreement, dated as of the Issuance Date, by and between the Authority and The Bank of New York Mellon Trust Company, N. A., in the form attached hereto as **Exhibit B**; the Deposit Letter Agreement, dated

as of the Issuance Date, by and between the Authority and The Bank of New York Mellon Trust Company, N. A., in the form attached hereto as **Exhibit C**; and a Bond Purchase Agreement, if any, in a form agreed to by the Pricing Committee; the preparation of the final official statement reflecting the terms and provisions of this Resolution; and any and all other documents and agreements reasonable and necessary to issue the Bonds (collectively, the “Agreements”). The Board hereby approves the form, terms, and provisions of the Agreements and authorizes the execution and delivery of the Agreements.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Related Matters. In order that the Authority shall satisfy in a timely manner all of its obligations under this Resolution, the Indenture and the Agreements, the Pricing Committee and the Chair and the Secretary of the Board and all other appropriate officers and agents of the Authority are hereby authorized and directed to take all other actions that are reasonably necessary to provide for issuance and delivery of each series of the Bonds, including without limitation, executing by manual or facsimile signature and delivering on behalf of the Authority those certificates, consents, receipts, requests, notices, investment agreements, and other documents as may be reasonably necessary to satisfy the Authority’s obligations under this Resolution, the Indenture and the Agreements, and to direct the transfer and application of funds of the Authority consistent with the provisions of this Resolution and the Indenture. In order to obtain the approval of the Bonds by the Attorney General, the consent of any bond insurer or issuer of a reserve fund surety policy, Co-Bond Counsel is hereby authorized to make such changes in the written text of this Resolution, the Indenture, and such other contract documents as they determine are consistent with the intent and purposes of this Resolution and the Indenture, which determination shall be final. Such changes shall be included in the transcript of proceedings relating to the Bonds and provided to the Secretary of the Board and the Secretary of the Board is hereby directed to make such changes part of the Authority’s permanent records.

Section 13.2 Further Proceedings. The Chair, the Vice Chair, the Secretary and the Assistant Secretary of the Board, the Executive Director, and other appropriate officials of the Authority are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the intent, purposes and terms of this Resolution, including the execution and delivery of such certificates, documents or papers necessary and advisable.

Section 13.3 Consultant Agreements. The Executive Director and Chair are authorized and directed to enter into and execute agreements with the Authority’s co-financial advisors, Hilltop Securities Inc. and TKG & Associates LLC, Co-Bond Counsel, and the Authority’s co-disclosure counsel, Norton Rose Fulbright LLP and The Washington Law Firm, P.C., and any other law firm selected by the Executive Director and Chair, paying agent/registrars, escrow agent, bond insurer, verification agent, and other such consultants as may be needed, to take actions necessary for the issuance of the Bonds.

Section 13.4 Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 13.5 Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

Section 13.6 Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Paying Agent/Registrar, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, and the Owners of the Bonds.

Section 13.7 Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 13.8 Effective Date. This Resolution shall become effective immediately upon passage by this Authority and signature of the Chair of the Authority and attestation by the Secretary of the Authority.

[Signature Page Follows]

PASSED AND APPROVED this 30th day of January, 2020.

MIDTOWN REDEVELOPMENT AUTHORITY

Chair, Board of Directors

ATTEST:

Secretary, Board of Directors

SCHEDULE I

SCHEDULE OF REFUNDED BOND CANDIDATES

The Authorized Officer may select the specific maturities and series of bonds constituting the Refunded Bonds from the following series of the Authority's outstanding bonds:

Tax Increment Contract Revenue and Refunding Bonds, Series 2011

DRAFT

EXHIBIT A

FORM OF PRICING CERTIFICATE

[Attached]

DRAFT

EXHIBIT B

PAYING AGENT/REGISTRAR AGREEMENT

DRAFT

EXHIBIT C

DEPOSIT LETTER AGREEMENT

[Attached]

DRAFT

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 30, 2020

IN THE OPINION OF CO-BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX.

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

NEW ISSUE — BOOK ENTRY ONLY

Ratings:
S&P: “ ”
Moody’s: “ ”

See “MUNICIPAL BOND RATINGS” herein.

\$11,740,000*

MIDTOWN REDEVELOPMENT AUTHORITY

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

**TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS
SERIES 2020**

Interest Accrual Date: Delivery Date

CUSIP Prefix: 598076

Due: January 1, as shown on the inside cover

Midtown Redevelopment Authority, a public not-for-profit local government corporation (the “*Authority*”), was established by the City of Houston, Texas (the “*City*”) to aid, assist, and act on behalf of the City in the performance of the City’s governmental functions and to promote the common good and general welfare of Reinvestment Zone Number Two, City of Houston, Texas (the “*Zone*”) and neighboring areas. The Zone was created by the City pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the “*TIF Act*”) to facilitate development of the land within the boundaries of the Zone, an approximately 772 acre area known as Midtown, located between the central business district of the City and the Texas Medical Center, and nearby corridors within the museum district containing many museums and other cultural facilities.

Interest on the Midtown Redevelopment Authority Tax Increment Contract Revenue and Refunding Bonds, Series 2020 (the “*Bonds*”) accrues from the Delivery Date and is payable each January 1 and July 1, commencing July 1, 2020, until the earlier of maturity or redemption. The definitive Bonds will initially be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“*DTC*”), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar, The Bank of New York Mellon Trust Company, N.A., to Cede & Co., which will make distribution of the amounts so paid to its participants, which will make distributions of such amounts to the beneficial owners of the Bonds. See “Book-Entry-Only System” herein.

The Bonds are being issued as Additional Parity Bonds pursuant to the terms and conditions of a Bond Resolution approved by the Board of Directors of the Authority on January 30, 2020, a Pricing Certificate authorized by such Bond Resolution, and an Amended and Restated Trust Indenture dated as of September 1, 2003, as supplemented by a First Supplement to Amended and Restated Trust Indenture dated July 1, 2005 (the “*Indenture*”), between the Authority and The Bank of New York Mellon Trust Company, N.A., successor in interest to JPMorgan Chase Bank, N.A., as trustee (the “*Trustee*”). All bonds issued and outstanding under the terms of the Indenture (collectively, the “*Contract Revenue Bonds*”) are equally and ratably secured under the Indenture.

Pursuant to the Indenture, the Authority has pledged the Contract Tax Increments (as defined herein) to payment of the Contract Revenue Bonds and has covenanted to transfer all Contract Tax Increments to the Trustee. Once the Trustee has set aside debt service on the Contract Revenue Bonds for the succeeding twelve-month period, the debt service reserve fund has been fully funded, and the Trustee’s and Paying Agent/Registrar’s fees have been paid, the Trustee will remit any surplus Contract Tax Increments to the Authority to be used for any lawful purpose under the TIF Act. The Contract Revenue Bonds are payable solely from the Contract Tax Increments, certain other funds on deposit with the Trustee or which may be deposited with the Trustee in the future, and earnings and investments thereon (the “*Pledged Revenues*”).

The Bonds are limited obligations of the Authority, payable solely from the Pledged Revenues. The Bonds are obligations of the Authority and do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the City of Houston, Texas, Harris County, Texas, Houston Independent School District, Houston Community College System, the State of Texas, or any other municipality, county, or other municipal or political corporation or subdivision of the State of Texas. None of the City of Houston, Texas, Harris County, Texas, Houston Independent School District, Houston Community College System, nor the State of Texas is obligated to make payments on the Bonds.

See Maturity Schedule on the inside cover

The Bonds are offered by the Underwriters subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Bracewell LLP and Burney & Foreman, Co-Bond Counsel. Certain other matters will be passed upon on behalf of the Authority by Norton Rose Fulbright US LLP, and Washington Law Firm, P.C., Co-Disclosure Counsel. Certain matters will be passed upon on behalf of the Underwriters by Bates & Coleman, P.C. Delivery of the Bonds is expected through the facilities of DTC on or about March __, 2020 (“*Delivery Date*”).

MESIROW FINANCIAL, INC.

UBS

* Preliminary, subject to change.

MIDTOWN REDEVELOPMENT AUTHORITY
(A public not-for-profit local government corporation acting on behalf of the City of Houston, Texas)
TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS
SERIES 2020

MATURITY SCHEDULE*
CUSIP Prefix: 598076

Maturity Date ^(a) (1/1)	Principal Amount*	CUSIP Number ^(b)	Interest Rate	Initial Reoffering Yield ^(c)	Maturity Date ^(a) (1/1)	Principal Amount*	CUSIP Number ^(b)	Interest Rate	Initial Reoffering Yield ^(c)
2021	\$ 45,000		%	%	2028	\$880,000		%	%
2022	1,925,000				2029	925,000			
2023	695,000				2030	975,000			
2024	730,000				2031	1,015,000			
2025	760,000				2032	1,055,000			
2026	800,000				2033	1,095,000			
2027	840,000								

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

*Preliminary, subject to change

BOARD OF DIRECTORS

**MIDTOWN REDEVELOPMENT AUTHORITY
and
REINVESTMENT ZONE NUMBER TWO,
CITY OF HOUSTON, TEXAS ^(a)**

REINVESTMENT ZONE NUMBER ELEVEN, CITY OF HOUSTON, TEXAS

Position	Name	Appointed to Zone By^(a):	Title/Office
1	Camille Foster	State Senator	Director
2	Vacancy	State Representative	Director
3	Gayle Fortson	City of Houston	Director
4	Vacancy	City of Houston	Director
5	Harold A. "Al" Odom, III	City of Houston	Director, Chair
6	Abe S. Goren	City of Houston	Director
7	Caton M. Fenz	City of Houston	Director
8	John Thomas	Houston Independent School District	Director
9	Brandon Dudley	Harris County	Director

(a) The members of the Board of Directors of Reinvestment Zone Number Two, City of Houston, Texas, have been appointed by the person or entity stated. The members of the Board of Directors of the Midtown Redevelopment Authority are appointed by the City and are the same as the members of the Board of the Zone. The list of the Board of Directors does not include certain non-voting ex officio members of the Zone Board appointed by the Houston Community College System.

Executive Staff

Mathias Thibodeaux

Executive Director

Vernon E. Williams

Chief Administrative Officer

Marlon Marshall

Director of Engineering & Construction

Todd Edwards

Real Estate Asset Manager

Kandi Schramm

Administrative Manager

Professional Consultants

Masterson Advisors LLC and TKG & Associates LLC

Co-Financial Advisors

Bracewell LLP and Burney & Foreman

Co-General Counsel and Co-Bond Counsel

McConnell & Jones, L.L.P.

Accountant

Carr, Riggs & Ingram, LLC

Auditor

Equi-Tax, Inc.

Tax Consultant

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, financing documents, resolutions, contracts, engineering and other related reports referenced or described in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Authority, 410 Pierce, Suite 355, Houston, Texas 77002.

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

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Zone, or other matters described herein since the date hereof.

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriters

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

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the Authority of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the Authority has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

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

MUNICIPAL BOND RATINGS

The Bonds are rated “___” (_____) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) and “___” by Moody’s Investors Service (“Moody’s”). The rating reflects only the views of S&P and Moody’s, respectively, at the time such rating was given and the Authority makes no representation as to appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P or Moody’s, if in the judgment of S&P or Moody’s, respectively, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

DRAFT

OFFICIAL STATEMENT SUMMARY

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

The Authority and the Zone

The Authority

Midtown Redevelopment Authority (the “*Authority*”), a public not-for-profit local government corporation, was authorized to be established by the City of Houston, Texas (the “*City*”) in 1995 to aid, assist, and act on behalf of the City in the performance of the City’s governmental functions and to promote the common good and general welfare of Reinvestment Zone Number Two, City of Houston, Texas (the “*Zone*”) and neighboring areas. The Authority is governed by a Board of Directors (the “*Board*”), whose members are appointed by the City. The Authority is the administrator of the Zone. The duration of the Authority is perpetual.

Reinvestment Zone Number Two, City of Houston, Texas

The Zone was created in December 1994 by the City Council of the City, pursuant to landowner petitions and the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the “*TIF Act*”), to facilitate development of the land within the boundaries of the Zone. The Zone currently consists of an approximately 772 acre area known as Midtown, located between the central business district of the City and the Texas Medical Center, and nearby corridors in the museum district containing many museums and other cultural facilities.

Prior to January 1, 1996, the Zone consisted of 617 acres (the “*Original Zone*”). In 1999 the City approved the annexation of six parcels containing 153 acres (the “*1999 Annexed Area*”) into the Zone. An additional 1.5 acres of land (the “*2009 Annexed Area*”) were annexed into the Zone in 2009, and an additional 60 city blocks were added to the Zone in 2015 (the “*2015 Annexed Area*” and collectively with the 1999 Annexed Area and the 2009 Annexed Area, the “*Annexed Areas*”). See “APPENDIX A—Boundary Map.”

Pursuant to the TIF Act, the ordinance of the City establishing the Zone also established a Board of Directors of the Zone (the “*Zone Board*”). The members of the Zone Board are appointed by the City and certain of the other taxing entities participating in the Zone, except that one Board position is held by the state senator in whose district the Zone is located or such person’s designee and one Board position is held by the state representative in whose district the Zone is located or such person’s designee. The members of the Board of the Authority are the same as the members of the Zone Board, as is required by the by-laws of the Authority. See “MIDTOWN REDEVELOPMENT – The Zone.”

The Zone is currently scheduled to terminate on December 31, 2040.

Project and Financing Plan

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

Status of Development Since inception in January of 1995, the taxable value in the Original Zone and the 1999 Annexed Area has increased to over \$2.2 billion from a base tax value of approximately \$212 million. (The incremental value added by the 2009 Annexed Area and 2015 Annexed Area is not material and is not included in these calculations.) For the taxable value from tax year 2014 through 2019, see “Current Year Value” in “FINANCIAL INFORMATION—Schedule 4: Tax Increment Collections.”

The Authority’s purpose is to guide the development of Midtown to cause a thriving, pedestrian-friendly urban community with nodes of activity in various corridors, including Main Street. See “MIDTOWN REDEVELOPMENT—Projects.”

The Bonds

<i>Description</i>	The Midtown Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2020 (the “ <i>Bonds</i> ”) are issued in the aggregate principal amount of \$11,740,000.* The Bonds are offered in fully registered form in integral multiples of \$5,000 principal amount. Interest on the Bonds accrues from initial delivery of the Bonds and is payable on each January 1 and July 1, commencing July 1, 2020, until the earlier of maturity or redemption. See “THE BONDS – Description.”
<i>Authority for Issuance</i>	The Bonds are issued by the Authority pursuant to a Bond Resolution approved by the Board on January 30, 2020 (the “ <i>Bond Resolution</i> ”), a Pricing Certificate authorized by such Bond Resolution, and an Amended and Restated Trust Indenture dated as of September 1, 2003, as supplemented by a First Supplement to Amended and Restated Trust Indenture dated July 1, 2005 (the “ <i>Indenture</i> ”), between the Authority and The Bank of New York Mellon Trust Company, N.A., successor in interest to JPMorgan Chase Bank, N.A., as trustee (the “ <i>Trustee</i> ”).
<i>Book-Entry Only</i>	The Depository Trust Company (“ <i>DTC</i> ”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC.
<i>Redemption</i>	Bonds maturing on or after January 1, ____ are subject to redemption in whole, or from time to time in part, at the option of the Authority prior to their maturity dates on January 1, ____ or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.
<i>Use of Proceeds</i>	Proceeds of the Bonds will be used for the purpose of (1) defeasing and refunding certain outstanding bonds in order to provide savings in debt service payments; and (2) paying costs of issuance, all under and pursuant to the authority of the TIF Act and all other applicable law.
<i>Municipal Bond Insurance</i>	The Authority has made application for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available and deemed economically beneficial, and payment of all associated costs, including the premium charged by the insurer, will be at the expense of the Authority. See “MUNICIPAL BOND INSURANCE.”

Preliminary, subject to change.

*Municipal Bond
Ratings*

The Bonds are rated “___” (_____) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) and “___” by Moody’s Investors Service (“Moody’s”). The rating fee of Moody’s and S&P will be paid by the Authority; payment of any other rating fee will be the responsibility of the Underwriters. See “MUNICIPAL BOND RATINGS.”

Security and Source of Payment

Tax Increments

The City has agreed to deposit to the Tax Increment Fund for the Zone in the City’s Treasury (the “*Tax Increment Fund*”) certain of its tax collections resulting from its taxation of the increase, if any, in the appraised taxable value of real property located in the Zone since a designated base year. Houston Independent School District (“*HISD*”) and Houston Community College System (“*HCC*”) have agreed pursuant to separate agreements with the City and the Zone (collectively, the “*Interlocal Agreements*”) and subject to certain limitations, to transfer to the City for deposit to the Tax Increment Fund a certain percentage of tax collections arising from their respective taxation of the increase, if any, in the appraised taxable value of certain real property located in the Zone since a designated base year. Harris County, Texas and Harris County Flood Control District (collectively, the “*County*”) also entered into an agreement with the City and Zone to deposit a portion of its tax collections into the City’s Tax Increment Fund for the Zone, but the County satisfied its contractual commitment and is no longer making deposits into the Tax Increment Fund.

The base year for the Original Zone is 1995 and the base year for the annexations are 1999, 2009 and 2015 respectively. The City, the Authority and the Zone have entered into an agreement (the “*Tri-Party Agreement*”) which sets forth, among other things, the agreement of the City, on behalf of itself and the Zone, to pay to the Authority the tax collections deposited to the Tax Increment Fund less certain amounts to be used for educational facilities project costs pursuant to the Interlocal Agreement with HISD and the administrative fees and deductions specified in the Tri-Party Agreement (the “*Contract Tax Increments*”). See “SOURCE AND SECURITY FOR PAYMENT—Tax Increments from the Zone.”

Pledged Revenues

The Bonds are being issued as Additional Parity Bonds under the Indenture, secured on an equal and ratable basis with all bonds previously issued or subsequently issued as parity bonds under the Indenture (collectively, the “*Contract Revenue Bonds*”). See “THE TRUST INDENTURE.”

The Authority has pledged the Contract Tax Increments to payment of the Contract Revenue Bonds. The Indenture provides that the Authority will transfer to the Trustee all Contract Tax Increments once they are received from the City. After the Trustee has set aside debt service on the Contract Revenue Bonds for the succeeding twelve-month period, the debt service reserve fund has been fully funded, and the Trustee’s and Paying Agent/Registrar’s fees have been paid, the Trustee will remit any surplus Contract Tax Increments to the Authority to be used for any lawful purpose under the TIF Act. The Contract Revenue Bonds are payable solely from the Contract Tax Increments, certain other funds on deposit with the Trustee or which may be deposited with the Trustee in the future, and earnings and investments thereon (the “*Pledged Revenues*”).

*Additional Parity
Bonds*

The Authority has reserved the right to issue Additional Parity Bonds, payable from the Pledged Revenues on a parity basis with the outstanding Contract Revenue Bonds, but only on the terms and conditions set out in the Indenture, including a debt service coverage test for Additional Parity Bonds other than those, such as the Bonds, issued for refunding purposes that have the result of reducing or not increasing the annual debt service requirements on the remaining Contract Revenue Bonds. See “SOURCE OF AND SECURITY FOR PAYMENT – Additional Parity Bonds.”

Limited Obligations

The Bonds are limited obligations of the Authority, payable solely from the Pledged Revenues. The Bonds are obligations of the Authority and do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of the City, the County, HISD, HCC, the State of Texas, or any other municipality, county, or other municipal or political corporation or subdivision of the State of Texas. None of the City, the County, HISD, HCC nor the State of Texas is obligated to make payments on the Bonds.

Investment Considerations

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

DRAFT

Schedule 1: Selected Financial Information (unaudited)

	<u>City</u>	<u>HISD (d)</u>	<u>HCC (j)</u>
Tax Increment Base (a)			
Original Zone	\$ 157,081,540	\$ 156,591,480	\$ 157,081,540
Annexed Area	54,694,350	53,013,840	54,694,350
Total	<u>\$ 211,775,890</u>	<u>\$ 209,605,320</u>	<u>\$ 211,775,890</u>
2019 Certified Taxable Value (b)			
Original Zone	\$ 1,932,193,773	\$ 1,923,260,488	\$ 1,928,032,703
Annexed Area	306,971,480	307,505,282	314,577,018
Total	<u>\$ 2,239,165,253</u>	<u>\$ 2,230,765,770</u>	<u>\$ 2,242,609,721</u>
2019 Certified Incremental Appraised Value (c)			
Original Zone	\$ 1,775,112,233	\$ 1,766,669,008	\$ 1,770,951,163
Annexed Area	252,277,130	254,491,442	259,882,668
Total	<u>\$ 2,027,389,363</u>	<u>\$ 2,021,160,450</u>	<u>\$ 2,030,833,831</u>
2019 Certified Captured Appraised Value			
Original Zone	\$ 1,775,112,233	\$ 1,044,117,000 (d)	\$ 1,770,951,163
Annexed Area	252,277,130	131,688,000 (d)	259,882,668
Total	<u>\$ 2,027,389,363</u>	<u>\$ 1,175,805,000</u>	<u>\$ 2,030,833,831</u>
2019 Total Tax Rate Contribution (e)			
Original Zone	0.56792	1.13670	0.07665
Annexed Area	0.56792	0.96000	0.07665
2019 Tax Rate Contribution to be Used to Produce Contract Tax Increments (e)			
Original Zone	0.56792	(i)	0.07665
Annexed Area	0.56792	0.64000	0.07665
Collection Rate (f)			
Original Zone	98.02%	98.94%	98.40%
Annexed Area	97.88%	98.75%	98.57%
City Administrative Fee (g)	5%	\$ 25,000	\$ 25,000
Contract Tax Increments Constituting Pledged Revenues FYE 6/30/21 (h)	\$ 10,719,579	\$ 12,990,699	\$ 1,507,164
Total Contract Tax Increments for FY 2021			\$ 25,217,442
Outstanding Debt			\$ 82,575,000 *
Average Annual Debt Service (2021-2038)			6,908,187 *
Maximum Annual Debt Service (2020)			7,596,969 *
Coverage of 2021 Contract Tax Increments from City, HISD, and HCC to:			
Average Annual Debt Service			365.04% *
Maximum Annual Debt Service			331.94% *
Coverage of 2021 Contract Tax Increments from City, and HCC to:			
Average Annual Debt Service			176.99% *
Maximum Annual Debt Service			160.94% *
Ratio of 2019 Incremental Value to 2019 Taxable Value in Zone	90.54%	90.60%	90.56%
Debt Service Reserve Fund Requirement			\$ _____ *

*Preliminary, subject to change. Includes the Bonds and excludes the Refunded Bonds. See "FINANCIAL INFORMATION—Debt Service Requirements."

- (a) Base year for the Original Zone is 1995, the base year for the 1999 Annexed Area is 1999, the base year for the 2009 Annexed Area is 2009, and the base year for the 2015 Annexed Area is 2015. The 2009 Annexed Area and the 2015 Annexed Area contain virtually no taxable property and therefore will produce no significant Captured Appraised Value. They are not included in this Schedule 1.
- (b) Certified appraised values are established annually by the Harris County Appraisal District (the “Appraisal District”) for the current tax year, but are subject to change for a number of years thereafter. The City of Houston, Texas (the “City”), Houston Independent School District (“HISD”), and Houston Community College System “HCC”) (each a “Participant,” and collectively the “Participants”) have different exemptions from taxation, which also affect the taxable value. The 2019 certified taxable value shown is based on data provided by the Appraisal District and includes uncertified value of \$ _____. The uncertified accounts are generally being protested by the taxpayers and certified values for these accounts may be lower than the Appraisal District’s estimate. Only values that are certified by the Appraisal District are used to calculate tax due. See “FINANCIAL INFORMATION--Schedule 4: Tax Increment Collections” for the certified values for 2014 through 2019.
- (c) 2019 Certified Incremental Appraised Value is the difference between the 2019 Certified Taxable Value and the Tax Increment Base.
- (d) HISD has agreed to pay a tax increment based on its current tax rate for the Original Zone and based on a tax rate of \$0.96 per \$100 of Captured Appraised Value for the 1999 Annexed Area. One-third of the HISD tax increment is paid to the Authority for use in the provision of affordable housing. Of the remaining portion attributable to the Original Zone, the Authority may retain for non-educational facilities project costs the tax increments in excess of \$1,200,000 derived from a tax rate of \$0.64 per \$100 of Captured Appraised Value. The remainder of the tax increments generated in the Original Zone must be paid by the City to HISD for educational facilities project costs. Of the remaining portion attributable to the 1999 Annexed Area, the Authority may retain for non-educational facilities project costs the tax increments derived from a tax rate of \$0.32 per \$100 of Captured Appraised Value, and the remainder will be paid to HISD for educational facilities project costs. The maximum amount of each annual HISD tax increment payment is capped according to the estimated Captured Appraised Value set forth in the Plan as adopted on September 1, 1999. The 2019 Captured Appraised Value is capped as shown above.
- (e) The Participants have set their 2019 tax rates as shown above; however, a Participant may increase or decrease its tax rate on an annual basis, pursuant to the constraints of the Texas Property Tax Code and in the case of the City, the City Charter. See “INVESTMENT CONSIDERATIONS—Tax and Collection Rates May Decline.”
- (f) Collection rates shown are based on a five-year average. See “FINANCIAL INFORMATION—Schedule 4: Tax Increment Collections” for collection rates per tax year.
- (g) The City’s administrative holdback is 5% for the City, the lesser of \$25,000 or 5% for HISD, and \$25,000 for HCC.
- (h) The 2019 tax rates were set in the fall of 2019 with payment due by January 31, 2020. Tax increments arising from these taxes are expected to be transferred to the Authority during 2020 for payment of debt service in 2021.
- (i) The tax rate used to produce Contract Tax Increments is \$1.0189 (one-third of the actual HISD tax rate plus \$0.64 per \$100 Captured Appraised Value); however, the first \$1,200,000 derived from a tax rate of \$0.64 per \$100 of Captured Appraised Value must be returned to HISD.
- (j) HCC has agreed to contribute to the Tax Increment Fund 100% of its Tax Increment attributed to Captured Appraised Value in the Zone; however, HCC is not obligated to pay its Tax Increment from any source other than taxes collected on the Captured Appraised Value from the portion of taxes levied by HCC for maintenance and operations. One-third of the HCC Tax Increment is paid to the Authority for use in the provision of affordable housing in or out of the Zone. The HCC Agreement provides that initially two-thirds of the HCC Tax Increment up to \$5,000,000 will be used for Project Costs associated with streetscape improvements to the block faces that are contiguous to the HCC Central Campus, with the timing, financing, detailed project scope and implementation to be further agreed between the Authority’s Executive Director and an HCC designee. Thereafter, one-third of the HCC Tax Increment is required to be applied to Project Costs in the general vicinity of the campus and one-third may be applied to other Project Costs.

OFFICIAL STATEMENT

\$11,740,000*

MIDTOWN REDEVELOPMENT AUTHORITY

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

TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS

SERIES 2020

This Official Statement provides certain information in connection with the issuance by Midtown Redevelopment Authority (the “Authority”) of its \$11,740,000* Tax Increment Contract Revenue Refunding Bonds, Series 2020 (the “Bonds”). The Bonds are issued under pursuant to a bond resolution (the “Bond Resolution”) adopted by the Board of Directors of the Authority (the “Board”) on January 30, 2020, a Pricing Certificate authorized by such Bond Resolution, and the Amended and Restated Trust Indenture dated as of September 1, 2003, as supplemented by a First Supplement to Amended and Restated Trust Indenture, dated July 1, 2005, (collectively, the “Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor in interest to JPMorgan Chase Bank, N.A., as trustee (the “Trustee”).

This Official Statement speaks only as to its date and includes descriptions, among others, of the Bonds, the Bond Resolution, the Indenture, certain other information about the Authority, Reinvestment Zone Number Two, City of Houston, Texas (the “Zone”), the Project Plan and Reinvestment Zone Financing Plan (as amended, the “Plan”), and existing development within the boundaries of the Zone, generally located between the central business district of the City and the Texas Medical Center and nearby corridors in the museum district. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the Authority, 410 Pierce Street, Suite 355, Houston, Texas 77002.

SOURCE OF AND SECURITY FOR PAYMENT

General

The Bonds are limited obligations of the Authority payable solely from the sources described herein and are not obligations of the City, Harris County, Texas and Harris County Flood Control District (collectively, the “County”), Houston Independent School District (“HISD”), Houston Community College System (“HCC”), the State of Texas, or any entity other than the Authority. The Authority is not obligated to pay principal of and interest on the Bonds from monies of the Authority other than the Pledged Revenues as defined herein under “—Pledge of Revenues.”

General Statutory Requirements for Tax Increment Zones

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

The amount of a taxing unit’s tax increment for a year (the “Tax Increment”) is the amount of property taxes levied and assessed by the taxing unit for that year on the captured appraised value in the zone (as defined below, the “Captured Appraised Value”). The Captured Appraised Value of real property taxable by a taxing unit for a year is the total taxable value of all real property taxable by the taxing unit and located in the tax increment reinvestment zone for that year less the total taxable value of all real property taxable by the unit and located in the reinvestment zone for the year in which the zone was designated as such under the TIF Act (the “Tax Increment Base”). If the boundaries of a zone are enlarged, the Tax Increment Base is increased by the taxable value of the real property added to the zone for the year in which the property was added.

* Preliminary, subject to change.

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

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

Establishment of the Zone; Participants

Pursuant to City Ordinance No. 94-1345, approved on December 14, 1994 (the "*City Creation Ordinance*"), the City created the Zone and established the Tax Increment Fund for the Zone as a separate fund in the City treasury. The City Creation Ordinance provided that the Zone would take effect on January 1, 1995 and would terminate on December 31, 2025, or at an earlier time designated by subsequent ordinance of the City, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds have been paid in full. By City Ordinance No. 2011-533, approved on June 22, 2011, the City Council of the City extended the termination date of the Zone from December 31, 2025 to December 31, 2033. By City Ordinance No. 2015-1001, approved on October 14, 2015, the City Council of the City extended the termination date of the Zone from December 31, 2033 to December 31, 2040.

A total of 617 acres were designated as the Zone in 1995 (the "*Original Zone*"). Six parcels containing 153 acres were annexed into the Zone in 1999 (the "*1999 Annexed Area*"). The base tax year for the Original Zone is 1995. The base tax year for the 1999 Annexed Area is 1999. The Original Zone and the 1999 Annexed Area consist of 770 acres. In 2009, the Zone was enlarged to encompass approximately 1.5 acres in close proximity to the Zone on which various cultural facilities are located (the "*2009 Annexed Area*"), bringing the total acreage of the Zone to approximately 772 acres. In 2015, the Zone was enlarged to encompass approximately 60 city blocks on which various additional cultural facilities are located (the "*2015 Annexed Area*" and collectively with the 1999 Annexed Area and the 2009 Annexed Area, the "*Annexed Areas*"). The 2009 Annexed Area and the 2015 Annexed Area contain little taxable property and therefore will produce little Captured Appraised Value.

Under the Plan for the Zone, the City contributes 100% of its collected Tax Increments arising from the Zone to the Tax Increment Fund during the term of the Zone. Further terms concerning the City's contribution of Tax Increments to the Zone are found in an Amended Agreement among the City, the Zone and the Authority, approved by the City on June 7, 2000, pursuant to Ordinance No. 2000-494 (the "*Tri-Party Agreement*"). The City and the Zone have entered into separate Interlocal Agreements with taxing units that tax property within the Zone (collectively, the "*Interlocal Agreements*"). These taxing units have agreed to contribute a certain amount of their Tax Increments arising from the Zone to the Tax Increment Fund, subject to the limitations set forth in each Interlocal Agreement. The participating taxing units (collectively with the City, the "*Participants*" and each a "*Participant*") are HISD and HCC.

The County participated in the Zone pursuant to an interlocal agreement with the City and the Zone (the "*County Interlocal Agreement*") which required it to contribute a maximum of \$58,896,340 in Tax Increments to the Zone. The County fulfilled its obligation to contribute \$58,896,340 in Tax Increments in tax year 2017 and ceased making contributions. The Authority has requested the County to enter into a new interlocal agreement with the City and the Zone and the Authority's proposal is under consideration by the County. The Authority can give no assurances that the County will enter into a new interlocal agreement or further contribute Tax Increments to the Zone.

HISD's Interlocal Agreement

HISD has agreed, pursuant to an Interlocal Agreement with the City and Zone approved by the City on December 14, 1994, as amended by a First Amendment approved by the City on August 18, 1999 (the "*HISD Agreement*"), to pay into the Tax Increment Fund all Tax Increments produced at HISD's then current tax rate on Captured Appraised Value in the Original Zone and all Tax Increments produced at a tax rate of \$0.96 on Captured Appraised Value in the 1999 Annexed Area. 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 Plan, as in effect prior to September 1, 1999, will be retained by HISD. The obligation to pay will accrue as taxes are collected by HISD, and payment is due on the 90th day after the delinquency date. No interest or penalty may be charged for delinquent payments under the HISD Agreement.

Pursuant to the HISD Agreement, the first payment of Tax Increments by HISD was for taxes levied for the year 1997 in the Original Zone and in 2000 in the 1999 Annexed Area, and the last payment is for taxes levied in the year 2025. HISD's participation will not extend to the Captured Appraised Value on any property added to the Zone by the City unless HISD approves the participation. Due to the state laws applicable to HISD's state and local funding, it is unlikely that HISD would agree to participate in any further property annexed into the Zone.

HISD may reduce its Tax Increment under two circumstances: **first**, in the event that the laws applicable to HISD or tax increment reinvestment zones change subsequent to August 31, 1999, or there is any interpretation, ruling, order, decree or court decision interpreting existing or subsequently enacted law applicable to HISD or tax increment reinvestment zones, with the result that the participation of HISD in the Zone decreases the aggregate amount of the state and local funds available to or received in any school year by HISD during the term of the HISD Agreement that would otherwise be available to or received by HISD in such school year if HISD was not participating in the Zone during that year, as determined by HISD subject to the review by the City as to the accuracy of the calculations, HISD's Tax Increment participation will, at the option of HISD, be reduced in an amount equal to the amount of the decrease in the aggregate state and local funding available to or received in that school year by HISD during the term of the HISD Agreement as a result of HISD's participation in the Zone; and **second**, at its option, HISD may reduce the HISD Tax Increment from year to year and for any tax year beginning in January of the year after the notice is given and continuing through subsequent years to a rate not less than \$0.64 per \$100 valuation.

One-third of the HISD Tax Increments received by the City and earnings thereon will be applied to the provision of affordable housing. Of the remaining portion attributable to the Original Zone, the Authority may retain for Project Costs for non-educational facilities the HISD Tax Increments in excess of \$1,200,000 derived from a tax rate of \$0.64 per \$100 on Captured Appraised Value. The remainder of the HISD Tax Increments must be paid by the City to HISD for Project Costs for educational facilities. Of the remaining portion attributable to the 1999 Annexed Area, the amount of taxes collected by HISD by levying a tax at a tax rate of \$0.32 per \$100 of Captured Appraised Value may be applied to payment of Project Costs for non-educational facilities, and the remainder will be paid to HISD for payment of Project Costs for educational facilities.

If HISD's participation is reduced due to a change in law, the Project Costs for educational facilities paid to HISD will be reduced in the same percentage; however, the total amount of any reduction in Project Costs for non-educational facilities will not exceed two-thirds of the total amount of any reduction that would have resulted if HISD's participation was at a tax rate of \$0.96 per \$100 valuation. In the event HISD elects to reduce its participation in the Zone, the reduction will reduce the amount paid to HISD for Project Costs for educational facilities by the total aggregate amount of the reduction of Tax Increments paid to the City as a result of such reduction.

Neither the City nor the Zone is obligated to set aside for or pay to HISD any funds other than HISD's Tax Increments derived from the Zone; nor is the City or Zone obligated to expend any funds other than funds made available by HISD after payment pursuant to the HISD Agreement to finance, acquire, construct or reconstruct any educational facilities.

The HISD Agreement provides that all decisions regarding location, acquisition, construction, reconstruction and educational content of HISD educational facilities will be in the control of HISD. To the extent

requested by HISD, the City and Zone agree that monies from the Tax Increment Fund will be used, at no cost to HISD, to pay to the City the following costs that would otherwise be incurred by HISD with respect to construction and operation of any educational facilities constructed by HISD in the Zone pursuant to the Plan: (1) the cost of abandonment of any street right of way, and (2) the cost of water and sewer utility connections and construction outside the boundaries of the HISD property for HISD educational facilities in the Zone. The City is required to use the proceeds obtained from these payments to provide infrastructure improvements or other projects identified in the Plan. An amendment to the Plan will not apply to HISD unless approved by HISD if the Plan (1) has the effect of directly or indirectly increasing the percentage of Tax Increments to be contributed by HISD, (2) requires or authorizes the City to issue additional tax increment bonds or notes or (3) eliminates or reduces educational facilities project costs.

HISD may terminate the HISD Agreement if the City and Zone use any portion of the Tax Increment for costs of elementary or secondary school facilities of any entity other than HISD without the prior consent of HISD. The City and Zone may not use any portion of HISD's Tax Increment for postsecondary educational facilities without the approval of HISD, but may use Tax Increments contributed by other taxing units for postsecondary educational facilities if a taxing unit providing services to postsecondary students in such educational facilities contributes 100% of its Tax Increment in the Zone to the Tax Increment Fund from the date of its participation until the termination of the Zone.

HCC's Interlocal Agreement

HCC entered into an Interlocal Agreement with the City, the Authority and the Zone (the "*HCC Agreement*") on December 28, 2008. Pursuant to the HCC Agreement, HCC agreed to participate in the Zone by contributing to the Tax Increment Fund during the term of the HCC Agreement 100% of its Tax Increment attributed to Captured Appraised Value in the Zone; however, HCC is not obligated to pay its Tax Increment from any source other than taxes collected on the Captured Appraised Value from the portion of taxes levied by HCC for maintenance and operations. HCC has no obligation to pay any Tax Increment from any other taxes or revenues or until the HCC Tax Increment is actually collected.

HCC is required to pay collected Tax Increments into the Tax Increment Fund by the 90th day after the delinquency date for taxes. No interest or penalty will be charged to HCC for any late payment; however, HCC will forward penalty and interest it receives on delinquent taxes to the Tax Increment Fund.

The obligation of HCC to participate in the Zone is limited to the Original Zone and 1999 Annexed Area. HCC's participation in the Zone does not extend to any additional property or any additional amendment to the Plan that would increase the total amount of Project Costs unless HCC specifically agrees to participate in the additional area or amendment to the Plan.

One-third of the HCC Tax Increment and interest earned thereon is required to be applied to the provision of affordable housing in or out of the Zone. The HCC Agreement provides that initially two-thirds of the HCC Tax Increment up to \$5,000,000 will be used for Project Costs associated with streetscape improvements to the block faces that are contiguous to the HCC Central Campus, with the timing, financing, detailed project scope and implementation to be further agreed between the Authority's Executive Director and an HCC designee. Thereafter, one-third of the HCC Tax Increment is required to be applied to Project Costs in the general vicinity of the campus and one-third may be applied to other Project Costs.

The term of the HCC Agreement commences with the tax year beginning January 1, 2008 and the first payment by HCC under the HCC Agreement is for those taxes levied by HCC in 2008. The Agreement terminates on December 31, 2026, unless earlier terminated by the parties, and the final payment by HCC under the HCC Agreement is for those taxes levied by HCC in the year 2025. The Zone may also be terminated pursuant to the provisions of the TIF Act. See "—General Statutory Requirements for Tax Increment Zones."

HCC may appoint and maintain as many non-voting ex officio members to the Zone Board as it desires; currently, HCC has not appointed any ex officio members.

Calculation of Tax Increments

The Harris County Appraisal District (the "*Appraisal District*") appraises the property in the Zone for the Participants. The certified appraised value in the Zone is supplied to the Participants by the Appraisal District based on the Appraisal District's identification of all real property accounts within the Zone's boundaries. Each Participant uses the certified appraised taxable value in the Zone obtained from the Appraisal District, but then modifies it based on the various exemptions from taxation granted by that particular Participant. It then determines Captured Appraised Value by subtracting the Tax Increment Base of the Zone from the current year's taxable value in the Zone.

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

Each Participant's determination of Captured Appraised Value will depend on the timing of its calculation (that is, what Appraisal District roll it uses) and its own exemptions. The Participants' individual determinations resulted in the Captured Appraised Values shown under "FINANCIAL INFORMATION—Schedule 4: Tax Increment Collections." For an explanation of the different exemptions of the Participants, see "TAXING PROCEDURES OF THE PARTICIPANTS—Property Subject to Taxation by the Participants."

Calculation of Tax Increments is subject to administrative interpretation by the Participants, which may change from time to time, at the option of each such Participant.

Collection of Tax Increments

Each taxing unit participating in a zone is to pay into the Tax Increment Fund Tax Increments equal to the amount arrived at by multiplying the Captured Appraised Value in the zone by the taxing unit's contributed tax rate per \$100 of valuation for the tax year and then multiplying that product by the taxing unit's collection percentage, subject to any aggregate limitation. The collection percentage is determined by comparing the taxes collected from all taxable real property in the zone to the total taxes due to the taxing unit for the tax year from all real property in the zone. Each taxing unit's collection percentage is shown in "FINANCIAL INFORMATION—Schedule 4: Tax Increment Collections." The TIF Act provides that payment of Tax Increments by a Participant is to be made by the 90th day after the later of either the delinquency date for the Participant's property taxes, or the date the city or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone.

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

Pursuant to the Tri-Party Agreement, the City, on behalf of itself and the Zone, has agreed to pay to the Authority all monies then available in the Tax Increment Fund without counterclaim or offset, less (i) any expenses incurred by the City in connection with the collection of the Tax Increments, (ii) certain Tax Increments reserved for educational facilities project costs to be paid to HISD, and (iii) a reserve of up to five percent of the monies then available in the Tax Increment Fund. The City has the right to offset from these payments any amount paid by the Authority to a developer, builder, consultant or vendor pursuant to a contract that is not authorized by and consistent with the Tri-Party Agreement or the terms of the contract pursuant to which it was incurred. Nonetheless, this offset does not affect the obligation of the City and the Zone to pay from Tax Increments an amount that will permit the Authority to pay its bonds and other obligations issued or incurred pursuant to and consistent with the Tri-Party Agreement.

The Tri-Party Agreement states that the City will pay available monies in the Tax Increment Fund to the Authority while a current approved budget is in effect for the Authority. If a budget has not been approved by the

thirtieth day before the date of a principal or interest payment on the Authority's bonds, and upon request by the Authority, the City will pay to the Authority the amount of available monies in the Tax Increment Fund otherwise payable to the Authority under the Tri-Party Agreement in at least the amount necessary for the payment of principal and interest due to the holders of the bonds next due, and the obligation to make the payment survives a termination of the Tri-Party Agreement.

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

Contract Tax Increments Defined

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

The Authority has pledged all Contract Tax Increments to payment of the Contract Revenue Bonds. Contract Tax Increments are defined as Tax Increments derived from the Original Zone and the Annexed Areas after deduction of (i) any expenses incurred by the City in connection with the collection of Tax Increments, (ii) certain Tax Increments reserved for educational facilities project costs to be paid to HISD, and (iii) a reserve of up to five percent of the monies then available in the Tax Increment Fund.

Pledge of Revenues

Pursuant to the Bond Resolution and the Indenture, the Authority has agreed to pay to the Trustee all Contract Tax Increments. The Trustee will deposit such amounts into an Indenture fund which constitutes the Authority's "Pledged Revenue Fund." Once debt service on the Contract Revenue Bonds for the succeeding twelve-month period has been deposited, the debt service reserve fund has been fully funded, and the Trustee's fees have been paid, any surplus Contract Tax Increments will be transferred to the Surplus Fund for use by the Authority for any lawful purpose under the TIF Act. See "THE TRUST INDENTURE – The Funds."

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

- (a) the Contract Tax Increments;
- (b) all of the Authority's right, title and interest thereto under the Tri-Party Agreement, HISD Agreement and HCC Agreement (collectively, the "*Participation Agreements*");
- (c) all monies deposited or required to be deposited in the Pledged Revenue Fund, the Debt Service Fund (as hereinafter defined), the Debt Service Reserve Fund (as hereinafter defined) and the Project Fund (as hereinafter defined) held by the Trustee pursuant to the provisions of the Indenture and all interest earnings and investment income therefrom; and
- (d) any and all property of every kind and nature (including without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with, the Trustee as additional security under the Indenture by the Authority, or anyone on behalf of the Authority, or which pursuant to any of the provisions may come into the possession or control of the Trustee as security

thereunder, or of a receiver lawfully appointed thereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms thereof.

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

Debt Service Reserve Fund

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

The Authority expressly reserves the right at any time to satisfy all or part of the Reserve Requirement by obtaining for the benefit of the Debt Service Reserve Fund one or more Reserve Fund Surety Policies. A “Reserve Fund Surety Policy” is defined as an insurance policy or other credit agreement in a principal amount equal to the portion of the Reserve Requirement to be satisfied and issued by a financial institution or insurance company with a rating for its long term unsecured debt or claims paying ability in the highest letter category by two major municipal securities evaluation sources.

In the event the Authority elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Debt Service Reserve Fund, it may apply any bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which the Bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used. The premium for any Reserve Fund Surety Policy may be paid from bond proceeds or other funds of the Authority lawfully available for such purpose. All amounts deposited in or required to be deposited in the Debt Service Reserve Fund may be used to pay obligations incurred to providers of Reserve Fund Surety Policies, including amounts advanced thereunder, interest on such advances and related costs and expenses.

Additional Parity Bonds

The Authority has reserved the right to issue additional parity tax increment contract revenue bonds (the “*Additional Parity Bonds*”) on the terms set out in the Indenture and the Bond Resolution for the purposes set forth in the Plan as it may be amended from time to time. Prior to issuing Additional Parity Bonds, the following conditions must be met:

- (a) the Additional Parity Bonds shall mature on, and interest shall be payable on, the same days of the year as the Contract Revenue Bonds;
- (b) the City has approved issuance of the Additional Parity Bonds on the terms set forth in the Tri-Party Agreement, as the same may be modified from time to time;
- (c) one-third of Additional Bond proceeds will be devoted to providing affordable housing if and as required by the TIF Act, except to the extent the Authority has otherwise dedicated one-third of the Contract Tax Increments received by the Authority to providing affordable housing if and as required by the TIF Act;
- (d) there shall be on deposit in the Debt Service Reserve Fund, after the issuance of the Additional Parity Bonds, an amount equal to the Reserve Requirement on all Contract Revenue Bonds that will be outstanding after the issuance of the Additional Parity Bonds;

- (e) the Authority is not in material default with the terms of the Indenture, the Tri-Party Agreement and any other agreements to which it is a party and has so certified; and
- (f) the Authority's financial advisor has certified, based on a projection of Captured Appraised Value meeting the requirements set forth below (the "*Projection*") and after taking into account the Participants' tax rates then in existence, that Contract Tax Increments available for debt service are equal to and at least 140% of projected debt service in every year, taking into account the Contract Revenue Bonds outstanding and the Additional Parity Bonds sought to be issued; provided, however, that such certification shall not include that portion of Contract Tax Increments attributable to HISD. This requirement does not apply to the issuance of any series of Additional Parity Bonds for refunding purposes that have the result of reducing or not increasing the annual debt service requirements on the remaining Contract Revenue Bonds.

The projection of Captured Appraised Value is required to be prepared by an independent real estate appraiser using either (1) certified values provided by the Appraisal District, adjusted for exemptions, or (2) estimated or preliminary values provided by the Appraisal District and adjusted for exemptions and losses due to protests, based on historical data. An independent real estate appraiser is defined as the Chief Appraiser of the Appraisal District or a real estate appraiser licensed in the State of Texas who is independent of the Authority.

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

INVESTMENT CONSIDERATIONS

Limited Obligations

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

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

Impact of Economic Conditions

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

Situated between the central business district of the City and the Texas Medical Center, the Zone is particularly dependent upon the prosperity of these areas. Because of the location of many energy businesses in the central business district, the Zone's economic growth may be adversely affected by low oil and gas prices.

Portions of the Zone contain deteriorated commercial and multifamily structures and public service agencies. The proximity to deteriorated areas or public service agencies may have a negative impact on the marketability of new or redeveloped commercial or residential establishments in certain portions of the Zone. The Authority plans to pay the City \$492,737 in fiscal year 2020 that will be used at the Authority's recommendation for quality of life, homelessness and safety issues within the Zone.

Future Taxable Values in the Zone May Decline

The Appraisal District determines the taxable value in the Zone annually based on the then current market value of all taxable real property and improvements in the Zone. **Captured Appraised Value is derived from the taxable value of real property and improvements within the Zone, not from any increase in the appraised value of personal property (such as equipment and inventory).**

All of the top taxpayers in the Zone consist of upscale apartments. See "FINANCIAL INFORMATION – Schedule 7: Principal Taxpayers in the Zone." The Appraisal District may use cost data, cost comparisons and/or an analysis of the income being produced by an apartment project or office building to determine its taxable value. Residential or commercial buildings that are not occupied or are only partially occupied may be appraised at a lower value than occupied facilities. Under certain circumstances, residential real property inventory held by a person in the trade or business will be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Reduced taxable values of the improvements in the Zone may affect the Tax Increments received by the Authority.

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

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

Weather Events; Hurricane Harvey

The Houston area, including the Zone, is susceptible to high winds, heavy rain and flooding caused by rain events, hurricanes, tropical storms and other tropical disturbances.

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

Not all flood hazards are mapped on the FEMA flood maps, nor is every bayou or creek studied. Flooding can occur from ponding or overland sheet flow when intense rainfall overwhelms the local street drainage system. The mapped floodplain is only an estimate of where flooding is predicted to occur from a bayou or creek, given a set of parameters including a hypothetical rainfall occurring over a watershed for an assumed amount of time. During

an actual rain event, natural conditions can result in greater amounts of rainfall or runoff, resulting in flood levels deeper and wider than shown on the FEMA maps.

The greater Houston area, including the Zone, has experienced four storms exceeding a 0.2% probability (i.e., “500-year flood” events) since 2015. Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, brought historic levels of rainfall during the successive four days.

The Authority is aware of some structural flooding from Hurricane Harvey in a nine block area in the Zone south of Baldwin Park. The Authority commissioned a drainage study of that area which was completed in February 2018. The study found that the area is very flat and lies in a low spot. In addition, the area receives sheet flow runoff from more than two square miles of drainage area. The study recommended the replacement of all inlets with new inlets to allow water to flow more quickly into the storm sewers, but other recommendations require regional participation in major projects.

If a future weather event significantly damaged all or part of the improvements within the Zone, the assessed value of property within the Zone could be substantially reduced, which could result in a decrease in Pledged Revenues. Further, there can be no assurance that a casualty loss to taxable property within the Zone will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligations to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the Zone. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Zone could be adversely affected. There are special taxing procedures for areas declared to be a disaster area by the governor of the State that which could affect the amount of taxes due and when they are collected. See “TAXING PROCEDURES OF THE PARTICIPANTS—Reappraisal of Property after Disaster” and “—Tax Payment Installments after Disaster.”

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

Recent Flood Plain and Development Regulations Might Impede New Development

Both the City and the County have adopted stricter flood plain and development regulations as a result of the flood damage suffered as a result of Hurricane Harvey. These regulations are expected to increase the costs of new developments in the City and the County and could deter the development of new improvements in the Zone.

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

A percentage decrease in taxable values results in a larger percentage decrease in the Captured Appraised Value (which subtracts the base year value). For instance, if a zone had a taxable value of \$100 and a Captured Appraised Value of \$50, then a reduction in taxable value to \$95 would be a 5% decrease in taxable values and a 10% decrease in Captured Appraised Value. See the “Ratio of 2019 Captured Appraised Value to Total Appraised Value in Zone” in “OFFICIAL STATEMENT SUMMARY--Schedule 1: Selected Financial Information (unaudited).” Tax Increments are derived from Captured Appraised Value and so will show the same percentage reduction as the Captured Appraised Value (10% in the example). See “FINANCIAL INFORMATION—Schedule 5: Historical Debt Service Coverage” to see Net Tax Increments Receivable by the Authority for each fiscal year from 2014 through 2019.

Tax and Collection Rates May Decline

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

The Participants are not required under Texas law or any contract to set a tax rate sufficient to assure any certain dollar amount of Contract Tax Increments; rather, Texas law, the Tri-Party Agreement, and the Interlocal Agreements only require the Participants to contribute the Tax Increments actually collected by them and only to the extent provided in the Tri-Party Agreement, the Plan and each Interlocal Agreement. Each Participant will set its tax rate in accordance with the State Property Tax Code, which allows voters to limit an increase in the tax rate to the rollback tax rate calculated for such unit. See “TAXING PROCEDURES OF THE PARTICIPANTS--State Law Limitations on Setting the Annual Tax Rate.”

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

The City’s tax rate for the 2019 tax year is \$0.567920 per \$100 valuation (a 2-cent reduction from the 2018 tax rate); HISD’s tax rate for the 2019 tax year is \$1.136700 (a reduction of seven cents from the 2018 rate), and HCC’s tax rate for the 2019 tax year is \$0.1002630, which is the same as the 2018 tax rate. See “FINANCIAL INFORMATION—Schedule 4: Tax Increment Collections” for tax rates from 2014 through 2019. If the tax rate of any Participant declines, the amount of Pledged Revenues available to pay debt service on the Bonds may decrease. See “SECURITY FOR AND SOURCE OF PAYMENT—HISD’s Agreement With Respect to Tax Increments.”

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

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

Elimination or Reduction of HISD Tax Increments

As stated under the caption “INVESTMENT CONSIDERATIONS—Tax and Collection Rates May Decline,” HISD is not required under Texas law or any contract to set a tax rate sufficient to assure any certain dollar amount of Tax Increments. HISD’s tax rate may change as required by state law or due to its own financial situation.

In response to certain litigation and a court order, the Texas Legislature enacted legislation in 2005 that made substantive changes in the way the public school finance system was funded. These changes were intended to reduce local school district tax rates for operations and maintenance. In the Texas legislative session that ended in May 2019, the Texas Legislature made more changes to the public school finance system. The Legislature committed \$5 billion toward buying down school property taxes. According to the Texas Education Agency, the “compression” of the maintenance and operations tax rate was expected to reduce school district tax rates for the 2019 tax year by an average amount of 8 cents. Any subsequent annual increase in school property taxes is effectively limited to 2.5% over the “no new revenue” tax rate. See “TAXING PROCEDURES OF THE PARTICIPANTS—State Law Limitations on Setting the Annual Tax Rate.” The 2018 tax rate of HISD was \$1.206700 (of which \$1.040000 was the maintenance and operations tax rate), and the 2019 tax rate of HISD is \$1.136700 (of which \$0.970000 is the maintenance and operations tax rate).

Legislation enacted in 2009 and 2011 provided that the Texas Education Agency would pay additional funds to school districts participating in tax increment reinvestment zones in an amount equal to the difference between the tax levies collected on the district’s maintenance and operations tax rate for 2006 (and each year thereafter) and the levies that would have been collected at the district’s 2005 maintenance and operations rate for each subsequent year. The amount received from the Texas Education Agency and attributable to the Zone has been deposited to the Zone’s Tax Increment Fund in the City Treasury and one-third has been transferred to the Authority for affordable housing. The Authority has treated these moneys as Contract Tax Increments which are pledged under the Indenture. There can be no assurance that these payments will continue in the future.

Additional litigation and/or legislative action may make further changes to the public school finance system. The Authority can make no representation or prediction regarding the outcome of that litigation or future legislation or court decisions that may be enacted or their effect on the Contract Tax Increments.

In addition to a general change in financing public education in Texas which would result in a reduction in HISD's tax rate, Tax Increments dedicated to the Zone by HISD are subject to elimination or reduction as set forth below.

In the event that the laws applicable to HISD or tax increment reinvestment zones change or there is any interpretation, ruling, order, decree or court decision interpreting existing or subsequently enacted law applicable to HISD or tax increment reinvestment zones, with the result that the participation of HISD in the Zone decreases the aggregate amount of the state and local funds available to or received in any school year by HISD during the term of the HISD Agreement that would otherwise be available to or received by HISD in such school year if HISD was not participating in the Zone during that year, participation shall, at the option of HISD, be reduced in an amount equal to the amount of the decrease in the aggregate state and local funding available to or received in that school year by HISD during the term of the HISD Agreement as a result of HISD's participation in the Zone. If HISD's participation is reduced due to a change in law, the Tax Increments paid to HISD for Project Costs for educational facilities will be reduced by the same percentage; however, the total amount of any reduction in Tax Increments which may be expended on Project Costs for non-educational facilities will not exceed two-thirds of the total amount of any reduction that would have resulted if HISD's participation was at a tax rate of \$0.96 per \$100 valuation. The Authority cannot predict the likelihood of changes in state law that would affect HISD's participation in the Zone.

At its option, HISD may reduce its HISD Tax Increment from year to year and for any tax year beginning in January of the year after the notice is given and subsequent years to a rate not less than \$0.64 per \$100 valuation; however, this reduction would primarily reduce the aggregate amount paid to HISD from Tax Increments for Project Costs for educational facilities, which are not pledged to payment of the Contract Revenue Bonds.

Concentration of Risk

Approximately 27.52% of the current estimate of appraised value in the Zone was derived from property owned by the top ten taxpayers. As shown on "FINANCIAL INFORMATION – Schedule 7: Principal Taxpayers in the Zone," these taxpayers are all multifamily housing developments. A significant reduction in the value of these properties could adversely affect the amount of Contract Tax Increments available for payment of debt service on the Bonds.

Limitations on Tax Collections and Foreclosure Remedies

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

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

Limited Remedies After Default

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

Risk of Bankruptcy

The Authority is eligible to seek relief from its creditors under the U.S. Bankruptcy Code. The Bankruptcy Code includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under the Bankruptcy Code. Therefore, should the Authority avail itself of bankruptcy protection from creditors, the ability to enforce a remedy against the Authority would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state courts) and the Bankruptcy Code provides for discretionary power of a Bankruptcy Court in administering any proceeding before it. While the relevant law on this point is not clear, it may not be possible for one or more creditors to force the Authority into bankruptcy involuntarily. The opinion of Co-Bond Counsel will note that all opinions relative to enforceability of the Bond Resolution, the Indenture and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to debtors under the Bankruptcy Code.

Dependence on Contract Payments

In order for owners of the Bonds to receive principal of and interest as due, several governmental units must perform their obligations under the contracts described herein. HISD and HCC must perform under their Interlocal Agreements, and the City must perform its obligations under the Tri-Party Agreement. Additionally, the Zone and the Authority must perform their obligations under the Tri-Party Agreement. Any of these parties could default in its obligations.

In the case of a default by any of the governmental entities involved in the Zone, enforcement of its contractual obligations would be dependent upon judicial redress, which is subject to discretion and delay. Enforcement of these agreements would be limited or prohibited if the defaulting party filed for bankruptcy under the United States Bankruptcy Code or similar state laws. Moreover, each of the Participants involved in the Zone may be very reluctant to pursue judicial redress against another Participant, with which it may be engaged in many transactions.

Risk of Higher Priority Debt

The obligations of the Participants to pay Tax Increments into the Tax Increment Fund are subject to the rights of any of the holders of bonds, notes or other obligations that have been or are hereafter issued by the Participants that are payable from and secured by a general levy of ad valorem taxes throughout the taxing

jurisdiction of the Participants. If taxable values in any Participant decline so that it cannot pay its outstanding tax-supported indebtedness without use of Tax Increments, there may be insufficient remaining Tax Increments to pay the Bonds. The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding tax obligations, with the remaining revenues to be apportioned among the City's respective departments. In future fiscal years, the amount of the tax levy allocated to debt service on the City's tax bonds may need to be increased, reducing the amount allocable for transfer to the Tax Increment Fund and the delivery of essential governmental services if there is no corresponding increase in the overall tax levy or other revenues.

Failure to Generate Sufficient Tax Increments Prior to Termination of Zone

The Zone was created by the City Council of the City in December, 1995, and currently is set to terminate on December 31, 2040. If Tax Increments collected prior to termination of the Zone have been insufficient to pay principal of and interest on the Bonds when due, no additional Tax Increments are required to be collected, and no remedies are available to the Bondholders to recover amounts remaining unpaid but with respect to which Tax Increments have been insufficient.

Only the City has agreed to contribute Tax Increments to the Zone until termination of the Zone on December 31, 2040. The HISD Interlocal Agreement states that the first payment of Tax Increments by HISD will be for taxes levied in the year 1997 for the Original Zone and 2000 for the 1999 Annexed Area, and the last payment by HISD pursuant to the Interlocal Agreement will be for taxes levied in the year 2025. The HCC Interlocal Agreement states that the first payment by HCC will be from taxes levied in the year 2008 and the last payment by HCC will be from taxes levied in the year 2025. The HCC Interlocal Agreement terminates on December 31, 2026.

While the Authority has attempted to structure its debt service schedule so as to take into account the termination of each Interlocal Agreement, there can be no assurance that sufficient Tax Increments will be collected from each Participant prior to the termination of its Interlocal Agreement to pay all debt service on the Contract Revenue Bonds.

The TIF Act permits the City Council of the City to shorten or lengthen the term of the Zone; however if the City extends the term of the Zone, other Participants need not participate in the Zone during the extension period. HISD must agree to any reduction of the term of the Zone to a date earlier than December 31, 2025. In the Tri-Party Agreement, the City has agreed not to terminate the Zone unless it makes satisfactory arrangements to provide for payment of the Authority's outstanding bonds.

Growth Limited by Air Quality Issues

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality ("TCEQ") may curtail new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act Amendments of 1990, the eight county Houston-Galveston Area ("HGB Area") has been designated by the EPA as a non-attainment area under the EPA's ozone standards, and the EPA and the TCEQ have imposed limitations on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB Area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA's standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, and may impose severe emissions offset requirements on new major sources of hydrocarbon emissions for which construction has not already commenced. The development of a successful air quality compliance plan may impact a wide cross-section of the business and residential community. Stringent controls on sources of air emissions in the HGB Area, could make the Houston area a less attractive location to businesses in comparison to other areas of the country that do not impose similarly stringent air emissions controls.

Risk of Increased Debt

The Authority has reserved the right to issue Additional Parity Bonds which are secured by the Pledged Revenues on an equal basis with the then-outstanding Contract Revenue Bonds. The issuance of Additional Parity

Bonds may adversely affect the investment security of the outstanding Contract Revenue Bonds. For a description of the circumstances under which Additional Parity Bonds may be issued and the Authority's issuance plans, see "SOURCE OF AND SECURITY FOR PAYMENT—Additional Parity Bonds" and "FINANCIAL INFORMATION—Authority and Plans to Issue Bonds and Notes." Additionally, the Authority may incur debt subordinate to the payment of Additional Parity Bonds or may incur certain obligations through development agreements and related agreements. See "FINANCIAL INFORMATION—Additional Obligations of the Authority."

Risk of Failure to Comply with Certain Covenants

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

Changes in Law

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

Current law may change so as to directly or indirectly reduce or eliminate the exclusion of interest on the Bonds from gross income for federal income tax purposes. See "TAX MATTERS—Tax Legislative Changes."

Limited Marketability of the Bonds

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

Bond Insurance Risk Factors

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

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "MUNICIPAL BOND RATINGS" herein.

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

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

THE BONDS

Description

The Bonds will be issued in the aggregate principal amount and will mature on the dates and in the amounts, and will bear interest at the rates per annum set forth on the inside cover of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will accrue from initial delivery of the Bonds. Interest on the Bonds is payable on each January 1 and July 1, commencing July 1, 2020, until the earlier of maturity or redemption. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000.

Authority for Issuance

The Bonds are issued by the Authority under the terms and conditions of the Bond Resolution and the Indenture. On October 14, 2015, by Ordinance No. 2015-1002, the City Council of the City authorized the Authority to issue bonds in the principal amount of \$104,000,000 (inclusive of \$6,000,000 in notes) outstanding at any one time. The Bonds are included within the principal amount authorized by the City.

Book-Entry Only System

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and the Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., as the initial Paying Agent/Registrar for the Bonds (together with any successors, the "*Paying Agent/Registrar*"). The principal of the Bonds will be payable to the registered owners of the Bonds (the "*Registered Owners*"), initially Cede & Co., without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon presentation and surrender of the Bonds as they respectively become due and payable, at the designated corporate trust office of the Paying Agent/Registrar. In the event the book-entry-only system is discontinued, interest on each Bond will be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the June 15 or December 15 immediately preceding each Interest Payment Date (each a "*Record Date*"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "*Register*") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

Redemption Provisions

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

During any period in which ownership of the Bonds is in book-entry-only form, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds of such maturity to be redeemed will be selected in accordance with the arrangements between the Authority and DTC; provided, that if any Bond is selected

for redemption in part, it shall not be redeemed in an amount that would result, upon exchange, in a Bond in a denomination less than \$5,000.

Notice of Redemption

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

Registration and Transfer

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

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

In the event the book-entry-only system is discontinued, all Bonds will be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds in accordance with the provisions of the Bond Resolution. Each Bond delivered will be entitled to the benefits and security of the Bond Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

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

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

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Authority, the new Paying Agent/Registrar shall act in the same capacity as the

previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the Authority will be a national or state banking institution, doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and which will be subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Lost, Stolen or Destroyed Bonds

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

Defeasance

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

Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas, with the Paying Agent/Registrar or with any other escrow agent so authorized by law either (i) cash in an amount equal to the principal amount and redemption amount, if any, of the Bonds plus interest thereon to the date of maturity or redemption or (ii) pursuant to an escrow or trust agreement, cash and (x) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (y) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the bonds, are rated as to investment quality by a nationally recognized investment rating firm not

less than AAA or its equivalent, and (z) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

PLAN OF FINANCING

Purpose

Proceeds of the Bonds will be used for the purpose of (1) defeasing and refunding certain outstanding bonds in order to provide savings in debt service payments; and (2) paying costs of issuance, all under and pursuant to the authority of the TIF Act and all other applicable law. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Refunded Bonds

The bonds to be refunded and defeased with proceeds of the Bonds are certain maturities of the Authority’s Tax Increment and Contract Revenue and Refunding Bonds, Series 2011 in the principal amounts and on the maturity dates set forth below (the “*Refunded Bonds*”).

Maturity Date January 1	Principal*	Interest Rate
1/1/2022	\$ 2,010,000	4.250%
1/1/2023	785,000	4.375%
1/1/2024	820,000	4.500%
1/1/2025	855,000	4.625%
1/1/2026	895,000	4.750%
1/1/2027	935,000	4.875%
1/1/2028	980,000	5.000%
1/1/2029	1,030,000	5.000%
1/1/2030	1,085,000	5.125%
1/1/2031	1,140,000	5.250%
1/1/2032	1,200,000	5.250%
1/1/2033	1,260,000	5.375%
	<u>\$12,995,000</u>	

Redemption Date: April 1, 2020

* Preliminary, subject to change.

Defeasance of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded Bonds (the “*Refunded Bonds Paying Agent*”).

The Bond Resolution provides that the Authority and the Refunded Bonds Paying Agent will enter into a deposit letter (the “*Deposit Letter*”). The Bond Resolution further provides that from the proceeds of the sale of the Bonds, along with other monies lawfully available to the Authority, the Authority will deposit with the Refunded Bonds Paying Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Refunded Bonds Paying Agent in a segregated account and used to pay the principal of and interest on the Refunded Bonds at their maturity and will not be available to pay principal of and interest on the Bonds. By the deposit of the cash with the Refunded Bonds Paying Agent pursuant to the Deposit Letter, and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the Authority securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment of the amounts so deposited, and the amounts so deposited will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

USE AND DISTRIBUTION OF BOND PROCEEDS

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

Sources of Funds:

Principal	\$
Net Premium/Discount	
Total Sources:	\$ _____

Uses of Funds:

Deposit with Refunded Bonds Paying Agent	
Cost of Issuance, including bond insurance premium, if any ⁽¹⁾	
Total Uses:	\$ _____

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

THE TRUST INDENTURE

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

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

The Funds

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

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

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

Events of Default

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

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

Remedies

Upon the occurrence of an Event of Default, the Trustee is required to give notice thereof to the Authority and, subject to the other provisions of the Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners of the Contract Revenue Bonds by suit, action or proceeding at equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, the Contract Revenue

Bonds, or the resolutions authorizing the Contract Revenue Bonds, or in aid of the execution of any power granted in the Indenture or for the enforcement of any of the legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or Registered Owners, including, without limitation, requesting a writ of mandamus issued by a court of competent jurisdiction compelling the directors and other officers of the Authority to make such payment (but only from and to the extent of the sources provided in the Indenture) or to observe and perform its other covenants, obligations and agreements in the Indenture. The Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Contract Revenue Bonds, may act as attorney in fact for the Registered Owners of the Contract Revenue Bonds, no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver.

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

Limitation on Action by Owners

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

Amendments to the Trust Indenture

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

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the Contract Revenue Bonds or the Trustee or either of them;
- (c) to subject to the lien of the Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (e) to obtain bond insurance for the Contract Revenue Bonds, if any;
- (f) to permit any Contract Revenue Bonds to be issued in book-entry-only form; and
- (g) to permit the assumption of the Authority's obligations thereunder by any entity that may become the legal successor to the Authority;

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

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

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

Removal or Resignation of Trustee

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Registered Owners of a majority in principal amount of the Contract Revenue Bonds then Outstanding and delivered to the Trustee, with notice thereof given to the Authority.

The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Authority and by providing written notice to the Registered Owners of its intended resignation at least ninety (90) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of Contract Revenue Bonds. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed as hereinafter provided.

Appointment of Successor Trustee

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

In the event that no appointment of a successor Trustee is made by the Registered Owners or by the Authority pursuant to the foregoing provisions of this Section at the time a vacancy in the office of the Trustee shall have occurred, the Registered Owner of any Contract Revenue Bond or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

MIDTOWN REDEVELOPMENT

The Zone

The area known as Midtown is generally located between the central business district of the City and the Texas Medical Center, the two largest employment centers in the City. The area is generally bounded by U.S. Highway 59 on the south, U.S. Highway 59 and State Highway 288 on the east, Interstate 45 on the north, and Bagby Street and Texas Spur 527 on the west. Annexed areas include related neighboring corridors collectively known as the museum district containing many museums and other cultural facilities.

From 1992 to 1994, a private group of property owners worked to have the Zone created and secured petitions seeking creation from over 700 different property owners. Pursuant to such petition and in accordance with the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the “TIF Act”), the City created the Zone on December 14, 1994 by Ordinance No. 94-1345 (the “City Creation Ordinance”). The City Creation Ordinance provided that the Zone would take effect on January 1, 1995 and would terminate on December 31, 2025, or at an earlier time designated by subsequent ordinance of the City, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, and the interest on the bonds have been paid in full. By City Ordinance No. 2011-533, approved on June 22, 2011, the City Council of the City changed the termination date of the Zone from December 31, 2025 to December 31, 2033, and by City Ordinance No. 2015-1001, approved on October 14, 2015, the City Council of the City changed the termination date of the Zone from December 31, 2033 to December 31, 2040.

The purpose of the Zone is to promote the redevelopment of Midtown by providing redevelopment management and new capital through the use of Tax Increments for infrastructure and public spaces in Midtown. As required by the TIF Act, a detailed project and financing plan has been prepared for the Zone.

The ordinance creating the Zone also formed the Zone Board and established the Tax Increment Fund for the Zone. The TIF Act requires the Zone Board to be composed of nine persons, consisting of a representative of the County, if it participates in the Zone, a representative of each school district that participates in the Zone, the state representative in whose district the Zone is located or his designee, and the state senator in whose district the Zone is located or his designee, with the remaining members being appointed by the City.

The Zone was designated as a total of 617 acres in 1995 by City Ordinance No. 95-1322. This area is known as the “Original Zone.” Six parcels containing 153 acres were annexed to the Zone in 1999 by City Ordinance No. 1999-849. This area is referred to herein as the “1999 Annexed Area.” A parcel containing approximately 1.5 acres was annexed to the Zone in 2009 by City Ordinance No. 2009-1396. This area is referred to herein as the “2009 Annexed Area.” Approximately 60 city blocks were annexed to the Zone in 2015 by City Ordinance No. 2015-1000. This area is referred to as the “2015 Annexed Area.”

The City, HISD and HCC participate in the Zone. The County has completed its obligation to participate in the Zone and no longer does so.

The Authority

The Authority’s creation was authorized by City Resolution No. 95-96, passed June 28, 1995, as a local government corporation pursuant to the provisions of Article 1528(1) Tex. Rev. Civ. Stat. Ann., which is now codified as Chapter 431, Texas Transportation Code, and Chapter 394, Texas Local Government Code. According to its Amended and Restated Certificate of Formation, approved by the Secretary of State of Texas on August 19, 2013, the Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the Zone and neighboring areas, to promote, develop, encourage, and maintain housing, employment, commerce and economic development in the City, and to expand and develop the educational facilities and opportunities in Midtown. The Authority is further organized to assist the City and the Zone Board in the preparation and implementation of project plans, in the development of a policy to finance development and redevelopment of residential and commercial properties in the Zone, in the development of a policy for the

acquisition of land and land use controls, and in the development of a policy for the disposition of abandoned street rights of way, street setbacks and code revisions which will encourage redevelopment in the Midtown area.

The Amended and Restated Certificate of Formation provides that the Authority will be managed by a board of directors consisting of nine persons. Any director may be removed from office at any time, with or without cause, by the City Council. According to the by-laws of the Authority, directors will be appointed by the Mayor of the City with the approval of the City Council; provided, however, recommendations for persons to serve in four positions to the Board may be made by the persons or entities appointing comparable board members to the Zone (County, HISD, state representative, and state senator), and the Mayor will appoint these persons, subject to confirmation by the City Council.

The Authority commenced operations in June 1995. Its operations are governed by an Agreement between the City, the Zone, and the Authority, dated as of April 1, 1996, approved pursuant to Ordinance No. 96-389 and amended by Ordinance No. 97-1540 and by Ordinance No. 98-301 and amended and restated by Ordinance No. 2000-494 (collectively, the "*Tri-Party Agreement*"). The Authority's operations are currently funded by proceeds of the Contract Tax Increments paid to the Authority by the City pursuant to the Tri-Party Agreement and as described herein.

The Authority employs a full-time staff and contracts with consultants for specialized services.

The Management District

The Midtown Management District (the "*MMD*") is a municipal management district created by the Texas Legislature in 1999, which has boundaries generally coterminous with the Zone, except for the 2009 Annexed Area and the 2013 Annexed Area. The MMD has the power to provide services and construct improvements to address the needs of property owners within the MMD. The MMD is governed by a Board of Directors consisting of 17 people, the majority of whom are owners of property in the Zone. The Management District funds its operations through annual assessments on property owners within the MMD. The assessment is currently [\$0.1181] per \$100 assessed value. The MMD has entered into a contract with the Authority pursuant to which the Authority provides administrative and operating services to the MMD.

Following a public hearing, the Board of Directors of the MMD adopted a 10-year Service and Improvement Plan and Assessment Plan for fiscal years 2015-2024 (the "*2015-2024 Service Plan*"). Pursuant to the 2015-2024 Service Plan the MMD is focusing its activities in six areas of service, specifically, (i) Public Safety, (ii) Urban Planning, (iii) Services and Maintenance, (iv) Cultural Arts and Entertainment, (v) Marketing and Economic Development, and (vi) Administration. Current activities of the MMD include publication of the Midtown Cultural Arts and Entertainment Guide, Midtown Map and E-Newsletter, upgrading and maintenance of Midtown websites, administering the SeeClickFix program, provision of contract law enforcement personnel and certain public safety equipment, provision of a field services crew to maintain landscaping in the public right-of-way and other public improvements in the Zone, coordination of tree planting, neighborhood clean-up and beautification programs. The MMD also plays a key role in attracting, organizing, and supporting events held in the Zone designed to create a strong sense of community among property owners, residents and businesses. The MMD also pays for a portion of the electricity used by the decorative street lights installed by the Authority and for the costs of maintaining various parks and numerous landscape improvements on major streets throughout the Zone.

Midtown Parks Conservancy

Midtown Improvement and Development Corporation (MIDCorp) dba Midtown Parks Conservancy (the "*Conservancy*") was created as a nonprofit corporation to assist the Authority and the MMD with certain infrastructure projects located in the Zone. The Authority and the MMD have entered into Operating Agreements with the Conservancy to operate, manage, maintain, and preserve the parks developed by Midtown, including the parking facilities under Midtown Park. Under the Authority's Operating Agreement, the Authority pays an annual management fee to the Conservancy based on the Conservancy's annual operating budget. Additionally the Authority pays the Conservancy an amount for a renewal and replacement fund.

The Authority provides office space, certain equipment and certain staff services to the Conservancy. Its executive director and one Board member serve on the board of directors of the Conservancy. The Conservancy expects to expand its board once Midtown Park and Parking Garage is open for operation.

Tri-Party Agreement

The Tri-Party Agreement states in detail the scope of services to be provided to the Zone by the Authority. The services include management and administrative services for the Zone, as requested by the Zone Board, services with respect to the Plan, including implementation and updating, and services with respect to the tax rolls pertaining to the Zone, including analysis and coordination with taxing units. The Authority is also required to assist the Zone Board in establishing a program to increase the level of safety within the Zone, preparing development plans, establishing a marketing and public relations program, planning and design and construction of infrastructure improvements, land acquisition, and establishing a plan to develop a public school to serve students in Midtown.

The Tri-Party Agreement provides that the Authority has the authority to issue its bonds and notes, to enter into obligations with developers or builders, and to enter into contracts with consultants, to be repaid from Contract Tax Increments; provided that the Authority may issue its bonds only upon the approval of the City Council. All development agreements with developers or builders must be approved by the Director of Planning and Development of the City. Those entered into after the Tri-Party Agreement was amended effective June 7, 2000 will provide that the Authority will not reimburse any developer or builder for any Zone Project that is determined to be ineligible for financing under the TIF Act, and the developer or builder will repay the Authority for any payment made by the Authority to the developer or builder that is determined to be ineligible. All consultant contracts are subject to approval of the Director of Planning and Development of the City, who is required to approve such contracts if they conform to the terms and conditions of City contracts of substantially the same or similar scope for similar services.

The Tri-Party Agreement states that no obligation of the Authority will be issued or incurred by the Authority that cannot be paid from funds budgeted for expenditures in the Authority's current budget unless the obligation is approved by the Zone Board and the Planning Director. The Tri-Party Agreement approves issuance by the Authority of notes in an amount not to exceed \$6,000,000 outstanding at any time. The Zone Board and the Planning Director of the City must consent to the assignment and pledge of the Authority's Revenue Fund.

During the term of the Tri-Party Agreement, the Authority will prepare and submit its annual budget to the City and the Zone Board on or about January 1 of each year. Budget amendments that involve an increase, decrease or adjustment of \$400,000 or more must be approved by the Zone Board and the City Council. In the event that the Zone Board or the City Council fails or refuses to approve the proposed budget for the ensuing year, the Authority may continue to operate on the budget for the previous fiscal year for a period not to exceed twelve months. If, at the end of that period no budget has been approved, either the City or the Authority may terminate the Tri-Party Agreement, subject to payment of the Authority's bonds, notes and other obligations. The Authority's Fiscal Year 2017 budget has been approved by the Zone Board and the City Council.

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

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

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

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

Project and Financing Plan

The original Project and Financing Plan for the Zone was approved by the City on May 28, 1997 by City Ordinance No. 97-600. An amendment was approved by the City on October 22, 1997 by City Ordinance No. 97-1338. A second amendment to the plan pertaining to the 1999 Annexed Area was approved by the City on August 11, 1999 by City Ordinance No. 1999-850. A third amendment to the plan pertaining to the 2009 Annexed Area and designating the entire Zone as a Cultural and Tourism District was approved by the City on December 29, 2009 by City Ordinance No. 2009-1395. A fourth amendment to the plan, which (i) updated the revenue schedules to reflect an extension of the duration of the Zone for an additional eight years to December 31, 2033, (ii) updated the revenue schedules to reflect the participation of HCC in the Zone, and (iii) increased project costs consistent with the estimate of additional Tax Increments based on the eight-year extension, was approved by the City on June 15, 2011 by City Ordinance No. 2011-534. A fifth amendment to the plan, which (i) summarized the redevelopment efforts of the Zone, (ii) restated the redevelopment goals for the Zone, (iii) redesignated the Zone's project cost categories and allocations to align with current goals, and (iv) provided the anticipated use of expenditures for the cost of operating the Zone and project facilities, was approved by the City on July 10, 2013 by City Ordinance No. 2013-638. A sixth amendment to the plan, which (i) summarized the redevelopment efforts of the Zone, (ii) restated the redevelopment goals for the Zone, (iii) redesignated the Zone's project cost categories and allocations to align with the current goals and objectives of the Zone, (iv) provided the anticipated use of expenditures for the renewal, replacement, maintenance, and operation of capital projects of the Zone, (v) provided for the annexation of approximately 60 city blocks into the Zone and increased the Zone's project costs, and (vi) extended the duration of the Zone, was approved by the City on October 14, 2015 by City Ordinance No. 2015-1001. The Plan as amended is referred to as the "*Plan*." The Plan details the proposed public improvements to be financed by the Zone (the "*Public Improvements*") along with certain amounts for real estate acquisition and historic restoration. The costs of the Public Improvements, acquisition of real estate, creation of the Zone, and related organizational costs (the "*Project Costs*") constitute eligible project costs under the TIF Act.

The basic goals of the Plan have been: to induce and promote mid-density residential uses with other compatible uses and activities, to utilize the present street grid as a framework, to establish a community of small urban neighborhoods, to create a cohesive and unifying streetscape, to use modern techniques and technology to increase security, to increase residential densities, to add parks and open space to balance increased residential densities, to convert unnecessary streets to pedestrian and bike paths, to build streetscape and buildings that will promote pedestrian life, to encourage the use of public transit, and to make Main Street the focus of area activities.

The redevelopment concepts which were adopted in the latest amendment to the Plan are: (i) targeted real estate acquisitions of blighted properties in certain areas of the Zone, including Main Street Corridor, in order to catalyze development throughout the Zone and utilize the benefits of mass transit; (ii) development of open green space, parks, plazas, public squares, and other similar improvements within the Zone; (iii) enhancement of public infrastructure within the Zone to proactively facilitate redevelopment; (iv) implementation of development guidelines relating to public infrastructure and amenities to promote diverse mixed use neighborhoods and communities within the Zone; (v) creation and inducement of expanded parking facilities within the Zone and the

acquisition of real estate therefor; (vi) acquisition and development of mass transit-accessible and sustainable affordable housing; and (vii) award of selective cultural facility grants to support cultural facilities in the Zone.

The Public Improvements detailed in the Plan include the following types of capital projects: school and educational facilities, affordable housing, cultural and places of public assembly facilities, historic preservation, parks and paths, public infrastructure, including parking facilities, streets and utilities, streetscape and gateways, security equipment, and demolition and cleanup. Other Project Costs include financing costs, real property assembly, professional services, maintenance and Zone operation. Project Costs are estimated at \$584,387,137, with \$405,897,712 expended through June 30, 2019.

The Plan calls for the Public Improvements to be financed through Contract Tax Increments and the issuance of bonds and notes by the Authority, as well as through collaboration with developers and other entities for grant funding and partnerships. Other major capital projects which are integral to the Plan have been constructed by Metropolitan Transit Authority of Harris County, Texas (“METRO”) and the City. The METRO projects included reconstructing the paving and some storm sewers on the following streets: San Jacinto, Fannin, Main, Travis, Milam, Louisiana and Smith. The METRO projects also included bus shelters and benches, new sidewalks, and street trees. The Main Street reconstruction included special pavers at the intersections designated as plaza sites in the Plan. In conjunction with the street reconstruction projects, the City constructed new water distribution lines and new sanitary sewers.

Economic Development Plan

In 2009 the Zone Board adopted an Economic Development Program which was approved by the City Council of the City by City Ordinance No. 2009-1397. The Authority administers the Economic Development Program for the Zone. Pursuant to the Economic Development Program, the Zone has designated a Cultural and Tourism District consisting of the entire Zone. The Zone was designated by the Texas Commission on the Arts as a Cultural District and contains numerous cultural education facilities. The most recent annexations increased the cultural facilities in the Zone. The 2009 Annexed Area contains the Asia Society of Texas Center and the Houston Museum of African American Culture, and the 2015 Annexed Area added major cultural facilities, such as Houston Museum of Fine Arts, Houston Museum of Natural Science, Children’s Museum, Holocaust Museum, The Menil Collection, Rothko Chapel and the Health Museum. Other cultural facilities in the Zone include the Buffalo Soldiers National Museum and Heritage Center, Midtown Arts and Theater Center Houston (MATCH), and Lawndale Art Center.

The Economic Development Program includes making grants from the Tax Increment Fund for public infrastructure improvements and parking facilities to cause the establishment of public or private facilities that demonstrate public benefit and enhance the economic development of the Zone through increased business, commerce and tourism. Owners or tenants of cultural facilities may apply for grants and loans under the Economic Development Program. Under its Economic Development Plan, the Authority has made grants to Asia Society Texas Center, the Buffalo Soldiers National Museum and Heritage Center, and MATCH.

In May, 2017, the Authority entered into a grant agreement with The Museum of Fine Arts for reimbursement of up to \$1.6 million of eligible project costs for improvements, consisting of an interactive fountain and reflecting pool, along with related waterline improvements. Reimbursement is payable in installments of \$850,000 and \$750,000 at the completion of the project, which is expected to be in fiscal year 2020 and 2021, respectively.

The Authority has also purchased a building which it is leasing to the Houston Museum of African American Culture with an option to purchase. See “FINANCIAL INFORMATION—Additional Obligations of the Authority.”

Land Use Regulations

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

Affordable Housing

The TIF Act requires that one-third of the Tax Increments be used to provide affordable housing within the limits of the City. At least one-third of the proceeds of the Contract Revenue Bonds issued to finance Project Costs (after deduction of issuance and financing costs) and one-third of the Contract Tax Increments have been used or set aside for affordable housing.

The Authority will covenant in the Bond Resolution and has covenanted in the Indenture that it will continually comply with the requirements in the TIF Act, if any, relating to the provision of affordable housing during the term of the Zone.

The Authority has adopted an affordable housing strategy consisting of two phases: assembly of land within a specific target area to create a diversified inventory of property, and development of affordable housing units (single family, duplex/triplex and low to mid density multi-family developments) on such land, which is located in the historic Third Ward of Houston, adjacent to the Zone. Each property is restricted to the development of affordable housing.

Since 2016, the Board of the Authority has engaged The Center for Civic and Public Policy Improvement (“CCPPI”) to create and implement a comprehensive plan for affordable housing in areas where Midtown owns property. Initially, CCPPI performed research relating to community stabilization, utilizing community input and coordinating with affordable housing professionals to develop strategies to direct the development of the Authority’s properties. This effort resulted in the Midtown Affordable Housing Plan (the “*Affordable Housing Plan*”), which was approved by the Authority with authorization for CCPPI to implement certain recommendations in the Affordable Housing Plan. In July 2018, the Authority entered into an Initiative Services Agreement with CCPPI for the coordination, implementation and administration of the Affordable Housing Plan. The Authority pays CCPPI \$1,100,000 per year for such services.

In June 2019, the Authority’s Board granted certain vacant land from its affordable housing land inventory to 2222 CLEBURNE LP. The property, located at 2222 Cleburne Street, consists of approximately 2.9 acres of land that will be used for the construction of a 112-unit senior housing facility. In July 2019, the Authority granted property for Phase I of a 100-Homes Initiative to Houston Business Development, Inc. (HBDI), a Texas non-profit corporation. It is anticipated that HBDI will begin construction of 43 homes in fiscal year 2020. Authority staff continues to engage with other non-profit and for-profit developers in connection with its Affordable Housing efforts.

In collaboration with CCPPI and other entities providing affordable housing, the Authority is constructing a mixed use campus consisting of (i) a 5-story building containing approximately 64,500 square feet to house office, supportive services (commercial and not for profit), community and public entities (the “*Operations Center*”); (ii) an approximately 17,050 square foot, 20-unit multi-family affordable housing development; and (iii) an approximately 83,000 square foot public parking garage containing approximately 224 parking spaces on property owned by the Authority located at the intersection of Emancipation Avenue and Elgin Street. See “—Projects” below.

The Tri-Party Agreement requires that any portion of the affordable housing component of Tax Increments, including interest thereon, paid to the Authority or the proceeds of any bonds attributable to the affordable housing component that remain unexpended or uncommitted at the end of twelve months after being received by the Authority will, upon the request of the Housing Director, be paid to the City for use in the City’s affordable housing program.

Educational Facilities Project Costs

The Plan calls for the use of Tax Increments to provide educational facilities, which may be located in the Zone or the City. The Tax Increments to be used for educational facilities are derived from contributions to the Tax Increment Fund made by HISD. See “SOURCE OF AND SECURITY FOR PAYMENT – HISD’s Agreement with

Respect to Tax Increments.” Once received, these Tax Increments are paid to HISD and are within its sole control. They are not available to the Authority.

Agreements with Developers

The Authority has entered into numerous development agreements with private parties who commit to make improvements to property within the Zone which are subject to ad valorem taxation. Generally, a developer agreement provides that the Authority will pay the developer for the cost of Public Improvements constructed by the developer in connection with the improvements; provided that if the Authority does not have the funds to pay such costs as due, then the developer will advance the funds, and the Authority will reimburse the developer on the terms set forth in the development agreement. Under a development agreement, the developer agrees to make improvements to property within the Zone; however, the Authority’s only recourse if the developer fails to commence or complete construction is to obtain reimbursement of any monies the Authority advanced to the developer pursuant to the development agreement and to terminate any obligations of the Authority thereunder.

The Authority used a portion of the proceeds of the Contract Revenue Bonds which have been issued to reimburse various developers in the Zone for the cost of Public Improvements associated with their developments, primarily consisting of water and wastewater capacity fees, streetscape infrastructure, offsite utility infrastructure, sidewalks, landscaping, lighting, and development of a park.

The Pearl with Whole Foods Development. The Authority has approved a Development Agreement with Pearl Residences at Midtown Owner, LLC for reimbursement of eligible project costs related to a mixed use project with approximately 263 residential units above a 40,000 square foot Whole Foods Market grocery store with two levels of underground parking for Whole Foods Market on Smith Street. The project is being developed by Morgan, Inc., which specializes in high end multifamily development, construction and property management. Reimbursement to the developer will occur from tax increments derived from the redeveloped tract, on a subordinate basis to the Contract Revenue Bonds. Total reimbursements for the project will not exceed \$3.8 million. Reimbursement is contingent upon the developer meeting completion dates for the project and maintaining a grocery store business on the premises.

Caydon Property Group Development. The Authority has approved a Development Agreement with Caydon Houston Property LP for reimbursement of up to \$5.2 million of eligible project costs related to a mixed use project consisting of a 27-story high rise with approximately 357 residential units, approximately 13,000 square feet of ground floor retail, and a substantial residential amenity and pool deck on Fannin Street. The high rise surrounds an interior eight level parking structure. Reimbursement to the developer will occur over 8 years from tax increments derived from the redeveloped tract, on a subordinate basis to the Contract Revenue Bonds. Reimbursement is contingent upon the developer meeting completion dates for the project and maintaining the premises.

Pearl Rosemont Development. The Authority has approved a Development Agreement with Helena - Drew Holdings, LLC for reimbursement of eligible project costs related to a residential project with approximately 153 residential units on Dennis Street. Reimbursement to the developer will occur over 8 years from tax increments derived from the redeveloped tract, on a subordinate basis to the Contract Revenue Bonds. Reimbursement is contingent upon the developer meeting completion dates for the project and occupancy.

Central Bank Plaza Development. In October 2013, the Authority entered into a Development Agreement with Midtown Central Square L.L.C. for reimbursement of up to \$1.8 million of eligible project costs related to rehabilitation of Central Bank Plaza. Reimbursement to the developer will occur over 9 years from tax increments derived from the redeveloped tract, on a subordinate basis to the Contract Revenue Bonds. Reimbursement is contingent upon office and retail space occupancy and has not commenced.

As of January 20, 2020, the Authority had not reimbursed any funds to the developers of these projects. According to the Authority, The Pearl with Whole Foods development and the Caydon Property Group development are complete and eligible for reimbursements. The Pearl Rosemont and Central Bank Plaza developments have not been met eligibility requirements for reimbursement to date.

Projects

The Authority has developed a five year capital improvements program, which it plans to fund with proceeds of the Contract Revenue Bonds and Contract Tax Increments, as well as through collaboration with developers and other entities for grant funding and partnerships. The following projects are included in the Authority's five-year capital improvements program or are part of the Authority's affordable housing plan. Completion of the projects is subject to availability of funds, market conditions and other considerations which may necessitate changes to the program.

Affordable Housing Mixed Use Campus, including Operations Center and Public Parking Garage. As part of its Affordable Housing Plan, the Authority is developing a mixed use campus consisting of (i) a 5-story building containing approximately 64,500 square feet to house office, supportive services (commercial and not for profit), community and public entities (the "*Operations Center*"); (ii) an approximately 17,050 square foot, 20-unit multi-family affordable housing development; and (iii) an approximately 83,000 square foot public parking garage containing approximately 224 parking spaces to be constructed on property owned by the Authority located at the intersection of Emancipation Avenue and Elgin Street. The Authority advertised for construction bids in late 2018 and in January 2019, approved a construction contract with Arch-Con Corporation in the amount of \$25,104,315. Thereafter, the Boards of the Authority and the OST/Alameda Corridors Redevelopment Authority approved an Interlocal Agreement relating to the construction of the parking garage. Pursuant to this Interlocal Agreement, the OST/Alameda Authority will pre-lease a designated number of parking spaces and pay the cost of certain public infrastructure improvements in an amount not to exceed \$6 million. Upon completion of the project, it is anticipated that the Authority will enter into a lease agreement with CCPPI for the Operations Center, will convey the housing development to CCPPI, and will convey the parking garage to the OST/Alameda Authority. This project is not located within Midtown, but within the former Third Ward of Houston near Midtown. See "FINANCIAL INFORMATION—Additional Obligations of the Authority."

Midtown Park and Parking Garage. The Authority has developed an urban public park with amenities and supporting retail ("*Midtown Park*") and a parking garage with approximately 400 spaces of public daily fee parking ("*Public Parking*"). Midtown Park is located adjacent to the McGowen Street METRORail Station at the Main and McGowen intersection. The park contains a large lawn, a water feature, playground, dog run and public art. The Authority has purchased a mosaic art installation for the fountain in the park, and the Authority staff is working to design a food hall to be constructed in the park. Camden Property Trust ("*Camden*"), through 2800 Main L.L.C., an affiliate, partnered with the Authority to complete the parking garage, which also provides parking for an urban residential apartment complex developed by Camden. See "FINANCIAL INFORMATION—Additional Obligations of the Authority."

Street Reconstruction Projects. The Authority will continue to invest in mobility, infrastructure, and streetscape improvement projects to create comfortable and safe corridors that accommodate growing mobility needs while improving pedestrian accessibility in the Zone. The projects also include upgrades to stormwater utilities to improve drainage in the Zone. Caroline Street is currently under construction, and upcoming projects include Brazos Street, Alabama Street, Wheeler Street, Alameda/Crawford, Webster, and Tuam Streets. The Authority has recently completed streetscape enhancements on Main Street and streetscape and bicycle route enhancements on Holman Street in partnership with HCC and partially funded through a Federal Transit Administration grant.

Parks. In addition to improvements to existing parks, the Authority's capital improvement plan includes funds for development of a CAP park at street level above Interstate 69, as envisioned in a North Houston Highway Improvement Project for downtown Houston and the surrounding area. This new park is envisioned as a catalyst to create new development and attract new businesses and residents to the Zone. The continued development of new parks and the redevelopment of existing parks will increase community gathering opportunities and enhance quality of life in the Zone.

Street Reconstruction Projects. The Authority is making numerous roadway, streetscape, infrastructure and pedestrian improvements to streets throughout the Zone. Major projects include Main Street, Brazos Street, Alabama Street, Caroline Street, Wheeler Street, Alameda/Crawford, Webster, and Tuam Streets. The Authority has

completed streetscape and bicycle route enhancements on Holman Street in partnership with HCC and partially funded through a Federal Transit Administration grant.

Plazas /Public Squares. The Authority continues to develop plazas, public squares and landscaping in the public right-of-way to create community open spaces and provide connectivity and mixed uses along its corridors. The development of these plazas and public squares will complement cultural arts facilities and offer unique identity branding within the Zone.

Museum District Projects. The Authority is planning streetscape enhancements along Main Street in annexed areas of the Museum District, including sidewalk improvements, landscaping, and lighting. It is also planning mobility improvements in the annexed area of the Museum District.

STATUS OF DEVELOPMENT

Conditions at Creation of the Zone

At the time of creation of the Zone, Midtown included small office buildings, multi-family residences, churches, one museum, several governmental agencies, a large grocery store, a Sears department store, the main campus of HCC, several fine-dining restaurants, fast-food restaurants, a small number of single-family residences and many other businesses. Estimates made by Houston Planning and Development Department based upon 1993 Appraisal District data indicated that the land in the Original Zone was being utilized in the following manner: residential- 6%, office/retail - 31%, industrial - 1%, institutional - 17%, park, schools and churches - 2%, parking - 11%, vacant - 32%. Portions of the 1999 Annexed Area are more residential in nature. The 2009 Annexed Area and the 2015 Annexed Area consist of cultural facilities.

Development from Inception to Present

Since inception in January of 1995, the zone’s taxable value has increased to almost \$2 billion from a base tax year value of approximately \$212,000,000. New development includes apartment units, townhouses, office space, commercial and retail space, cultural facilities and parks.

According to the Authority, much of the population in the Zone consists of either young professionals or “empty nesters” who are employed in the central business district, the Texas Medical Center or are self-employed. Principal reasons given by new residents for living in Midtown are close proximity to place of employment, close proximity to entertainment centers (professional sports, performing arts, city parks, museums) and access to the freeway systems from Midtown. The red line of METRORail, the light rail system constructed by METRO, runs on Main Street from the north end of downtown to the Texas Medical Center and Loop 610. There are 39 blocks of Main Street within the Zone with light rail service and three METRORail stations.

HCC’s Central Campus, with approximately 18,000 students, is located in the Zone, and it is the largest employer in the Zone with approximately 800 employees. Property used by HCC is not subject to ad valorem taxation.

Midtown is the site of Houston’s Innovation District called Ion. Rice Management Co., which manages Rice University’s endowment, is leading and financing the project, a \$100 million renovation converting a 80-year-old, 270,000-square-foot former Sears department store to a high-end office and collaboration center. The redevelopment could ultimately cover some 16 acres in Midtown and include more commercial development, housing and public spaces. Currently the area is underdeveloped. The renovation is scheduled for completion in 2020.

Since 2006 the Authority has leased two buildings it owns in Midtown at 402 and 410 Pierce for the Technology & Entrepreneurship Center of Houston, Inc., a Texas non-profit corporation, d/b/a/ Houston Technology Center. The center provides mentoring for start-up companies.

Schedule 2: Breakdown of 2019 Taxable Values in the Zone by Type

Land	\$ 59,304,157	2.56%
Residential	619,844,090	26.81%
Multi-Family	961,623,033	41.59%
Commercial / Industrial	659,971,186	28.54%
Utilities	11,524,519	0.50%
	<u>\$ 2,312,266,985</u>	100.00%

(a) Based on City 2019 certified taxable value as of the date calculated.

FINANCIAL INFORMATION

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds plus the estimated annual debt service on the Bonds, based upon a fiscal year end of June 30.

Fiscal Year Ended June 30	Total Outstanding Debt Service	Total Refunded Bonds Debt Service	The Bonds*			Total Debt Service
			Principal	Interest	Debt Service	
2020	\$ 7,596,969					\$ 7,596,969
2021	7,649,219	630,988	45,000	394,763	439,763	7,457,994
2022	7,647,919	2,640,988	1,925,000	524,100	2,449,100	7,456,031
2023	7,648,469	1,330,563	695,000	447,100	1,142,100	7,460,006
2024	7,650,638	1,331,219	730,000	412,350	1,142,350	7,461,769
2025	7,647,800	1,329,319	760,000	375,850	1,135,850	7,454,331
2026	7,649,456	1,329,775	800,000	337,850	1,137,850	7,457,531
2027	6,744,188	1,327,263	840,000	297,850	1,137,850	6,554,775
2028	6,742,156	1,326,681	880,000	255,850	1,135,850	6,551,325
2029	6,744,144	1,327,681	925,000	211,850	1,136,850	6,553,312
2030	6,745,244	1,331,181	975,000	165,600	1,140,600	6,554,662
2031	6,744,350	1,330,575	1,015,000	126,600	1,141,600	6,555,375
2032	6,743,350	1,330,725	1,055,000	86,000	1,141,000	6,553,625
2033	6,743,300	1,327,725	1,095,000	43,800	1,138,800	6,554,375
2034	6,745,000				-	6,745,000
2035	6,745,750				-	6,745,750
2036	6,743,250				-	6,743,250
2037	6,742,000				-	6,742,000
2038	6,746,250				-	6,746,250
Total	\$ 134,419,450	\$ 17,894,681	\$ 11,740,000	\$ 3,679,563	\$ 15,419,563	\$ 131,944,331

Average Annual Debt Service (2021-2038) \$ 6,908,187 *

Maximum Annual Debt Service (2020) \$ 7,596,969 *

*Preliminary, subject to change

Additional Obligations of the Authority

The Authority has several obligations in addition to the Contract Revenue Bonds. Such obligations are secured by property owned by the Authority or by a lien on the Pledged Revenues which is junior and subordinate to the lien on the Pledged Revenues granted to the Contract Revenue Bonds. The Indenture requires that any subordinate obligation secured by the Pledged Revenues be payable from Pledged Revenues only if and to the extent of moneys that could otherwise be deposited to the Surplus Fund.

The following constitute the principal existing obligations of the Authority other than the Contract Revenue Bonds:

Loan in connection with Affordable Housing Mixed Use Campus, including Operations Center and Public Parking Garage. The Authority entered into a \$14 million tax-exempt and taxable loan agreement with BBVA, USA to partially fund the Authority's commitment to construct an Affordable Housing Mixed Use Campus, including an Operations Center and Public Parking Garage on July 15, 2019. The loans require interest only payments commencing October 1, 2019 and continuing to July 1, 2022. Thereafter, principal payments are also required. The loans are payable in full on July 15, 2024. The loans are secured by a subordinate lien on the portion of the Surplus Fund that is required to be applied to the provision of affordable housing, pursuant to the TIF Act and the Interlocal Agreements. The Surplus Fund is defined as the special fund of the Authority funded with a portion of Tax Increment, but funded only after debt service on the Contract Revenue Bonds for the succeeding twelve-months has been deposited, the debt service reserve fund has been fully funded, and the Trustee's fees have been paid.

Loan in connection with Midtown Park and Parking Garage. The Authority entered into a Development Agreement with 2800 Main, L.L.C., an affiliate of Camden, under which 2800 Main, L.L.C. agreed to advance up to \$19 million for construction of the Public Parking and the Authority committed to reimburse it for eligible project costs. Reimbursement began on October 1, 2018 and is payable over 13 years. However, a principal payment of \$9.4 million was made in fiscal year 2019, and the loan is now expected to be paid off in seven years. As of June 30, 2019, the outstanding balance totaled \$9,315,706. The loan is payable from Tax Increments generated from development of the Midtown Park and Parking Garage and adjoining multifamily development, subordinate to all debt service payments on the Authority's obligations secured by Contract Tax Increments, including the Contract Revenue Bonds.

Loan in connection with Purchase of Building. The Authority has a loan from Liberty Bank and Trust Company with an outstanding principal balance of \$1,263,506 as of June 30, 2019, payable in monthly installments with a final payment of \$1,127,681 due on September 30, 2020. Proceeds of the loan were used to refinance a loan to purchase a building at 4807 Caroline which is being rented to the Houston Museum of African American Culture with an option to purchase. See "MIDTOWN REDEVELOPMENT—Economic Development Program." The bank has a first mortgage on the property at 4807 Caroline to secure payment of the loan. The Authority has not pledged Contract Tax Increments to payment of the loan.

Municipal Services Agreements. The Authority, the Zone and the City enter into annual agreements whereby the Authority pays to the City the incremental costs of providing increased municipal services incurred as a result of the development of the land in the Zone. Payment of the incremental service costs is from the City's Tax Increment and is limited to the available Tax Increment received by the Authority as defined in the agreement and the amount included in the Authority's annual approved budget. If the City's available Tax Increment is not sufficient in any year to pay the amount included in the approved budget, the amount due will accrue without interest. The agreement renews annually on June 30 upon a vote of the Board of Directors of the Authority. For fiscal year 2020, the City has requested, and the Authority has budgeted for a Municipal Service Fee for incremental service in the amount of \$781,263 with an additional \$492,737 of supplemental funds that will be used at the Authority's recommendation for quality of life, homelessness and safety issues within the Zone.

Other obligations of the Authority have been described previously. As stated under "MIDTOWN REDEVELOPMENT—Economic Development Program," the Authority has committed to grant up to \$1.6 million to the Museum of Fine Arts for eligible project costs, payable in installments of \$850,000 and \$750,000 at the completion of the project, which is expected to be in fiscal year 2020 and 2021, respectively. The Authority has

obligations to four developers, contingent upon their performance under their respective development agreements. See “MIDTOWN REDEVELOPMENT—Agreements with Developers.”

Authority and Plans to Issue Bonds and Notes

Pursuant to Ordinance No. 2015-1002, the City Council authorized the Authority to issue an additional aggregate principal amount of \$18,500,000 in debt secured by Contract Tax Increments without further approval from the City, thereby increasing the total aggregate principal amount of debt secured by Contract Tax Increments which the Authority is authorized to have outstanding at any one time from \$85,500,000 to \$104,000,000 (inclusive of the \$6,000,000 in notes authorized by the Tri-Party Agreement). As Bond principal is paid, the Authority’s unused authorization will increase in an amount equal to the amount of principal paid. The Authority plans to issue Additional Parity Bonds in the future; however, its loans from BBVA, USA prohibit it from issuing Contract Revenue Bonds (other than refunding bonds such as the Bonds) until the loans are paid in full. See “—Additional Obligations of the Authority” above.

Schedule 3: Authorized and Unissued Bonds and Notes

Bonds and Notes the City Council Has Authorized the Authority to have Outstanding at Any One Time	\$ 104,000,000
Less Currently Outstanding Bonds	<u>(82,575,000)</u>
Unused Authorization	<u>\$ 16,760,000</u>
Notes secured by Tax Increments the City Council Has Authorized to be Issued by the Authority	\$ 6,000,000
Less Notes Secured by Tax Increments Previously Issued by the Authority	<u>-</u>
Unused Authorization	<u>\$ 6,000,000</u>

* Preliminary, subject to change; takes into account issuance of the Bonds and refunding of the Refunded Bonds.

Investment Policy

Under Texas law, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following objectives: understanding the suitability of the investment to the Authority’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The Authority’s investments must be made “judgment and care under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds

insured, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools, and (14) a qualified securities lending program.

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

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Schedule 4: Tax Increment Collections

CITY (a)

	Tax Year	Base Year Value (b)	Current Year Value	Tax Rate	Total Tax Levy	Total Collections	Current Increment	Increment Tax Rate	Increment Collections	Collection Rate (c)
Original	2014	\$ 157,081,540	\$ 1,271,478,807	\$ 0.63108	\$ 8,024,048	\$ 8,017,859	\$ 1,114,397,267	\$ 0.63108	\$ 7,027,313	99.92%
	2015	157,081,540	1,402,266,136	0.60112	8,429,302	8,424,150	1,245,184,596	0.60112	7,480,479	99.94%
	2016	157,081,540	1,617,860,058	0.58642	9,733,225	9,643,596	1,502,688,685	0.58642	8,554,642	97.08%
	2017	157,081,540	1,714,695,437	0.58421	10,017,422	9,998,103	1,557,613,897	0.58421	9,082,187	99.81%
	2018	157,081,540	1,791,612,869	0.58831	10,540,238	9,838,886	1,634,531,329	0.58831	8,976,251	93.35%
Projected (d)	2019	157,081,540	1,932,193,773	0.56792	10,973,315	10,755,902	1,775,112,233	0.56792	9,881,480	98.02%
Annexed	2014	\$ 54,694,350	\$ 240,951,548	\$ 0.63108	\$ 1,520,597	\$ 1,517,556	\$ 186,257,198	\$ 0.63108	\$ 1,173,081	99.80%
	2015	54,694,350	264,694,194	0.60112	1,591,130	1,589,220	209,999,844	0.60112	1,260,836	99.88%
	2016	54,694,350	288,373,028	0.58642	1,758,240	1,739,578	245,131,751	0.58642	1,368,009	95.17%
	2017	54,694,350	291,343,795	0.58421	1,702,060	1,690,656	236,649,445	0.58421	1,373,267	99.33%
	2018	54,694,350	300,599,988	0.58831	1,768,460	1,683,568	245,905,638	0.58831	1,377,242	95.20%
Projected (d)	2019	54,694,350	306,971,480	0.56792	1,743,352	1,706,308	252,277,130	0.56792	1,402,288	97.88%

COUNTY (e)(f)

	Tax Year	Base Year Value (b)	Current Year Value	Tax Rate	Total Tax Levy	Total Collections	Current Increment	Increment Tax Rate	Increment Collections	Collection Rate (c)
Original	2014	\$ 157,131,420	\$ 1,285,200,921	\$ 0.44467	\$ 5,714,903	\$ 5,700,595	\$ 1,128,069,501	\$ 0.44467	\$ 5,003,628	99.75%
	2015	157,131,420	1,423,163,298	0.44656	6,355,278	6,336,115	1,266,031,878	0.44656	5,636,545	99.70%
	2016	157,131,420	1,586,010,609	0.44485	7,385,016	7,303,461	1,502,982,412	0.44485	6,277,288	93.89%
	2017	157,131,420	1,704,585,705	0.44632	7,607,907	7,379,670	1,547,454,285	0.44632	4,335,144	(l)

HCC (g)

	Tax Year	Base Year Value (b)	Current Year Value	Tax Rate	Total Tax Levy	Total Collections	Current Increment	Increment Tax Rate	Increment Collections	Collection Rate (c)
Original	2014	\$ 157,081,540	\$ 1,275,756,320	\$ 0.07706	\$ 983,034	\$ 982,239	\$ 1,118,674,780	\$ 0.07706	\$ 861,298	99.92%
	2015	157,081,540	1,412,991,454	0.07563	1,068,660	1,067,947	1,255,909,914	0.07563	949,224	99.93%
	2016	157,081,540	1,330,691,876	0.07528	1,258,347	1,249,479	1,514,540,419	0.07528	1,107,624	97.15%
	2017	157,081,540	1,728,074,303	0.07665	1,324,604	1,321,915	1,570,992,763	0.07665	1,201,754	99.80%
	2018	157,081,540	1,804,981,223	0.07675	1,385,341	1,319,163	1,647,899,683	0.07675	1,204,360	95.22%
Projected (d)	2019	157,081,540	1,928,032,703	0.07665	1,477,876	1,454,300	1,770,951,163	0.07665	1,335,815	98.40%
Annexed	2014	\$ 54,694,350	\$ 248,243,608	\$ 0.07706	\$ 191,284	\$ 190,919	\$ 193,549,258	\$ 0.07706	\$ 148,854	99.81%
	2015	54,694,350	275,445,841	0.07563	208,322	207,116	220,751,491	0.07563	165,990	99.42%
	2016	54,694,350	300,298,047	0.07528	226,055	225,210	245,603,697	0.07528	184,192	99.63%
	2017	54,694,350	303,982,951	0.07665	233,009	229,543	249,288,601	0.07665	188,242	98.51%
	2018	54,694,350	313,451,942	0.07675	240,578	229,663	258,757,592	0.07675	189,589	95.46%
Projected (d)	2019	54,694,350	314,577,018	0.07665	241,130	237,673	259,882,668	0.07665	196,349	98.57%

HISD (h)

	Tax Year	Base Year Value (b)	Current Year Value	Tax Rate	Total Tax Levy (i)	Total Collections (i)	Current Increment (i)	Increment Tax Rate (j)	Increment Collections	Collection Rate (c)
Original	2014	\$ 156,591,480	\$ 1,261,392,183	\$ 1.19670			\$ 740,166,000	\$ 1.19670	\$ 8,850,897	99.92%
	2015	156,591,480	1,388,416,757	1.19670			788,594,000	1.19670	9,431,301	99.94%
	2016	156,591,480	1,572,922,783	1.20670			865,213,000	1.20670	10,425,000	99.85%
	2017	156,591,480	1,670,480,434	1.20670			917,065,000	1.20670	11,044,279	99.80%
	2018	156,591,480	1,750,489,294	1.20670			988,824,000	1.20670	11,355,590	95.17%
Projected (d)	2019	156,591,480	1,923,260,488	1.13670			1,044,117,000	1.13670	11,742,299	98.94%
Annexed	2014	\$ 53,013,840	\$ 239,340,337	\$ 1.19670			\$ 98,866,000	\$ 0.96000	\$ 946,960	99.77%
	2015	53,013,840	266,568,699	1.19670			105,429,500	0.96000	1,009,389	99.73%
	2016	53,013,840	299,632,277	1.20670			111,993,000	0.96000	1,071,956	99.70%
	2017	53,013,840	307,505,282	1.20670			118,556,500	0.96000	1,129,395	99.23%
	2018	53,013,840	307,505,282	1.20670			125,116,500	0.96000	1,144,786	95.31%
Projected (d)	2019	53,013,840	307,505,282	1.13670			131,688,000	0.96000	1,248,399	98.75%

Allocation of HISD Tax Increments (j)					Limits on Current Increment for HISD Tax Increments (i)		
	Tax Year	Tax Increment Levy (k)	Amount Due to HISD	Remainder	Tax Year	Original Zone	Annexed Area
Original	2014	\$ 8,825,897	\$ 2,325,436	\$ 6,500,461	2019	\$ 1,044,117,000	\$ 131,688,000
	2015	9,406,301	2,426,969	6,979,331	2020	1,101,029,000	138,259,500
	2016	10,400,000	2,604,204	7,795,796	2021	1,141,091,000	144,831,000
	2017	11,019,279	2,688,609	8,330,670	2022	1,181,089,000	151,402,500
	2018	11,330,590	2,731,039	8,599,551	2023	1,222,106,000	157,963,750
	2019	11,717,299	2,400,227	9,317,073	2024	1,264,166,000	164,525,000
Annexed	2014	\$ 946,960	\$ 315,653	\$ 631,307			
	2015	1,009,389	336,463	672,926			
	2016	1,071,956	357,319	714,637			
	2017	1,129,395	376,465	752,930			
	2018	1,144,786	381,595	763,191			
	2019	1,248,399	416,133	832,266			

- (a) Information from City's Department of Finance based on taxable values and collection data from Harris County Tax Office.
- (b) Base year for the Original Zone is 1995, base year for the 1999 Annexed Area is 1999, base year for the 2009 Annexed Area is 2009, and base year for the 2015 Annexed Area is 2015. The 2009 Annexed Area and the 2015 Annexed Area have little taxable value and are not included in this chart.
- (c) Collection rates are determined by comparing total collections to the total tax levy; however, both total collections and the total tax levy change over time, so a calculated collection rate may either increase or decrease. The City, the County, HISD and HCC have been updating the certified value for each tax year and the total collections for each tax year annually in order to calculate the tax increments to be transferred to the Authority. HISD has stated that it will finalize its numbers after five years and not make further adjustments.
- (d) The projected collection rate is a five-year average. As shown in Schedule 4, the collection rate for the most recent tax year is lower than the rate in previous years, which is above 99%. Historically, the collection rate for a tax year has increased in subsequent years as more of the taxes are collected and remitted to the Tax Increment Fund. Accordingly, while 2018 taxes may not be collected in fiscal year 2019 in the percentages shown, the Authority expects that it will receive delinquent taxes from prior years in fiscal year 2019 which will result in the receipt of approximately the same amount of revenues as if the collection percentage of 2018 taxes were received in fiscal year 2019.
- (e) Information from City's Department of Finance based on taxable values and collection data from Harris County Tax Office.
- (f) The County no longer participates in the Zone.
- (g) Information from City's Department of Finance based on taxable values from Harris County Tax Office. The tax rate is rounded to five decimals whereas it is actually carried out to six.
- (h) Information for Tax Years 2014 through 2018 from City's Department of Finance and correspondence and documentation from HISD.
- (i) The Total Tax Levy and Total Collections for HISD are not shown. HISD tax increments are not based on the actual Captured Appraised Value for each tax year, but on the lesser of the actual Captured Appraised Value for each tax year and the projected Captured Appraised Value for such year, which was adopted in the Project and Financing Plan for the Zone in 1999. The projected Captured Appraisal Value for each year as adopted in the Plan is shown on the chart entitled "Limits on Current Increment for HISD Tax Increments."
- (j) The Authority does not receive the full Increment Collections derived from the HISD Increment Tax Rate because a portion is rebated to HISD for educational facilities project costs. The amount due to HISD is estimated in the chart entitled "Allocation of HISD Tax Increments" based on the tax increment levy and does not take into account the collection rate or interest paid to HISD on funds held in the Tax Increment Fund that are returned to HISD.
- (k) City administrative fee deducted from Tax Increments shown on preceding page.
- (l) The County did not pay all of tax rate contribution on the Current Increment in tax year 2017 because it met the maximum it was required to contribute to the Tax Increment Fund under the County Interlocal Agreement during that year. This reduced increment collections from the County from \$6,277,288 in tax year 2016 to \$4,335,144 in tax year 2017.

Schedule 5: Historical Debt Service Coverage

FYE June 30	Tax Increments Received by the Authority (a)(b)	Debt Service Requirements	Debt Service Coverage
1998	\$ 18,781	-	N/A
1999	676,943	\$ 234,401	2.89x
2000	1,707,804	468,802	3.64x
2001	1,208,387	468,802	2.58x
2002	2,914,003	1,354,599	2.15x
2003	4,797,371	2,259,340	2.12x
2004	5,066,153	2,453,492	2.06x
2005	6,731,780	3,285,666	2.05x
2006	8,172,815	3,828,484	2.13x
2007	9,475,040	4,752,506	1.99x
2008	11,276,682	4,758,009	2.37x
2009	13,899,988	4,758,159	2.92x
2010	14,140,986	4,762,614	2.97x
2011	15,469,017	2,523,061	6.13x
2012	15,653,650	4,017,853	3.90x
2013	17,225,258	5,960,586	2.89x
2014	18,812,088	5,686,150	3.31x
2015	21,282,974	7,436,413	2.86x
2016	23,892,265	7,938,056	3.01x
2017	26,803,101	7,762,294	3.45x
2018	25,986,277	10,801,942	2.41x
2019	21,991,880	10,800,869	2.04x

- (a) Payments shown here are on an accrual basis. The formula for determining tax increments is described in "SELECTED FINANCIAL INFORMATION." This table excludes tax increments which are returned to HISD for educational project costs.
- (b) City tax payments are deposited into the General Fund of the City. Once such funds are accounted for and allocated to the Zone, the tax increment portion of the City tax payments is deposited to the Tax Increment Fund for the Zone. Tax Increments from the County, HISD and HCC are normally deposited to the Tax Increment Fund once a year. The City Council must appropriate the monies from the Tax Increment Fund to those entitled to them, including the Authority, before such monies are disbursed. City Council appropriation of tax increments to the Authority is normally made as each Participant deposits its tax increments into the Tax Increment Fund. Participants typically deposit Tax Increments from a tax year between June and October of the following year. The County has met its required contribution to the Zone and no longer pays any Tax Increments to the Zone. Amounts shown in this Schedule include County payments and are not indicative of payments the Authority will receive pursuant to the Plan and the Interlocal Agreements in future years.

Schedule 6: Principal Taxpayers in the Zone

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's assessed value as a percentage of the Zone's taxable value, using certified values for 2019, 2018 and 2017.

Top Ten Taxpayers for Year 2019

Rank	Value (a)	Owner	Property	Percent (%) (b)
1	\$111,225,000	POST MIDTOWN SQUARE LP	Multifamily	4.97%
2	71,907,322	2800 MAIN LLC	Multifamily	3.21%
3	63,936,108	CAYDON HOUSTON PROPERTY	Multifamily	2.86%
4	61,275,162	VR CALAIS HOLDINGS LIMITED	Multifamily	2.74%
5	57,750,649	PEARL RESIDENCES AT MIDTOWN	Multifamily	2.58%
6	54,155,308	3800 MAIN LLC	Multifamily	2.42%
7	52,983,000	AB MERION II METRO MIDTOWN LLC	Multifamily	2.37%
8	49,305,595	CAMDEN PROPERTY TRUST	Multifamily	2.20%
9	47,097,215	MID-MAIN PROPERTIES LP	Multifamily	2.10%
10	46,656,581	4001 FANNIN NO 1A LTD	Multifamily	2.08%
	\$616,291,940		Total:	27.52%

Top Ten Taxpayers for Year 2018

Rank	Value (a)	Owner	Property	Percent (%) (c)
1	\$108,412,300	POST MIDTOWN SQUARE LP	Multifamily	5.18%
2	60,053,884	VR CALAIS HOLDINGS LIMITED	Multifamily	2.87%
3	53,850,000	4001 FANNIN NO 1A LTD	Multifamily	2.57%
4	53,421,511	AB MERION II METRO MIDTOWN LLC	Multifamily	2.55%
5	49,783,141	3800 MAIN LLC	Multifamily	2.38%
6	49,781,659	CAMDEN PROPERTY TRUST	Multifamily	2.38%
7	43,971,069	CPT COMMUNITY OWNER LLC	Multifamily	2.10%
8	43,283,483	MID-MAIN PROPERTIES LP	Multifamily	2.07%
9	42,712,733	HADLEY MIDTOWN APARTMENTS	Multifamily	2.04%
10	42,000,000	SHERMAN WAY MIDTOWN LLC ET AL	Multifamily	2.01%
	\$547,269,780		Total:	26.16%

Top Ten Taxpayers for Year 2017

Rank	Value (a)	Owner	Property	Percent (%) (d)
1	\$83,597,343	POST MIDTOWN SQUARE LP	Multifamily	4.17%
2	59,050,565	VR CALAIS HOLDINGS LIMITED	Multifamily	2.94%
3	57,776,638	AB MERION II METRO MIDTOWN LLC	Multifamily	2.88%
4	52,500,000	CAMDEN PROPERTY TRUST	Multifamily	2.62%
5	50,440,350	4001 FANNIN NO 1A LTD	Multifamily	2.51%
6	43,063,992	2009 CPT COMMUNITY OWNER LLC	Multifamily	2.15%
7	43,042,513	CPT COMMUNITY OWNER LLC	Multifamily	2.15%
8	41,086,544	MID-MAIN PROPERTIES LP	Multifamily	2.05%
9	36,974,648	HADLEY MIDTOWN APARTMENTS	Multifamily	1.84%
10	35,361,912	2009 CPT COMMUNITY OWNER LLC	Multifamily	1.76%
	<u>\$502,894,505</u>		Total:	<u>25.07%</u>

- (a) Values provided by the Authority’s tax consultant. Even though sufficient properties within the Zone have been certified to allow the Chief Appraiser to certify the roll, the value of individual properties may still be under protest with a hearing or case in state district court pending contesting the value assigned to their properties.
- (b) Percentage of the City 2019 taxable value in the Zone of \$2,239,165,253.
- (c) Percentage of the City 2018 taxable value in the Zone of \$2,092,212,857.
- (d) Percentage of the City 2017 taxable value in the Zone of \$2,006,039,232.

TAXING PROCEDURES OF THE PARTICIPANTS

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the “*Property Tax Code*”) specifies the taxing procedures of all political subdivisions of the State of Texas, including each Participant. Provisions of the Property Tax Code are complex and are not fully summarized here.

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

Property Subject to Taxation by the Participants

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

by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; and most individually owned automobiles.

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

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

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

Residential Homestead Exemptions: A residential homestead exemption of \$25,000 from ad valorem taxes for public school purposes is mandated by Section 1-b, Article VIII of the Texas Constitution and state law. The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption by each Participant may be considered each year, but must be adopted by May 1.

Additional Homestead Exemptions: An additional residential homestead exemption of \$10,000 from ad valorem taxes for public school purposes is mandated by Section 1-b, Article VIII of the Texas Constitution and state law for persons who are sixty-five (65) years of age or older or certain disabled persons. Each Participant may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the respective governing body of such Participant. Qualifying surviving spouses of persons aged 65 years or older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A Participant may be required to offer such an exemption if a majority of voters approve it at an election. A Participant would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. Each Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair a Participant's obligation to pay tax-supported debt incurred prior to adoption of the exemption by a Participant.

Tax Freeze: Texas law mandates a freeze on taxes paid for public school purposes on residence homesteads of persons 65 years of age or older which receive the \$10,000 exemption. Such residence homesteads are appraised and taxes calculated as on any other property, but taxes shall never exceed the amount imposed in the first year in which the property received the \$10,000 exemption. Under Article VIII of the Texas Constitution and

state law, the governing body of each Participant may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the Participant, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferrable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. Once established, the tax rate limitation may not be repealed or rescinded.

[For the 2019 tax year, the City has a 20% local option homestead exemption with a \$5,000 minimum and an exemption for persons 65 years of age or older and disabled persons of \$160,000. HISD has a 20% local option homestead exemption plus \$25,000 and an additional exemption for persons 65 years of age or older and disabled persons of \$15,000. Homeowners who are 65 years of age or older or disabled are also eligible for the "over-65" residential tax exemption, which provides that such residential homesteads shall be appraised and taxes calculated as on any other property, but taxes for general elementary and secondary public school purposes shall never exceed the amount imposed in the first year in which the property received the exemption. For the 2019 tax year, HCC has a 10% local option homestead exemption with a minimum of \$5,000 and an additional exemption for persons 65 years of age or older and disabled persons of \$120,000.]

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

Valuation of Property for Taxation

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

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

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

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

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

Reappraisal of Property after Disaster

The Texas Tax Code provides that individuals in an area declared to be a disaster area by the Governor may apply for a temporary tax exemption for qualified property.

Taxpayer Remedies

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

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Participants and provides for taxpayer referenda that could result in the repeal of certain tax increases. See “State Law Limitations on Setting the Annual Tax Rate” herein. The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraised roll.

State Law Limitations on Setting the Annual Tax Rate

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

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

During the 2019 legislative session, the State Legislature made numerous changes to the requirements for the levy and collection of ad valorem taxes and the calculation of tax rates, including particularly those contained in Senate Bill 2 (“SB 2”). In some instances, the provisions of SB 2 will require further interpretation, and the information contained herein reflects only the Authority’s understanding based on information available to the Authority as of the date of this Official Statement, which is subject to change. Reference is made to SB 2 and the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of tax rates.

Effective January 1, 2020, the terms “rollback tax rate” and “effective tax rate” will be replaced, respectively, with the terms “voter-approval tax rate” and “no-new-revenue tax rate.” The “voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (with certain adjustments) from the current year’s values (with certain adjustments) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.” The “no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (with certain adjustments) from the current year’s total taxable values (with certain adjustments). The “unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the three prior tax years, which may be applied to a city’s tax rate in the succeeding tax year without impacting the “voter-approval tax rate.”

The City must annually calculate its “voter-approval tax rate” and “no-new revenue tax rate” in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the City and the county tax assessor-collector for each county in which all or part of the City is located. The City must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll,

except that a tax rate that exceeds the “voter-approval tax rate” must be adopted not later than the 71st day before the next occurring November uniform election date. If the City fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the “no-new-revenue tax rate” for the current tax year or the tax rate adopted by the City for the preceding tax year.

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

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

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

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

School Districts: A school district’s tax rate is set in accordance with the Property Tax Code and SB 2 as described above; however, a school district’s tax rate is also governed by the Texas Education Code and House Bill 3 (“HB 3”) adopted by the Texas Legislature in 2019.

Prior to the 2019 legislative session, a school district’s maximum M&O tax rate for a given tax year was determined by multiplying that school district’s 2005 M&O tax rate levy by a compression percentage set by legislative appropriation or, in the absence of legislative appropriation, by the Commissioner of Education. This compression percentage was historically set at 66.67%, effectively setting the maximum compressed M&O tax rate for most school districts at \$1.00 per \$100 of taxable value, since most school districts in the State had a voted maximum M&O tax rate of \$1.50 per \$100 of taxable value. School districts were permitted, however, to generate additional local funds by raising their M&O tax rate up to \$0.04 above the compressed tax rate or, with voter-approval at a valid election in the school district, up to \$0.17 above the compressed tax rate (for most school districts, this equated to an M&O tax rate between \$1.04 and \$1.17 per \$100 of taxable value).

During the 2019 legislative session, several significant changes to the funding methodology for school districts were enacted, including the division of a school district’s M&O tax rate into two distinct parts: the Tier One Tax Rate and the Enrichment Tax Rate, with each rate providing certain levels of State funds. HB 3 also introduced formulas for the State Compression Percentage and Maximum Compressed Rate to compress M&O tax rates in response to increases in property values across the State and within a school district, respectively. According to the Texas Education Agency, the “compression” of the maintenance and operations tax rate will reduce school district taxes for the 2019 tax year by an average amount of 8 cents. Thereafter, any increase in school property taxes is effectively limited to 2.5% over the “no new revenue” tax rate.

Provisions of the Texas Education Code and HB 3 are beyond the scope of this summary. Reference is made to HB 3 and the Texas Education Code for additional information on the requirements for setting a school district's tax rate in 2019 and subsequent years.

Community College Districts. After the assessor submits the appraisal roll, a designated officer or employee of the College System is required to calculate its "rollback tax rate" and "effective tax rate," defined below. In setting the annual tax rate each year, if the College System adopts a tax rate exceeding the College System's "rollback tax rate," qualified voters of the College System, by petition, may require that an election be held to determine whether or not to reduce the adopted tax rate to the "rollback tax rate." If the College System fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the effective tax rate for the current tax year or the tax rate adopted by the College System for the preceding tax year. "Effective Tax Rate" for any given year means the rate that will produce the previous year's tax levy (adjusted) from the current year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of the previous year's taxes and new values are not included in the current year's taxes. "Rollback tax rate" means the rate that will produce the previous year's maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08 plus a rate that will produce the current year's debt service from the current year's values (unadjusted) divided by the anticipated tax collection rate.

City Charter Limitations

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

Proposition 1 and Proposition 2 (2004): In 2004, voters approved Proposition 1 (now codified as Article III, Sec. 1 and Article IX, Sec. 20 of the City Charter) in order to limit increases in (i) the City's ad valorem tax revenues by requiring voter approval for increases in ad valorem taxes in future years above a limit equal to the lesser of the actual revenues in the preceding fiscal year, plus 4.5%, or a formula that is based upon the actual revenues received in fiscal year 2005 adjusted for the cumulative combined rates of inflation and the City's population growth; and (ii) water and sewer rates (i.e., the City's Combined Utility System) by limiting rate increases to the combined increases in the rates of inflation and population growth, excluding rate increases required by certain bond covenants and rates established by contract, unless approved by the voters. At the same election, the voters also approved Proposition 2 (Article VI-a, Sec. 7, City Charter), which purported to limit increases in the City's "combined revenues," including revenues of the General Fund, Special Funds and Enterprise Funds. Based on the specific language of Proposition 1 and Proposition 2, the number of votes for each proposition, and the language of the City Charter, the City declared that Proposition 2 was not effective.

Proposition 2 Litigation: Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. After protracted litigation, on August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court (for lack of ripeness) without reference to the merits and dismissed the case for want of jurisdiction. In April 2014, the suit was refiled. The City filed a plea to the jurisdiction, which was denied by the district court. The City appealed the denial. On August 17, 2017, the appeals court affirmed the trial court's denial of the plea. The City filed a petition for review with the Texas Supreme Court, which was denied and the case has been remanded to the trial court. The City's Supplemental Plea to the Jurisdiction/Motion for Summary Judgment and Motion for Reconsideration was heard on May 24, 2019; however, the judge allowed the plaintiffs to file a counter-motion on August 19, 2019 and has taken them under advisement.

Impact of Propositions G and H on Propositions 1 and 2: In response to Proposition 1 and Proposition 2, the City held an election on November 7, 2006, at which the voters approved Proposition G and Proposition H, both of which are currently effective. Proposition G amends City Charter to exclude revenues of the City's enterprise systems (i.e., Combined Utility System, Houston Airport System and the Convention and Entertainment Facilities Department) from the types of revenues limited under the City Charter. Voter approval of Proposition G removed

the enterprise systems from the revenue limitations of Proposition 2, although the limitation on water and sewer rate increases included in Proposition 1 remains in effect. Proposition H allows the City to collect and spend up to \$90 million of revenue, over and above any Proposition 2 limitations, for increased police, fire and emergency medical services and related matters. The amount collected and spent in each year becomes part of the base revenue calculations for the following year. Propositions G and H are incorporated into the City’s financial policies, and the City has collected revenues and made expenditures for public safety purposes in compliance with Proposition H.

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

Collection of Taxes

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

Participant’s Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, a Participant may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the limitations with respect to residential homesteads described in the preceding section. In filing a suit to foreclose a tax lien on real property, the Participant must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights and by bankruptcy proceedings that may restrict collection of taxpayer debts. A taxpayer has the right to redeem a mineral estate or property that was used at the time the suit was filed for residential homestead or agricultural purposes within two years after the purchaser’s deed issued at the foreclosure sale is filed in the county’s real property records. A taxpayer has the right to redeem property that was used for all other purposes within six months after the purchaser’s deed is filed in the county records. See “INVESTMENT CONSIDERATIONS—Limitations on Tax Collections and Foreclosure Remedies.”

Tax Payment Installments after Disaster

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

Effect of FIRREA on Tax Collections

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

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be subject to and accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Authority under the Constitution and laws of the State of Texas payable from the Pledged Revenues, based upon his examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Co-Bond Counsel, to a like effect and to the effect that under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See “TAX MATTERS” for a discussion of the opinion of Co-Bond Counsel.

Co-Bond Counsel also serve as co-general counsel to the Authority on matters other than the issuance of bonds.

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

No-Litigation Certificate

The Authority will furnish the Underwriters a certificate dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to the knowledge of the officers executing the certificate, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the Zone, or the title of the officers thereof to their respective offices, and that no Additional Parity Bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bracewell LLP and Burney & Foreman, Co-Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Authority has covenanted in the Bond Resolution that it will comply with these requirements.

Co-Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Authority, the Authority's Co-Financial Advisors and the Underwriters with respect to matters solely within the knowledge of the Authority, the Authority's Co-Financial Advisors and the Underwriters, respectively, which Co-Bond Counsel has not independently verified. If the Authority fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Co-Bond Counsel. Co-Bond Counsel will express no opinion with respect to Co-Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Co-Bond Counsel's knowledge of facts as of the date thereof. Co-Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Co-Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “Original Issue Discount Bonds”). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption,” “– Collateral Tax Consequences” and “– Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

- In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Authority nor Co-Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

MUNICIPAL BOND RATINGS

S&P has assigned its municipal bond rating of “__” (_____) and Moody's has assigned its municipal bond rating of “__” to the Bonds. These ratings reflect only the views of such rating agencies, and an explanation of the significance of any rating may be obtained only from the rating agency furnishing such rating. There is no assurance that any such rating will be maintained for any given period of time or that such ratings will not be revised downward, suspended or withdrawn entirely by such rating agency, if in its sole judgment, circumstances so warrant. Any downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Authority will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in this Official Statement in: **Schedules 1-6 (top ten taxpayers for current year only)** and **APPENDIX B: FINANCIAL STATEMENTS OF THE AUTHORITY**. The Authority will update and provide this information within six months after the end of each fiscal year ending in or after 2020. The Authority may provide updated information in full text or may incorporate by reference certain other documents on the EMMA System, as permitted by Rule 15c2-12 (“Rule”) of the United States Securities and Exchange Commission (“SEC”).

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

The Authority's fiscal year end is currently June 30. Accordingly, it must provide updated information by December 31 in each year, beginning in 2020, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The Authority will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The Authority will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the Authority if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority any of which reflect financial difficulties. Neither the Bonds nor the Bond Resolution makes any provision for liquidity enhancement. In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

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

Limitations and Amendments

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

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature,

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Co-Financial Advisors

Masterson Advisors LLC and TKG & Associates LLC are employed as Co-Financial Advisors to the Authority to render certain professional services, including advising the Authority on a plan of financing and the Official Statement. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information. The fees paid to the Co-Financial Advisors for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds.

MISCELLANEOUS

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

This Official Statement has been approved by the Board of Directors of Midtown Redevelopment Authority.

APPENDIX A
BOUNDARY MAP

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APPENDIX B
FINANCIAL STATEMENTS OF THE AUTHORITY

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APPENDIX C

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

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CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Reinvestment Zone Number Two, City of Houston, Texas (the “Zone”), hereby certify as follows:

1. The Board of Directors of the Zone, convened in [regular/special] session on the 30th day of January, 2020, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board, to-wit:

- | | | |
|---|------------------|--------------------|
| 1 | Camille Foster | Director |
| 2 | (Vacant) | |
| 3 | Gayle Fortson | Director |
| 4 | Pamela Castleman | Director/Secretary |
| 5 | Al Odom | Director |
| 6 | Abe S. Goren | Director |
| 7 | Caton M. Fenz | Director |
| 8 | John Thomas | Director |
| 9 | Brandon Dudley | Director |

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

RESOLUTION OF REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS, APPROVING THE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020; APPROVING A PRICING CERTIFICATE; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO

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 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 this 30th day of January, 2020.

Secretary, Board of Directors
Reinvestment Zone Number Two
City of Houston, Texas

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RESOLUTION OF REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS, APPROVING THE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF MIDTOWN REDEVELOPMENT AUTHORITY TAX INCREMENT CONTRACT REVENUE REFUNDING BONDS, SERIES 2020; APPROVING A PRICING CERTIFICATE; APPROVING OTHER AGREEMENTS RELATED TO SUCH BONDS; MAKING FINDINGS AND PROVISIONS RELATING TO SUCH BONDS AND MATTERS INCIDENT THERETO

Capitalized terms used herein but not defined shall have the meanings assigned to such terms in the Indenture or the Bond Resolution (as hereinafter defined).

WHEREAS, by Ordinance No. 94-1345, adopted on December 14, 1994, the City of Houston (the "City") created Reinvestment Zone Number Two, City of Houston, Texas (the "Midtown Zone") pursuant to Chapter 311, Texas Tax Code (the "Act"), and approved a preliminary project plan for the Midtown Zone and a preliminary reinvestment zone financing plan for the Midtown Zone; and

WHEREAS, by Resolution No. 95-96, adopted on June 28, 1995, the City authorized the creation of the Midtown Redevelopment Authority (the "Authority") to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the portion of the City known as "Midtown" and neighboring areas as described in Ordinance Nos. 94-345, 97-600, 97-1338 and 99-850; and

WHEREAS, the City, the Midtown Zone and the Authority have entered into that certain agreement dated April 1, 1996, approved as Ordinance No. 96-389, and amended by Ordinance No. 97-1540, adopted on December 10, 1997, and Ordinance No. 98-301, adopted on April 22, 1998, as amended and restated pursuant to Ordinance No. 2000-494, adopted on June 7, 2000 (collectively, the "Tri-Party Agreement"), pursuant to which the City delegated to the Authority the power and authority to administer the Midtown Zone and authorized the Authority to issue, sell or deliver its bonds, notes or other obligations, subject to City Council approval; and

WHEREAS, pursuant to the Tri-Party Agreement, the City also delegated to the Authority the power to fund capital projects consistent with such projects listed in the Project Plan and Reinvestment Zone Financing Plan approved by City Ordinance No. 97-600, adopted on May 28, 1997, as amended by City Ordinance Nos. 97-1338, adopted on October 22, 1997, 99-850, adopted on August 11, 1999, 09-1395, adopted on December 29, 2009, 11-534, adopted on June 22, 2011, 2013-638, adopted on July 10, 2013, and 2015-1001, adopted on October 14, 2015 (collectively, the "Project Plan"), including costs of construction of infrastructure, subject to the limitations set forth in the Tri-Party Agreement; and

WHEREAS, Ordinance No. 11-533, adopted on June 22, 2011, extended the termination date of the Midtown Zone from December 31, 2025 to December 31, 2033; and

WHEREAS, Ordinance No. 2013-637, adopted July 10, 2013, amended the Certificate of Formation and the Bylaws of the Authority; and

WHEREAS, Ordinance No. 2015-1002, adopted on October 14, 2015, extended the termination of the Zone from December 31, 2033 to December 31, 2040; and

WHEREAS, by Ordinance No. 1997-1540, adopted on December 10, 1997, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$16,000,000 secured by tax increments paid by the City to the Authority under the Agreement from the Participants, set forth in the Indenture thereby constituting Pledged Revenues; and

WHEREAS, on July 29, 1998, the Authority issued its \$9,000,000 Tax Increment Contract Revenue Bonds, Series 1998 (the "Series 1998 Bonds"); and

WHEREAS, by Ordinance No. 2000-495, adopted on June 7, 2000, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$26,000,000 secured by Pledged Revenues; and

WHEREAS, on July 16, 2001, the Authority issued its \$17,000,000 Tax Increment Contract Revenue Bonds, Series 2001 (the "Series 2001 Bonds"); and

WHEREAS, by Ordinance No. 2003-538, adopted on June 11, 2003, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds outstanding at any one time shall not exceed an aggregate principal amount of \$39,500,000, in addition to the \$6,000,000 in notes previously approved by the City, secured by Pledged Revenues; and

WHEREAS, on September 16, 2003, the Authority issued its \$13,500,000 Tax Increment Contract Revenue Bonds, Series 2003 (the "Series 2003 Bonds"); and

WHEREAS, by Ordinance No. 2005-0355, adopted on April 13, 2005, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds outstanding at any one time shall not exceed an aggregate principal amount of \$59,500,000, in addition to the \$6,000,000 in notes previously approved by the City, secured by Pledged Revenues; and

WHEREAS, on July 17, 2005, the Authority issued its \$22,620,000 Tax Increment Contract Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); and

WHEREAS, by Ordinance No. 2011-0326, adopted on May 4, 2011, the City authorized the Authority to issue additional bonds in order to implement the Project Plan; provided that all obligations outstanding at any one time shall not exceed an aggregate principal amount of \$85,500,000, secured by Pledged Revenues; and

WHEREAS, on August 31, 2011, the Authority issued its \$33,130,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2011 (the "Series 2011 Bonds"), which refunded \$4,490,000 in principal amount of the Series 1998 Bonds and \$10,855,000 in principal amount of the Series 2001 Bonds; and

WHEREAS, on December 17, 2013, the Authority issued its \$32,280,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2013 (the “Series 2013 Bonds”), which refunded \$7,650,000 in principal amount of the Series 2003 Bonds and \$3,650,000 in principal amount of the Series 2005 Bonds; and

WHEREAS, by Ordinance No. 2015-1002, adopted on October 14, 2015, the City authorized the Authority to issue additional bonds in order to continue to implement the Project Plan; provided that all bonds and notes outstanding at any one time shall not exceed an aggregate principal amount of \$104,000,000 secured by Pledged Revenues inclusive of the \$6,000,000 in notes previously approved by the City; and

WHEREAS, on January 31, 2017, the Authority issued its \$39,310,000 Tax Increment Contract Revenue and Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), which refunded \$1,200,000 in principal amount of the Series 2011 Bonds; and

WHEREAS, the Authority currently has bond authorization in the amount of [\$] remaining under Ordinance No. 2015-1002; and

WHEREAS, the Authority has determined it is in the Authority’s best interest to restructure its debt service payments to achieve level debt service payments; and

WHEREAS, the Authority has determined it is in the Authority’s best interest to defease the Refunded Bonds for the purposes stated herein and will do so pursuant to the Constitution and laws of the State of Texas, including particularly the Act and the Authorizing Law (defined below); and

WHEREAS, the Authorizing Law authorizes the Authority to defease the Refunded Bonds in advance of their maturities, and to accomplish such defeasance by depositing directly with the Trustee or the Paying Agent/Registrar for the Refunded Bonds or other qualified escrow agent, the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, including all sums payable under the Indenture by the Authority representing the compensation due or to become due to the Trustee; and

WHEREAS, upon the issuance of the Bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being Outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolutions authorizing the issuance of the Refunded Bonds shall be, with respect to all or a portion of the Refunded Bonds to be redeemed, discharged, terminated and defeased; and

WHEREAS, the Board of Directors of the Midtown Zone (the “Board”) desires to approve the issuance of the Authority’s Tax Increment Contract Revenue Refunding Bonds, Series 2020; Now, therefore,

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

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

Section 2. Approval of Bond Resolution and Pricing Certificate. The Board hereby approves the Authority's Resolution authorizing the issuance of the Midtown Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2020, a copy of which is attached hereto as Exhibit A (the "Bond Resolution"), which Bond Resolution was presented to the Board on January 30, 2020, and the Board hereby approves said Bond Resolution and the issuance of the Bonds described therein.

Section 3. Approval and Authorization of Agreements. The Board hereby approves issuance of the Bonds and all reasonable agreements necessary in connection with the issuance of the Bonds, including without limitation the following: the Paying Agent/Registrar Agreement, by and between the Authority and The Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar; the Bond Purchase Agreement; any insurance agreement or debt service reserve fund surety policy agreement; and any and all other documents and agreements reasonable and necessary to issue the Bonds (collectively, the "Agreements"), all as further provided in the Pricing Certificate.

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

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

Section 6. Repeal of Conflicting Resolutions. All resolutions or parts thereof in conflict herewith are repealed to the extent of such conflict only.

[Signature Page Follows]

PASSED AND APPROVED this 30th day of January, 2020.

Chair, Board of Directors
Reinvestment Zone Number Two
City of Houston, Texas

ATTEST:

Secretary, Board of Directors
Reinvestment Zone Number Two
City of Houston, Texas

EXHIBIT A

BOND RESOLUTION

[Attached]

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FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

This First Amendment to Development Agreement (this “**Amendment**”) is made as of December ___, 2019 by and among MIDTOWN REDEVELOPMENT AUTHORITY (“**Midtown Authority**” or “**Midtown**”), a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995, acting by and through its governing body, the Board of Directors (the “**Midtown Board**”), and acting on behalf of REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS (“**Midtown Zone**”), a tax increment reinvestment zone created by the City of Houston, Texas (the “**City**”) pursuant to Chapter 311 of the Texas Tax Code, as amended, acting by and through its governing body, the Board of Directors (the “**Midtown Zone Board**”), and PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company (“**Developer**”).

RECITALS

A. Developer and Midtown Authority entered into that certain Development Agreement dated January 11, 2017 (the “**Agreement**”) with respect to real property currently owned by Developer located at 3120 Smith Street, Houston, Harris County, Texas as more particularly described on Exhibit A attached hereto and incorporated herein (the “**Property**”). All capitalized terms not otherwise expressly defined herein will have the meanings ascribed to them in the Agreement.

B. Developer intends, pursuant to Section 5.04 of the Agreement, to convey to Pearl Marketplace at Midtown Owner, LLC, a Delaware limited liability company (“**Retail Owner**”), an Affiliate of Developer, the retail portion of the Property as more particularly described on Exhibit B attached hereto and incorporated herein (the “**Retail Unit**”). Developer will continue to own the remainder of the Property described on Exhibit C attached hereto and incorporated herein (the “**Residential Unit**”).

C. In connection with the conveyance of the Retail Unit, Developer and Midtown Authority desire to amend the Agreement to clarify the rights and obligations with respect to the Pearl Midtown ROW Project and the Reimbursement, among other things, pursuant to the terms and conditions set forth herein.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Amendment, Midtown and Developer contract and agree as follows:

1. Assignment. Midtown acknowledges that Developer, pursuant to Section 5.04 of the Agreement, has conveyed or will convey the Retail Unit to Retail Owner. The Retail Owner’s contact information is as follows: 3000 Richmond Street, Houston, Texas 77098, Attn: Philip

Morgan (713-361-7241; philip@morgangroup.com) and Rosalind M. McLeroy (713-361-7227; rosalindm@morgangroup.com).

2. Reimbursement. For purposes of clarity, despite the conveyance of the Retail Unit from Developer to Retail Owner, Developer (and its permitted successors and assigns with respect to the Residential Unit only) shall remain the only party entitled to receive the Reimbursement pursuant to the Agreement. Retail Owner and any subsequent owner of the Retail Unit shall have no rights with respect to the Reimbursement.

3. Lender Assignment. The last sentence of Section 5.04 in the Agreement is hereby deleted and replaced with the following: “The foregoing notwithstanding, Developer shall be entitled to collaterally assign its rights under this Agreement to a commercial bank or lender which provides financing to Developer secured by a first lien on the Residential Unit (as defined in that certain Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk’s File No. RP-2017-15223) provided that Developer provides to Midtown Authority a fully-executed copy of any such collateral assignment and the name and contact information of the commercial bank or lender.”

4. Developer Notice Address. In the Developer’s notice addresses in Section 7.04 of the Agreement, “5606 South Rice Avenue, Houston, Texas 77081” is hereby deleted and replaced with “3000 Richmond Avenue, Houston, Texas 77098” in both instances.

5. Maintenance Agreement. **Exhibit G** attached to the Agreement is hereby deleted in its entirety and replaced with **Exhibit G** attached hereto and made a part hereof.

6. Entire Agreement. The Agreement and this Amendment represent the final agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto. There are no unwritten oral agreements between the parties hereto.

7. Counterparts. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; Signatures follow.]

IN WITNESS WHEREOF, Midtown and Developer have caused this Amendment to be duly executed as of the date first written above.

MIDTOWN:

**MIDTOWN REDEVELOPMENT
AUTHORITY**

By: _____

Name: Al Odom

Title: Chair, Board of Directors

DEVELOPER:

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC, a Delaware limited liability
company**

By: _____

J. Philip Morgan, Vice President

APPROVED:

**CHIEF DEVELOPMENT OFFICER OF THE
CITY OF HOUSTON, TEXAS**

By: _____

Name: _____

Title: _____

EXHIBIT A

Legal Description of Property

All of Pearl Brazos Rosalie, a subdivision of 1.89 acres located in the Obedience Smith Survey A-696, according to the plat recorded at Film Code No. 679338 of the Harris County Map Records.

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EXHIBIT B

Legal Description of Retail Unit

That certain Retail Unit, together with the Limited Common Elements appurtenant to the Retail Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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EXHIBIT C

Legal Description of Residential Unit

That certain Residential Unit, together with the Limited Common Elements appurtenant to the Residential Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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EXHIBIT G

Form of Maintenance Agreement

MAINTENANCE COVENANTS

These MAINTENANCE COVENANTS (“Covenants”) are made by PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company (“Owner”), to and for the benefit of the MIDTOWN REDEVELOPMENT AUTHORITY, a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995 (“Midtown”), acting by and through its governing body, the Board of Directors and acting on behalf of the REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS, a tax increment investment zone created by the City of Houston, Texas pursuant to Chapter 311 of the Texas Tax Code (“Midtown Zone”).

RECITALS

A. Owner owns certain real property located at 3120 Smith Street, Houston, Harris County, Texas and described on Exhibit A attached hereto and incorporated herein (“Property”) on which Owner has developed a mixed use project known as “Pearl Marketplace at Midtown” consisting of residential apartment units and a Whole Foods Market grocery store with underground parking (“Project”).

B. Owner has conveyed or will convey to Pearl Marketplace at Midtown Owner, LLC, a Delaware limited liability company, an affiliate of Owner, the retail portion of the Property as more particularly described on Exhibit B attached hereto and incorporated herein (the “Retail Unit”). Owner will continue to own the remainder of the Property as described on Exhibit C attached hereto and incorporated herein (the “Residential Unit”).

C. Midtown and Owner entered into that certain Development Agreement dated January 11, 2017, as amended, regarding certain right of way improvements for the Project (“Development Agreement”).

D. Pursuant to the Development Agreement, Owner has planned, designed, constructed, equipped and installed certain sidewalks, walkways, curbs, gutters, pavers, decorative walls, public art, landscaping, lighting, trash receptacles, benches, bike racks, electrical and irrigation systems and related facilities along the portion of the Property located adjacent to the Project and the adjoining public rights-of-way for Smith Street, Elgin Street and Brazos Street (“ROW Improvements”), and Midtown has agreed to reimburse Owner for certain costs for the ROW Improvements.

E. In consideration of the covenants and agreements of Midtown pursuant to the Development Agreement, Owner has agreed to manage, operate and maintain the ROW Improvements for the Term (as hereinafter defined) and execute and record these Covenants.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the Development Agreement and these Covenants, Owner hereby agrees and declares that the Property and each part thereof shall be subject to the following terms, covenants and restrictions.

1. **Maintenance of ROW Improvements.** Owner covenants and agrees, at its sole cost and expense, to maintain in good condition and working order at all times the ROW Improvements. Owner's maintenance obligations shall include, without limitation: (a) the maintenance, repair, upkeep and replacement of all components of the ROW Improvements including all (i) concrete, stone, crushed stone, gravel, brick pavers or other materials used for sidewalks or walkways, (ii) sidewalks, walkways, driveways and curbs, (iii) ground cover, grass, trees, shrubbery and other landscaping vegetation and materials, (iv) trash receptacles, benches, bike racks and lamp posts, (v) irrigation and electrical, tree lighting systems and other decorative lighting and (vi) public art; (b) the timely payment of all utility charges for irrigation and electrical systems related to the ROW Improvements including all tree and decorative lighting; and (c) the removal of trash and debris on or about the ROW Improvements. Owner shall replace any damaged, destroyed or stolen components of the ROW Improvements with materials of comparable quality and quantity to the quality and quantity of the materials originally installed as components of the ROW Improvements.

2. **Default and Remedies.** In the event Owner does not perform its maintenance obligations hereunder and, if such default remains uncured for a period of sixty (60) days after notice thereof is given in accordance with Section 5 (or in the event of a casualty or other loss requiring restoration or replacement of the ROW Improvements such longer period as may be reasonably necessary for Owner to perform such maintenance obligations), Midtown, at its option, may pursue specific performance of the Owner's obligations hereunder, cause such maintenance obligations to be performed and recover from Owner the cost of same or pursue any other remedy available at law or in equity. Owner shall pay such costs within thirty (30) days of receipt of a written statement of costs from Midtown, accompanied by contractor invoices, paid receipts, or other reasonable documentation to substantiate the amount set forth in such statement. The amount of any such statement that is not timely paid by Owner shall accrue interest at the lesser of twelve percent (12%) or highest rate allowed by law.

3. **Covenants Run with the Land; Successors and Assigns.** The terms, covenants, and agreements set forth in these Covenants shall run with the Residential Unit and each portion thereof (but not the Retail Unit) and shall be binding on all parties having any right, title or interest in or to the Residential Unit or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, and be enforceable by, Midtown or the Midtown Zone and their respective successors and assigns. As used herein, the term "Owner" shall mean the Owner, and the Owner's successors and assigns holding title to the Residential Unit or any portion thereof (but not the Retail Unit). In the event at any time more than one party holds title to the Residential Unit or any portion thereof, then, such parties shall be jointly and severally liable for the maintenance obligations herein set forth and such parties shall jointly exercise any rights of the Owner hereunder. Any party constituting the Owner that ceases to hold title to the Residential Unit or any portion thereof shall be deemed released from the obligations of the Owner under these Covenants to the extent such obligations arise from and after the date such party ceases to hold title to the Property or any portion thereof provided that an assignment and assumption agreement (which includes an assumption by purchaser or transferee of all of Owner's obligations under these

Covenants to the extent accruing from and after the date of such assignment) is executed by the former Owner and successor Owner and recorded in the Official Public Records of Harris County, Texas, and fully executed and recorded copies of such assignment and assumption agreement and the deed to the successor Owner is provided to Midtown with current contact information for the successor Owner. The Owner has (or may in the future) establish a condominium board (the “**Project Condominium Board**”) with authority to manage, maintain and operate the ROW Improvements for the benefit of the owners and occupants of the Project. Midtown expressly consents to the delegation of the Owner’s obligations under this Agreement to the Project Condominium Board and agrees that performance by the Project Condominium Board shall be deemed performance by the Owner; provided however, in such event the Owner shall not be released from its obligations under these Covenants.

4. **Term.** Unless terminated earlier by Midtown or its successors or assigns, the term of these Covenants shall be the later to occur of (a) December 31, 2040; and (b) the termination of the Midtown Zone.

5. **Notices.** Any notice sent under these Covenants shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or sent by nationally recognized overnight courier for next business day delivery, or personally delivered to the receiving party at the following addresses:

If to Midtown:

Reinvestment Zone Number Two
City of Houston, Texas
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Chairman, Board of Directors
Email: mattt@houstonmidtown.com

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Executive Director
Email: mattt@houstonmidtown.com

with copies to:

Barron F. Wallace
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770
Email: Barron.Wallace@Bracewellllaw.com

If to Owner:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: J. Philip Morgan
Email: philip@morgangroup.com

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: Rosalind M. McLeroy
Email: rosalingdm@morgangroup.com

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when deposited with the U.S. Postal Service, sent by certified mail, return receipt requested, postage prepaid; any communication sent by nationally recognized overnight courier shall be deemed given (1) business day following deposit; and any communication delivered in person shall be deemed to be given when received for by, or actually received by Midtown or Owner, as the case may be.

6. **Invalidity.** If any provision of these Covenants is held to be illegal, invalid or unenforceable under the present or future laws, the legality, validity and enforceability of the remaining provisions of these Covenants will not be affected thereby.

7. **Governing Law.** These Covenants shall be governed by and construed in accordance with the laws of the State of Texas.

8. **Construction.** The parties acknowledge that the parties and their counsel have reviewed these Covenants and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these Covenants.

9. **Counterparts.** These Covenants may be executed in multiple counterparts, each of which shall be deemed an original.

10. **No Third Party Beneficiaries.** The Owner and Midtown acknowledge and agree that, except as expressly set forth herein, there are no intended third party beneficiaries of these Covenants or of any of the right and privileges conferred herein.

11. **Amendments.** These Covenants may be amended, supplemented, restated or otherwise modified only by a written instrument executed by Owner and Midtown or their respective successors and assigns.

12. **Entire Agreement.** These Covenants and the Development Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior written and oral agreements and understandings with respect to such subject matter.

These Covenants are executed to be effective as of December ___, 2019.

OWNER:

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC,**
a Delaware limited liability company

By: _____
J. Philip Morgan, Vice President

THE STATE OF TEXAS

§

COUNTY OF HARRIS

§

§

This instrument was acknowledged before me on this ___ day of December, 2019 by J. Philip Morgan, Vice President of PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company, on behalf of said company.

SEAL:

Notary Public, State of Texas

AUTHORITY

MIDTOWN REDEVELOPMENT AUTHORITY,
a public non-profit local government corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of December, 2019, by _____, the _____ of Midtown Redevelopment Authority, a public non-profit local government corporation created pursuant to Chapter 431, Texas Transportation Code, on behalf of said corporation.

SEAL:

Notary Public, State of Texas

EXHIBIT A

Legal Description of Property

All of Pearl Brazos Rosalie, a subdivision of 1.89 acres located in the Obedience Smith Survey A-696, according to the plat recorded at Film Code No. 679338 of the Harris County Map Records.

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EXHIBIT B

Legal Description of Retail Unit

That certain Retail Unit, together with the Limited Common Elements appurtenant to the Retail Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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EXHIBIT C

Legal Description of Residential Unit

That certain Residential Unit, together with the Limited Common Elements appurtenant to the Residential Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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MAINTENANCE COVENANTS

These **MAINTENANCE COVENANTS** (“Covenants”) are made by **PEARL RESIDENCES AT MIDTOWN OWNER, LLC**, a Delaware limited liability company (“Owner”), to and for the benefit of the **MIDTOWN REDEVELOPMENT AUTHORITY**, a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995 (“Midtown”), acting by and through its governing body, the Board of Directors and acting on behalf of the **REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS**, a tax increment investment zone created by the City of Houston, Texas pursuant to Chapter 311 of the Texas Tax Code (“Midtown Zone”).

RECITALS

A. Owner owns certain real property located at 3120 Smith Street, Houston, Harris County, Texas and described on Exhibit A attached hereto and incorporated herein (“**Property**”) on which Owner has developed a mixed use project known as “Pearl Marketplace at Midtown” consisting of residential apartment units and a Whole Foods Market grocery store with underground parking (“**Project**”).

B. Owner has conveyed or will convey to Pearl Marketplace at Midtown Owner, LLC, a Delaware limited liability company, an affiliate of Owner, the retail portion of the Property as more particularly described on Exhibit B attached hereto and incorporated herein (the “**Retail Unit**”). Owner will continue to own the remainder of the Property as described on Exhibit C attached hereto and incorporated herein (the “**Residential Unit**”).

C. Midtown and Owner entered into that certain Development Agreement dated January 11, 2017, as amended, regarding certain right of way improvements for the Project (“**Development Agreement**”).

D. Pursuant to the Development Agreement, Owner has planned, designed, constructed, equipped and installed certain sidewalks, walkways, curbs, gutters, pavers, decorative walls, public art, landscaping, lighting, trash receptacles, benches, bike racks, electrical and irrigation systems and related facilities along the portion of the Property located adjacent to the Project and the adjoining public rights-of-way for Smith Street, Elgin Street and Brazos Street (“**ROW Improvements**”), and Midtown has agreed to reimburse Owner for certain costs for the ROW Improvements.

E. In consideration of the covenants and agreements of Midtown pursuant to the Development Agreement, Owner has agreed to manage, operate and maintain the ROW Improvements for the Term (as hereinafter defined) and execute and record these Covenants.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the Development Agreement and these Covenants, Owner hereby agrees and declares that the Property and each part thereof shall be subject to the following terms, covenants and restrictions.

1. **Maintenance of ROW Improvements.** Owner covenants and agrees, at its sole cost and expense, to maintain in good condition and working order at all times the ROW Improvements. Owner's maintenance obligations shall include, without limitation: (a) the maintenance, repair, upkeep and replacement of all components of the ROW Improvements including all (i) concrete, stone, crushed stone, gravel, brick pavers or other materials used for sidewalks or walkways, (ii) sidewalks, walkways, driveways and curbs, (iii) ground cover, grass, trees, shrubbery and other landscaping vegetation and materials, (iv) trash receptacles, benches, bike racks and lamp posts, (v) irrigation and electrical, tree lighting systems and other decorative lighting and (vi) public art; (b) the timely payment of all utility charges for irrigation and electrical systems related to the ROW Improvements including all tree and decorative lighting; and (c) the removal of trash and debris on or about the ROW Improvements. Owner shall replace any damaged, destroyed or stolen components of the ROW Improvements with materials of comparable quality and quantity to the quality and quantity of the materials originally installed as components of the ROW Improvements.

2. **Default and Remedies.** In the event Owner does not perform its maintenance obligations hereunder and, if such default remains uncured for a period of sixty (60) days after notice thereof is given in accordance with Section 5 (or in the event of a casualty or other loss requiring restoration or replacement of the ROW Improvements such longer period as may be reasonably necessary for Owner to perform such maintenance obligations), Midtown, at its option, may pursue specific performance of the Owner's obligations hereunder, cause such maintenance obligations to be performed and recover from Owner the cost of same or pursue any other remedy available at law or in equity. Owner shall pay such costs within thirty (30) days of receipt of a written statement of costs from Midtown, accompanied by contractor invoices, paid receipts, or other reasonable documentation to substantiate the amount set forth in such statement. The amount of any such statement that is not timely paid by Owner shall accrue interest at the lesser of twelve percent (12%) or highest rate allowed by law.

3. **Covenants Run with the Land; Successors and Assigns.** The terms, covenants, and agreements set forth in these Covenants shall run with the Residential Unit and each portion thereof (but not the Retail Unit) and shall be binding on all parties having any right, title or interest in or to the Residential Unit or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, and be enforceable by, Midtown or the Midtown Zone and their respective successors and assigns. As used herein, the term "Owner" shall mean the Owner, and the Owner's successors and assigns holding title to the Residential Unit or any portion thereof (but not the Retail Unit). In the event at any time more than one party holds title to the Residential Unit or any portion thereof, then, such parties shall be jointly and severally liable for the maintenance obligations herein set forth and such parties shall jointly exercise any rights of the Owner hereunder. Any party constituting the Owner that ceases to hold title to the Residential Unit or any portion thereof shall be deemed released from the obligations of the Owner under these Covenants to the extent such obligations arise from and after the date such party ceases to hold title to the Property or any portion thereof provided that an assignment and assumption agreement (which includes an assumption by purchaser or transferee of all of Owner's obligations under these Covenants to the extent accruing from and after the date of such assignment) is executed by the former Owner and successor Owner and recorded in the Official Public Records of Harris County, Texas, and fully executed and recorded copies of such assignment and assumption agreement and the deed to the successor Owner is provided to Midtown with current contact information for the

successor Owner. The Owner has (or may in the future) establish a condominium board (the “**Project Condominium Board**”) with authority to manage, maintain and operate the ROW Improvements for the benefit of the owners and occupants of the Project. Midtown expressly consents to the delegation of the Owner’s obligations under this Agreement to the Project Condominium Board and agrees that performance by the Project Condominium Board shall be deemed performance by the Owner; provided however, in such event the Owner shall not be released from its obligations under these Covenants.

4. Term. Unless terminated earlier by Midtown or its successors or assigns, the term of these Covenants shall be the later to occur of (a) December 31, 2040; and (b) the termination of the Midtown Zone.

5. Notices. Any notice sent under these Covenants shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or sent by nationally recognized overnight courier for next business day delivery, or personally delivered to the receiving party at the following addresses:

If to Midtown:

Reinvestment Zone Number Two
City of Houston, Texas
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Chairman, Board of Directors
Email: mattt@houstonmidtown.com

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Executive Director
Email: mattt@houstonmidtown.com

with copies to:

Barron F. Wallace
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770
Email: Barron.Wallace@Bracewellllaw.com

If to Owner:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: J. Philip Morgan

Email: philip@morgangroup.com

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: Rosalind M. McLeroy
Email: rosalingm@morgangroup.com

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when deposited with the U.S. Postal Service, sent by certified mail, return receipt requested, postage prepaid; any communication sent by nationally recognized overnight courier shall be deemed given (1) business day following deposit; and any communication delivered in person shall be deemed to be given when receipted for by, or actually received by Midtown or Owner, as the case may be.

6. **Invalidity.** If any provision of these Covenants is held to be illegal, invalid or unenforceable under the present or future laws, the legality, validity and enforceability of the remaining provisions of these Covenants will not be affected thereby.

7. **Governing Law.** These Covenants shall be governed by and construed in accordance with the laws of the State of Texas.

8. **Construction.** The parties acknowledge that the parties and their counsel have reviewed these Covenants and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these Covenants.

9. **Counterparts.** These Covenants may be executed in multiple counterparts, each of which shall be deemed an original.

10. **No Third Party Beneficiaries.** The Owner and Midtown acknowledge and agree that, except as expressly set forth herein, there are no intended third party beneficiaries of these Covenants or of any of the right and privileges conferred herein.

11. **Amendments.** These Covenants may be amended, supplemented, restated or otherwise modified only by a written instrument executed by Owner and Midtown or their respective successors and assigns.

12. **Entire Agreement.** These Covenants and the Development Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior written and oral agreements and understandings with respect to such subject matter.

These Covenants are executed to be effective as of December ____, 2019.

OWNER:

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC,**
a Delaware limited liability company

By: _____
J. Philip Morgan, Vice President

THE STATE OF TEXAS
COUNTY OF HARRIS

§
§
§

This instrument was acknowledged before me on this ____ day of December, 2019 by J. Philip Morgan, Vice President of PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company, on behalf of said company.

SEAL:

Notary Public, State of Texas

AUTHORITY

MIDTOWN REDEVELOPMENT AUTHORITY,
a public non-profit local government corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of December, 2019, by _____, the _____ of Midtown Redevelopment Authority, a public non-profit local government corporation created pursuant to Chapter 431, Texas Transportation Code, on behalf of said corporation.

SEAL:

Notary Public, State of Texas

EXHIBIT A

Legal Description of Property

All of Pearl Brazos Rosalie, a subdivision of 1.89 acres located in the Obedience Smith Survey A-696, according to the plat recorded at Film Code No. 679338 of the Harris County Map Records.

DRAFT

EXHIBIT B

Legal Description of Retail Unit

That certain Retail Unit, together with the Limited Common Elements appurtenant to the Retail Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

DRAFT

EXHIBIT C

Legal Description of Residential Unit

That certain Residential Unit, together with the Limited Common Elements appurtenant to the Residential Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

DRAFT

DRAFT

For Accounting Use Only	
SCO	_____
Mat	_____
BS	_____
Total	_____



ARCH-CON
CONSTRUCTION

PRIME CHANGE PROPOSAL FORM (FOR NEW CONSTRUCTION PROJECTS)

Date	01/22/20
Project	Affordable Housing Operations
Job Number	1905004
Accounting Phase	1-33-0000-00
Project Manager	William Nelson/Corey Englade
Project Coordinator	Sandra Sanchez

Change Proposal #	1 Utility Connections Updates
-------------------	-------------------------------

Description: Changes made by the City of Houston to the Public Works Drawings

Breakdown	Cost
1 Additional Cost of Baffle Box	\$2,794.12
2 Office and Garage Offsite Sanitary	\$132
3 Office and Garage Onsite Sanitary	\$3,918
4 Housing Offsite Storm	\$89,969
5 Housing Sanitary	\$5,460
6 Office Offsite Water	\$23,090
7 Housing Offsite Fire	\$6,256
8	\$131,619
9	

10	General Liability and Safety (1.15%)	\$1,514
11	Builder's Risk	\$386
12	Bond	1468.709

Schedule Impact

Y
N X
TBD

Calendar Days: _____

Revised Substantial
Completion Date: TBD _____

Subtotal	\$	134,988
OH&P	\$	8,099
Total	\$	143,087

Approved
Rejected

Owner's Representative _____ Date _____

Cory English 1/22/20
Arch-Con Corporation _____ Date _____

DRAFT



We want to be part of the Midtown Redevelopment Authority's solution to creating and sustaining affordable housing. We seek only to serve our neighbors, not profit or recognition.





Midtown Redevelopment Authority and Agape Homes CDC

Adjacency Program Initial Project Info

Agape Homes CDC "AHCDC" currently owns 6324 Paris St. Houston, TX 77021 and is contracting for 6312 Paris Street, Houston TX 77021. These parcels of 15,000 square feet of land are adjacent to property owned by Midtown Redevelopment Authority "MRA" and will also be used as part of our affordable housing program.

Site Location and Parcel Information are included in this packet.

AHCDC is requesting the opportunity to use 3 parcels owned by MRA totaling 20,000 square feet to build 4 new affordable homes on 5000 square foot lots. The buyers of these lots will be restricted to individuals and families who are at or below the 80% contemporaneous Area Median Income. We currently have 26 applicants in this income bracket all of whom currently live in the Greater OST/ South Union Area, which is the same area in which these homes will be built.

AHCDC will give the buyers 4 models of homes to choose from. Each home was designed with community input, will be built new onsite, have an attached one car garage, and will have a full warranty that will be equivalent to for profit production homebuilders. These homes will be sold to the buyers at our cost with a silent second lien for the difference between our cost and market value. This lien will not need to be repaid if the buyer owns and lives in the home. The main purpose of this lien is to prevent the immediate flip of the property for profit and maintain affordability.

Floor plans, elevations and costs are included in this packet.

AHCDC is partnering with Newmark Homes for technical homebuilding expertise. They will provide, at no cost to Agape or the homebuyers, training in and access to project management technology, consulting on construction supervision, connections to bulk pricing on supplies, subcontracting relationships, and templates for contracts and other legal documents. At cost with no added profit, they are providing to Agape, services of accounting, payments to vendors, and construction supervision.

Newmark will be providing a letter outlining their role and commitment as AHDCDC consulting partner at a later date.

This project will be self-financed with existing cash on hand restricted for AHDCDC affordable housing program.

Documents showing in house financial resources are included in this packet.



Our predevelopment activities have included building a program to help low- to moderate-income individuals and families, who are renters, to become homebuyers. Our phase one 24 affordable home subdivision Grand Park Haven was unanimously approved by the planning commission, the plat has been recorded and all development permits will be approved soon allowing for construction to start in early 2020. We have 4 floor plans with additional garage options fully engineered and ready for the permitting process. We have preliminary approval of a Developer Participation Agreement with the City of Houston for storm water improvements and an arrangement with the Houston Community Land Trust to allow our buyers to use their program if they choose. We have also acquired 50 buildable lots and have the funds to implement our housing program.

Timeline:

If we receive lots from MRA January 2020

Submit Housing Permits March 2020

Start Construction all 4 of homes June 2020

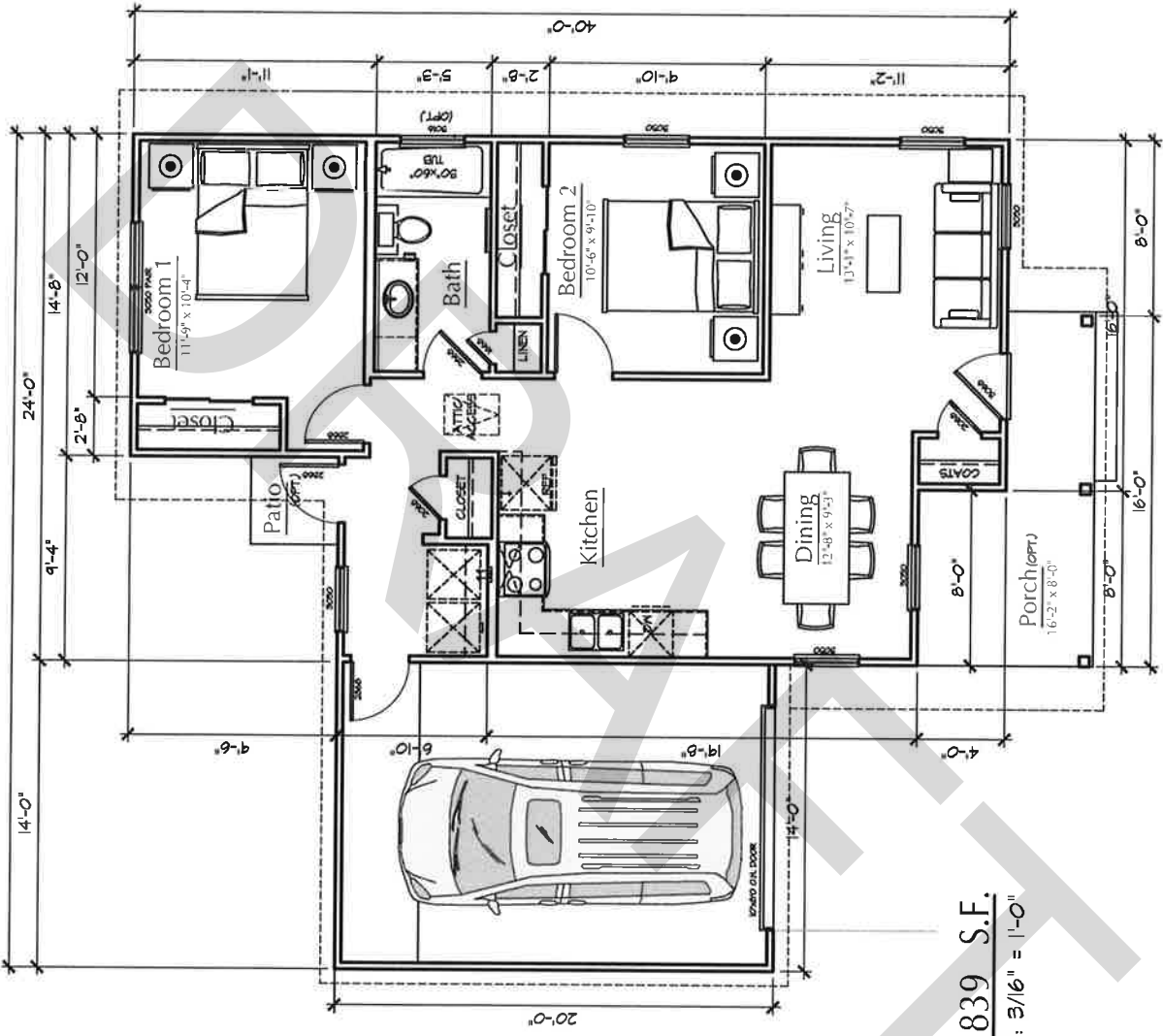
Complete Homes Construction October 2020

Have Buyers Close on and Move into homes December 2020

Warrant Deed and HCAD Info is included in this packet for 6324 Paris St. We will provide proof of control or ownership of 6312 Paris St. at a later date.

Pilot Program Lots Requested by Agape Homes CDC

Account Number Property Address	Owner Name Lot Size
0540210000008 PERRY ST	MIDTOWN REDEVELOPMENT AUTHORITY 0 10,000 SF
0540210000011 6314 PARIS ST	MIDTOWN REDEVELOPMENT AUTHORITY 5,000 SF
0540210000012 6314 PARIS ST	MIDTOWN REDEVELOPMENT AUTHORITY 5,000 SF



UNIT 2-A: Floor Plan 839 S.F.

2 BEDROOM | BATH

SCALE: 3/16" = 1'-0"



(IN FBET)
3/16" inch = 1 foot

AGAPE
17-35
Plotted: 9/04/2019

4550 Post Oak Place Dr, Suite 100
Houston, Texas - 77027
P: 713.993.0439
www.wpartnership.com

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17-35

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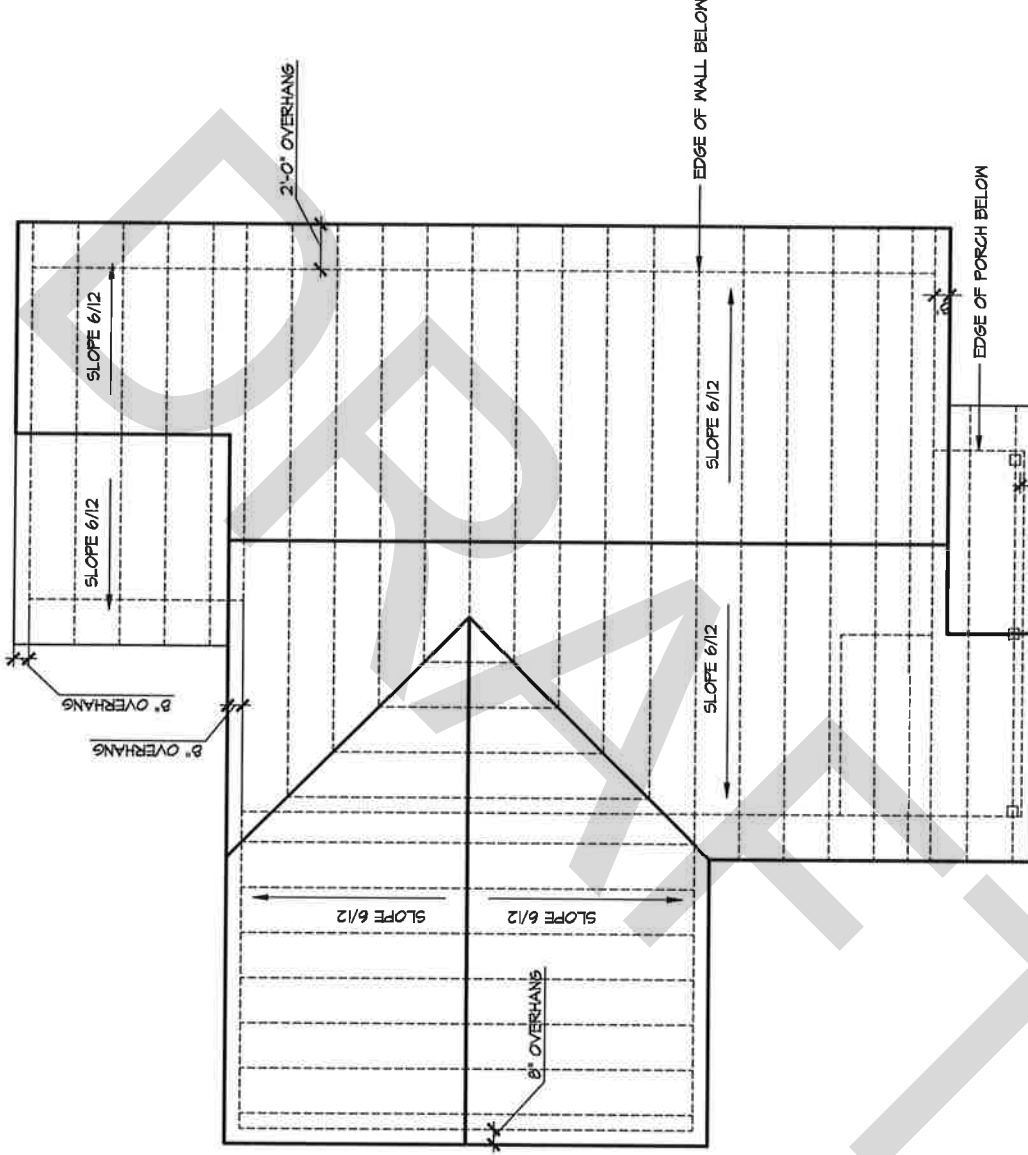
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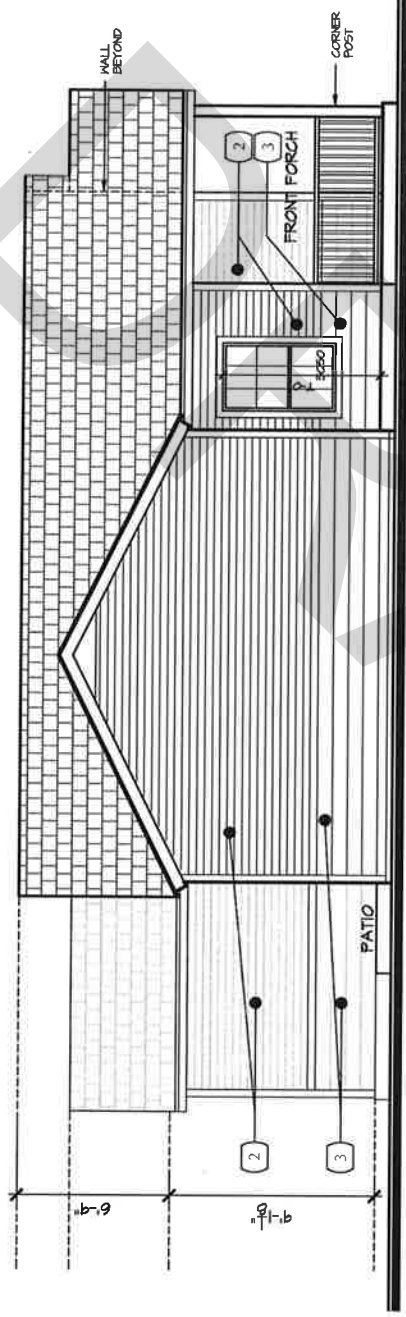
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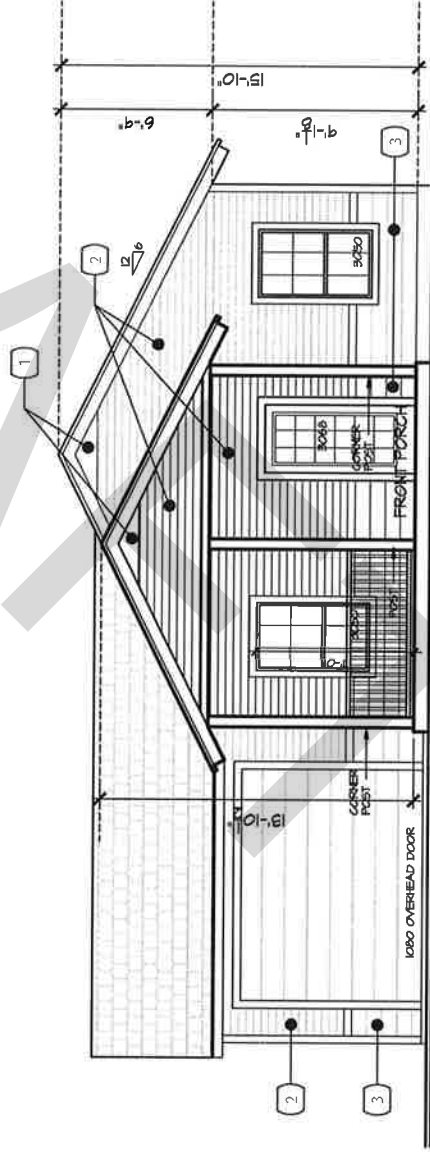
(IN FBET)
3/16" inch = 1 foot

UNIT 2-A: Roof Plan 839 S.F.
2 BEDROOM 1 BATH SCALE: 3/16" = 1'-0"



2 Unit 2-A: Side Elevation

SCALE: 3/16" = 1'-0"

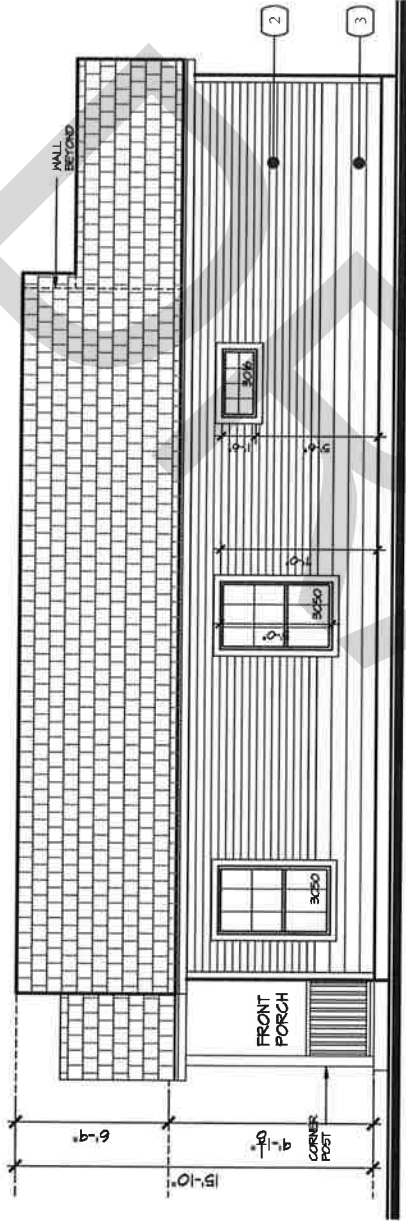


1 Unit 2-A: Front Elevation

SCALE: 3/16" = 1'-0"

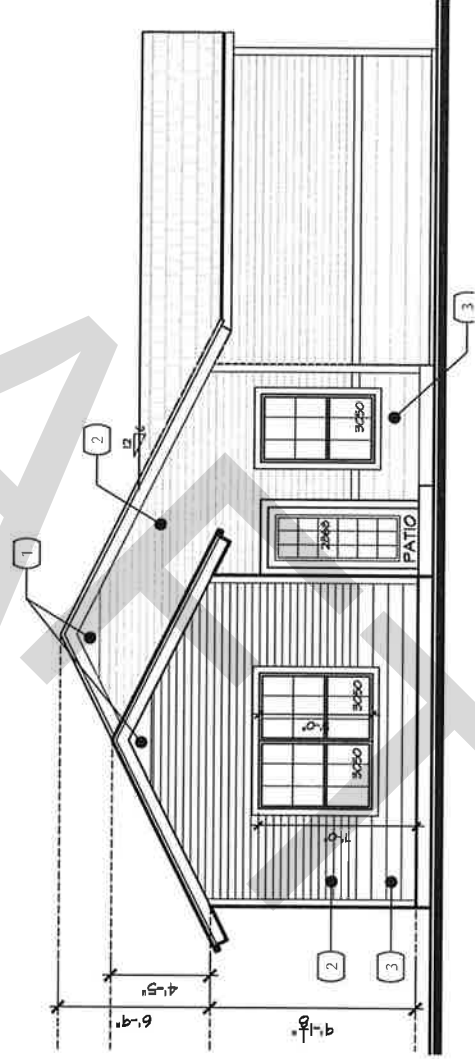
MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



2 Unit 2-A: Side Elevation

SCALE: 3/16" = 1'-0"

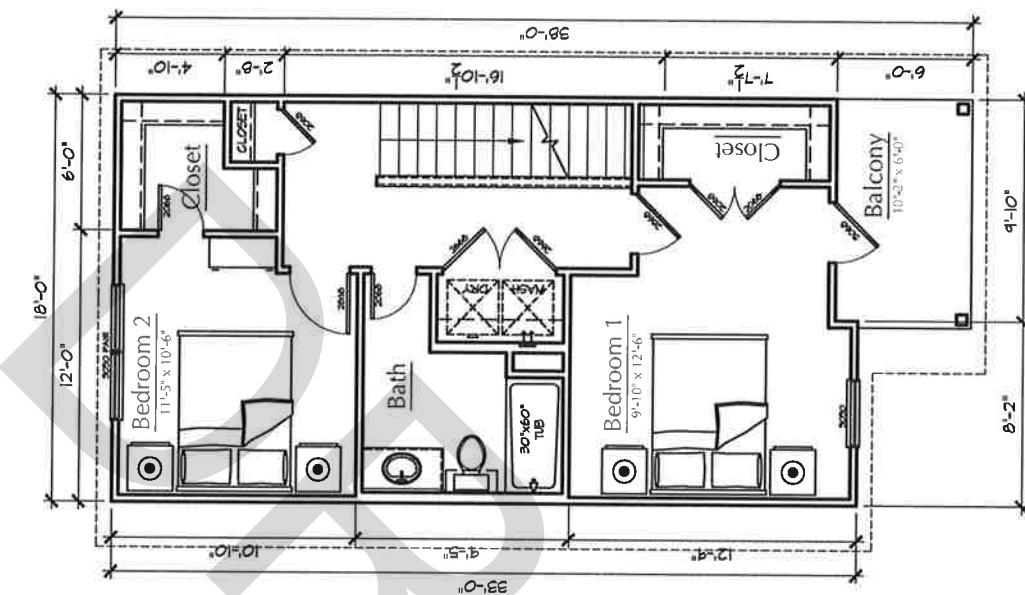


1 Unit 2-A: Back Elevation

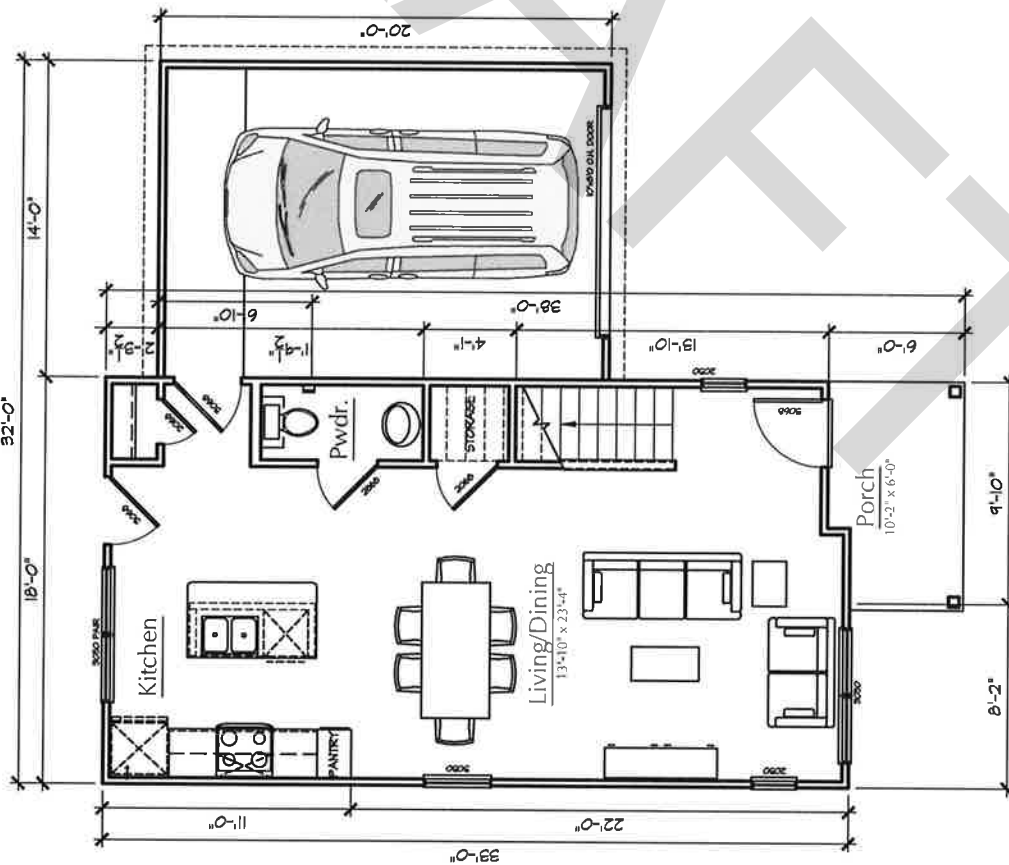
SCALE: 3/16" = 1'-0"

MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



LEVEL 2
535 SF
9' PLATE



LEVEL 1
584 SF
9' PLATE



(IN FEET)
3/16 inch = 1 foot

UNIT 2-B: Floor Plans 1,119 S.F.
2 BEDROOM 1.5 BATH SCALE: 3/16" = 1'-0"

AGAPE

17-35

Plotted: 9/05/2019

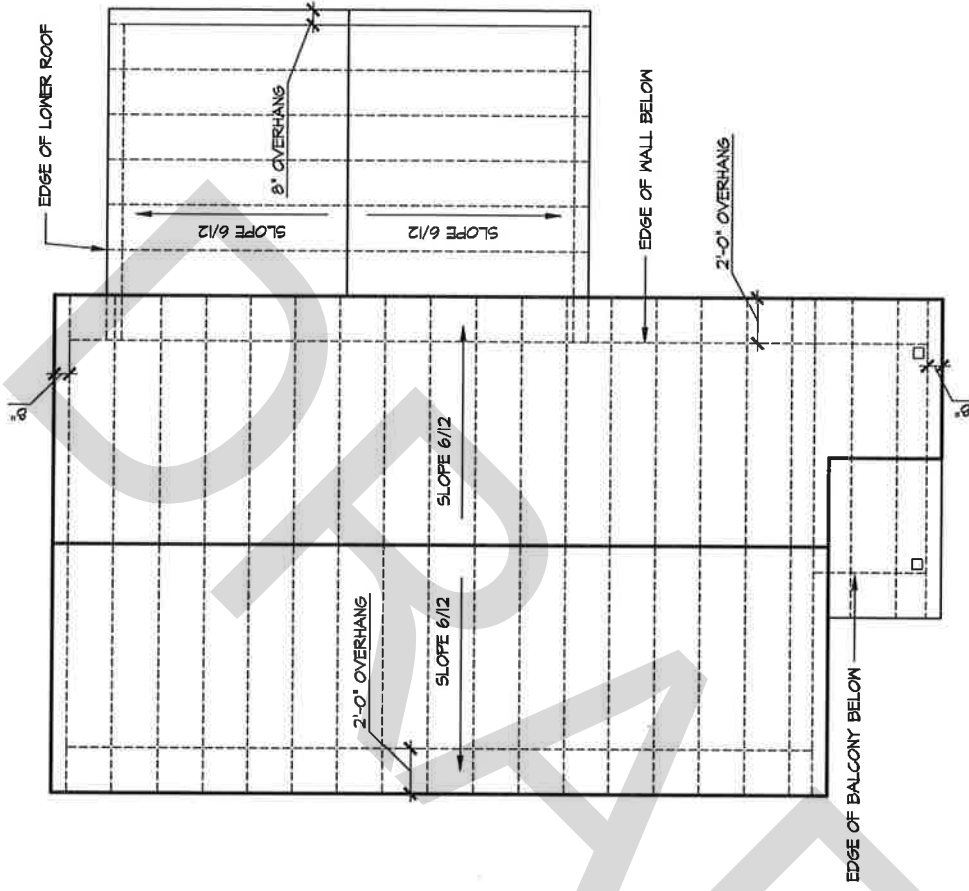
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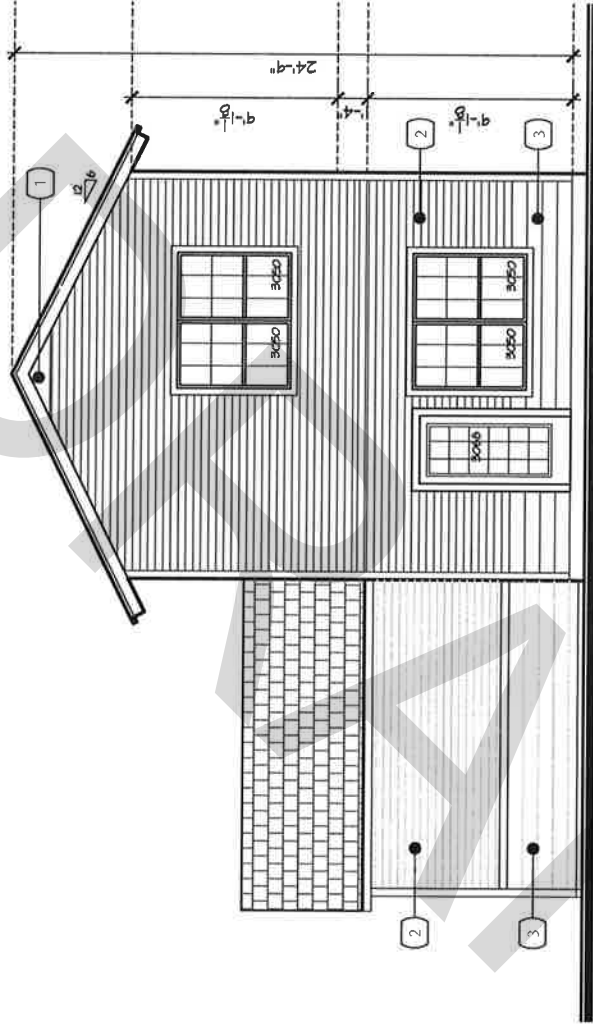
(IN FEET)
3/16 inch = 1 foot

UNIT 2-B: Roof Plan 1,119 S.F.
2 BEDROOM 1 1/2 BATH SCALE: 3/16" = 1'-0"



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1 Unit 2-B: Back Elevation

SCALE: 3/16" = 1'-0"

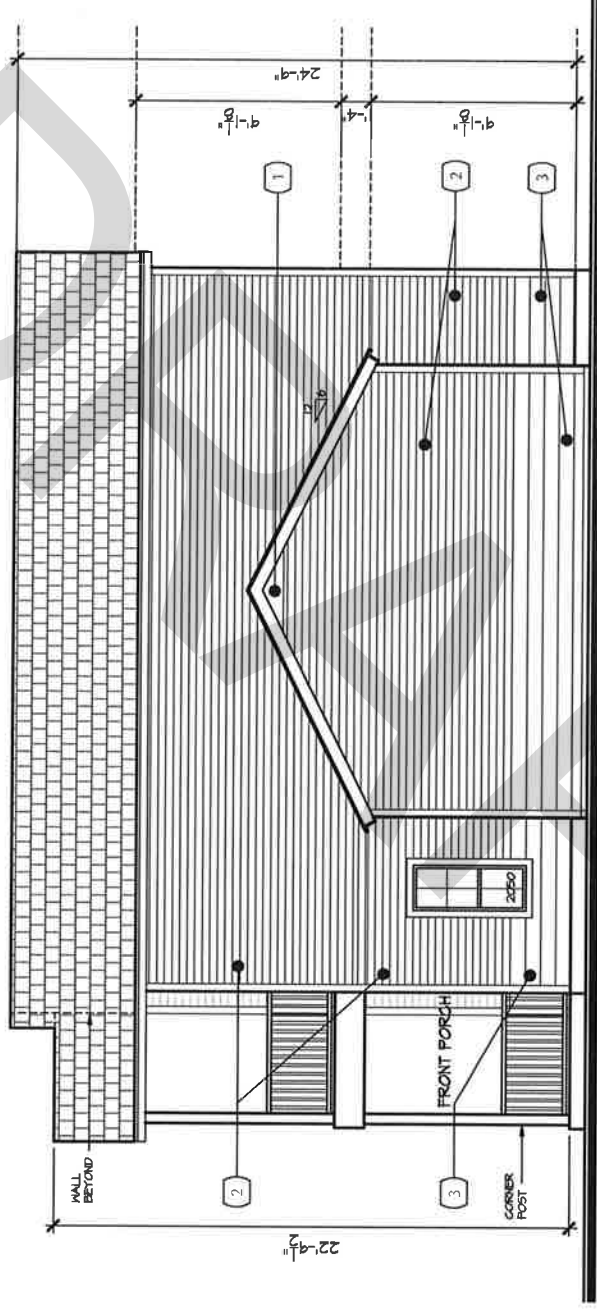
MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



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Unit 2-B: Side Elevation

SCALE: 3/16" = 1'-0"

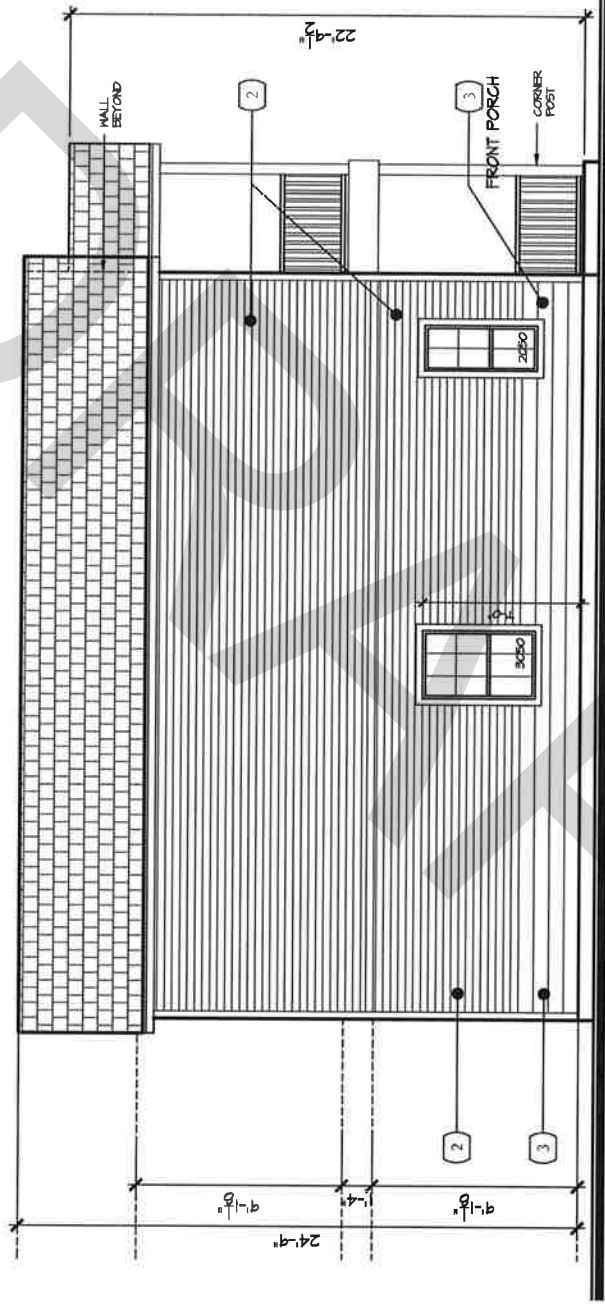
MATERIALS	
1	LOUVER OR HARDI SHINGLE INSET
2	4" HARDI PLANK
3	8" HARDI PLANK

1



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1 Unit 2-B: Side Elevation

SCALE: 3/16" = 1'-0"

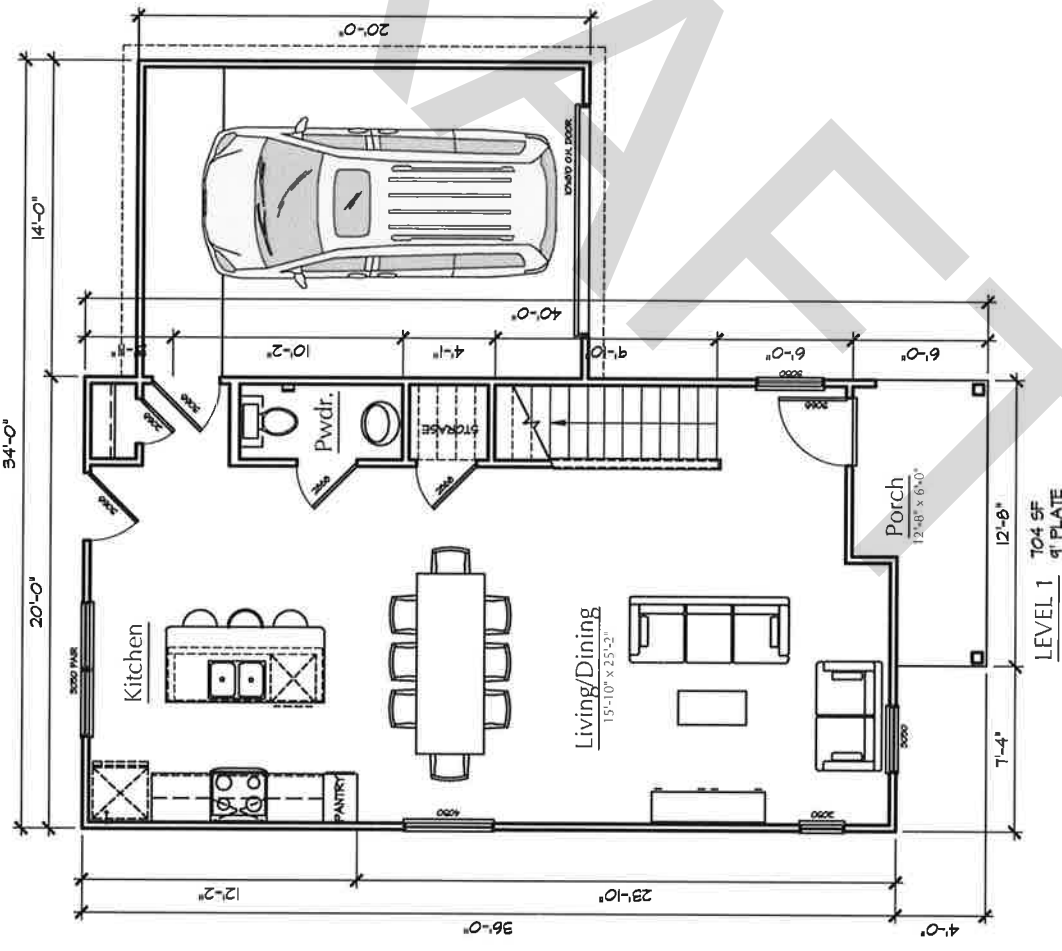
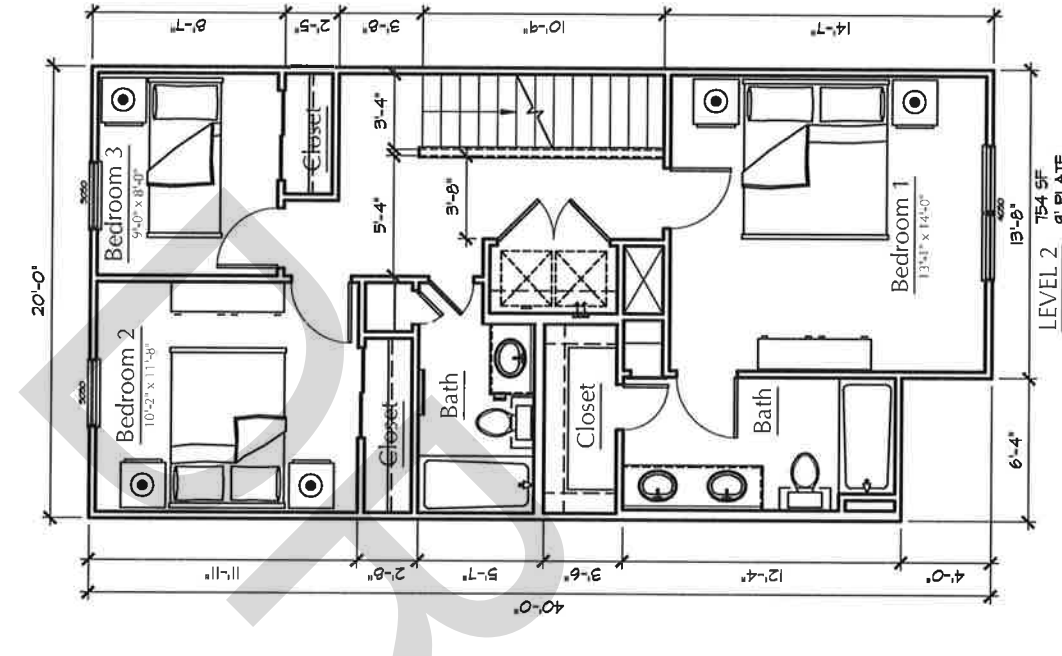
MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK

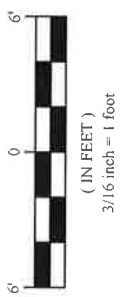


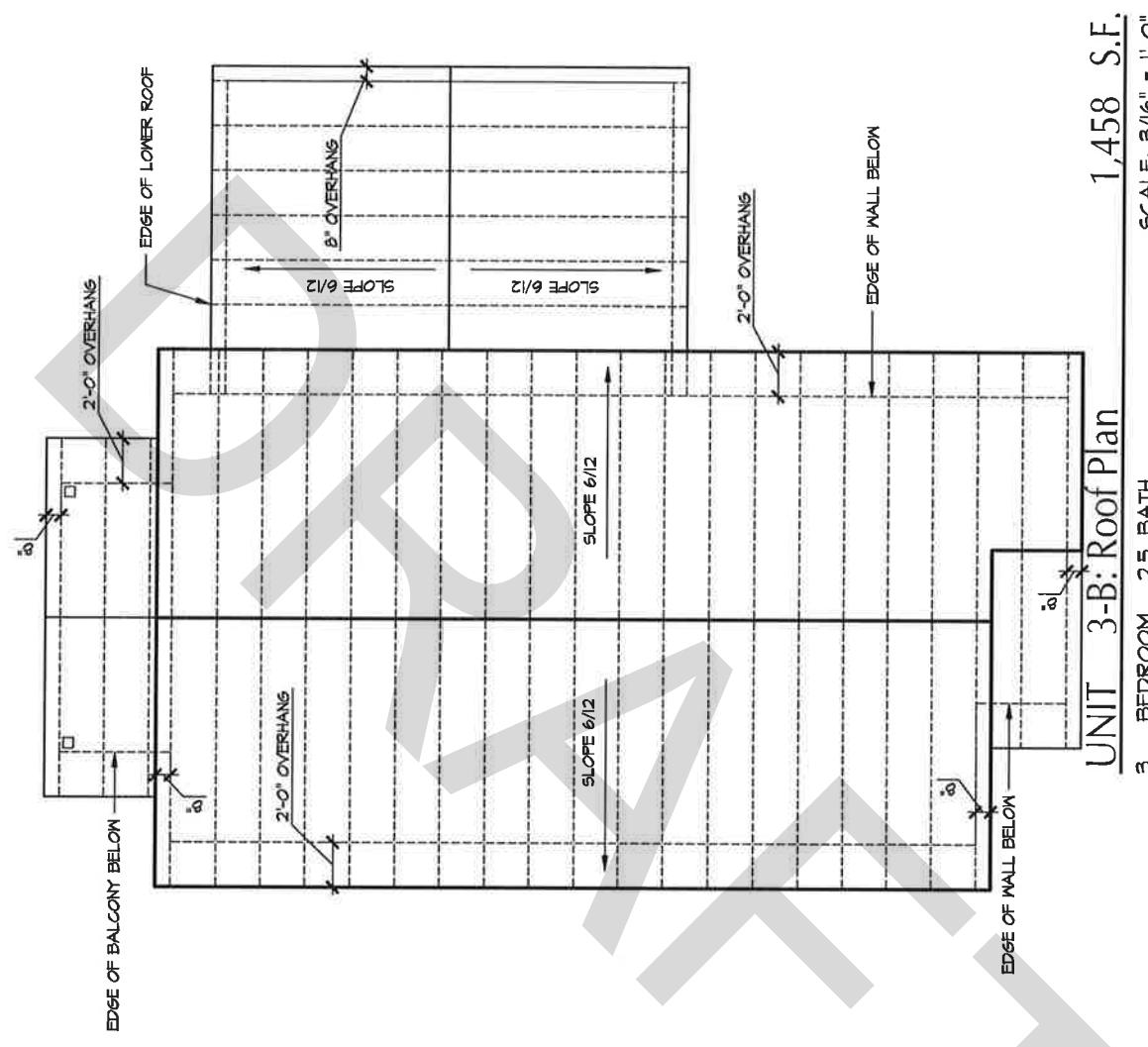
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UNIT 3-B 3 BEDROOM 2.5 BATH
 1,458 S.F.
 SCALE: 3/16" = 1'-0"





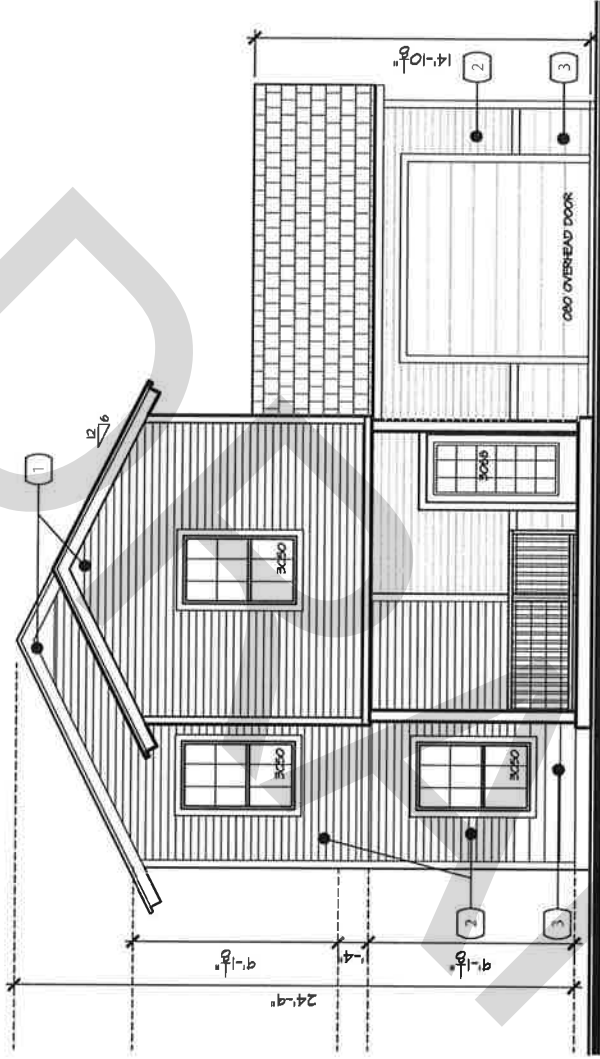
3/16 inch = 1 foot

UNIT 3-B: Roof Plan
 3 BEDROOM 2.5 BATH
 1,458 S.F.
 SCALE: 3/16" = 1'-0"



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1 Unit 3-B: Front Elevation

SCALE: 3/16" = 1'-0"

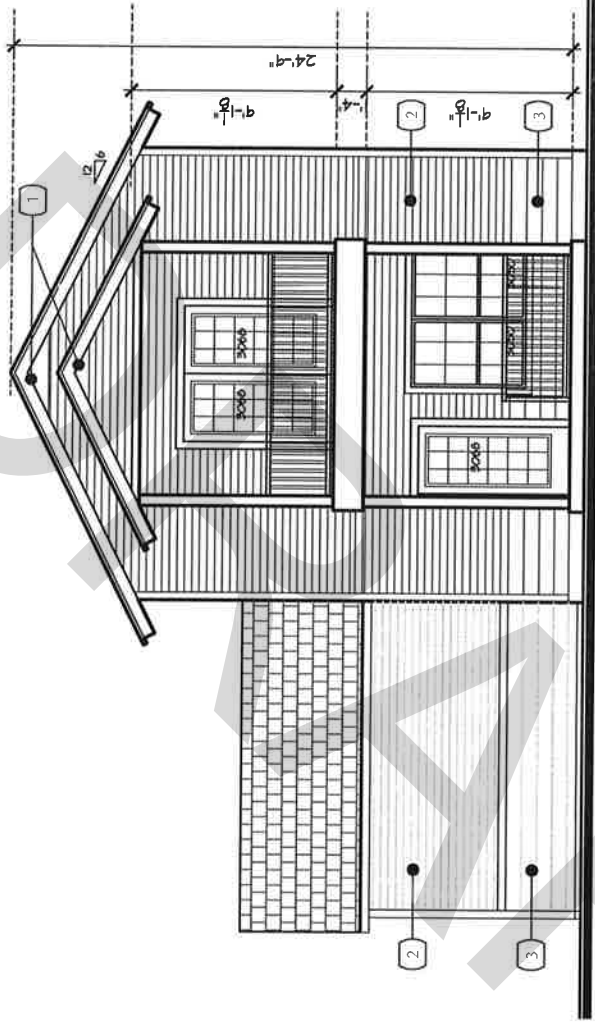
MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



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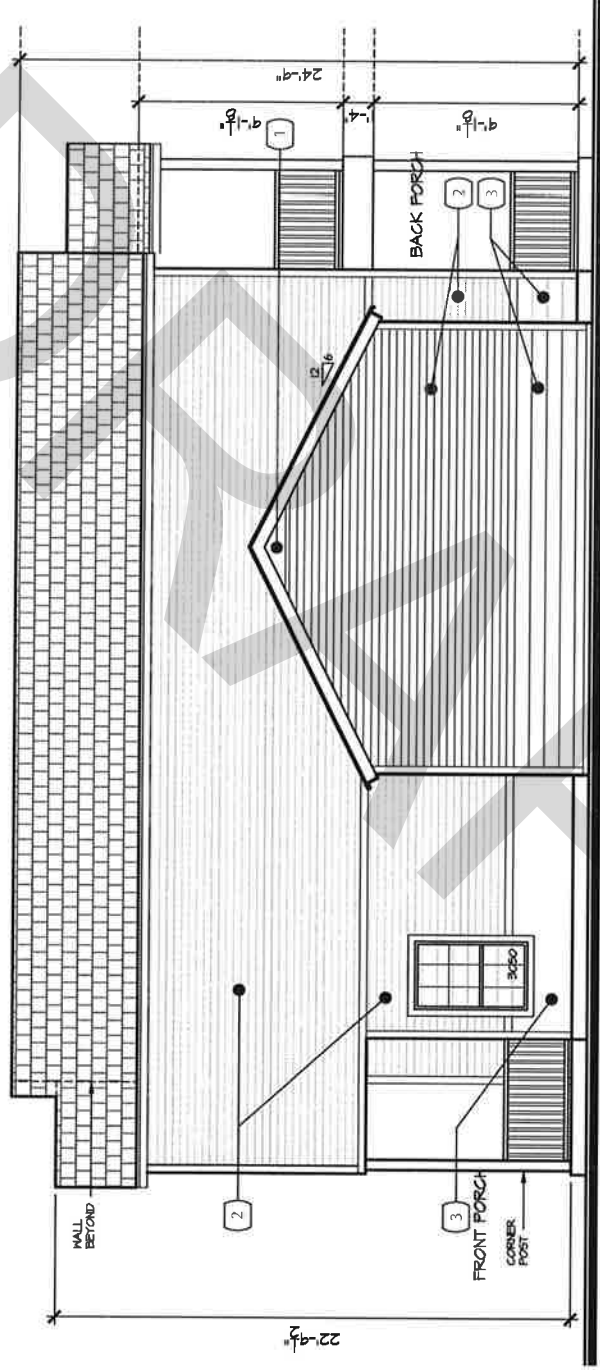
② Unit 3-B: Back Elevation

SCALE: 3/16" = 1'-0"



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1 Unit 3-B: Side Elevation

SCALE: 3/16" = 1'-0"

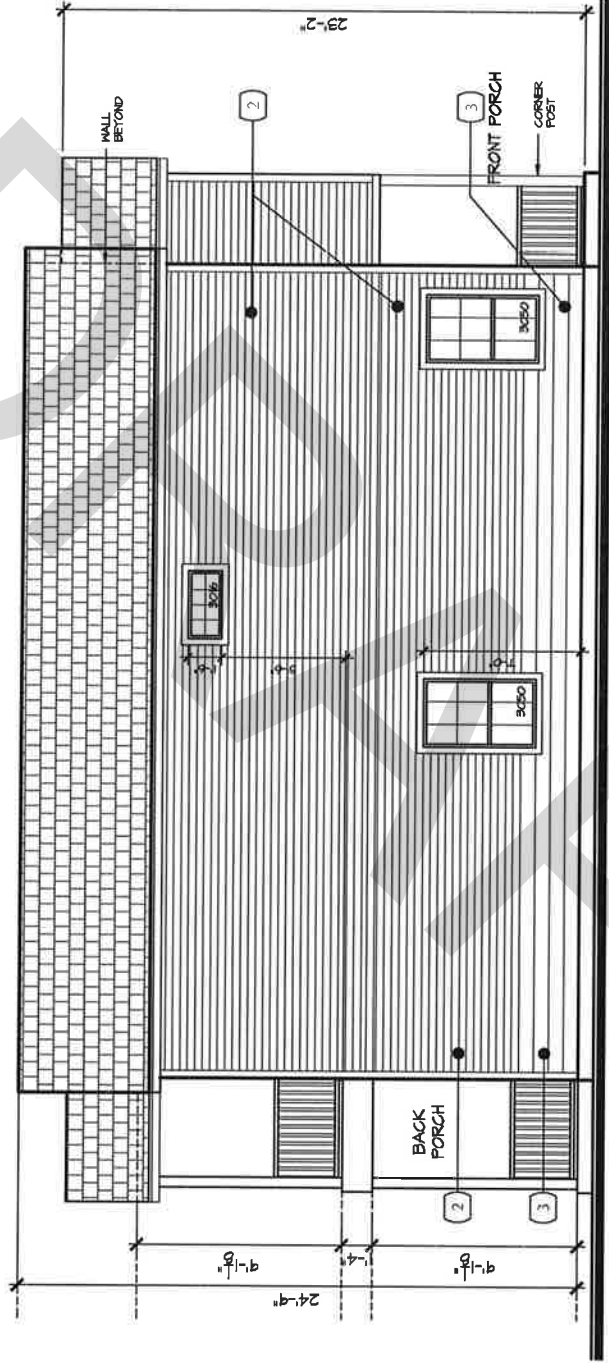
MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
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- 3 8" HARDI PLANK



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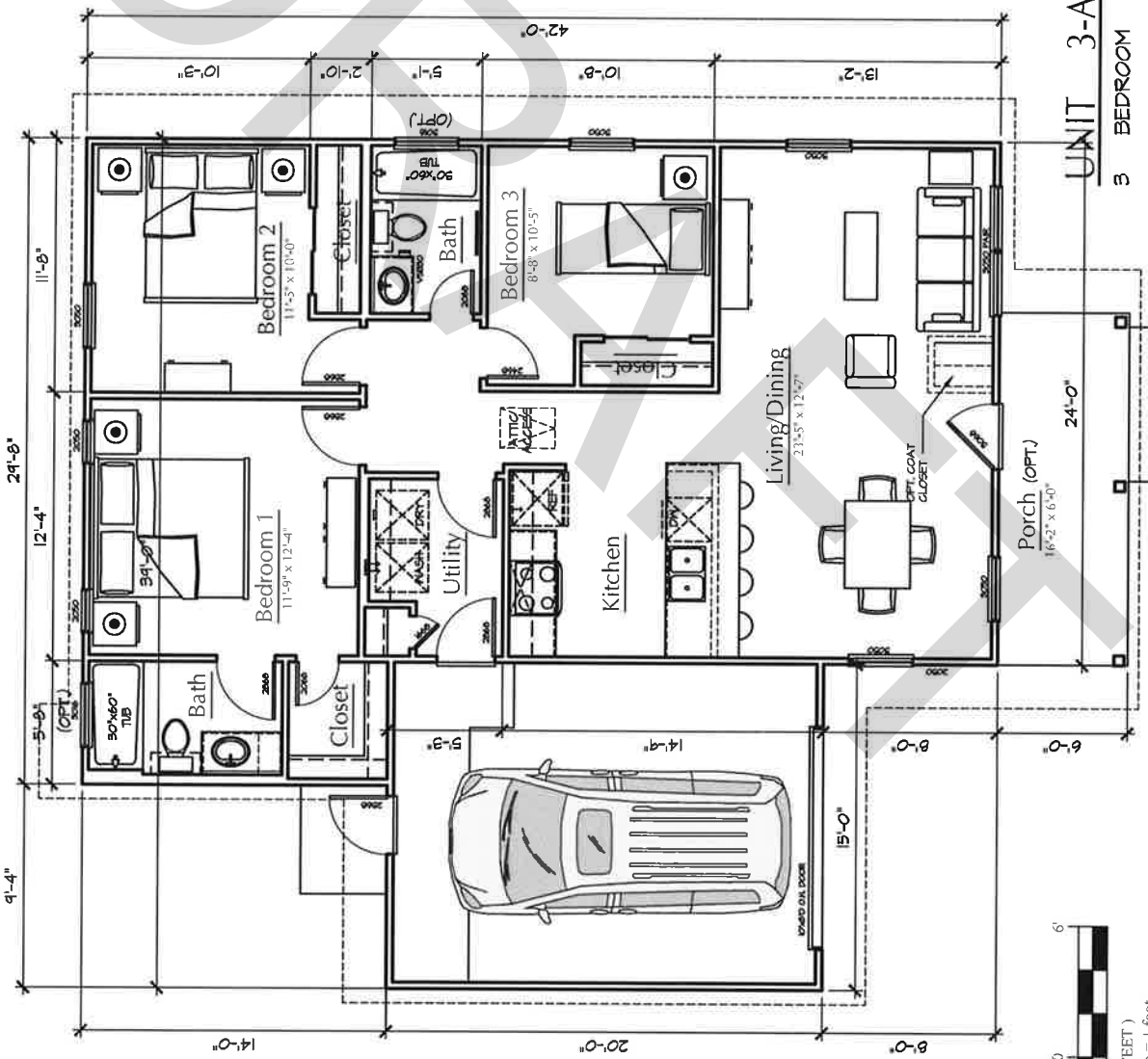


1 Unit 3-B: Side Elevation

SCALE: 3/16" = 1'-0"

MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



3/16 inch = 1 foot

UNIT 3-A: Floor Plan 1,095 S.F.
3 BEDROOM 2 BATH SCALE: 3/16" = 1'-0"

AGAPE
17-35
 Plotted: 9/06/2019

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AGAPE

17-35

Plotted: 9/06/2019

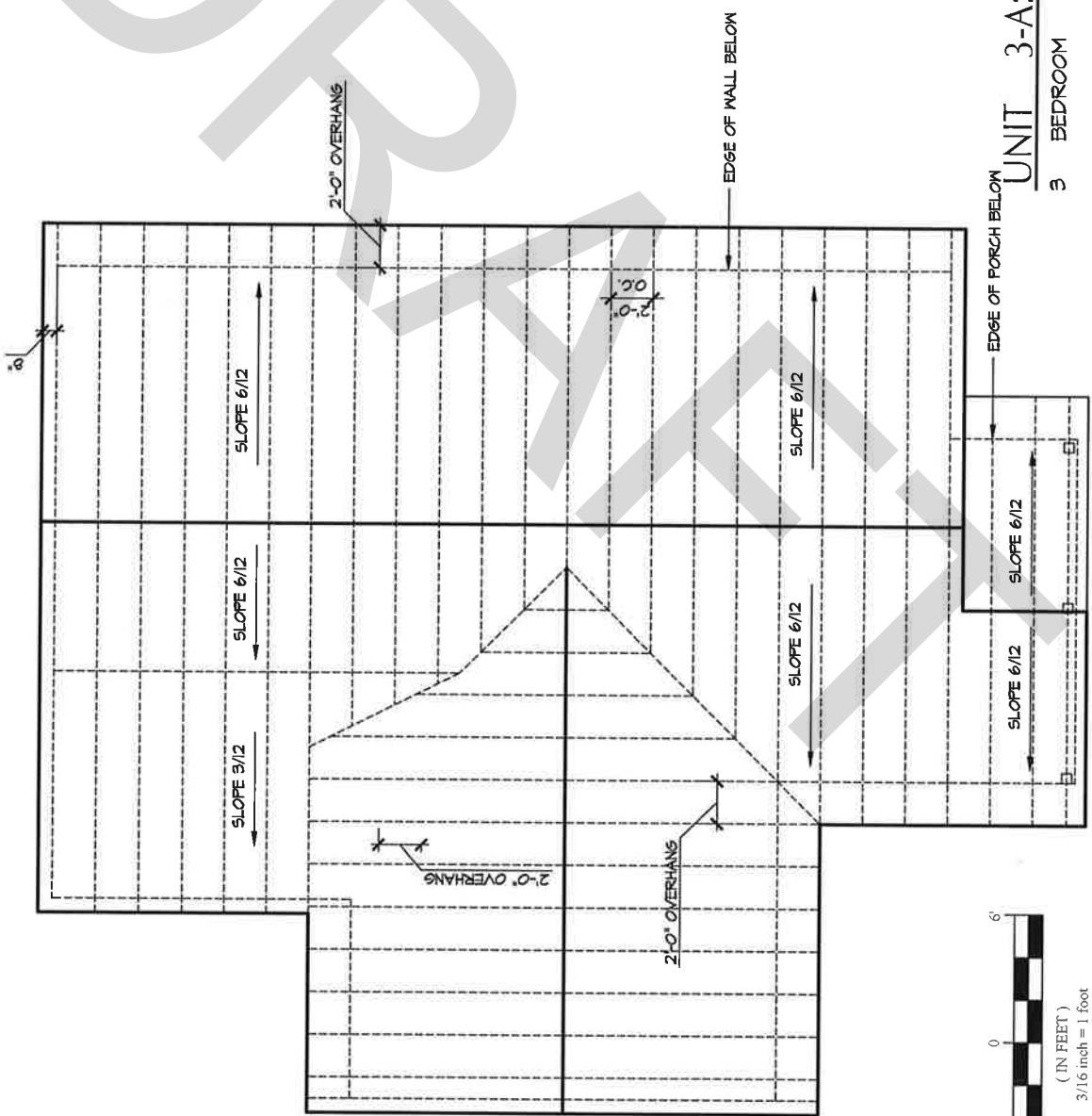
4550 Post Oak Place Dr, Suite 100
Houston, Texas 77027
P: 713.993.0439
www.wpartnership.com

W PARTNERSHIP
Wallace · Wilson Architects



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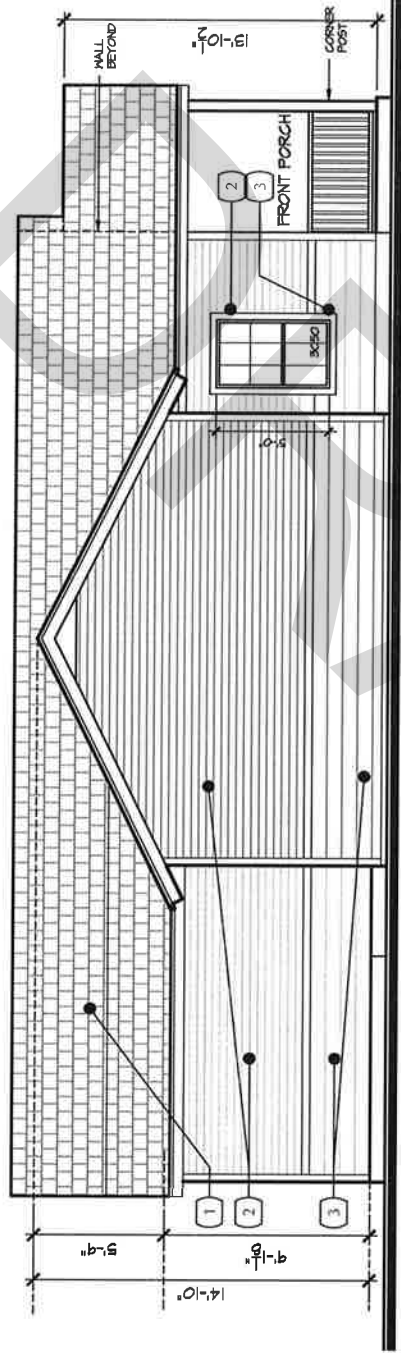


UNIT 3-A: Roof Plan 1,095 S.F.
3 BEDROOM 2 BATH SCALE: 3/16" = 1'-0"



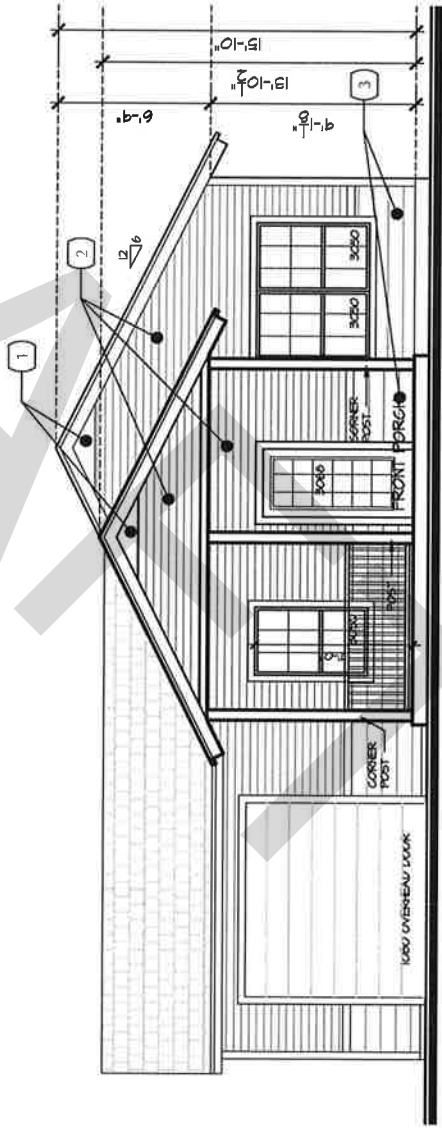
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2 Unit 3-A: Side Elevation

SCALE: 3/16" = 1'-0"

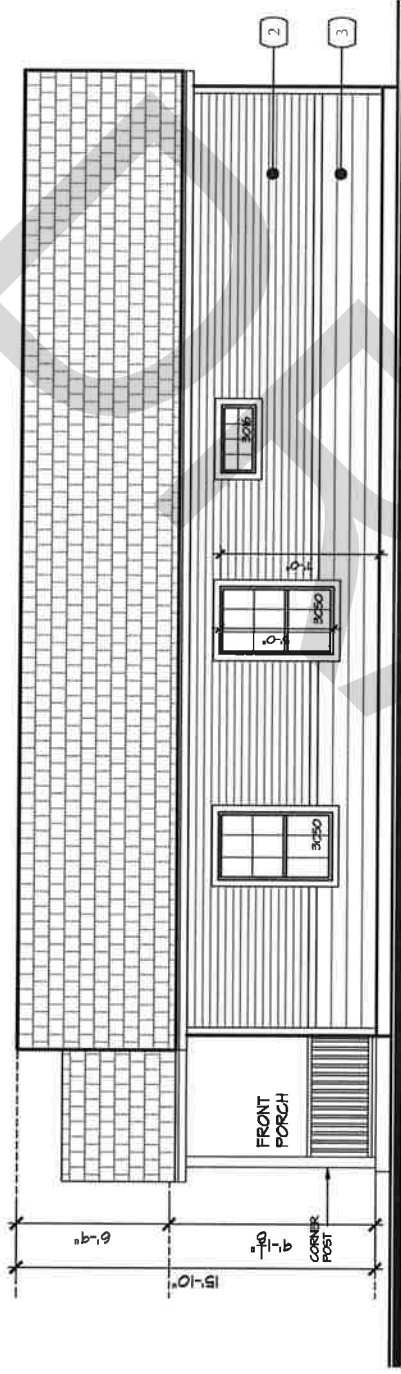


1 Unit 3-A: Front Elevation

SCALE: 3/16" = 1'-0"

MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK



2 Unit 3-A: Side Elevation

SCALE: 3/16" = 1'-0"



1 Unit 3-A: Back Elevation

SCALE: 3/16" = 1'-0"

MATERIALS

- 1 LOUVER OR HARDI SHINGLE INSET
- 2 4" HARDI PLANK
- 3 8" HARDI PLANK

Cost Code Option	Description	Subdiv A24	Subdiv A24	Subdiv A24
		RAG2C1 /07	RAG2D1 /07	RAG3C1 /07
		Sq ft 839	Sq ft 1119	Sq ft 1095
		12/17/2019	12/17/2019	12/17/2019
	80 Permits - Build	150.00	150.00	150.00
	210 Survey - Final	380.00	380.00	380.00
	240 Survey - Form	100.00	100.00	100.00
	390 Construction Fe	325.00	325.00	325.00
	440 Sediment Contro	450.00	450.00	450.00
	550 Concrete Pumps	1,000.00	1,000.00	1,000.00
0570 1000-01	Dig Beams	744.00	555.00	740.40
0640 1000-01	Foundation Pour	620.00	462.50	617.00
	650 House Sand Full	2,628.00	2,628.00	2,628.00
	652 Foundation Knoc	100.00	100.00	100.00
0730 1000-01	Set Forms	620.00	462.50	617.00
	750 Slab Concrete-M			
0750 1000-01	Slab Concrete-M	6,956.36	4,057.43	6,064.38
	760 Slab Post Tensi	121.26	121.26	121.26
0760 1000-01	Slab Post Tensi	930.00	721.90	925.50
	900 Plumbing - Grou	1,893.00	2,159.00	2,126.00
	930 Plumbing - Topo	1,668.00	1,934.00	1,901.00
	940 Plumbing - Trim	1,529.85	1,807.07	1,789.63
0940 2531-DC	Plumbing - Trim	185.78	185.78	185.78
	1000 Water Filter			
	1020 Water-Sewer Tap	985.00	985.00	985.00
	1140 Flatwork - Driv	1,147.45	1,147.45	1,147.45
	1160 Flatwork - Driv			
	1210 Flatwork - Lumb	693.50	693.50	693.50
	1220 Flatwork - Lum-	478.79	478.79	478.79
	1240 Flatwork - Pati	1,147.45	1,147.45	1,147.45
1330 1000-01	Pour Drive	756.00	756.00	756.00
1360 1000-01	Pour Patio Walk	216.00	216.00	216.00
	1370 Pour Public Wal	378.00	378.00	378.00
	1440 Excavate - Driv	70.00	70.00	70.00
	1480 Excavate - Publ	45.00	45.00	45.00
	1490 Grading - Final	200.00	200.00	200.00
	1540 Grading - Scr-B	495.00	495.00	495.00
	1560 Grading - Rough	125.00	125.00	125.00
	1800 Beams-Hurrican			
1800 1000-01	Beams-Hurrican	278.76	336.72	273.01
	1830 Deck House - Lb			
1830 1000-01	Deck House - Lb	269.67	325.74	264.11
	1840 Deck Roof - Mat	22.67	22.67	22.67
1840 1000-01	Deck Roof - Mat	653.00	498.11	797.09
1880 1000-01	Floor Decking I		517.69	
	1970 Frame I Lbr			
1970 1000-01	Frame I Lbr	1,575.60	1,903.20	1,543.10
	1990 Frame I Trusses			
1990 1000-01	Frame I Trusses		1,420.13	
	2000 Frame II Lbr			

2000	1000-01	Frame II Lbr	1,575.60	1,903.20	1,543.10
	2010	Frame II Lumber	156.57	156.57	156.57
2010	1000-01	Frame II Lumber	684.33	514.19	830.80
	2030	Frame III Bonus			
2030	1000-01	Frame III Bonus	121.20	146.40	118.70
	2050	Frame IV - Curv			
	2205	Intr OSB for Sh			
	2220	Parallam-Trusse			
	2240	Rough Carp - Fr	58.54	58.54	58.54
2240	1000-01	Rough Carp - Fr	2,817.24	3,364.30	3,207.13
	2250	Exterior OSB			
	2310	Steel Beam - Tu			
	2340	Wood Deck - Lbr		130.00	
	2370	Outside Sheathi	225.00	225.00	225.00
2380	1000-01	Outside Sheathi	961.62	1,597.27	1,120.17
2440	1000-01	Cornice - House	1,696.80	2,049.60	1,661.80
	2460	Cornice I	20.57	20.57	20.57
2460	1000-01	Cornice I	1,886.06	2,065.72	2,576.49
	2470	Cornice II			
2470	1000-01	Cornice II	138.07	322.59	168.78
	2500	Ext Millwork an			
	2570	Tub - Acrylic	308.51	308.51	308.51
	2700	Ext Trim - Fron	119.00	152.00	119.00
2700	1920-25	Ext Trim - Fron	539.00	539.00	539.00
	2730	Outside Trim I		623.97	
2730	1000-01	Outside Trim I	309.13		372.76
	2770	Glass - Butt-Fi			
	2820	Vinyl Windows	906.62	1,020.05	1,253.45
2880	1000-01	Formed Metal	23.22	30.96	15.48
	2900	Roofing - Coppe			
	2930	Roofing - Lbr			
2930	1000-01	Roofing - Lbr	468.00	392.00	572.00
2960	1000-01	Roofing - Mop-I		540.00	
	2990	Roofing - Suppl	28.13	28.13	28.13
2990	1000-01	Roofing - Suppl	1,740.01	1,361.02	2,080.69
	3000	Roofing - Turnk			
	3080	Fireplace - Man			
	3100	Fireplace - Met			
	3110	Fireplace - Til			
	3130	Energy Star Ins	70.00	70.00	70.00
	3140	Energy Star Ins	480.00	480.00	480.00
	3170	HVAC - Rough	2,503.20	3,069.00	2,746.80
	3180	HVAC - Trim	2,268.80	2,646.00	2,431.20
	3230	Electrical - Ro	1,906.60	1,993.00	1,955.20
3230	4590-01	Electrical - Ro			30.00
	3250	Electrical - Tr	1,228.40	1,286.00	1,260.80
3250	3000-10	Electrical - Tr	175.00	175.00	175.00
	3380	Structured Wiri	543.00	543.00	543.00
	3450	Insulation			
	3460	Insulation - Ba	579.67	773.12	756.54
	3470	Insulation - Bl	332.83	443.91	434.39
	3480	Insulation - Ot	69.72	92.99	90.99

	3530 Brick			
	3550 Brck Extras			
	3580 Brck House -Lay			
	3640 Cast Stone - Lb			
	3650 Cast Stone - Ma	48.71	48.71	48.71
	3780 Stone			
	3790 Stone - Lbr			
	3820 Stucco I			
	3830 Stucco II			
	3840 Stucco III			
	3870 Drywall - Mater		1,539.09	
3870 1000-01	Drywall - Mater	1,181.07		1,373.97
	3890 Drywall - Hang,			
3890 1000-01	Drywall - Hang,	2,296.32	2,561.28	2,384.64
	3910 Drywall - Textu			
3910 1000-01	Drywall - Textu	247.94	288.26	261.38
	3970 Garage Doors			
3970 1000-01	Garage Doors	1,075.00	1,075.00	1,075.00
	4160 Cabinets I	3,400.00	3,400.00	3,400.00
	4270 Interior Door &	1,111.52	1,182.06	
4270 1000-01	Interior Door &			1,082.75
	4290 Interior Door &	12.61	18.71	
4290 1000-01	Interior Door &			12.61
4310 1000-01	Interior Trim -	320.80	430.40	421.20
4320 1000-01	Interior Trim -	56.14	75.32	73.71
	4390 Screw Sub Floor		141.75	
	4425 Safety Rail			
	4460 Stairs & Loft -			
	4470 Stairs & Loft -			
4510 1000-01	Paint - Accent	304.76	408.88	400.14
4530 1000-01	Paint - Exterio	328.82	441.16	431.73
	4535 Paint - Privacy	350.00	350.00	350.00
4560 1000-01	Paint - Interio	433.08	581.04	568.62
	4620 Paint - Stain	250.00	250.00	250.00
4620 1000-01	Paint - Stain	40.10	53.80	52.65
4640 1000-01	Paint - Touch U	160.40	215.20	210.60
4650 1000-01	Paint - Touch U	112.28	150.64	147.42
	4680 Gutters			
	4690 Countertop -Bac			
	4691 B/S Tile I			
4691 4330-F1	B/S Tile I	63.00	31.50	33.75
	4692 B/S Tile II			
4692 4330-F1	B/S Tile II	63.00	31.50	33.75
	4720 Countertops			
4760 2380-DB	Countertop I	130.00	130.00	130
4760 2400-10	Countertop I	265.00	265.00	265.00
4760 3750-10	Countertop I	169.00		195
4760 3760-61	Countertop I	594.00	792.00	836
	4830 Ceramic Tile			
	4831 Bath Wall Tile	75.00	75.00	75.00
4831 4300-01	Bath Wall Tile	187.50	187.50	187.5
	4832 Bath Wall Tile	75.00	75.00	75.00

4832	4300-01	Bath Wall Tile	187.50	187.50	187.5
	4880	Flooring -Carpe	20.00	20.00	20.00
4880	3980-01	Flooring -Carpe	581.40	825.18	452.88
	4940	Flooring -Tile			
	4960	Flooring -Tile			
	4970	Flooring -Tile			
	4980	Flooring -Tile			
	4981	Floor Tile I			
4981	3820-35	Floor Tile I	423.50	435.75	334.25
	4982	Floor Tile II			
4982	3820-35	Floor Tile II	423.50	435.75	334.25
	5020	Ceiling Fans			
5020	4410-M1	Ceiling Fans			118.84
5020	4410-06	Ceiling Fans	16.18	16.18	16.18
	5030	Light Fixtures			
5030	3020-B1	Light Fixtures	123.41	123.42	185.12
5030	3040-Z1	Light Fixtures	27.60	36.81	27.60
5030	3046-01	Light Fixtures	7.85	7.85	7.85
5030	3046-02	Light Fixtures		28.96	
5030	3046-03	Light Fixtures			40.05
5030	3046-04	Light Fixtures	62.51	62.51	62.51
5030	3046-05	Light Fixtures	64.14	64.14	
5030	3046-08	Light Fixtures		15.16	15.16
5030	3046-10	Light Fixtures	33.02	49.53	33.02
5030	3046-11	Light Fixtures		35.72	
	5060	Shower and Tub			
	5070	Shower Pan			
	5080	Mirrors - House	70.01	89.01	160.01
	5290	Appliances II			
5290	4540-F1	Appliances II	1,277.35	1,277.35	1,277.35
	5320	Hardware -Cabin			
	5330	Hardware -Ins L	164.62	195.66	241.48
	5360	Hardware -Locks	205.74	125.80	145.79
5360	3640-11	Hardware -Locks	0.01	0.01	0.01
5360	3640-61	Hardware -Locks	0.01	0.01	0.01
	5370	Hardware -Outsi			
5370	3640-11	Hardware -Outsi	50.77	76.15	81.46
5370	3640-61	Hardware -Outsi	19.43	19.43	19.43
5370	3640-61	Hardware -Outsi	43.52	43.52	43.52
	5440	Landscape - Are			
5460	4590-01	Landscape - Irr	750.00	750.00	750.00
	5470	Landscape - Pla	1,300.00	1,300.00	1,300.00
	5480	Landscape - Sod	1,000.00	1,000.00	1,000.00
	5520	Landscape - Tre	500.00	500.00	500.00
	5540	Fence - Privacy	3,000.00	3,000.00	3,000.00
	5580	Ext Clean - Bri	329.37	329.37	329.37
	5590	Ext Clean - For	209.37	209.37	209.37
	5600	Ext Clean - Fra	250.00	250.00	250.00
	5700	Wash Flatwork -	60.00	60.00	60.00
	5720	Construction Cl	150.00	150.00	150.00
	5732	Int Clean - Fin	50.00	50.00	50.00
	5740	Int Clean -2nd	100.00	100.00	100.00
	5760	Int Clean - Dry	200.00	200.00	200.00

	5770 Int Clean - Fin	50.00	50.00	50.00
	5780 Int Clean - Fin	95.00	95.00	95.00
	5810 Int Clean - Win	140.00	140.00	140.00
	5820 Int Clean - Win	55.00	55.00	55.00
	5825 Window Clean II	50.00	50.00	50.00
	5830 Int Reclean I	30.00	30.00	30.00
	5860 Sweepout I	100.00	100.00	100.00
	5870 Sweepout II	100.00	100.00	100.00
	5880 Sweepout III	100.00	100.00	100.00
	5890 Sweepout IV	100.00	100.00	100.00
6080 1000-01	Overage -Contin	629.25	839.25	821.25
	6350 Architectural A	475.00	475.00	475.00
	6460 Cert- Guardian	45.00	45.00	45.00
	6500 Energy Calculat	143.50	143.50	143.50
	6610 Inspect Fee	150.00	150.00	150.00
	6625 Frame Inspectio	355.00	355.00	355.00
	6640 Inspect - Found	600.00	600.00	600.00
	6720 Inspect - Relns	250.00	250.00	250.00
	Direct costs	83,493.99	89,124.99	87,643.40
10	Lot Cost	30,000.00	30,000.00	30,000.00
	Lot Development Cost	13,000.00	13,000.00	13,000.00
35	Construction In	4,200.00	4,200.00	4,200.00
40	Real Estate Tax	1,000.00	1,000.00	1,000.00
6261	Temporary Utili	600.00	600.00	600.00
7010	Cust Ser -Warr	2,090.00	2,090.00	2,090.00
	Admin Costs 5%	4,174.70	4,456.25	4,382.17
Total		\$ 145,112.97	\$ 151,467.55	\$ 149,795.58

Agape Development Ministries
Statement of Financial Position-Run Monthly
 As of October 31, 2019

2:54 PM
 12/06/2019
 Accrual Basis

	Oct 31, 19	Oct 31, 18	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
10000 · Cash				
10300 · Petty Cash	500.00	138.25	361.75	261.66%
10400 · Frost Unrestricted - 7620	37,319.92	466,087.05	-428,767.13	-91.99%
10500 · Frost Money Market-7639	545,876.21	144,749.76	401,126.45	277.12%
10550 · Frost CD	100,000.00	0.00	100,000.00	100.0%
10600 · Restricted Frost Check - 9690	2,770,946.80	734,438.97	2,036,507.83	277.29%
Total 10000 · Cash	3,454,642.93	1,345,414.03	2,109,228.90	156.77%
Accounts Receivable	3,454,642.93	1,345,414.03	2,109,228.90	156.77%
11600 · Pledges Receivable	0.00	61,300.00	-61,300.00	-100.0%
11000 · Accounts Receivable	23,606.56	29,915.64	-6,309.08	-21.09%
13000 · Other Receivables	0.00	4,819.23	-4,819.23	-100.0%
Total Accounts Receivable	23,606.56	96,034.87	-72,428.31	-75.42%
Other Current Assets				
12700 · Gateway Rent From Repair Team	3,143.20	0.00	3,143.20	100.0%
14000 · Other Current Assets	15,570.68	12,660.30	2,910.38	22.99%
Total Other Current Assets	18,713.88	12,660.30	6,053.58	47.82%
Total Current Assets	3,496,963.37	1,454,109.20	2,042,854.17	140.49%
Fixed Assets				
15100 · Buildings for Ministry	488,875.92	331,286.15	157,589.77	47.57%
15700 · Land for Ministry	268,741.81	267,641.81	1,100.00	0.41%
15710 · Land for Hold	715,018.23	486,242.30	228,775.93	47.05%
16100 · Furn, Fix & Equip	0.00	0.00	0.00	0.0%
16600 · Leasehold Improvement	0.00	0.00	0.00	0.0%
16900 · Vehicles	27,958.78	9,259.02	18,699.76	201.96%

	Oct 31, 19	Oct 31, 18	\$ Change	% Change
17000 - Accumulated Depreciation				
Total Fixed Assets	-49,532.84	-49,532.84	0.00	0.0%
Other Assets	1,451,061.90	1,044,896.44	406,165.46	38.87%
18600 - Other Assets	1,210.70	3,710.70	-2,500.00	-67.37%
Total Other Assets	1,210.70	3,710.70	-2,500.00	-67.37%
TOTAL ASSETS	4,949,235.97	2,502,716.34	2,446,519.63	97.76%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	5,733.12	58,547.85	-52,814.73	-90.21%
Credit Cards	1,336.18	15,916.02	-14,579.84	-91.61%
Other Current Liabilities	2,050.00	-1,932.39	3,982.39	206.09%
Total Current Liabilities	9,119.30	72,531.48	-63,412.18	-87.43%
Total Liabilities	9,119.30	72,531.48	-63,412.18	-87.43%
Equity				
30000 - Unrestricted Net Assets	4,423,315.39	2,487,651.34	1,935,664.05	77.81%
Net Income	516,801.28	-57,466.48	574,267.76	999.31%
Total Equity	4,940,116.67	2,430,184.86	2,509,931.81	103.28%
TOTAL LIABILITIES & EQUITY	4,949,235.97	2,502,716.34	2,446,519.63	97.76%

HARRIS COUNTY APPRAISAL DISTRICT
 REAL PROPERTY ACCOUNT INFORMATION
0540210000013

Tax Year: 2019



Owner and Property Information										
Owner Name & Mailing Address:					Legal Description:					
AGAPE HOMES CDC PO BOX 460061 HOUSTON TX 77056-8061					LTS 13 & 14 BLK 3 SOUTH COURT 6324 PARIS ST HOUSTON TX 77021					
Property Address:										
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map ^{1/2}
XL -- Economic Development Services to Local Community	8001 -- Land Neighborhood Section 1	E	0	10,000 SF	0	0	5942.02	132 -- 1C South of Old Spanish Trail btwn SH 288 and I-45	5454B	533M

Value Status Information		
Value Status	Notice Date	Shared CAD
Noticed	04/23/2019	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2018 Rate	2019 Rate
Exemption Action Pending	001	HOUSTON ISD	57,500	Not Certified	1.206700	1.136700
	040	HARRIS COUNTY	57,500	Not Certified	0.418580	0.407130
	041	HARRIS CO FLOOD CNTRL	57,500	Not Certified	0.028770	0.027920
	042	PORT OF HOUSTON AUTHY	57,500	Not Certified	0.011550	0.010740
	043	HARRIS CO HOSP DIST	57,500	Not Certified	0.171080	0.165910
	044	HARRIS CO EDUC DEPT	57,500	Not Certified	0.005190	0.005000
	048	HOU COMMUNITY COLLEGE	57,500	Not Certified	0.100263	0.100263
	061	CITY OF HOUSTON	57,500	Not Certified	0.588310	0.567920

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations			
Value as of January 1, 2018		Value as of January 1, 2019	
	Market	Appraised	
Land	50,000		Land
Improvement	0		Improvement
Total	50,000	50,000	Total
			0
			0

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8001 -- Land Neighborhood Section 1	4300	SF	10,000	1.00	1.00	1.00	--	1.00	0	0	0

Building
 Vacant (No Building Data)

GENERAL WARRANTY DEED

Notice of Confidentiality Rights: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the public records: Your social security number or your driver's license number.

STATE OF TEXAS }
 } KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS }

THAT THE UNDERSIGNED, **GOOD HOPE MISSIONARY BAPTIST CHURCH OF HOUSTON, INC.**, hereinafter referred to as "Grantor", whether one or more, for and in consideration of the sum of **TEN DOLLARS {10.00}** cash, and other good and valuable consideration which is hereby fully acknowledged and confessed has Granted, Sold and Conveyed, and by these presents does hereby **GRANT, SELL AND CONVEY** an entire undivided interest unto **AGAPE DEVELOPMENT LAND, LLC** "Grantee", whether one or more, the real property described herein

LOTS THIRTEEN (13) AND FOURTEEN (14), IN BLOCK THREE (3), OF SOUTH COURT, A SUBDIVISION IN HARRIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF, RECORDED IN VOLUME 541, PAGE 177 OF THE DEED RECORDS OF HARRIS COUNTY, TEXAS.

This conveyance, however, is made and accepted subject to any and a validly existing encumbrances, conditions and restrictions, relating to the here and the above described property as now reflected by the records of the County Clerk of Harris County, Texas.

TO HAVE AND TO HOLD the above described premises, together with and singular the rights and appurtenances thereto in anywise belongings unto the said Grantee, Grantee's heirs, executors, administrators, successors, and/or assigns forever; and Grantor does hereby bind Grantor, Grantor's heirs, executors, administrators, successors and/or assigns to **WARRANT AND FOREVER DEFEND** all an singular the said premises unto the said Grantee, Grantee's heirs, executors, administrators, successors, and/or assigns against every person whomsoever claiming or to claim the same or any part of thereof.

Current ad valorem taxes on said property having been prorated, the payment thereof is assumed by the Grantee.

EXECUTED this 4 day of September, 2018.

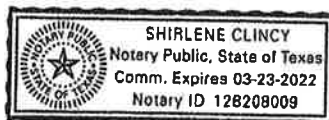
GOOD HOPE MISSIONARY BAPTIST CHURCH OF HOUSTON, INC.

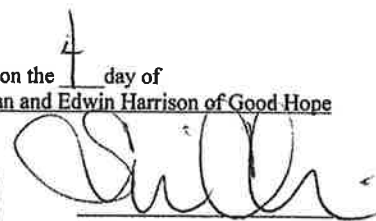

By: **GARY J. WHITE**
Its: **Chairman**


By: **Edwin Harrison**
Its: **Authorized Signer**

STATE OF TEXAS }
COUNTY OF HARRIS }

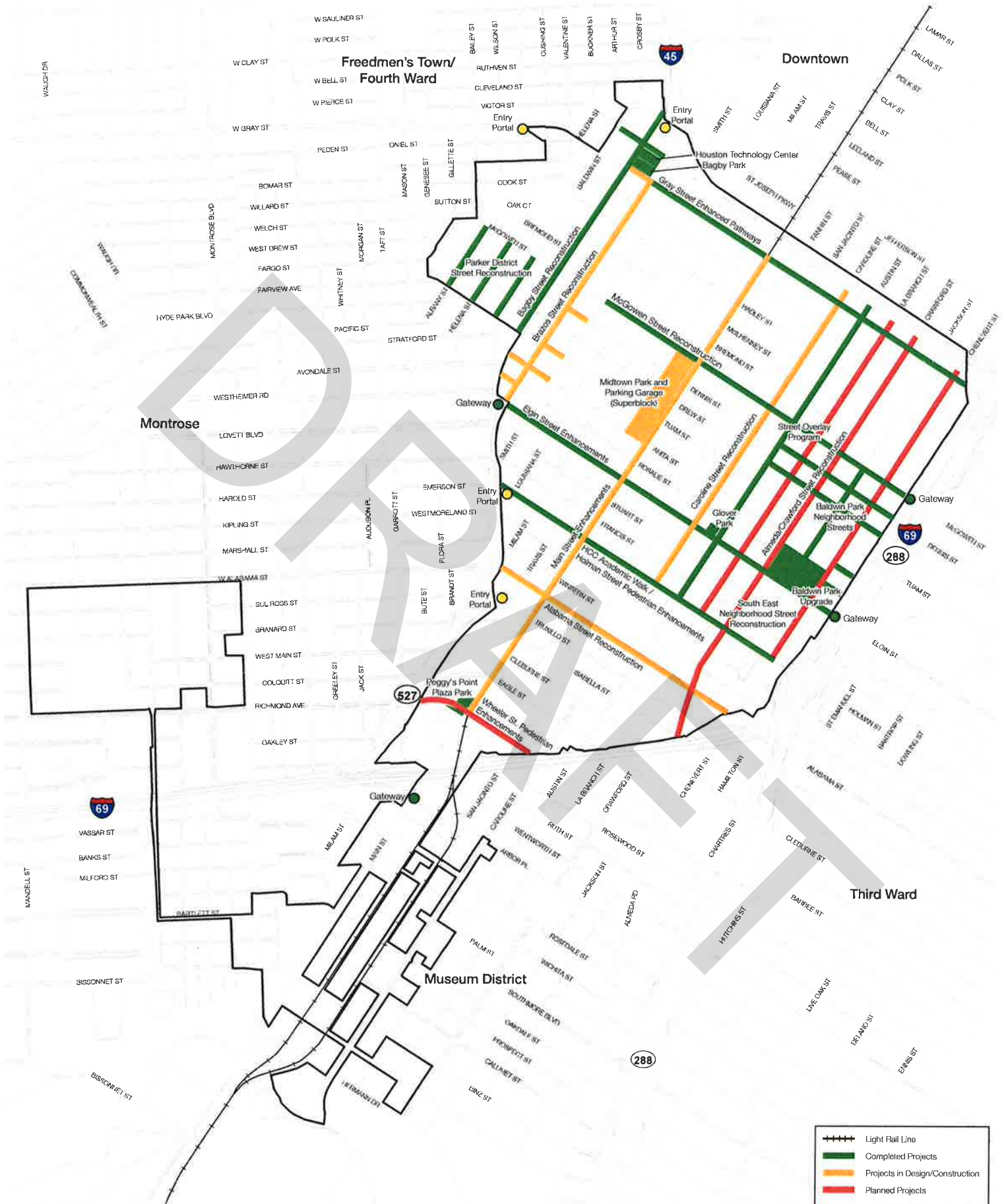
The foregoing instrument was acknowledged before me on the 4 day of September, 2018, by Gary J. White, Chairman and Edwin Harrison of Good Hope Missionary Baptist Church of Houston, Inc.




Notary Public State of
TEXAS

RETURN TO:
AGAPE DEVELOPMENT LAND LLC
P.O. BOX 460061
HOUSTON, TEXAS 77056

DRAFT



Capital Improvement Projects
Midtown Redevelopment Authority (TIRZ #2)

Capital Improvements Program

Parks and Greenspace

Midtown Park (SuperBlock)

Park Construction

Staff met with design team to review food hall layout based on preliminary cost estimate. Design team to proceed with design development based on revisions discussed in budget review meeting.

Pay Applications from Millis

Pay Application	Amount	Date
--	--	--
TOTAL TO DATE	\$17,839,369.98	

Change Orders

Change Order #	Amount	Days	Purpose	Notes	Action
1	(3,589.54)	0	Value Engineering to park design including buildings, water features, landscaping, lighting, and site materials to meet approved construction budget	Approved by MRA Board	
2	\$45,978.20	0	Owner request to add design alternates not included in initial construction contract (includes playground equipment and gate type change)	Approved by MRA Board	
3	\$46,657.50	4	Shifting of scope from garage contract to park contract (anchor bolts, backfill, manhole); Reduction in number of drilled piers	Approved by MRA Board	
4	179,099.36	0	Replacement of lighting fixtures previously removed during value engineering	Approved by MRA Board	
5	\$60,980.08	3	Garage lid waterproofing subcontractor change; Architect requested modifications to sub foundation for berm walls and spread	Approved by MRA Board	

			footings to elevate curbs		
6	\$14,879.19	0	Addition of manhole to replace inactive manhole shown in plans; removal of short segment of garage lid to install utilities	Approved by MRA Board	
7	\$49,377.00	1	Installation of garage lid waterproofing curb detail and ADA ramp shifted from garage contract to park contract; required detailing for VE modifications to sidewalks and site amenities	Approved by MRA Board	
8	(\$44,987.11)	0	VE modifications to restroom roof and deletion of planters	Approved by MRA Board	
9	\$62,668.54	8	Structural piers modification at Travis; addition of trench drain; job built culvert in bayou; additional foundation beams	Approved by MRA Board	
10	\$6,640.04	2	Granite curb and paving modifications; bollard revisions; tent anchors	Approved by MRA Board	
11	\$9,749.27	6	Landscape modifications, kiosks power and data, dog park curb modification	Approved by MRA Board	
12	\$13,592.09	3	Site drainage modifications, relocate electrical box, light fixture change and removal, pavilion millwork deletion, fence revisions	Approved by MRA Board	
13	\$110,084.45	2	Utility changes and waterproofing near berm wall, light fixture replacements, restroom wall modifications, electrical conduit adjustments, overtime allowance	Approved by MRA Board	
14	\$106,452.93	11	Rain fountain size modification; Travis Street temporary service driveway;	Approved by MRA Board	

			Limestone block changed to granite; Electrical modifications for bird control system; Travis Street storm sewer unforeseen conditions; Front 90 pier drilling debris; Drainage modification at CIP wall 1 and west outcrop wall; Additional steel at pavilion roof		
15	\$129,243.70	0	Design modifications to landscaping, rain fountain layout, fountain link seals, McGowen St. utilities, dog park, and pavilion electrical plans	Approved by MRA Board	
16	\$111,456.51	9	Design modifications to pavilion, stair/elevator enclosure, and drainage; AV allowance; additional work for garage TCO and artwork	Approved by MRA Board	
17	\$121,177.35	12	Work items and activities related to Super Bowl opening (construction impact, maintenance, permits, and overtime work)	Approved by MRA Board	
18	\$58,189.66	12	Design modifications to bayou to relocate overflow drain inlet from irrigation vault	Approved by MRA Board	
19	\$79,698.23	5	Design modifications to bayou piers; additional backfill over garage lid; berm guardrail post modification; guard rail extension at elevator; calm pool reinforcement; bus stop modification	Approved by MRA Board	
20	\$53,377.82	10	Storm drainage modifications and concrete foundation installations for playground sculpture art work	Approved by MRA Board	

21	\$50,517.27	3	Additional bike racks; revised bollards at front 90; front 90 fountain delay; relocate fan at elevator lobby; paver protection during pavilion replacement; electrical for BCycle station; Bayou drainage modifications; delete wall cap at restroom; Camden pavilion sign	Approved by MRA Board	
22	\$0.00	0	Divide the overall project into 3 phases to better manage contractual mechanisms (substantial completion, warranties, maintenance periods, final completion and retainage)	Approved by MRA Board	
23	\$12,093.85	0	Signage revisions; playground structures modifications; landscape additions adjacent to restroom; Front 90 utilities modifications; temporary fencing in garage	Approved by MRA Board	
24	\$27,163.18	0	Front 90 fountain modifications for future artwork	Approved by MRA Board	
25	\$120,341.16	0	J-trim and wall prep for mosaic art installation; lighting, stone veneer, and signage added to mosaic art	Approved by MRA Board	
26	\$10,601.20	0	Catenary lighting and pole modifications as required for artwork at Front 90 fountain	Approved by MRA Board	
27	\$14,009.85	0	Expansion joint design modification; irrigation backflow cage; add toggle light switches in fountain rooms; PVC plugs for future restaurant building; Kiosk foundation rebar; Credit for steel	Approved by MRA Board	

			edge waterproofing; Pavilion east stair temporary modification		
28	(\$44,958.14)	0	B-Cycle concrete pad; Landscape modifications at dog run; Replacement of food truck electrical outlet receptacles; Art wall lighting cables; Dog run fence modifications	Approved by MRA Board	
29*	(\$10,800.00)	0	Substantial completion agreement for South Park; Project time extension due to front 90 issues;	Approved by MRA Board	
30	\$40,855.42	0	Modification to northeast corner of pavilion for drainage; tent anchor replacement; light shield installation; Travis Street sidewalk and curb demolition and curb replacement	Approved by MRA Board	
31*	\$0.00	0	Contract amendment for partial retainage release upon completion of South Park	Approved by MRA Board	
32	\$89,113.96	0	Temporary installation and removal of rain fountain granite pavers on pedestals during Super Bowl event; remove and replace Camden driveway curbs on Travis Street; Modification of art wall plaque; Main Street driveway, sidewalk, and curb demolition and curb replacement; credit for electrical enclosure panels at pavilion and drilled piers at front 90; demolition and replacement of Travis Street driveways	Approved by MRA Board	
33	\$6,853.64	0	Additional COH permitting costs for south park area; Installation of bollards	Approved by MRA Board	

			at dumpster pad; replacement of Camden driveway curbs on Travis Street		
34	\$53,588.18	0	Design modifications to Front 90 to accommodate fountain location change; X-Ray for cores drilled a tunnel at Front 90; Remove existing bus stop and replace paving.	Approved by MRA Board	
35	\$38,800.95	0	Irrigation design modifications; Paving design modifications at McGowen; Relocation of existing traffic signal at Travis/McGowen METRO bus stop	Approved by MRA Board	
36	\$47,161.12	0	Grading and fill dirt for elevation changes for Main Street streetscape; Sandblasting of letters at CIP art wall; Hydro excavation to locate existing AT&T fiber optic cable along Main Street	Approved by MRA Board	
37	\$102,292.41	0	Front 90 sanitary sewer revision for connection to Main Street; relocation of vent pipe in service drive	Approved by MRA Board	
38	\$67,112.26	0	Landscape revisions along Main Street; Additional drainage inlets in service drive; bollard installations in service drive	Approved by MRA Board	
39	(\$12,223.67)	0	Relocate existing pedestrian pole; remove restaurant electrical service from scope; landscape and bollard revisions	Approved by MRA Board	
40	\$10,065.48	0	Grade existing soil and remove excess dirt from front 90 restaurant site. Installation of temporary irrigation	Approved by MRA Board	

			and Bermuda hydromulch		
TOTAL	\$1,847,265.55	93			

Budget

Original Contract Amount	Net Change Orders	Contract Sum to Date	Total Earned to Date	Retainage
\$16,491,724.35	\$1,847,265.55	\$18,338,989.90	\$18,252,776.64	\$413,406.66

Schedule

Original Contract Duration (substantial completion)	Days Added by Change Orders / Weather Days	Contract Total Days	Days Used	Days Remaining
365 days	93 / 58	514	526	-12

Bagby Park – Storage and Renovations

The Bagby Park – Storage and Renovations Project generally includes construction of a storage unit, stage renovations, re-grading the lawn, and installation of additional lighting.

Construction

Stage canopy is currently in fabrication and scheduled for delivery to site in first week of February. Contractor scheduled to completed canopy installation and remaining stage lighting by end of February.

Design team is working on plans for redesign of storage building to include a restroom. Plans scheduled to be submitted to City in March.

Kiosk tenant has submitted second level improvements to City for review. Pending City approval, tenant plans to begin construction in March.

Pay Applications from Jerdon

Pay Application	Amount	Date
6	\$48,104.75	November 2019
TOTAL TO DATE	\$377,040.19	

Change Orders

Change Order #	Amount	Days	Purpose	Notes	Action
1	\$3,352.51	25	Coordination, management, and site preparation for canopy installation	Approved by MRA Board	
2	\$40,297.95		Addition of lighting for stage canopy; Site drainage RCP change	Approved by MRA Board	

			from standard to arched		
TOTAL	\$43,650.46	25			

Budget

Original Contract Amount	Net Change Orders	Contract Sum to Date	Total Earned to Date	Retainage
\$480,480.00	\$43,650.46	\$524,131.26	\$418,933.55	\$41,893.36

Schedule

Original Contract Duration (substantial completion)	Days Added by Change Orders	Contract Total Days	Days Used	Days Remaining
210 days	25	235	142	93

Main Street Enhancements

The Main Street Enhancements Project will include capital improvements in the public right-of-way along Main Street from Pierce to Wheeler. Improvements to the rail transit corridor will include landscaping, street furniture, and other pedestrian-related infrastructure to encourage redevelopment and support existing developments along Main Street. The Main Street project will provide an enhanced rail transit corridor to increase comfort and safety in pedestrian environment and offer unique identity branding through Midtown.

Construction

One-year landscape maintenance period has been completed effective January 9, 2020. Electrical maintenance period to continue until January 9, 2021.

Pay Applications from SER

Pay Application	Amount	Date
38	\$12,323.50	December 2019
TOTAL TO DATE	\$9,447,802.96	

Change Orders

Change Order #	Amount	Days	Purpose	Notes	Action
1	(\$796,356.90)	0	Revised lighting types and quantities; Additional striping per METRO; Wayfinding signage	Approved by MRA Board	
2	(\$2,687.00)	0	Removal and replacement of concrete entryway; Removal of benches with replacement with	Approved by MRA Board	

			seat blocks; Removal and relocation of existing fence in ROW; Additional wayfinding signage not included in bid form		
3	\$119,899.18	12	Irrigation sleeve locates for median irrigation design; DMX controller, receivers/transmitters for iconic lights, DMX data conduit, and AC cabinet for DMX controller;	Approved by MRA Board	
4	(\$138,527.45)	0	Work associated with the DMX Controller that was completed by Millis within the Midtown Park Project; Installation of a concrete retaining wall adjacent to the B-Cycle Station at Main Street and Holman Street; Metal grates and frames; Seat blocks with lights; Iconic light modifications	Approved by MRA Board	
5	\$344,663.39	87	Proposed irrigation work in the median and additional irrigation work in the ROW to serve the median irrigation;	Approved by MRA Board	
6	\$252,815.49	3	Median railing; Mounting brackets for light modifications; Median work performed at night per METRO direction	Approved by MRA Board	
7	(\$5,884.22)	113	Deletion of paving and curb ramps, relocation of trash cans and lighting, adjustments to sidewalk width, and changes in planting quantities; Additional days due to METRO delay and weather	Approved by MRA Board	
8	\$696,586.94	85	Addition of improvements included in Alternate 1	Approved by MRA Board	

			of original bid (Truxillo to Wheeler)		
9	\$213,133.10	35	Improvements at Mid-Main per Developer Agreement	Approved by MRA Board	
10	\$173,000.00	0	Additional 14 lights on new poles and additional electrical meter & service including assembly in Alternate 1; (items were included in the construction plan but left off of bid form)	Approved by MRA Board	
11	\$21,516.12	12	Installation of six additional trash receptacles; ADA revisions and installation of handrail at Main and Rosalie intersection; buried concrete slab removal	Approved by MRA Board	
12	\$338,328.52	41	Pull Box Relocation at McGowen; Additional Concrete at various locations; Remobilization costs due to METRO shutdowns; One-year landscape maintenance	Approved by MRA Board	
TOTAL	\$1,216,466.68	395			

Budget

Original Contract Amount	Net Change Orders	Contract Sum to Date	Total Earned to Date	Retainage
\$8,459,353.00	\$1,216,466.68	\$9,675,819.68	\$9,640,615.27	\$192,812.31

Schedule

Original Contract Duration (substantial completion)	Days Added by Change Orders	Contract Total Days	Days Used	Days Remaining
355 days	395	750	628	74

Caroline Street Reconstruction

The Caroline Street Reconstruction Project is the reconstruction of Caroline Street from Pierce to Elgin. The project will include concrete pavement, public utility upgrades (water, storm, sanitary), enhanced intersections, wider sidewalks, landscaping, street furniture, brick pavers, accessibility ramps, and other pedestrian-related infrastructure. The Caroline Street project will provide an enhanced pedestrian

environment and an improved vehicular connection for southbound traffic through Midtown. The project has been awarded a \$4M TxDOT Grant.

Construction

Contractor is currently testing new waterline segment between Elgin and McGowen. During initial testing, pressure readings did not meet City requirements due to leaks in waterline. Leaks have been located, and testing will continue after repairs are completed.

Contractor continues work on storm sewer installation on Webster between Caroline and Anita. During excavation along Webster, historic bricks were encountered, and the City has required the contractor to remove and salvage the historic bricks to be stored by the City.

TxDOT has reassigned the construction management of the project to the West Harris Area Office. The North Harris Area Office will no longer support the project effective February 1.

Change Orders

Change Order #	Contractor Amount	TxDOT fee (4.95%)	Total Amount	Days	Purpose	Notes	Action
1	\$159,844.45	\$7,912.30	\$167,756.75	0	Delay start compensation from 9/11/17-1/31/18 due to time suspension to resolve TCP and utility pole conflicts	Approved by MRA Board	
2	\$14,118.80	\$698.88	\$14,817.68	0	Temporary traffic signals as required by revised TCP	Approved by MRA Board	
3	\$79,656.64	\$3,943.00	\$83,599.64	0	Waterline revisions due to utility pole conflicts	Approved by MRA Board	
4	\$4,634.40	\$229.40	\$4,863.80	0	Manhole modifications due to waterline revisions	Approved by MRA Board	
5	\$89,582.88	\$4,434.35	\$94,017.23	0	Delay start compensation from 2/1/18-7/8/18 due to time suspension to resolve TCP and utility pole conflicts	Approved by MRA Board	
6	\$41,704.47	\$2,064.37	\$43,768.84	0	Waterline revisions related to alignment and grade adjustments to	Approved by MRA Board	

					match dimensions in field		
7	\$42,792.95	\$2,118.25	\$44,911.20	0	Additional signage and equipment required by COH requested TCP revisions	Approved by MRA Board	
8	\$41,591.52	\$2,058.78	\$43,650.30	0	Additional lateral connections to existing storm sewer on Austin Street	Approved by MRA Board	
9	\$40,868.40	\$2,022.99	\$42,891.39	0	Additional concrete barriers required by TCP revisions	Approved by MRA Board	
10	(pending)						
11	(pending)						
12	(pending)						
13	(pending)						
14	\$41,593.76	\$2,058.89	\$43,652.65	0	Replace existing clay storm sewer pipe during storm sewer installation at Austin/Rosalie	Approved by MRA Board	
15	\$24,800.92	\$1,227.65	\$26,028.57	0	Replace sanitary manhole and reroute 8" waterline during storm sewer installation at Austin/ Rosalie	Approved by MRA Board	
16	\$56,631.32	\$2,803.25	\$59,434.57	0	Temporary work pavement markings required Traffic Control Plan (TCP) revisions	Approved by MRA Board	
17	\$2,776.25	\$137.42	\$2,913.67	0	Installation only of pedestrian lighting fixtures	Approved by MRA Board	
18	\$107,250.99	\$5,308.92	\$112,559.91	0	Per COH request, use of fast track pavement at intersections to reduce traffic impact	Approved by MRA Board	
19	(pending)						
20	(pending)						

21	(pending)						
22	(pending)						
23	(pending)						
24	(pending)						
25	(pending)						
26	\$9,569.98	\$473.71	\$10,043.69	0	Replace sanitary manhole and repair 2" waterline during storm sewer installation at Austin/Anita		*Board Approval Required
27	\$15,108.15	\$747.85	\$15,856.00	0	Sanitary sewer bypass equipment required to keep existing sanitary sewer line in service during construction	Approved by MRA Board	
28	\$14,520.96	\$718.79	\$15,239.75	0	Additional cleaning and sweeping of Caroline Street to address concerns of adjacent property/business owners	Approved by MRA Board	
29	\$4,706.70	\$232.98	\$4,939.68	0	Storm sewer revisions are Caroline/Dennis intersection due to inlet sizing restrictions in field		*Board Approval Required
TOTAL	\$791,753.54	\$39,191.78	\$830,945.32	0			

DRAFT

TEXAS DEPARTMENT OF TRANSPORTATION

CONSTRUCTION CONTRACT CHANGE ORDER NUMBER: #26

Third Party Funding Notification Sheet

This form is used when the subject change order involves funding by a source other than TxDOT/U.S. DOT, and involves third parties who are providing funding under an Advance Funding Agreement or Donation Agreement.

1. Outside funding provided by:

Midtown Management District

(Outside Entity's Legal Name)

2. Type of outside funding agreement for this change:

Existing Amended New
[Check one]

3. Indicate the type and amount of funding:

Fixed Price (Lump Sum) (Estimated Amount _____)
 Actual Cost

(a) Contract Items (Bid Items): \$9,569.98

(b) E&C*: (a) x $\frac{.0495}{\text{enter \%}}$ = \$473.71

TOTAL \$10,043.69

CCSJ:	0912-71-003
Project:	C 912-71-3
Highway:	CS Caroline Street
County:	Harris
District:	Houston
Contract Number:	04173038

Use as needed:

I hereby acknowledge notification of the modifications covered by this Change Order.

Date _____

By _____

Typed/Printed Name _____

Typed/Printed Title _____

* The percentage (%) for E&C (Engineering and Contingencies) charges varies from project to project depending on the contract amount of the project. Projects with a higher contract amount will have a lower rate of E&C charge. For a specific project, E&C rate (%) can be derived from the cost of "Engineering and Contingencies" in the "Estimated Cost" of the project.

Funding for this Change Order has been arranged:	
_____ TxDOT Representative	_____ Date
Typed/Printed Name: Eliza C. Paul, P.E.	



CHANGE ORDER NBR. 26

REPORT DATE: 11/25/2019 7:44:45AM

CONTRACT ID: 091271003
 PROJECT: C 912-71-3
 CONTRACT: 04173038
 AWARD AMOUNT: \$12,380,276.54
 PROJECTED AMOUNT: \$12,438,632.54
 ADJ PROJECTED AMT: \$12,978,117.26
 PEND ADJ PROJ AMT: \$12,978,117.26
 CONTRACTOR: J.D. ABRAMS, L.P.
 CO AMOUNT: \$9,569.98
 CO TYPE: NON-PARTICIPATING
 3RD PARTY AMOUNT: \$9,569.98
 APPRV LEVEL: OVERRIDE

HIGHWAY: CS
 DISTRICT: 12
 COUNTY: HARRIS
 AREA ENGINEER: John Elam, P.E.
 AREA NUMBER: 056

Functions:

<input checked="" type="checkbox"/> Extra Work	<input type="checkbox"/> Force Account
<input type="checkbox"/> Zero Dollar	<input type="checkbox"/> Final Quantity
<input type="checkbox"/> Overrun/Underun	<input type="checkbox"/> Change Project Limits
<input type="checkbox"/> Time Adjustment	<input type="checkbox"/> Delete/Add CSJ
<input type="checkbox"/> Stock Account	

DESCRIPTION: CO26: Added Work at Anita and Austin Street
 REASON: 2G - 2G-UNADJUSTED UTILITY (UNFORESEEABLE)
 SECONDARY REASON(S):

DESCRIBE THE REASON FOR THE CHANGE ORDER AND WHAT IS BEING CHANGED. WHEN NECESSARY, INCLUDE EXCEPTIONS TO THIS AGREEMENT:

The project plans call for the reconstruction of a concrete roadway consisting of a 2-lane roadway with curb and gutter, curb side parking lanes, storm sewer, water lines, sanitary sewer lines, bike lanes, landscape and street lighting improvements. The limits are from Elgin Street to Pierce Street in Harris County, Texas, a total of 0.689 miles.

The subject change order will add one (1) new Unique Change Order Item 9608-2023 to the contract.

The Plans, Specifications and Estimate (P&S&E) were prepared by a third party consultant hired by Midtown Management and are responsible for 100% of the design at no cost to TxDOT.

During the installation for the new 30" Reinforced Concrete Pipe (RCP) at Anita Street an existing sanitary sewer line at STA 5+56 was in the same place through the path of the new 30" RCP. The existing sanitary sewer line was leaking and in bad condition and needed to be replaced. Also, the existing manhole was clogged and a vacuum truck was used to check the manhole condition and connection point. In the same street at STA 2+64, during the installation of the MH C1, because of the excavated soil movement, a 2" waterline started leaking, the old steel waterline broke and needed to be repaired.

The following Unique Change Order Item will be added:

LINE 4041	9608-2023	UNIQUE CHANGE ORDER ITEM 23	DOL	1 = LS	\$9,569.98
Storm Sewer Manhole and 2" Waterline at Anita Street					
(No Average Low Bid)					
CO#26					

The revision covered by this change order will result in an overrun of funds authorized for the project in the amount of \$9,569.98. This change order is associated with a third party amount per the advanced funding agreement. Midtown Management District will be covering 100% of the total change order. The Engineering and contingencies on this project is 4.95% and the total third party cost is 10,043.69.

ADDITIONAL TIME NOT NEEDED

2 of 3

"By signing this change order, the contractor agrees to waive any and all claims for additional compensation due to any and all other expenses; additional changes for time, overhead and profit; or loss of compensation as a result of this change and that this agreement is made in accordance item 4 and the Contract. Exceptions should be noted in explanation above."

THE CONTRACTOR

BY: [Signature] 11-25-19 DATE

TYPED/PRINTED NAME: Jesus E. Aguilar 11-25-19 DATE

TYPED/PRINTED TITLE: Houston Area Manager 11-25-19 DATE

AREA ENGINEER: [Signature] 11-26-19 DATE

AREA ENGINEER'S SEAL:

DISTRICT ENGINEER: _____ DATE

DIRECTOR, CONSTRUCTION DIVISION: _____ DATE

DEPUTY EXECUTIVE DIRECTOR: _____ DATE

FRWA: _____ DATE



CO#26

CONTRACT ID 091271003

CHANGE ORDER NBR. 26

Page 3 of 3

CONTRACT ITEMS

PROJECT NBR 091271003 (C 812-71-3 NOT ELIGIBLE FOR FEDERAL PARTICIPATION)

CATG NBR	LINE ITEM	ITEM CODE	SP NBR	DESCRIPTION	UNIT	UNIT PRICE	ORIG + PREV REV QTY	QTY THIS CO	NEW QTY	AMOUNT THIS CO
001	4041	56082023		UNIQUE CHANGE ORDER ITEM 23 CO#28: Added Work at Anita and Austin Street Sanitary Sewer Manhole and 2" Water Line at Anita St.	DOL	9,569.96000	0.000	1.000	1.000	\$9,569.98
CHANGE ORDER AMOUNT										\$9,569.98

DRAFT

TEXAS DEPARTMENT OF TRANSPORTATION

CONSTRUCTION CONTRACT CHANGE ORDER NUMBER: #29

Third Party Funding Notification Sheet

This form is used when the subject change order involves funding by a source other than TxDOT/U.S. DOT, and involves third parties who are providing funding under an Advance Funding Agreement or Donation Agreement.

1. Outside funding provided by:

Midtown Management District
(Outside Entity's Legal Name)

CCSJ:	0912-71-003
Project:	C 912-71-3
Highway:	CS Caroline Street
County:	Harris
District:	Houston
Contract Number:	04173038

2. Type of outside funding agreement for this change:

Existing Amended New
[Check one]

3. Indicate the type and amount of funding:

Fixed Price (Lump Sum) (Estimated Amount _____)
 Actual Cost

(a) Contract Items (Bid Items): \$4,706.70

(b) E&C*: (a) x $\frac{.0495}{\text{enter \%}}$ = \$232.98

TOTAL \$4,939.68

Use as needed:

I hereby acknowledge notification of the modifications covered by this Change Order.

Date _____
By _____
Typed/Printed Name _____
Typed/Printed Title _____

* The percentage (%) for E&C (Engineering and Contingencies) charges varies from project to project depending on the contract amount of the project. Projects with a higher contract amount will have a lower rate of E&C charge. For a specific project, E&C rate (%) can be derived from the cost of "Engineering and Contingencies" in the "Estimated Cost" of the project.

Funding for this Change Order has been arranged:	
TxDOT Representative	Date
Typed/Printed Name: Eliza C. Paul, P.E.	



CHANGE ORDER NBR. 29

REPORT DATE: 12/20/2019 11:42:56AM

CONTRACT ID: 091271003
PROJECT: C 912-71-3
CONTRACT: 04173038
AWARD AMOUNT: \$12,380,276.54
PROJECTED AMOUNT: \$12,438,632.54
ADJ PROJECTED AMT: \$13,156,701.83
PEND ADJ PROJ AMT: \$13,156,701.83
CONTRACTOR: J.D. ABRAMS, L.P.
CO AMOUNT: \$4,706.70
CO TYPE: NON-PARTICIPATING
3RD PARTY AMOUNT: \$4,706.70
APPRV LEVEL: OVERRIDE

HIGHWAY:
DISTRICT:
COUNTY:
AREA ENGINEER:
AREA NUMBER:

CS
 12
 HARRIS
 John Elam, P.E.
 056

DESCRIPTION:
REASON:
SECONDARY REASON(S):

CO29: 18" RC Pipe
 1E - 1E-DES ERROR DELAY, REWORK, INEFF-CONSLT

Functions:

<input checked="" type="checkbox"/> Extra Work	<input type="checkbox"/> Force Account
<input type="checkbox"/> Zero Dollar	<input type="checkbox"/> Final Quantity
<input checked="" type="checkbox"/> Overtime/Underrun	<input type="checkbox"/> Change Project Limits
<input type="checkbox"/> Time Adjustment	<input type="checkbox"/> Delete/Add CSJ
<input type="checkbox"/> Stock Account	

DESCRIBE THE REASON FOR THE CHANGE ORDER AND WHAT IS BEING CHANGED. WHEN NECESSARY, INCLUDE EXCEPTIONS TO THIS AGREEMENT:

The project plans call for the reconstruction of a concrete roadway consisting of a 2-lane roadway with curb and gutter, curb side parking lanes, storm sewer, water lines, sanitary sewer lines, bike lanes, landscape and street lighting improvements. The limits are from Elgin Street to Pierce Street in Harris County, Texas, a total of 0.689 miles.

The subject change order will adjust the quantity of one (1) existing Item 0464-2005 RC PIPE (CL III)(24 IN) and add one (1) new item 0464-2003 RC PIPE (CL III)(18 IN) to the contract.

The Plans, Specifications and Estimate (PS&E) were prepared by a third party consultant hired by Midtown Management and are responsible for 100% of the design at no cost to TXDOT.

The Engineer of Record (EOR) provided recommendations on shop drawings for the storm sewer installation at the Dennis and Caroline Street intersection for reinforced concrete pipe (RCP). The recommendations included reducing the pipe size from 24" to 18" based on the inlet sizing restrictions.

This change order will deduct 87 LF from the existing Item 0464-2005 RC PIPE (CL III)(24 IN) at original bid price of \$45.00/LF and add a new item 0464-2003 RC PIPE (CL III)(18 IN) with 87 LF at the proposed unit price of \$99.10/LF. The Contractor acknowledges the proposed unit price for 18" is higher than 24", but states the average low bid price for 18" is \$72.35/LF. Furthermore, because of existing conditions at each intersection, there are many utility conflicts not shown in the plans that have an effect on the placement of the 18" RCP. The North Harris Area Engineer agrees that the Contractor's proposal is fair and reasonable considering all the utilities, conflicts and allowable markups for labor, equipment, materials and subcontractor work.

The quantity of the following existing item will be adjusted:

LINE 0250	0464-2005	RC PIPE (CL III)(24 IN)	LF	-87	\$45.00	-\$3,915.00
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The following new item will be added to the contract:

LINE 0249	0464-2003	RC PIPE (CL III)(18 IN)	LF	87	\$99.10	\$8,621.70
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The revision covered by this change order will result in an overrun of funds authorized for the project in the amount of \$4,706.70. This change order is associated with a third party amount per the advanced funding agreement. Midtown Management District will be covering 100% of the total change order. The Engineering and contingencies on this project is 4.95% (\$232.98) making the third party total cost \$4,939.68.

ADDITIONAL TIME NOT NEEDED

"By signing this change order, the contractor agrees to waive any and all claims for additional compensation due to any and all other expenses; additional changes for time, overhead and profit; or loss of compensation as a result of this change and that this agreement is made in accordance Item 4 and the Contract. Exceptions should be noted in explanation above."

THE CONTRACTOR

[Handwritten Signature]

1-2-20

DISTRICT ENGINEER: _____

DATE

DATE

TYPED/PRINTED NAME: Jesus B. Anguiano

1-2-20

DATE

DIRECTOR, CONSTRUCTION DIVISION: _____

DATE

DATE

TYPED/PRINTED TITLE: Houston Area Manager

1-2-20

DATE

DEPUTY EXECUTIVE DIRECTOR: _____

DATE

DATE

AREA ENGINEER: _____

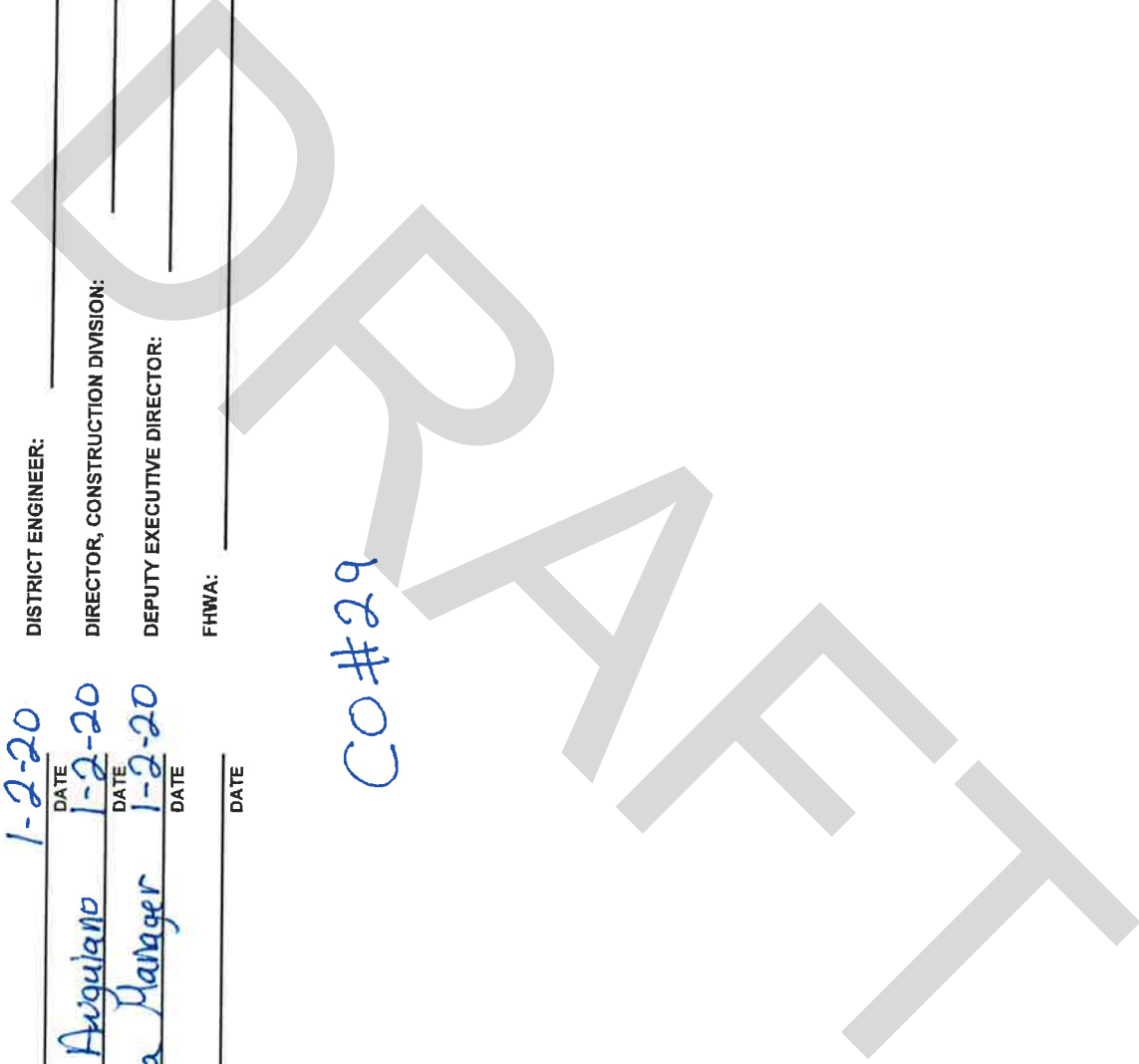
FHWA: _____

DATE

DATE

AREA ENGINEER'S SEAL: _____

CO#29



CONTRACT ID 091271003

CHANGE ORDER NBR. 29

Page 4 of 4

CONTRACT ITEMS

PROJECT NBR 091271003 (C 912-71-3 NOT ELIGIBLE FOR FEDERAL PARTICIPATION)

CATG NBR	LINE ITEM	ITEM CODE	SP NBR	DESCRIPTION	UNIT	UNIT PRICE	ORIG + PREV REV QTY	QTY THIS CO	NEW QTY	AMOUNT THIS CO
001	0249	04642003		RC PIPE (CL III)(18 IN)	LF	99.10000	0.000	87.000	87.000	\$8,621.70
		ADDTL CO DESCR 1		CO#29: Adding +87LF 18" RC PIPE and Removing -87LF 24"						
001	0250	04642005	006	RC PIPE (CL III)(24 IN)	LF	45.00000	2,489.000	-87.000	2,402.000	-\$3,915.00
		CO DESCR		CO#29: Adding +87LF 18" RC PIPE and Removing -87LF 24"						
CHANGE ORDER AMOUNT										\$4,706.70