

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

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**JOINT MEETING OF THE BOARDS OF DIRECTORS**

**October 19, 2018**

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**REINVESTMENT ZONE NUMBER TWENTY-ONE,  
CITY OF HOUSTON, TEXAS  
(HARDY/NEAR NORTHSIDE ZONE)**

## HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY

AND

### REINVESTMENT ZONE NUMBER TWENTY-ONE, CITY OF HOUSTON, TEXAS NOTICE OF JOINT MEETING

**TO: THE BOARD OF DIRECTORS OF THE HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY AND REINVESTMENT ZONE NUMBER TWENTY-ONE, CITY OF HOUSTON, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:**

Notice is hereby given that the Board of Directors of the Hardy/Near Northside Redevelopment Authority (the "Authority") will hold a joint meeting with the Board of Directors of the Reinvestment Zone Number Twenty-One, City of Houston, Texas (the "Zone") to be held on **October 19, 2018, at 9:00 a.m., at 218 Joyce Street, Houston, Texas, 77009**, open to the public, to consider, discuss and adopt such orders, resolutions or motions, and take other direct or indirect actions as may be necessary, convenient, or desirable with respect to the following matters:

1. Minutes of the previous meetings.
2. Appoint a finance committee.
3. Presentations, reports, or updates from the Directors, consultants, City of Houston Staff, or others regarding development in the Authority and the Zone and implementation of Project Plan and Reinvestment Zone Financing Plan.
4. Approve audit for the fiscal year ending June 30, 2018.
5. Improvements to the Hernandez Tunnel:
  - a. Authorize the Chair to execute an agreement with the lowest most qualified bidder in connection with the contract for construction of the Hernandez Tunnel.
6. Bookkeeper's Report, including:
  - a. payment of invoices;
  - b. investment report.
7. Report from Equi-Tax relating to the tax year 2018 increment rolls.
8. Attorney's Report, including:
  - a. Resolution Regarding Annual Review of Investment Policy; and
  - b. Disclosure Statement from the Investment Officer and Bookkeeper.
9. Capital improvements plan, economic development projects and Zone boundary extensions, including:
  - a. Mapping of future 1-10 realignment within boundaries of the Zone.
10. Executive Session – the Authority:
  - a. confer with legal counsel, Open Meetings Act, V.T.C.A., Government Code § 551.071;
  - b. purchase, exchange, lease or value of real property, Open Meetings Act, V.T.C.A., Government Code § 551.072; and
  - c. economic development negotiations, Open Meetings Act, V.T.C.A., Government Code § 551.087.
11. Executive Session – the Zone:
  - a. confer with legal counsel, Open Meetings Act, V.T.C.A., Government Code § 551.071;
  - b. purchase exchange, lease or value of real property, Open Meetings Act, V.T.C.A., Government Code § 551.072; and
  - c. economic development negotiations, Open Meetings Act, V.T.C.A., Government Code § 551.087.

12. Public comments.



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Clark Stockton Lord  
Attorney for the Authority and the Zone

**MINUTES OF REGULAR MEETING**  
**OF**  
**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

June 18, 2018

The Board of Directors (the “Board”) of Hardy/Near Northside Redevelopment Authority (the “Authority”) convened in regular session, open to the public, at 218 Joyce Street, Houston, Texas, 77009, on the 18th day of June 2018, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Edward Reyes	Chair/Assistant Secretary
Lloyd Burke	Vice Chair/Investment Officer
Sylvia Cavazos	Secretary
Richard Cantu	Assistant Secretary
Fernando Zamarripa	Assistant Secretary

and all of said persons were present except Director Burke, thus constituting a quorum.

Also present were: Clark Lord and Debbie Russell of Bracewell LLP; Middy Ragwar of Bentley, Bratcher & Associates, P.C.; Ralph DeLeon of Tifworks; Rebecca Reyna of Greater Northside Management District; Joel Alba with the City of Houston (the “City”) and Mike McClung of RPS.

**DETERMINE QUORUM; CALL TO ORDER**

Director Reyes noted that a quorum was present and called the meeting to order.

**MINUTES OF PREVIOUS MEETINGS**

The Board considered approval of the minutes of April 23, 2018. Following discussion, upon a motion made by Director Zamarripa and seconded by Director Cantu, the Board voted unanimously to approve the minutes of April 23, 2018.

**HERNANDEZ TUNNEL**

Mr. McClung informed the Board that the plans for the construction of Hernandez Tunnel are complete and have been submitted to the City. He stated that once the City has approved same, the plans will be submitted to the GLO. Mr. McClung stated that he expects to advertise for bids for the project during the week of July 9, 2018. Ms. Reyna stated that once the contract is awarded, the painting of the mural will begin.

## **BUDGET FOR FYE JUNE 30, 2019**

The Board next reviewed the draft budget for the fiscal year ending June 30, 2019. After discussion, Director Cavazos moved that the Board approve the budget, subject to final review, and authorize submittal of same to the City. Director Cantu seconded the motion and it carried by unanimous vote.

## **BOOKKEEPER'S REPORT**

Ms. Ragwar then presented the bookkeeper's report and invoices submitted for payment to the Board for review and approval. The Board also reviewed a summary of the reimburseables due to CR V Hardy Yards, LP. A copy of the bookkeeper's report is attached to these minutes.

Following discussion on the bookkeeper's report and the invoices submitted for payment, upon a motion made by Director Cantu and seconded by Director Cavazos, the Board voted unanimously to approve the bookkeeper's report and the invoices submitted for payment including the payment of \$799,146 to CR V Hardy Yards, LP.

## **CAPITAL IMPROVEMENTS**

Mr. DeLeon informed the Board that the North Houston Highway Improvements Project (the "Project") will go through the boundaries of the Authority and take value from the Authority. He stated that a proposal will be made to the City to annex land to gain the value being lost as a result of the Project. Mr. DeLeon then presented work order no. 1 to the contract with Jones & Carter to generate a library of maps for the Authority showing the impact of the Project with fees for the order in an amount not to exceed \$10,000. After further review, Director Zamarripa moved that the Board approve work order no. 1 in an amount not to exceed \$10,000. Director Cantu seconded the motion and it carried by unanimous vote.

## **CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTIONS 551.087, CHAPTER 551, TEXAS GOVERNMENT CODE**

The Board did not go into executive session.

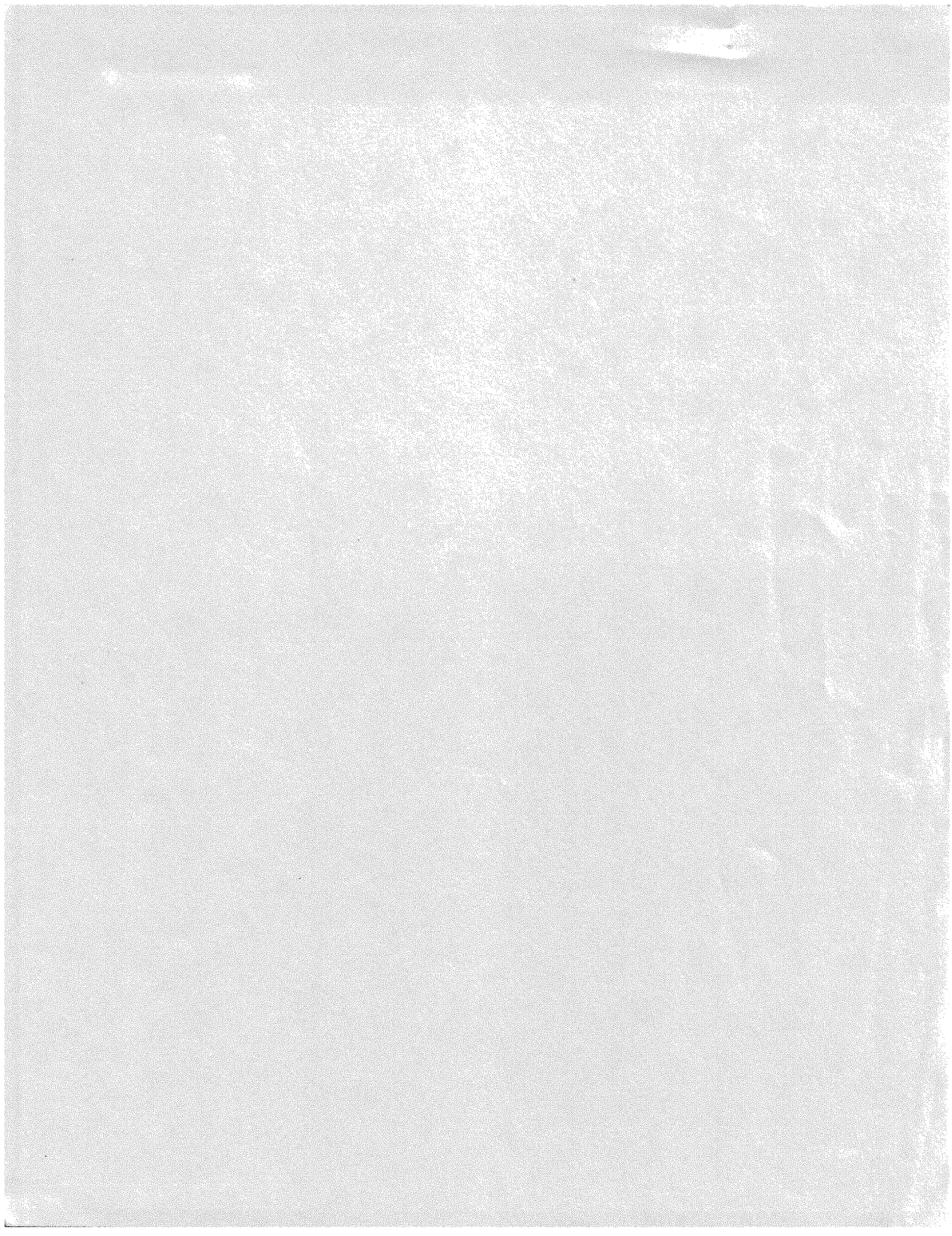
There being no further business to come before the Board, the meeting was adjourned.

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Secretary

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## MINUTES OF REGULAR MEETING

OF

### REINVESTMENT ZONE NUMBER TWENTY-ONE, CITY OF HOUSTON

June 18, 2018

The Board of Directors (the "Board") of Reinvestment Zone Number Twenty-One, City of Houston (the "Zone") convened in regular session, open to the public, at 218 Joyce Street, Houston, Texas, 77009, on the 18th day of June 2018, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Edward Reyes	Chair/Assistant Secretary
Lloyd Burke	Vice Chair/Investment Officer
Sylvia Cavazos	Secretary
Richard Cantu	Assistant Secretary
Fernando Zamarripa	Assistant Secretary

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

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Secretary

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

**CITY OF HOUSTON, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2018**

*Draft Subject to Change*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hardy/Near Northside Redevelopment Authority  
City of Houston, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Hardy/Near Northside Redevelopment Authority (the "Authority"), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

*Member of*  
*American Institute of Certified Public Accountants*  
*Texas Society of Certified Public Accountants*

Board of Directors  
Hardy/Near Northside Redevelopment Authority

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information required by the City of Houston, Texas and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants

September 24, 2018

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

Management's discussion and analysis of Hardy/Near Northside Redevelopment Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority anticipates that tax increment revenues derived from the development and redevelopment of the Authority will be sufficient to cover expenditures associated with certain design, construction and financing of planned infrastructure, and other specific project related costs throughout the duration of the Authority. The City of Houston ("City"), at its sole discretion, may issue bonds, notes or other obligations secured by the tax increment revenues; the proceeds of which could be used to pay for or reimburse developers for project costs. However, the City may elect to pay for project costs directly from tax increment proceeds as they become available without the sale of bonds or notes.
- Tax increment revenues of \$407,440 were received from the City in June 2018 for the tax year 2017 versus budgeted revenues from tax increments of \$433,151, a budgeted deficit of \$25,711.
- Total management and consulting expenses for the year ended June 30, 2018 were \$87,832, versus budgeted expenses of \$116,250, a budgeted surplus of \$28,418.
- In the Authority's government-wide financial statements, liabilities exceeded assets by \$5,917,740 (net position) at June 30, 2018, compared to \$6,246,730 at June 30, 2017, a \$328,990 increase.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the basic financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.



**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Authority's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Evaluation of the overall financial health of the Authority would extend to other non-financial factors.

The Statement of Activities reports how the Authority's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one governmental fund type. The General Fund is the operating fund of the Authority and accounts for all resources of the Authority.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the Authority's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the Authority and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and the accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by \$5,917,740 as of June 30, 2018.

The following table provides a summary of changes in the Statement of Net Position as of June 30, 2018 and June 30, 2017.

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2018</u>	<u>2017</u>	<u>Variance Positive (Negative)</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,624,218	\$ 1,480,728	\$ 143,490
Grant Receivable	70,408	70,408	-
Capital Assets-Development Costs	123,022	123,022	-
<b>TOTAL ASSETS</b>	<b>\$ 1,817,648</b>	<b>\$ 1,674,158</b>	<b>\$ 143,490</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 74,560	\$ 71,306	\$ (3,254)
Due to Developer	7,660,828	7,849,582	188,754
<b>TOTAL LIABILITIES</b>	<b>\$ 7,735,388</b>	<b>\$ 7,920,888</b>	<b>\$ 185,500</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 123,022	\$ 123,022	\$ -
Unrestricted	(6,040,762)	(6,369,752)	328,990
<b>TOTAL NET POSITION</b>	<b>\$ (5,917,740)</b>	<b>\$ (6,246,730)</b>	<b>\$ 328,990</b>

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table provides a summary of the Statement of Activities for the fiscal year ended June 30, 2018, and June 30, 2017:

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Tax Increment Revenue	\$ 407,440	\$ 391,693	\$ 15,747
Interest Revenue	9,382	3,514	5,868
Total Revenues	<u>\$ 416,822</u>	<u>\$ 395,207</u>	<u>\$ 21,615</u>
Expenses:			
Administrative Consultant	\$ 17,634	\$ 11,352	\$ (6,282)
Accounting	11,739	13,891	2,152
Auditing	18,000	10,500	(7,500)
Project Consulting	11,588	-	(11,588)
Legal Consultant	27,339	8,367	(18,972)
Insurance	928	925	(3)
Other Consultant	465	-	(465)
Bank Charges	4	227	223
Office Expense	135	-	(135)
Conveyance of Assets	-	7,849,582	7,849,582
Total Expenses	<u>\$ 87,832</u>	<u>\$ 7,894,844</u>	<u>\$ 7,807,012</u>
Change in Net Position	\$ 328,990	\$ (7,499,637)	\$ 7,828,627
Net Position, Beginning of Year	<u>(6,246,730)</u>	<u>1,252,907</u>	<u>(7,499,637)</u>
Net Position, End of Year	<u>\$ (5,917,740)</u>	<u>\$ (6,246,730)</u>	<u>\$ 328,990</u>

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE AUTHORITY'S GOVERNMENTAL FUND**

The Authority's only governmental fund is the General Fund. This fund is the operating fund of the Authority and is the source of the day-to-day operations. As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The General Fund reported an ending fund balance of \$1,620,066.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of the Authority did not amend the budget during the current fiscal year. Actual revenues were \$16,661 less than budgeted. Actual expenditures were \$1,450,678 less than budgeted due to the timing of developer/project reimbursements. A budgetary comparison schedule is included as RSI for the General Fund.

**CAPITAL ASSETS**

During the fiscal year ending June 30, 2018, the Authority did not incur any development costs.

**LONG-TERM DEBT ACTIVITY**

As of June 30, 2018, the Authority did not have any long-term debt, but has recorded an amount due to the Developer of \$7,660,828 which includes project costs for onsite and offsite public improvements as well as reimbursable interest.

**CONTACTING THE AUTHORITY'S MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Hardy/Near Northside Redevelopment Authority, c/o Bracewell LLP 711 Louisiana Street, Suite 2300, Houston, Texas 77002-2770.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2018**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 958,225	\$ -	\$ 958,225
Investments	665,993	-	665,993
Grant Receivable	70,408	-	70,408
Capital Assets - Development Costs	-	123,022	123,022
<b>TOTAL ASSETS</b>	<u>\$ 1,694,626</u>	<u>\$ 123,022</u>	<u>\$ 1,817,648</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 74,560	\$ -	\$ 74,560
Due to Developer	-	7,660,828	7,660,828
<b>TOTAL LIABILITIES</b>	<u>\$ 74,560</u>	<u>\$ 7,660,828</u>	<u>\$ 7,735,388</u>
<b>FUND BALANCE</b>			
Unassigned	\$ 1,530,066	\$ (1,530,066)	\$ -
Assigned for 2019 Budget Deficit	90,000	(90,000)	-
<b>TOTAL FUND BALANCE</b>	<u>\$ 1,620,066</u>	<u>\$ (1,620,066)</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,694,626</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets Unrestricted		\$ 123,022 <u>(6,040,762)</u>	\$ 123,022 <u>(6,040,762)</u>
<b>TOTAL NET POSITION</b>		<u>\$ (5,917,740)</u>	<u>\$ (5,917,740)</u>

The Accompanying notes to the financial  
Statements are an integral part of this report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total Fund Balance - Governmental Fund	\$ 1,620,066
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Development costs incurred in governmental activities are not a financial resource and therefore are not reported as an asset in governmental funds.	123,022
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These liabilities at year end consisted of an amount due to the Developer for development costs.	<u>(7,660,828)</u>
Total Net Position - Governmental Activities	<u>\$ (5,917,740)</u>

The Accompanying notes to the financial  
Statements are an integral part of this report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Tax Increment Revenue	\$ 407,440	\$ -	\$ 407,440
Interest Revenue	9,382	-	9,382
<b>TOTAL REVENUES</b>	<b>\$ 416,822</b>	<b>\$ -</b>	<b>\$ 416,822</b>
<b>EXPENDITURES/EXPENSES:</b>			
Administrative Consultant	\$ 17,634	\$ -	\$ 17,634
Accounting	11,739	-	11,739
Auditing	18,000	-	18,000
Project Consulting	11,588	-	11,588
Legal Consultant	27,339	-	27,339
Insurance	928	-	928
Other Consultant	465	-	465
Bank Charges	4	-	4
Developer Reimbursement	188,754	(188,754)	-
Office Supplies	135	-	135
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 276,586</b>	<b>\$ (188,754)</b>	<b>\$ 87,832</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 140,236</b>	<b>\$ (140,236)</b>	<b>\$ -</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>328,990</b>	<b>328,990</b>
<b>FUND BALANCE/NET POSITION - JULY 1, 2017</b>	<b>1,479,830</b>	<b>(7,726,560)</b>	<b>(6,246,730)</b>
<b>FUND BALANCE/NET POSITION - JUNE 30, 2018</b>	<b>\$ 1,620,066</b>	<b>\$ (7,537,806)</b>	<b>\$ (5,917,740)</b>

The Accompanying notes to the financial  
Statements are an integral part of this report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balance - Governmental Fund	\$	140,236
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay for developer reimbursements as expenditures. However, such costs are not reported as expenses on the Statement of Activities, but are instead used to reduce the long-term liability in the Statement of Net Position.		188,754
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Change in Net Position - Governmental Activities	\$	328,990
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Draft Subject to Change

The Accompanying notes to the financial  
 Statements are an integral part of this report.



**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. CREATION OF CORPORATION**

The City of Houston, Texas (the "City") authorized the creation of the Hardy/Near Northside Authority (the "Authority") by Ordinance No. 2009-32 on November 10, 2009. The State of Texas Certificate of Incorporation became effective November 20, 2009. The Authority was created and organized as a local government corporation pursuant to provisions of Chapter 311 of the Texas Tax Code. 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 function to promote the common good and general welfare of the Hardy/Near Northside Zone (the Zone), approximately 326.1 acres generally bounded by Quitman Street on the North, U.S. Highway 59 on the East, Interstate 10 on the South, and Interstate Highway 45 on the West. The Zone is described in City of Houston, Texas, Ordinance No 2003-1258. The primary focus of the Zone is to facilitate affordable housing, transit orientated mixed-use development, and the extension and potential grade separation of San Jacinto Street north from Interstate 10 to the southern terminus of Fulton Street. Additional efforts will focus on improvements to public utility systems, parks and the repositioning of distressed infrastructure conditions. The basis for the creation of the Authority in 2009 was to a) facilitate the implementation of the Project Plan and a Reinvestment Zone Financial Plan for the Hardy/Near Northside Zone and the implementation of amendments thereto; b) facilitate the development of a policy for and implementation of the financing and construction of public infrastructure improvements and open space improvements necessary for the development of residential, commercial, public and other land uses in the Hardy/Near Northside Zone; and c) facilitate the development and implementation of a redevelopment policy for the Hardy/Near Northside Zone, including the acquisition of land for redevelopment purposes. The Authority may issue tax-exempt bonds or notes with consent of City Council to fund improvements. The Authority is governed by a Board of Directors consisting initially of four (4) persons who are appointed by the Mayor with the approval of City Council. Additional persons may be added to the Board of the Authority in accordance with the provisions of the Bylaws.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The GASB has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit and (4) is there a financial benefit or burden relationship. The Authority was created as an instrumentality of the City. The Authority does meet the criteria for inclusion as a component unit of the City. Copies of the financial statements for the City may be obtained from the City Secretary's office.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which includes a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net assets into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The Authority’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The Authority is viewed as a special purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the General Fund to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the general fund to report only items related to current year revenues and expenditures. Items such as land and land improvements are charged to cost of sales when sold. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the Authority's fund financial statements are combined with the government-wide statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The Authority has only one major governmental fund type – the General Fund. This fund is the general operating fund of the Authority and accounts for all resources of the Authority.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues reported in the governmental funds to be available if they are collectable within sixty (60) days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Cash

The Authority's cash consists of amounts in demand deposits.

Investments

The Authority invests cash not needed for near term operating needs in the Texas Local Government Investment Pool (“TexPool”).

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Budgeting

In compliance with the Tri-Party Agreement (see Note 4), the Authority's board members adopted an unappropriated budget for the General Fund.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported, regardless of the timing of related cash flows. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority does not have any nonspendable fund balances.

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

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

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Authority has not adopted a formal policy regarding the assignment of fund balances and has assigned \$90,000 of its General Fund fund balance to cover a 2019 budgeted shortfall.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Measurement Focus (Continued)

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

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At June 30, 2018, the BBVA Compass Bank balance was \$958,225 of which \$250,000 was covered by federal depository insurance and any exceeded balance was covered by the collateral line of credit provided by BBVA Compass bank.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at June 30, 2018, as listed below:

Total Cash Deposits	<u>\$958,225</u>
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**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Investments

Under Texas statute, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The Authority's investments must be made "with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." 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. The Authority has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The Authority's investment policy may be more restrictive than the Public Funds Investment Act.

The Authority invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of June 30, 2018, the Authority had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL</u>					
<u>FUND -</u>					
TexPool	\$ 665,993	\$ 665,993	\$ -	\$ -	\$ -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the Authority's investment in TexPool, an external investment pool, was rated AAAM by Standard & Poor's.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Investments (Continued)

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

**NOTE 4. TRI-PARTY AGREEMENT**

The City of Houston, Reinvestment Zone Number Twenty-One, and the Authority entered into the Tri-Party Agreement pursuant to City Ordinance No. 2009-1271 effective December 15, 2009. 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 service for the Zone, as requested by the Zone Board, services with respect to the Project Plan and Reinvestment Zone Financing Plan (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 and in planning, design and construction of infrastructure improvements and land acquisition.

The Tri-Party Agreement also provides for the Authority to issue bonds and notes, enter into obligations with developers or builders, and enter into contracts with consultants and to be repaid from Contract Tax Increments. All bonds must be approved by City Council and the Director of the Finance Department of the City of Houston must approve all development agreements. This Agreement shall end upon termination of the Zone.

Pursuant to the Agreement, the City and the Zone have agreed to pay the Authority not later than the first business day of each July in which a current approved budget is in effect for the Authority, all monies available in the Tax Increment Fund, less (a) a reserve of up to five percent of the monies then available in the Tax Increment Fund for administrative costs of the City, (b) the amount due to the City from the Zone pursuant to the affordable housing agreement, and (c) certain tax increments constituting educational facilities project costs to be paid to the Houston Independent School District. Notwithstanding the above, in the event the Authority's budget is not approved by the thirtieth (30<sup>th</sup>) day before the date of a principal and interest payment on the Authority's bonds or notes, the City shall pay from available funds sufficient monies to the Authority to allow for meeting the Authority's debt service obligations.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5. TAX INCREMENTS**

The City of Houston, Texas has agreed to deposit tax increments into the Tax Increment Fund established by the Zone (See Note 6).

The amount of a Participant's tax increment for a year is the amount of property taxes levied and collected by the Participant for that year on the Captured Appraised Value of real property taxable by the Participant and located in the Zone. The Captured Appraised Value of real property taxable by a Participant for a year is the total appraised value of all real property taxable by the Participant and located in the Zone for that year less the Tax Increment Base, which is the total appraised value of all real property taxable by the Participant and located in the Zone on January 1 of the year in which the Zone was designated as such under the Tax Increment Financing Act (the "TIF Act"). In the event property is annexed into the Zone by ordinance of the City, the Tax Increment Base for annexed property is the value of all real property taxable by a Participant and located in the annexed area on January 1 of the year of annexation. No Participant is required to deposit tax increments derived from property annexed into the Zone unless the Participant has agreed to do so.

Each Participant is required to collect taxes on property located within the Zone in the same manner as other taxes are collected. The Participant is required to pay into the tax increment fund the collected tax increments by no later than the 90<sup>th</sup> day after the delinquency date for the Participant's property taxes.

**NOTE 6. CITY OF HOUSTON TAX INCREMENTS**

Pursuant to City Ordinance No. 2009-1271, the City and the Zone have established the Tax Increment Fund, a separate fund in the City Treasury into which tax increments have and will be deposited.

Tax increments of \$407,440 were remitted from the fund to the Authority for tax year 2017. In addition, the City withheld \$220,238 from the tax increment to fund affordable housing and \$33,036 to pay City administrative fees.

**NOTE 7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates in the Texas Municipal League Intergovernmental Risk Pool ("TML") to provide general liability, errors and omission and automobile liability. The Authority, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. During the year ended June 30, 2018, the Authority contributed \$928 to the fund for this insurance coverage. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.



**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8. DEVELOPMENT AGREEMENT**

The Authority has entered into a Development Agreement dated March 4, 2010, and as amended on May 14, 2012, with CR V Hardy Yards, L.P. ("Hardy Yards LP"), the owner of property located within the Hardy/Near Northside Zone. Hardy Yards LP is responsible for the inspection, supervision and management of the construction and installation of the improvements to the Hardy/Near Northside Zone. The improvements are to be made in accordance with the terms of the Development Agreement and amendment thereto and relevant City ordinances or procedures.

The Authority shall reimburse Hardy Yards LP for the amount of actual project costs incurred plus accrued interest. Hardy Yards LP is responsible for determining that project costs are eligible in accordance with terms defined in the Developer Reimbursement Agreement and amendment thereto. The costs to be reimbursed are not to exceed \$33,312,000 as noted in the original agreement. Included in the original reimbursable amount were costs related to the purchase or condemnation of right-of-way for the San Jacinto Street Extension Project in the amount of \$2,700,000. During fiscal year 2012, an ordinance was passed that authorized the appropriation of \$2,033,223 out of the Woodlands Regional Participation Fund to fund these costs.

The Authority will utilize available tax increments in order to reimburse Hardy Yards LP for the costs incurred until all project costs have been fully reimbursed. Hardy Yards LP has no right to claim any reimbursement other than from available tax increment or bond proceeds.

As of June 30, 2018, Hardy Yards LP has incurred a total of \$7,660,828 in development costs on behalf of the Authority. The total is comprised of \$4,779,952 for onsite public improvements and \$2,880,876 for offsite public improvements. The Authority reimbursed the Developer \$188,753 during the fiscal year ended June 30, 2018.

**NOTE 9. CAPITAL ASSETS – DEVELOPMENT COSTS**

During the fiscal year ended June 30, 2018, the Authority did not incur development costs with Central Houston Civic Improvement for planning and design work in connection with a project a hike and bike trail within the Zone. Cumulative costs for this project as of June 30, 2018, totaled \$123,022.

During the fiscal year ended June 30, 2018, Hardy Yards LP did not incur development costs related to onsite and offsite public improvements within the boundaries of the Authority. The project has been completed and assets were conveyed to the City of Houston for maintenance and operation. The Authority will reimburse the Developer for project costs in the amount of the actual costs of the public improvements to the extent that the Developer's project generates tax increment revenues.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10. GRANT PROGRAMS**

The City of Houston

On December 10, 2014, the Authority executed an agreement with the City of Houston (the "City"). On behalf of the City, the City's Housing & Community Development Department submitted an application for federal assistance to the Texas General Land Office to receive an award of Community Development Block Grant Disaster Recovery Program funding in the amount of \$11,986,000 allocated for the repair, replacement, redesign and/or reconstruction of public infrastructure within the boundaries of the Authority.

Through June 30, 2018, the Authority has recorded a total of \$10,074,912 in engineering and construction costs. The Authority did not receive any grant income related to the project in the current year. During fiscal year 2016, the project was complete, and assets were conveyed to the City of Houston for maintenance and operation.

Draft Subject to Change

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2018**

Draft Subject to Change

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Tax Increment Revenue	\$ 433,151	\$ 407,440	\$ (25,711)
Interest Revenue	332	9,382	9,050
<b>TOTAL REVENUES</b>	<b>\$ 433,483</b>	<b>\$ 416,822</b>	<b>\$ (16,661)</b>
<b>EXPENDITURES</b>			
Maintenance and Operations	\$ 116,250	\$ 87,832	\$ 28,418
Capital Expenditures	732,329	-	732,329
Developer/Project Reimbursements	878,685	188,754	689,931
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,727,264</b>	<b>\$ 276,586</b>	<b>\$ 1,450,678</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,293,781)</b>	<b>\$ 140,236</b>	<b>\$ 1,434,017</b>
<b>FUND BALANCE - JULY 1, 2017</b>	<b>(4,529,043)</b>	<b>1,479,830</b>	<b>6,008,873</b>
<b>FUND BALANCE - JUNE 30, 2018</b>	<b>\$ (5,822,824)</b>	<b>\$ 1,620,066</b>	<b>\$ 7,442,890</b>

See accompanying independent auditor's report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

**OTHER INFORMATION**

**REQUIRED BY THE CITY OF HOUSTON**

**JUNE 30, 2018**

*Draft Subject to Change*

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY  
OPERATING AND CAPITAL EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2018**

Category	Vendor	Budget	Actual Expenditures	Variance Positive (Negative)
<b>ADMINISTRATION AND OVERHEAD</b>				
Accounting	Bentley, Bratcher & Associates, P.C.	\$ 10,000	\$ 11,739	\$ (1,739)
Administrative Consultant	Bracewell LLP	25,000	17,634	7,366
Auditor	McCall Gibson Swedlund Barfoot PLLC	10,000	18,000	(8,000)
Project Consulting	TIFWorks, LLC	-	11,588	(11,588)
Insurance	Texas Municipal League	1,000	928	72
Office Administration	BBVA Compass Bank	250	139	111
<b>SUBTOTAL</b>		<u>\$ 46,250</u>	<u>\$ 60,028</u>	<u>\$ (13,778)</u>
<b>PROGRAM AND PROJECT CONSULTANTS</b>				
Legal Consultant	Bracewell LLP	\$ 25,000	\$ 27,339	\$ (2,339)
Other Consultant		45,000	465	44,535
<b>SUBTOTAL</b>		<u>\$ 70,000</u>	<u>\$ 27,804</u>	<u>\$ 42,196</u>
<b>TOTAL MANAGEMENT CONSULTING SERVICES</b>		<u>\$ 116,250</u>	<u>\$ 87,832</u>	<u>\$ 28,418</u>
<b>CAPITAL EXPENDITURES</b>				
Project T-2101: Pedestrian Pathways/Hike and Bike Trails		<u>\$ 732,329</u>	<u>\$ -</u>	<u>\$ 732,329</u>
<b>DEVELOPER/PROJECT REIMBURSEMENTS</b>				
CRV Hardy Yards: Roadway and Sidewalk Improvements		<u>\$ 878,685</u>	<u>\$ 188,754</u>	<u>\$ 689,931</u>

See accompanying independent auditor's report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**PROJECT PLAN RECONCILIATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Project Plan Estimated Amount	Cumulative Expenditures as of the Fiscal Year Ended 2018	Variance Positive (Negative)
<b>ESTIMATED PROJECT COSTS</b>			
Roadway and Sidwalk Improvements	\$ 37,692,000	\$ 10,263,666	\$ 27,428,334
Public Utility Improvements	7,884,000	-	7,884,000
Parks, Plazas and Recreational Facilities	4,328,000	-	4,328,000
Affordable Housing	24,920,874	1,360,753	23,560,121
Financing Costs	1,700,000	-	1,700,000
Zone Creation and Administration	2,200,000	524,141	1,675,859
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>\$ 78,724,874</b>	<b>\$ 12,148,560</b>	<b>\$ 66,576,314</b>

See accompanying independent auditor's report.

**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

**OTHER SUPPLEMENTARY INFORMATION**

**JUNE 30, 2018**

*Draft Subject to Change*



**HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**  
**BOARD OF DIRECTORS**  
**JUNE 30, 2018**

Authority Mailing Address - HARDY/NEAR NORTHSIDE REDEVELOPMENT  
AUTHORITY  
C/O Bracewell LLP  
711 Louisiana Street, Suite 2300  
Houston, TX 77002-2770

Authority Telephone Number - (713) 223-2300

<b>Board Members</b>	<b>Position</b>
Edward Reyes	Chair/Assistant Secretary
Lloyd Burke	Vice Chair/ Investment Officer
Sylvia Cavazos	Secretary
Richard Cantu	Assistant Secretary
Fernando Zamarripa	Assistant Secretary

See accompanying independent auditor's report.



*Formerly Klotz Associates*

Ms. Sheronda Ladell, MBA  
October 3, 2018  
Page 2 of 2

We appreciate the opportunity to work on this project and look forward to continuing work with you during the construction phase. If you have any questions or require additional information, please call me or Morena Arredondo, P.E. at 281-589-7257.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike McClung', with a long, sweeping underline.

Mike McClung, P.E., C.F.M.  
Project Manager

MRM:gw

Enclosure

**Bid Tabulation**

Bid Date: Thursday, September 27th, 2018 Time: 2:00 P.M. Central Standard Time

Project Name: GLO City of Houston Hernandez Tunnel - GLO Contract # CDBG-DR 14-236-000-8329

Item No.	Description	Quantity	Unit of Measure	Engineer's Estimate		NBG Constructors, Inc.		ISI Contracting, Inc.	
				Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Mobilization	1	LS	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00	\$ 61,000.00
2	SWPPP for Tunnel and South Ramp Rehab	1	LS	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
3	Traffic Control and Regulation	1	LS	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 65,000.00	\$ 65,000.00
4	Project Sign	1	EA	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,200.00	\$ 1,200.00
5	Remove and Refurbish existing traffic signs on tunnel entrances (clearance signs, flood gauge signs, tunnel name signs)	7	EA	\$ 190.00	\$ 1,330.00	\$ 50.00	\$ 350.00	\$ 500.00	\$ 3,500.00
6	Install traffic signs on tunnel entrances (clearance signs, flood gauge signs, tunnel name signs)	10	EA	\$ 500.00	\$ 5,000.00	\$ 100.00	\$ 1,000.00	\$ 600.00	\$ 6,000.00
7	Thermoplastic Pavement Marking (4" Wide) White - Solid - Tunnel and South Ramp	980	LF	\$ 2.50	\$ 2,450.00	\$ 0.75	\$ 735.00	\$ 2.00	\$ 1,960.00
8	Thermoplastic Pavement Marking (4" Wide) Yellow - Solid - Tunnel and South Ramp	1424	LF	\$ 2.50	\$ 3,560.00	\$ 0.75	\$ 1,068.00	\$ 2.00	\$ 2,848.00
9	Thermoplastic Paving Marking (24" Wide) White - Solid - Tunnel and South Ramp	323	LF	\$ 7.50	\$ 2,422.50	\$ 5.50	\$ 1,776.50	\$ 12.00	\$ 3,876.00
10	Thermoplastic Paving Marking (24" Wide) Yellow - Solid - Tunnel and South Ramp	266	LF	\$ 7.50	\$ 1,995.00	\$ 5.50	\$ 1,463.00	\$ 12.00	\$ 3,192.00
11	Raised Pav Marker Ty I with Two Face Reflective (W/Y)	286	EA	\$ 7.00	\$ 2,002.00	\$ 4.00	\$ 1,144.00	\$ 7.00	\$ 2,002.00
12	1.5-inch asphalt replacement including stripping of existing asphalt	1845	SY	\$ 20.00	\$ 36,900.00	\$ 30.00	\$ 55,350.00	\$ 45.00	\$ 83,025.00
13	Remove existing concrete rail and install Type PR 1 pedestrian rail on south end walkway on west side	125	LF	\$ 115.00	\$ 14,375.00	\$ 200.00	\$ 25,000.00	\$ 250.00	\$ 31,250.00
14	Finish concrete surface of tunnel walls	30550	SY	\$ 1.25	\$ 38,187.50	\$ 0.45	\$ 13,747.50	\$ 1.50	\$ 45,825.00

**Bid Tabulation**

Bid Date: Thursday, September 27th, 2018 Time: 2:00 P.M. Central Standard Time

Project Name: GLO City of Houston Hernandez Tunnel - GLO Contract # CDBG-DR 14-236-000-8329

Item No.	Description	Quantity	Unit of Measure	Engineer's Estimate		NBG Constructors, Inc.		ISI Contracting, Inc.	
				Unit Price	Total	Unit Price	Total	Unit Price	Total
15	Remove and repair delaminated/spalled concrete	1650	SY	\$ 170.00	\$ 280,500.00	\$ 95.00	\$ 156,750.00	\$ 120.00	\$ 198,000.00
16	Remove median crash cushion attenuator at south tunnel entrance	1	EA	\$ 1,500.00	\$ 1,500.00	\$ 4,000.00	\$ 4,000.00	\$ 500.00	\$ 500.00
17	Install median crash cushion attenuator at south tunnel entrance	1	EA	\$ 30,000.00	\$ 30,000.00	\$ 23,000.00	\$ 23,000.00	\$ 20,000.00	\$ 20,000.00
18	Anti-Graffiti Coating (Permanent-Type III) for all surfaces within the tunnel and east and west retaining walls	31750	SF	\$ 1.00	\$ 31,750.00	\$ 0.90	\$ 28,575.00	\$ 1.40	\$ 44,450.00
19	Repair cracks in concrete within the tunnel and along west side retaining walls for south entrance by epoxy injection, gravity filling, routing and sealing, or surface sealing	800	LF	\$ 45.00	\$ 36,000.00	\$ 56.00	\$ 44,800.00	\$ 150.00	\$ 120,000.00
20	Remove and Salvage existing traffic signal equipment at the north and south tunnel entrance	2	EA	\$ 3,130.00	\$ 6,260.00	\$ 2,000.00	\$ 4,000.00	\$ 2,000.00	\$ 4,000.00
21	Provide and install all work shown on plans and described in specifications including as follows: Provide and install tunnel lighting, pedestrian walkway lighting, traffic signal lights, lighting controller and all required appurtenances as shown on plans and as described in specifications for a complete operating system	1	LS	\$ 89,950.00	\$ 89,950.00	\$ 84,000.00	\$ 84,000.00	\$ 150,000.00	\$ 150,000.00
22	Remove and Repair delaminated/spalled concrete	500	SY	\$ 170.00	\$ 85,000.00	\$ 170.00	\$ 85,000.00	\$ 170.00	\$ 85,000.00
23	Repair cracks along all surfaces within project limits	250	LF	\$ 45.00	\$ 11,250.00	\$ 45.00	\$ 11,250.00	\$ 45.00	\$ 11,250.00
24	Street Cut Permit	1	Cash		\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
25	Mobility Permit	1	Cash		\$ -	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
<b>Total Base Bid</b>				<b>\$767,432.00</b>		<b>\$636,009.00</b>		<b>\$954,878.00</b>	
<b>Percentage over Low Bidder</b>				<b>21%</b>				<b>50%</b>	

I hereby certify that the bid tabulations contained herein were prepared by me and under my direct supervision. The individual contractor's Unit Bid Prices and Bid Amounts are the actual amounts placed on the Bid Sheet for the bidding process. Any discrepancies in the Unit Bid price and Bid Amounts are noted above.

**HARDY/NEAR NORTHSIDE TIRZ #21**

**Balance Sheet**

As of October 19, 2018

	<u>Oct. 19, 2018</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
BBVA Compass	159,362.01
Tex Pool AC 7932300001	669,245.87
Total Checking/Savings	<u>828,607.88</u>
Other Current Assets	
ACCOUNTS RECEIVABLE	70,408.12
Total Other Current Assets	<u>70,408.12</u>
Total Current Assets	<u>899,016.00</u>
<b>TOTAL ASSETS</b>	<u><u>899,016.00</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
*Accounts Payable	31,132.62
Total Accounts Payable	<u>31,132.62</u>
Other Current Liabilities	
Accounts Payable- CRV HARDY	70,408.12
Total Other Current Liabilities	<u>70,408.12</u>
Total Current Liabilities	<u>101,540.74</u>
Total Liabilities	101,540.74
<b>Equity</b>	
*Fund Balance	1,620,067.27
Net Income	-822,592.01
Total Equity	<u>797,475.26</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>899,016.00</u></u>

No Assurance Is Provided.

# HARDY/NEAR NORTHSIDE TIRZ #21

## Profit Loss Budget vs. Actual

July 1, 2018 through October 19, 2018

	Actual	Budget		
	July 1, 2018 - Oct. 19, 2018	July 1, 2018 - June 30, 2019	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Grant Income - Construction	0.00	87,381.00	-87,381.00	0.00%
Interest on Checking Account	281.33	162.00	119.33	173.66%
Interest on TexPool	3,252.59	170.00	3,082.59	1913.29%
Tax Increments	0.00	469,609.00	-469,609.00	0.00%
<b>Total Income</b>	<b>3,533.92</b>	<b>557,322.00</b>	<b>-553,788.08</b>	<b>0.63%</b>
<b>Gross Profit</b>	<b>3,533.92</b>	<b>557,322.00</b>	<b>-553,788.08</b>	<b>0.63%</b>
<b>Expense</b>				
<b>Program and Project Consultants</b>				
General Counsel Representation	2,430.00	20,000.00	-17,570.00	12.15%
Planning Consultants	0.00	25,000.00	-25,000.00	0.00%
Engineering Consultants	0.00	40,000.00	-40,000.00	0.00%
IT Consulting	2,775.00	0.00	2,775.00	100.00%
Other Consultants	620.40	0.00	620.40	100.00%
<b>Total Program and Project Consultants</b>	<b>5,825.40</b>	<b>85,000.00</b>	<b>-79,174.60</b>	<b>6.85%</b>
<b>TIRZ Administration Overhead</b>				
Accounting Services	11,156.00	10,000.00	1,156.00	111.56%
Administrative Services	3,999.73	8,000.00	-4,000.27	50.00%
Audit Services	6,000.00	10,000.00	-4,000.00	60.00%
Office Expense	0.00	250.00	-250.00	0.00%
Insurance	0.00	2,000.00	-2,000.00	0.00%
Bank Charges	1.80	0.00	1.80	100.00%
<b>Total TIRZ Administration Overhead</b>	<b>21,157.53</b>	<b>30,250.00</b>	<b>-9,092.47</b>	<b>69.94%</b>
Developer Reimbursements	799,143.00	531,739.00	267,404.00	150.29%
<b>Total Expense</b>	<b>826,125.93</b>	<b>646,989.00</b>	<b>179,136.93</b>	<b>127.69%</b>
<b>Net Loss</b>	<b>-822,592.01</b>	<b>-89,667.00</b>	<b>-732,925.01</b>	<b>917.39%</b>

No Assurance Is Provided.

# HARDY/NEAR NORTHSIDE TIRZ #21

## Profit Loss Detail

July 1, 2018 through October 19, 2018

Type	Date	Memo	Amount
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>Interest Income checking</b>			
Deposit	07/02/2018	Interest	67.26
Deposit	08/01/2018	Interest	160.94
Deposit	09/01/2018	Interest	53.13
Total Interest Income checking			<u>281.33</u>
<b>Interest on TexPool</b>			
Deposit	07/31/2018	July Interest	1,068.81
Deposit	08/31/2018	August Interest	1,088.05
Deposit	09/30/2018	September Interest	1,095.73
Total Interest on TexPool			<u>3,252.59</u>
Total Income			<u>3,533.92</u>
Gross Profit			3,533.92
<b>Expense</b>			
<b>Program and Project Consultants</b>			
<b>Legal Consultants</b>			
<b>General Counsel Representation</b>			
Bill	07/23/2018	Meeting Services through June 30 2018	200.00
Bill	08/31/2018	Meeting Services through August 31 2018	1,600.00
Bill	10/04/2018	General Counsel services through September 30, 2018	630.00
Total General Counsel Representation			<u>2,430.00</u>
Total Legal Consultants			2,430.00
<b>IT Consulting</b>			
Bill	10/01/2018	General Consulting Services June 2018 through September 2018	2,775.00
Total IT Consulting			<u>2,775.00</u>
<b>Other Consultants</b>			
Bill	07/01/2018	Monthly Consultant Services fee per Contract	155.10
Bill	08/01/2018	Monthly Consultant Services fee per Contract	155.10
Bill	09/01/2018	Monthly Consultant Services fee per Contract	155.10
Bill	10/01/2018	Monthly Consultant Services fee per Contract	155.10
Total Other Consultants			<u>620.40</u>
Total Program and Project Consultants			5,825.40

No Assurance Is Provided.

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# HARDY/NEAR NORTHSIDE TIRZ #21

## Profit Loss Detail

July 1, 2018 through October 19, 2018

Type	Date	Memo	Amount
<b>TIRZ Administration Overhead</b>			
<b>Accounting Services</b>			
Bill	09/18/2018	Prepare for and attend June 2018 Board meeting, Bookkeeping procedures for April 2018 through June 2018, Prepare for September 2018 board meeting	9,063.00
Bill	10/11/2018	Prepare for September 2018 Board meeting, Bookkeeping procedures through October 1 2018, Prepare for October 1, 2018 Board meeting	2,093.00
Total Accounting Services			11,156.00
<b>Administrative Services</b>			
Bill	07/31/2018	Meeting Services through July 31 2018	1,102.50
Bill	08/13/2018	Meeting Services through August 31 2018	395.38
Bill	10/04/2018	Meeting services through September 30, 2018	2,501.85
Total Administrative Services			3,999.73
<b>Audit Services</b>			
Bill	09/10/2018	FYE 06.30.18 Single Audit Billing	6,000.00
Total Audit Services			6,000.00
<b>Bank Charges</b>			
Check	07/16/2018	Service Charge	1.80
Total Bank Charges			1.80
Total TIRZ Administration Overhead			21,157.53
<b>Developer Reimbursement</b>			
Check	08/07/2018	Reimbursement to CRV Hardy Yards	799,143.00
Total Expense			826,125.93
Net Loss			-822,592.01

No Assurance Is Provided.

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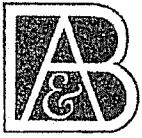
**HARDY/NEAR NORTHSIDE TIRZ #21**

**Unpaid Bills Detail**

As of October 19, 2018

Type	Date	Num	Memo	Open Balance	Pages
<b>Bentley, Bratcher &amp; Associates, P.C.</b>					
Bill	09/18/2018	13030-001-023	Prepare for and attend June 2018 Board meeting, Bookkeeping procedures for April 2018 through June 2018, Prepare for September 2018 board meeting	9,063.00	6
Bill	10/11/2018	13030-001-024	Prepare for September 2018 Board meeting, Bookkeeping procedures through October 1 2018, Prepare for October 1, 2018 Board meeting	2,093.00	7
Total Bentley, Bratcher & Associates, P.C.				<u>11,156.00</u>	
<b>BRACEWELL LLP</b>					
Bill	06/30/2018	21826554	General Counsel through June 30 2018	1,200.00	8
Bill	06/30/2018	21826547	Meeting Services through June 30 2018	2,951.49	9
Bill	07/23/2018	21828408	General Counsel Services through July 31 2018	200.00	13
Bill	07/31/2018	21828407	Meeting Services through July 31 2018	1,102.50	14
Bill	08/13/2018	21830586	Meeting Services through August 31 2018	395.38	16
Bill	08/31/2018	21830567	General Counsel Services through August 31 2018	1,600.00	18
Bill	10/04/2018	21831783	General Counsel services through September 30, 2018	630.00	19
Bill	10/04/2018	21831789	Meeting Services through September 30, 2018	2,501.85	20
Total BRACEWELL LLP				<u>10,581.22</u>	
<b>Equi-Tax Inc.</b>					
Bill	07/01/2018	52691	Monthly Consultant Services fee per Contract	155.10	24
Bill	08/01/2018	52799	Monthly Consultant Services fee per Contract	155.10	25
Bill	09/01/2018	52935	Monthly Consultant Services fee per Contract	155.10	26
Bill	10/01/2018	53040	Monthly Consultant Services fee per Contract	155.10	27
Total Equi-Tax Inc.				<u>620.40</u>	
<b>MCCALL GIBSON SWENDLUND BARFOOT PLLC</b>					
Bill	09/10/2018		Audit of Hardy as of and for the year ended June 30 2018	6,000.00	28
Total MCCALL GIBSON SWENDLUND BARFOOT PLLC				<u>6,000.00</u>	
<b>TIFWorks, LLC</b>					
Bill	10/01/2018	7	General Consulting Services June 2018 through September 2018	2,775.00	29
Total TIFWorks, LLC				<u>2,775.00</u>	
<b>TOTAL</b>				<u><u>31,132.62</u></u>	

**No Assurance Is Provided.**



# BENTLEY, BRATCHER & ASSOCIATES, P.C.

Certified Public Accountants

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Hardy/Near Northside Redevelopment Authority  
515 W. Greens Rd., Suite 710  
Houston, TX 77067

***Invoice Date: September 18, 2018***  
***Invoice Number: 13030-001-023***

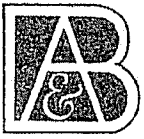
For professional services rendered through September 15, 2018 in connection with the following:

- ❖ Bookkeeping for April 2018 through June 2018
- ❖ Prepare for and attend June 2018 board meeting
- ❖ Post board meeting procedures
- ❖ Address FHL letter of credit questions
- ❖ Address payment to Cypress Realty
- ❖ Draft year end financial statements to be audited
- ❖ Assist auditors with their auditing procedures
- ❖ Prepare for September 2018 board meeting

as well as miscellaneous advice and consultation related thereto

\$ 9,063

***As a reminder, our invoices are due and payable within 30 days from the invoice date, noted above. Interest commences at the rate of 1.5% per month for any portion of a month the invoice is outstanding beyond this time period.***



# BENTLEY, BRATCHER & ASSOCIATES, P.C.

Certified Public Accountants

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Hardy/Near Northside Redevelopment Authority  
515 W. Greens Rd., Suite 710  
Houston, TX 77067

**Invoice Date:** October 11, 2018

**Invoice Number:** 13030-001-024

For professional services rendered through October 6, 2018 in connection with the following:

- ❖ Prepare for September 2018 Board meeting
- ❖ Bookkeeping procedures through October 1, 2018
- ❖ Prepare for October 1, 2018 Board meeting

as well as miscellaneous advice and consultation related thereto

\$ 2,093

*As a reminder, our invoices are due and payable within 30 days from the invoice date, noted above. Interest commences at the rate of 1.5% per month for any portion of a month the invoice is outstanding beyond this time period.*

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen, Bookkeeper  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

July 03, 2018  
 Invoice Number: 21826554  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000001 For Services Through June 30, 2018  
 General Counsel

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
06/01/18	review, analyze and respond to various correspondence regarding RPS attending June meeting	Mona M. Cannon	0.25	400.00	100.00
06/06/18	review, analyze and provide comments to April minutes	Mona M. Cannon	0.25	400.00	100.00
06/06/18	Review and revise Agenda and Minutes	Clark Stockton Lord	0.50	400.00	200.00
06/18/18	Prepare for and attend Board meeting	Clark Stockton Lord	2.00	400.00	800.00
<b>Total Fees:</b>					<b>\$ 1,200.00</b>

## Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Mona M. Cannon	Counsel	0.50	400.00	200.00
Clark Stockton Lord	Partner	2.50	400.00	1,000.00
<b>Total Summary of Fees</b>		<b>3.00</b>		<b>\$ 1,200.00</b>

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

July 03, 2018  
 Invoice Number: 21826547  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000003 For Services Through June 30, 2018  
 Meeting Services

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
06/01/18	Discussions with C Lord regarding the agenda for the June meeting; finalize same; prepare email to RPS regarding attendance at the June meeting to report on the Hernandez Tunnel; prepare email to the Board and consultants transmitting the draft agenda for review and comment	Deborah Russell	0.50	315.00	157.50
06/04/18	Review the engagement letter received from the City for audit; scan same and email to the auditor; discussions regarding mailing same	Deborah Russell	0.25	315.00	78.75
06/05/18	Review email from R DeLeon transmitting the work order from Jones Carter; discussions regarding adding to the Board packet	Deborah Russell	0.25	315.00	78.75
06/06/18	Prepare the minutes of the Zone; email from the bookkeeper transmitting the financials; discussions regarding preparation of the Board packets; prepare email to L Rodriguez transmitting the June agenda for posting; prepare email to the board transmitting the agenda for the June meeting; email to the Board regarding quorum for the meeting	Deborah Russell	0.75	315.00	236.25
06/07/18	Prepare email to the distribution list transmitting the agenda for the June meeting; implement attorney revisions to the minutes of the April meeting; email correspondence with RPS engineer regarding his presentation at the June meeting; email from R DeLeon regarding inclusion of the Tifworks invoice in the Board packets; discussions regarding same	Deborah Russell	0.50	315.00	157.50

Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002 bracewell.com

AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Client: Hardy/Near Northside Redevelopment Authority

July 03, 2018  
Invoice Number: 21826547

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
06/08/18	Email correspondence with H Lim of RPS regarding the status of the contract for engineering services; email correspondence with R DeLeon regarding same and regarding the contract with Equitax; email correspondence with R Reyna regarding meeting matters; filling in accordance with the requirements of the records management act	Deborah Russell	0.75	315.00	236.25
06/11/18	Prepare email to the Board regarding quorum for the meeting; email correspondence from R De Leon regarding the engineering contracts; discussions regarding preparation of the board packets; telephone call from E Reyes regarding the possible rescheduling of the meeting; discussions with C Lord regarding same; prepare email to the Board regarding a new meeting date; telephone call to E Reyes regarding cancelling the meeting; email to the distribution list cancelling the June 11 meeting and rescheduling same; email correspondence with R DeLeon regarding meeting matters	Deborah Russell	0.75	315.00	236.25
06/13/18	Review email from the bookkeeper transmitting the updated financials for the meeting; discussions regarding adding to the board packet; prepare email to L Rodriguez transmitting the agenda for posting; prepare email to the distribution list transmitting the agenda for posting; review email from R DeLeon regarding the RPS agreement; email correspondence with S Ladell regarding meeting information	Deborah Russell	0.50	315.00	157.50
06/15/18	Prepare email to the Board transmitting the board packet for the June meeting	Deborah Russell	0.25	315.00	78.75
06/18/18	Prepare for the Board meeting; travel to and attend the board meeting	Deborah Russell	2.00	315.00	630.00
06/19/18	Prepare email to Jones Carter transmitting a copy of the work order authorization for the map project	Deborah Russell	0.25	315.00	78.75

Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002 bracewell.com

AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Client: Hardy/Near Northside Redevelopment Authority

July 03, 2018  
Invoice Number: 21826547

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
06/20/18	Email correspondence with K Hennings of Jones Carter regarding the status of the engineering contract	Deborah Russell	0.25	315.00	78.75
06/25/18	Email correspondence with the attorney for Greater Northside Management District regarding the status of the interlocal agreement; prepare the calendar of agenda items	Deborah Russell	0.50	315.00	157.50
06/26/18	Proof, revise and finalize the calendar of agenda items and events; update the directory for the Authority; prepare email to the Board and consultants transmitting same	Deborah Russell	0.75	315.00	236.25
06/27/18	Email correspondence with R Deleon regarding the Jones Carter contract	Deborah Russell	0.25	315.00	78.75
06/28/18	Review correspondence from TML; route for filing	Deborah Russell	0.25	315.00	78.75
06/29/18	Filing in accordance with the requirements of the Records Management Act	Deborah Russell	0.25	315.00	78.75
<b>Total Fees:</b>					<b>\$ 2,835.00</b>

### Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Deborah Russell	Paralegal	9.00	315.00	2,835.00
<b>Total Summary of Fees</b>		<b>9.00</b>		<b>\$ 2,835.00</b>

# BRACEWELL

Client: Hardy/Near Northside Redevelopment Authority

July 03, 2018  
Invoice Number: 21826547

<b>Expense Detail</b>			
<u>Date</u>	<u>Cost</u>	<u>Description</u>	<u>Amount</u>
04/20/18	Supplies	Binding 2018-04-20 Clark Stockton Lord GBC Bindings	\$16.20
04/20/18	Supplies	Binding 2018-04-20 Clark Stockton Lord Tabs	\$8.80
05/23/18	Postage	Postage 2018-05-23 Deborah Russell 5	\$9.59
06/11/18	Copying	Copying 06/11/2018 Clark Stockton Lord 306 Pages	\$45.90
06/15/18	Copying	Copying 06/15/2018 Clark Stockton Lord 240 Pages	\$36.00
<b>Total Expenses</b>			<b>\$116.49</b>

**Total Fees, Expenses and Charges**

**\$ 2,951.49**



# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
c/o John R. Madsen, Bookkeeper  
6750 West Loop South Freeway  
Bellaire, TX 77401-4108

August 02, 2018  
Invoice Number: 21828408  
BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000001 For Services Through July 31, 2018  
General Counsel

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
07/23/18	Telephone conference with M del Pilar Montes regarding board appointment issues	Clark Stockton Lord	0.50	400.00	200.00
<b>Total Fees:</b>					<b>\$ 200.00</b>

## Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Clark Stockton Lord	Partner	0.50	400.00	200.00
<b>Total Summary of Fees</b>		<b>0.50</b>		<b>\$ 200.00</b>

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

August 02, 2018  
 Invoice Number: 21828407  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000003 For Services Through July 31, 2018  
 Meeting Services

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
07/05/18	Prepare email to the bookkeeper transmitting the invoice from Equi-tax; email correspondence with J Alba regarding the Jones Carter contract	Deborah Russell	0.25	315.00	78.75
07/06/18	Email and voice mail from J Alba regarding the Jones Carter contract	Deborah Russell	0.25	315.00	78.75
07/17/18	Review the interlocal agreement received from the City; scan same and prepare email to R Reyna and the attorney for Greater Northside MD transmitting a copy of the mural interlocal agreement	Deborah Russell	0.25	315.00	78.75
07/18/18	Prepare letter to attorney for Greater Northside Management District transmitting the original executed Interlocal Agreement	Deborah Russell	0.25	315.00	78.75
07/19/18	Review the engineer's contract received from the City; scan same; prepare email to Jones Carter and R DeLeon transmitting a copy of same; filing in accordance with the requirements of the Records Management Act	Deborah Russell	0.50	315.00	157.50
07/20/18	Prepare letter to Jones Carter transmitting the original executed engineering agreement; work on updating the list of qualified brokers	Deborah Russell	0.75	315.00	236.25
07/23/18	Review email from TML regarding the summary of claim experience report; review same and route for filing;	Deborah Russell	0.25	315.00	78.75
07/24/18	Continue filing in accordance with the requirements of the Records Management Act;	Deborah Russell	0.25	315.00	78.75
07/25/18	Review the contract with RPS; scan same and email to RPS and R DeLeon	Deborah Russell	0.25	315.00	78.75

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AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Page 2

Client: Hardy/Near Northside Redevelopment Authority

August 02, 2018  
Invoice Number: 21828407

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
07/27/18	Discussions with C Lord regarding the need for a meeting in August; prepare email to E Reyes regarding canceling same	Deborah Russell	0.25	315.00	78.75
07/31/18	Prepare email to the agenda distribution list cancel ling the August meeting	Deborah Russell	0.25	315.00	78.75
<b>Total Fees:</b>					<b>\$ 1,102.50</b>

## Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Deborah Russell	Paralegal	<u>3.50</u>	315.00	<u>1,102.50</u>
<b>Total Summary of Fees</b>		<b>3.50</b>		<b>\$ 1,102.50</b>

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# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

September 11, 2018  
 Invoice Number: 21830586  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000003 For Services Through August 31, 2018  
 Meeting Services

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
08/01/18	Email correspondence with J Madsen regarding the payment to Cypress	Deborah Russell	0.25	315.00	78.75
08/02/18	Discussions with C Lord regarding the payment to Cypress	Deborah Russell	0.25	315.00	78.75
08/03/18	Prepare letter to M McClung of RPS transmitting a fully executed consultant contract	Deborah Russell	0.25	315.00	78.75
08/06/18	Review the Summary of Claim Experience Report received from TML and route for filing	Deborah Russell	0.25	315.00	78.75
08/13/18	Filing in accordance with the requirements of the Records Management Act	Deborah Russell	0.25	315.00	78.75
<b>Total Fees</b>					<b>\$ 393.75</b>

### Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Deborah Russell	Paralegal	1.25	315.00	393.75
		<u>1.25</u>		<u>\$ 393.75</u>
<b>Total Summary of Fees</b>				

### Expense Detail

<u>Date</u>	<u>Cost</u>	<u>Description</u>	<u>Amount</u>
08/03/18	Postage	Postage 2018-08-03 Deborah Russell 1	\$1.63

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AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Page 2

Client: Hardy/Near Northside Redevelopment Authority

September 11, 2018  
Invoice Number: 21830586

**Total Expenses**

                      
**\$1.63**

**Total Fees, Expenses and Charges**

**\$ 395.38**

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen, Bookkeeper  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

September 10, 2018  
 Invoice Number: 21830567  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000001 For Services Through August 31, 2018  
 General Counsel

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
08/02/18	Handle Cypress reimbursement issues	Clark Stockton Lord	0.50	400.00	200.00
08/07/18	Telephone conference with C R. Reyna regarding legislative issues	Clark Stockton Lord	0.50	400.00	200.00
08/22/18	Prepare for and attend meeting with A Donnelly regarding Development plan	Clark Stockton Lord	2.00	400.00	800.00
08/29/18	Prepare for and attend meeting with A Donnelly regarding development plan	Clark Stockton Lord	1.00	400.00	400.00
<b>Total Fees</b>					<b>\$ 1,600.00</b>

### Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Clark Stockton Lord	Partner	4.00	400.00	1,600.00
<b>Total Summary of Fees</b>		<b>4.00</b>		<b>\$ 1,600.00</b>

**Total Fees, Expenses and Charges**

**\$ 1,600.00**

**Attention:**  
 Please note our payment instructions have changed. Refer to our new account details on the remittance page of this invoice.

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AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
218 Joyce  
Houston, TX 77009

October 04, 2018  
Invoice Number: 21831783  
BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000002 For Services Through September 30, 2018  
Capital Improvement Projects

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
09/28/18	Review Hernandez tunnel bid tabulations.	Clark Stockton Lord	1.00	630.00	630.00
<b>Total Fees</b>					<b>\$ 630.00</b>

## Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Clark Stockton Lord	Partner	<u>1.00</u>	630.00	<u>630.00</u>
<b>Total Summary of Fees</b>		<b>1.00</b>		<b>\$ 630.00</b>

**Total Fees, Expenses and Charges** **\$ 630.00**

# BRACEWELL

Hardy/Near Northside Redevelopment Authority  
 c/o John R. Madsen  
 6750 West Loop South Freeway  
 Bellaire, TX 77401-4108

October 04, 2018  
 Invoice Number: 21831789  
 BA: 04674 Clark Stockton Lord

Our Matter #: 0037619.000003 For Services Through September 30, 2018  
 Meeting Services

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
09/04/18	Review email regarding a new appointment to the Board; review the boards and commissions website to confirm same; implement revisions to the agenda distribution lists; review email from the auditor requesting documentation for the audit; research files for same and transmit; prepare follow up email to P Hall requesting execution copies of her agreement; email correspondence with P Hall regarding R DeLeon's handling of the agreement; email to R DeLeon regarding same; email to the distribution list regarding the cancellation of the regular meeting; email with the auditor regarding dates when the audit would be ready; discussions regarding scheduling a special meeting for same	Deborah Russell	1.00	315.00	315.00
09/05/18	Prepare email to M Castillo regarding completion of required Open Government Training	Deborah Russell	0.25	315.00	78.75
09/06/18	Email correspondence with the auditor regarding information needed for the preparation of the audit; research files for same and transmit; prepare letter to L Rodriguez transmitting the tax consultant agreements for execution by the City	Deborah Russell	0.75	315.00	236.25
09/07/18	Discussions regarding quorum for the September meeting; prepare email to the distribution list regarding same	Deborah Russell	0.25	315.00	78.75
09/11/18	Review email requesting being added to the distribution list; implement revisions to same	Deborah Russell	0.25	315.00	78.75

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AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC



# BRACEWELL

Page 2

Client: Hardy/Near Northside Redevelopment Authority

October 04, 2018  
Invoice Number: 21831789

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
09/12/18	Review email from R DeLeon regarding a response to the city regarding a budget ordinance; efile a copy of same; prepare the agenda for the September meeting; discussions regarding same	Deborah Russell	0.50	315.00	157.50
09/13/18	Email correspondence from R DeLeon regarding additional agenda items for the September meeting; discussions with R Weist regarding documentation from R DeLeon to be included in the board packets; implement revisions to the agenda for the meeting	Deborah Russell	0.50	315.00	157.50
09/17/18	Prepare email to the board transmitting the draft agenda for the September meeting	Deborah Russell	0.25	315.00	78.75
09/18/18	Email correspondence from R DeLeon regarding the award of the contract for Hernandez Tunnel; discussions with C Lord regarding same; email to E Reyes regarding the possible change of meeting date.	Deborah Russell	0.25	315.00	78.75
09/19/18	Email correspondence with R DeLeon and E Reyes regarding a meeting to award the Hernandez Tunnel contract	Deborah Russell	0.25	315.00	78.75
09/20/18	Telephone conference with E Reyes regarding the possible change of meeting dates; prepare email to the board and consultants regarding same	Deborah Russell	0.25	315.00	78.75

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AUSTIN CONNECTICUT DALLAS DUBAI HOUSTON LONDON NEW YORK SAN ANTONIO SEATTLE WASHINGTON, DC

# BRACEWELL

Client: Hardy/Near Northside Redevelopment Authority

October 04, 2018  
Invoice Number: 21831789

<u>Date</u>	<u>Description</u>	<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
09/26/18	Prepare email to L Rodriguez transmitting the agenda for posting; prepare email to the distribution list transmitting the agenda; begin drafting the minutes of the June meeting; prepare the minutes of the Zone; prepare the resolution regarding annual review of investment policy; prepare the disclosure statement of the bookkeeper/investment officer; discussions regarding preparation of the board packets for the meeting; telephone conference with representative of Downtown Management District regarding the agenda and proposed boundary changes	Deborah Russell	2.25	315.00	708.75
09/27/18	Prepare email to the board and consultants transmitting the Board packets for the October meeting; email correspondence with R DeLeon regarding information for the meeting; discussions regarding binding the board packets	Deborah Russell	0.25	315.00	78.75
09/28/18	Review email from R DeLeon and add pages to the board packets	Deborah Russell	0.25	315.00	78.75
<b>Total Fees</b>					<b>\$ 2,283.75</b>

### Summary of Fees

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Deborah Russell	Paralegal	7.25	315.00	2,283.75
<b>Total Summary of Fees</b>		<b>7.25</b>		<b>\$ 2,283.75</b>

# BRACEWELL

Client: Hardy/Near Northside Redevelopment Authority

October 04, 2018  
Invoice Number: 21831789

## Expense Detail

<u>Date</u>	<u>Cost</u>	<u>Description</u>	<u>Amount</u>
09/27/18	Color Copies	Color Prints 09/27/2018 Deborah Russell 24 Pages	\$24.00
09/27/18	Supplies	Binding 2018-09-27 Deborah Russell GBC Bindings	\$16.20
09/27/18	Supplies	Binding 2018-09-27 Deborah Russell Tabs	\$13.20
09/27/18	Copying	Copying 09/27/2018 Deborah Russell 1,098 Pages	\$164.70
<b>Total Expenses</b>			<b>\$218.10</b>

**Total Fees, Expenses and Charges**

**\$ 2,501.85**

# Equi-Tax Inc.

# Invoice

Suite 200  
17111 Rolling Creek Drive  
Houston Texas 77090  
281-444-4866

DATE	INVOICE #
7/1/2018	52691

BILL TO
TIRZ 21 - Hardy / Near Northside c/o Ralph LeLeon Tifworks, L.L.C. P.O. Box 10330 Houston TX 77206

DESCRIPTION	AMOUNT
Monthly Consultant Services fee per Contract	155.10
Invoice emailed to Ralph DeLeon at rdeleon1028@sbcglobal.net	

<b>Total</b>	<b>\$155.10</b>
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# Equi-Tax Inc.

# Invoice

Suite 200  
17111 Rolling Creek Drive  
Houston Texas 77090  
281-444-4866

DATE	INVOICE #
8/1/2018	52799

BILL TO
TIRZ 21 - Hardy / Near Northside c/o Ralph LeLeon Tifworks, L.L.C. P.O. Box 10330 Houston TX 77206

DESCRIPTION	AMOUNT
Monthly Consultant Services fee per Contract	155.10
Invoice emailed to Ralph DeLeon at rdeleon1028@sbcglobal.net	

<b>Total</b>	\$155.10
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# Equi-Tax Inc.

# Invoice

Suite 200  
17111 Rolling Creek Drive  
Houston Texas 77090  
281-444-4866

DATE	INVOICE #
9/1/2018	52935

BILL TO
TIRZ 21 - Hardy / Near Northside c/o Ralph LeLeon Tifworks, L.L.C. P.O. Box 10330 Houston TX 77206

DESCRIPTION	AMOUNT
Monthly Consultant Services fee per Contract	155.10
Invoice emailed to accountants Tracy Salinas at <a href="mailto:tracy@bentleyassoc.com">tracy@bentleyassoc.com</a> and Middy Ragwar at <a href="mailto:middy@bentleyassoc.com">middy@bentleyassoc.com</a> and John Madsen at <a href="mailto:john@bentleyassoc.com">john@bentleyassoc.com</a> and cc'ed to Ralph DeLeon at <a href="mailto:rdeleon1028@sbcglobal.net">rdeleon1028@sbcglobal.net</a>	

<b>Total</b>	<b>\$155.10</b>
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# Equi-Tax Inc.

# Invoice

Suite 200  
17111 Rolling Creek Drive  
Houston Texas 77090  
281-444-4866

DATE	INVOICE #
10/1/2018	53040

BILL TO
TIRZ 21 - Hardy / Near Northside c/o Ralph DeLeon Tifworks, L.L.C. P.O. Box 10330 Houston TX 77206

DESCRIPTION	AMOUNT
Monthly Consultant Services fee per Contract	155.10
Invoice emailed to accountants Tracy Salinas at <a href="mailto:tracy@bentleyassoc.com">tracy@bentleyassoc.com</a> and Middy Ragwar at <a href="mailto:middy@bentleyassoc.com">middy@bentleyassoc.com</a> and John Madsen at <a href="mailto:john@bentleyassoc.com">john@bentleyassoc.com</a> and cc'ed to Ralph DeLeon at <a href="mailto:rdeleon1028@sbcglobal.net">rdeleon1028@sbcglobal.net</a>	

<b>Total</b>	<b>\$155.10</b>
--------------	-----------------

September 10, 2018

Hardy/Near Northside Redevelopment Authority  
c/o Bracewell LLP  
711 Louisiana Street, Suite 2300  
Houston, TX 77002

Client Number: 300-20

Audit of Hardy/Near Northside Redevelopment Authority as of  
and for the year ended June 30, 2018.

Interim Billing

\$ 6,000.00



# INVOICE

Date: 10/1/2018  
Invoice # Number 7

TIFWorks, LLC  
P.O. Box 10330  
Houston, Texas 77206  
(832)-978-5910  
rdeleon1028@sbcglobal.net

To

Ed Reyes  
Chairman of the Board  
Hardy/Near Northside Redevelopment Authority  
Tax Increment Investment Zone Number  
Twenty-One, City of Houston

<i>Salesperson</i>	<i>Job</i>	<i>Payment Terms</i>	
Ralph De Leon	Hardy/Near Northside Redevelopment Authority General Consulting Services	Due Upon Receipt	
<i>Qty</i>	<i>Description</i>	<i>Unit Price</i>	<i>Line Total</i>
Labor (Hours)	Meetings, Travel, Mileage, Electronic Correspondence and Telephone Calls:		
.75	6/11/2018 – Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD.	\$150.00	112.50
2.25	6/21/2018 – Prepare for and attend Board of Directors meeting including mileage and travel.	\$150.00	337.50
3.5	6/26/2018 – Jones and Carter, Work Authorization No. 1 – Proposed Annexation Maps, preparation, review of templates, discussion of layers, TxDOT realignment project, including mileage and travel.	\$150.00	525.00
1.75	7/17/2018 – Cypress/Tim Clark correspondence and follow-up to questions regarding developer reimbursement payment formula, review of AUP, TY16 & TY17 payment formula with Bentley.	\$150.00	262.50
.75	7/23/2018 - Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD.	\$150.00	112.50
3.5	7/23/24/25/2018 – Meet with BBVA regarding Operating Account and provisions with BBVA for Administrative rights and ACH capability for Bentley, communication with Cypress Controller regarding same, including mileage and travel, email correspondence and telephone communication.	\$150.00	525.00
2.5	7/27/2018 – Travel to BBVA, travel to Sylvia Residence, procurement of signatures needed for Administrative rights for Bentley and ACH capability for Operating Account, including mileage and travel.	\$150.00	375.00
.75	7/30/2018 – Telephone and email correspondence with Midday and John Madsen at Bentley regarding enabling of Administration rights and ACH capability, required on-line forms, user id, passcode enabling for Operating Account.	\$150.00	112.50
.75	8/6/2018 - Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD.	\$150.00	112.50
.5	8/14/2018 – Conference Call Cypress regarding proposed Annexation, review of maps, and related materials.	\$150.00	75.00

.75	8/20/2018 - Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD.	\$150.00	112.50
.75	9/4/2018 - Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD.	\$150.00	112.50
3	9/4/2018 – Central Houston Near Northside Public Meeting at U of H, including mileage, travel, and parking	\$150.00	450.00
.75	9/4/2018 - Conference Call CDBG Funds Hernandez Tunnel – preparation, participation, follow-up with ED and HCDD regarding Bid Dates and Public Notice requirements.	\$150.00	112.50
2.5	9/28/2018 – New Board Member Orientation with Mario, preparation, Budget/Audit/Cypress Reimbursement AUP review and payment, including mileage and travel.	\$150.00	375.00
1.5	9/28/2018 – Coordination and review of Bid Tab Hernandez with RPS and HCDD, transmittal to Bracewell for inclusion in Board materials for October 1, 2018 Board meeting.	\$150.00	225.00
<b>Subtotal</b>			\$2,775.00
<b>Total</b>			\$2,775.00

Make all checks payable to TIFWorks, LLC

***Thank you for your business!***

Hardy Near Northside Tirz  
 Quarterly Investment Report  
 As of September 30, 2018

INVESTMENT IN TEXPOOL

FUND	BEGINNING BALANCE	DEPOSIT (WITHDRAW)	INTEREST EARNED	ENDING BALANCE
REVENUE FUND	\$ 665,993.28	-	3,252.59	669,245.87
TOTAL	665,993.28	-	3,252.59	669,245.87

TexPool Average interest for the month of July 2018	0.1605%
TexPool Average interest for the month of August 2018	0.1631%
TexPool Average interest for the month of September 2018	0.1640%

The above information comprises the quarterly investment report for Hardy Near Northside Tirz for the quarter ended September 30, 2018. The undersigned acknowledge that the Board's investment portfolio has been and is in compliance with the policies and strategies as contained in the Board's Investment Policy and also in compliance with the Public Funds Investment Act of the State of Texas.

Edward Reyes -- Chair	Lloyd Burke	Richard Cantu
Sylvia Cavazos -- Secretary	Fernando Zamarripa	

**TIRZ 21**  
 2018 Certified and Uncertified Value Increment Report  
 based on HCAD values as of August 2018

	2018 CERTIFIED VALUE	2018 CERTIFIED TAXABLE VALUE	2018 BASE YEAR INCREMENT	2017 TAX RATES /S100	ESTIMATED GROSS		LEVY WITH COLLECTION RATE @ 97%
					TAX INCREMENT	LEVY	
Hardy Yards Area	2003 City 62,718,123	62,718,123	4,568,250	0.58421	339,717.37		329,525.85
Non-Hardy Yards Area	2003 City 135,694,772	128,859,725	35,744,830	0.58421	543,986.53		527,666.93
Original Area JUR 794	2003 City 198,412,895	191,577,848	40,313,080	0.58421	883,703.90		857,192.78

The base year value of \$40,313,080 for the entire TIRZ was provided by the City of Houston. Assistance from HCAD was required to provide the base year for the two designated separate sections.

**RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND  
LIST OF QUALIFIED BROKER/DEALERS OF HARDY/NEAR NORTHSIDE  
REDEVELOPMENT AUTHORITY**

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

WHEREAS, the Board of Directors (the “Board”) of the Authority has convened on this date to conduct the Authority's annual review of its investment policy pursuant to Section 2256.005, *et seq.*, Texas Government Code, as amended; and

WHEREAS, the Board has also convened on this date to conduct the Authority’s annual review of its list of qualified broker/dealers that are authorized to engage in investment transactions with the Authority, pursuant to Section 2256.025, Texas Government Code, as amended; and

WHEREAS, the Authority has determined not to amend the Authority’s Investment Policy dated September 25, 2017;

WHEREAS, the Authority has determined to amend the list of qualified broker/dealers that are authorized to engage in investment transactions with the Authority; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY THAT:

Section 1: The Board hereby conducted the annual review of the Authority’s Amended Investment Policy, dated September 25, 2017, attached hereto as Exhibit A and confirms that same shall remain in effect until modified by action of the Board of Directors.

Section 2: The Board hereby adopts the amended list of qualified broker/dealers, attached hereto as Exhibit B, and confirms that same shall be in effect until modified by action of the Board of Directors.

Section 3: The provisions of this Resolution shall be effective as of the date of adoption and shall remain in effect until modified by action of the Board.

*[Signature page follows]*

PASSED AND APPROVED THIS 19th day of October 2018.

---

Chair

ATTEST:

---

Secretary

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS           §

I, the undersigned officer of the Board of Directors of the Hardy/Near Northside Redevelopment Authority, hereby certify as follows:

1. The Board of the Hardy/Near Northside Redevelopment Authority convened in regular session on the 19<sup>th</sup> day of October 2018, and the roll was called of the duly constituted officers and members of the Board, to-wit:

- |                    |                               |
|--------------------|-------------------------------|
| Edward Reyes       | Chair                         |
| Lloyd Burke        | Vice Chair/Investment Officer |
| Sylvia Cavazos     | Secretary                     |
| Richard Cantu      | Director                      |
| Fernando Zamarripa | Director                      |
| Mario Castillo     | Director                      |

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

**RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND LIST OF QUALIFIED BROKER/DEALERS OF HARDY/NEAR NORTHSIDE REDEVELOPMENT AUTHORITY**

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 19<sup>th</sup> day of October 2018.

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Secretary



**EXHIBIT A**

AMENDED INVESTMENT POLICY – SEPTEMBER 25, 2017

## AMENDED INVESTMENT POLICY

This Amended Investment Policy (the "Policy") is adopted by the Board of Directors of Hardy/Near Northside Redevelopment Authority (the "Authority") pursuant to Chapter 2256 of the Texas Government Code, effective as of September 25, 2018.

### ARTICLE I PURPOSE

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

### ARTICLE II DEFINITIONS

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

- (a) "Authority Officials" means the Investment Officer, Directors, Employees, and persons and business entities engaged in handling the investment of Authority funds.
- (b) "Authorized Collateral" means any means or method of securing the deposit of Authority funds authorized by Chapter 2257, Texas Government Code.
- (c) "Authorized Investment" means any security in which the Authority is authorized to invest under Chapter 2256, Texas Government Code.
- (d) "Board" means the Board of Directors of the Authority.
- (e) "Collateral" means any means or method of securing the deposit of Authority funds under Article IV hereof.
- (f) "Collateral Act" means Chapter 2257, Texas Government Code, as amended from time to time.

- (g) "Director" means a person appointed to serve on the Board of Directors of the Authority.
- (h) "Employee" means any person employed by the Authority, but does not include independent contractors or professionals hired by the Authority as outside consultants, such as the Authority's financial advisor, accountant or general counsel.
- (i) "FDIC" means the Federal Deposit Insurance Corporation or any successor entity.
- (j) "Investment Act" means Chapter 2256, Texas Government Code, as amended from time to time.
- (k) "Investment Officer(s)" means the Director(s) or Employee(s) of the Authority appointed from time to time by the Board to invest and reinvest the funds of the Authority held in its various accounts.
- (l) "State" means the State of Texas.

### **ARTICLE III INVESTMENT OFFICER**

#### Section 3.01. Investment Officer.

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

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

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

and (8) state the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

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

- (a) Presenting a copy of this Policy to any person or business organization seeking to sell an investment to the Authority and obtaining the necessary written certification from such seller referred to in this section;
- (b) Handling investment transactions;
- (c) Preparing and submitting to the Board the written report of all investment transactions for the Authority as required by this section;
- (d) Researching investment options and opportunities;
- (e) Obtaining written depository pledge agreements as required herein;
- (f) Obtaining safe-keeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and
- (g) Reviewing the market value of the Authority's investments and of the Collateral pledged to secure the Authority's funds.

#### **ARTICLE IV PROCEDURES FOR INVESTMENT OF AUTHORITY MONIES**

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

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

Section 4.03. Certifications from Sellers of Investments. The Investment Officer(s) or the Authority Officials shall present this Policy to any person or business organization offering to engage in an investment transaction with the Authority and obtain a certificate stating that such potential seller has reviewed the Policy as provided in the Investment Act. This certificate shall be in a form acceptable to the Authority and shall state that the potential seller has received and

reviewed the Policy and has acknowledged that the potential seller has implemented reasonable procedures and controls in an effort to preclude investment transactions with the Authority that are not authorized by this Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Authority's entire portfolio or requires an interpretation of subjective investment standards. Neither the Investment Officer nor the Authority Officials shall purchase or make any investment from a potential seller that has not delivered to the Authority this required certification. A form of certificate acceptable to the Authority is attached hereto as **Exhibit B**.

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

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

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

- (a) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- (b) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
- (c) Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:
  - (1) the lower of two bids obtained from securities broker/dealers for such security;
  - (2) the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
  - (3) the bid price published by any nationally recognized security pricing service; or
  - (4) the market value quoted by the seller of the security or the owner of such Collateral.
- (d) Other investment securities with a remaining maturity greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such

security, unless two bids are not available, in which case the securities may be valued in any manner provided in 4.06(c) hereof.

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

## **ARTICLE V PROVISIONS APPLICABLE TO ALL FUNDS**

### Section 5.01. Provisions Applicable to All Fund Groups.

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

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

- (a) The Authority recognizes that FDIC (or its successor) insurance is available for Authority funds deposited at any one Texas Financial Institution (including branch banks) only up to a maximum of \$250,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders.<sup>1</sup> It is the policy of the Authority that all deposited funds in each of the Authority's accounts shall be insured by the FDIC, or its successor, and to the extent the deposit surpasses the FDIC Deposit Insurance Coverage limit at any given time, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest as required by the Collateral Act.
- (b) If it is necessary for the Authority's depositories to pledge Collateral to secure the Authority's deposits, (1) the Collateral pledge agreement must be in writing, (2)

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

the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide to the Investment Officer or Authority Officials with written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to the Authority. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any Authority funds in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and Authority Officials to proceed diligently to have such agreement approved and documented to assure protection of the Authority's funds. If the decision is made to forego the protection of a Collateral pledge agreement with any depository, the Authority's Executive Director shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.

- (c) Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the Authority's Executive Director shall obtain safekeeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this Investment Policy and in the amount required was pledged to the Authority. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or its successor's, insurance limits or the market value of the Collateral pledged as security for the Authority's deposits. It shall be acceptable for the Authority's Executive Director to periodically receive interest on deposits to be deposited to the credit of the Authority if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or cotenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and Authority Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The Authority's Executive Director shall monitor the pledged Collateral to assure that it is pledged only to the Authority, review the fair market value of the Collateral to ensure that the Authority's funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.

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



Insurance Corporation or by the explicit full faith and credit of the United States;

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

- (xiii) Guaranteed investment contracts that comply with the Investment Act.
- (e) Notwithstanding anything to the contrary provided above, the following may not be used as Collateral and are not authorized as investments for the Authority under the Investment Act:
- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
  - (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
  - (3) Collateralized mortgage obligations that have a final stated maturity date of greater than 10 years other than those listed in Sections 5.02(d)(4) and 5.02(d)(5) above; or
  - (4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

## ARTICLE VI AUTHORIZED INVESTMENTS

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

- (a) Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (b) Direct obligations of the State or its agencies and instrumentalities;
- (c) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (d) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities;

- (e) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- (f) Bonds issued, assumed, or guaranteed by the State of Israel;
- (g) Interest-bearing banking deposits that are guaranteed or insured by:
  - i. The Federal Deposit Insurance Corporation or its successor; or
  - ii. The National Credit Union Share Insurance Fund or its successor;
- (h) Interest-bearing banking deposits other than those described by Subsection 7 if:
  - i. The funds invested in the banking deposits are invested through (a) a broker with a main office or branch in this state and is selected from a list adopted by the Authority, or (b) a depository institution with a main office or branch office in this state that the authority selects;
  - ii. The broker or depository institution selected as described by Subsection (a) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Authority's account;
  - iii. The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
  - iv. The Authority appoints as the Authority's custodian of the banking deposits issued for the Authority's account: (i) the depository institution selected as described by Subsection (1); (ii) and entity described by Section 2257.041(d) of the Texas Government Code, as amended; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-03.
- (i) Certificates of deposit issued by a depository institution that has its main office or a branch office in the State of Texas that are (1) guaranteed by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (2) secured by the obligations in which the Authority may invest under the Investment Act, or (3) secured in any other manner and amount provided by law for deposits of the Authority;
- (j) Certificates of deposit made in accordance with the following conditions: (1) a broker that has its main office or a branch office in this state and is selected from a list adopted by the Authority (2) the funds are invested by the Authority through a depository institution that has its main office or a branch office in the State of Texas and that is selected by the Authority; (3) the broker or the depository institution selected by the Authority under Subdivision (4) arranges for the

deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority; (5) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (6) the depository institution selected by the Authority under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker dealer registered with the Securities and Exchange Commission and operating pursuant to Security and Exchange Commission Rule 15c3-3 (17C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority;

- (k) Repurchase agreements that comply with the Investment Act;
- (l) Bankers' acceptances that comply with the Investment Act;
- (m) Commercial paper that complies with the Investment Act;
- (n) No-load money market mutual funds that comply with the Investment Act;
- (o) No-load mutual funds that comply with the Investment Act;
- (p) Investment Pools which meet the requirements set forth in Section 2256.016 and Section 2256.019 of the Texas Government Code, as amended, and which are specifically authorized by a resolution that is approved by the Board; and
- (q) With respect to bond proceeds, guaranteed investment contracts that comply with the Investment Act.

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

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

Section 6.03. Investment of Funds Held Under Trust Indentures. Anything in this Policy to the contrary notwithstanding, to the extent that any funds are held by a trustee under a

trust indenture relating to the Authority's bonds, such funds may be invested as provided by the resolution authorizing the issuance of the bonds or the trust indenture.

## **ARTICLE VII INVESTMENT STRATEGIES**

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

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

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

## **ARTICLE VIII MISCELLANEOUS**

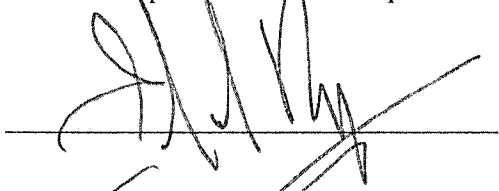
Section 8.01. Annual Review. The Authority shall review this Investment Policy at least annually and adopt a resolution confirming the continuance of the Investment Policy without amendment or adopt an Amended Investment Policy.

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

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

*[Execution page follows]*

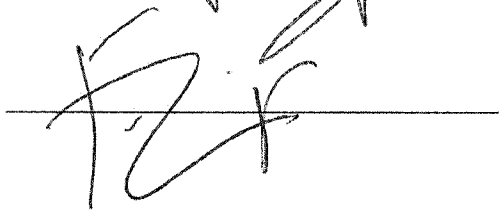
Adopted on the 25th September 2017.



A handwritten signature in black ink, appearing to be 'J. J. M.', written over a horizontal line.



A handwritten signature in black ink that reads 'Floyd Burke', written over a horizontal line.



A second handwritten signature in black ink, appearing to be 'J. J. M.', written over a horizontal line.



A horizontal line, likely a placeholder for a signature.

EXHIBIT A  
LIST OF AUTHORIZED BROKER/DEALERS

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



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

UBS Financial Services, Inc.  
Unity National Bank  
Vista Bank  
Wallis State Bank  
Wells Fargo Advisors, LLC  
Wells Fargo Bank, N.A.  
Westbound Bank  
Whitney National Bank  
Woodforest National Bank

**EXHIBIT B**

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

To: Hardy/Near Northside Redevelopment Authority (the "Authority")

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

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

Date: \_\_\_\_\_, 20\_\_

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

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

5. I or the Business Organization, as applicable, have/has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the Authority and determined (i) that each of the Investments is an authorized investment for local governments under the Investment Act and (ii) each of the Investments is an authorized investment under the Investment Policy. The Business Organization makes no representation as to whether any limits on the amount of Authority monies to be invested in the Investments exceeds or in any way violates the Investment Policy.
6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.
7. The Business Organization has attached hereto, for return to the Authority, or will provide a prospectus or disclosure document for each of the Investments other than certificates of deposit and direct obligations of the United States.

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

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

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

## EXHIBIT B

### LIST OF AUTHORIZED BROKERS

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

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

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

MEMORANDUM

Date: October 19, 2018

To: Board of Directors  
Hardy/Near Northside Redevelopment Authority (the "Authority")

Copy: Board of Directors  
Attorney for the Authority  
Bookkeeper for the Authority  
Texas Ethics Commission

From: Lloyd Burke, Investment Officer  
John Madsen, Bookkeeper

Subject: DISCLOSURE UNDER THE PUBLIC FUNDS INVESTMENT ACT

As investment officer/bookkeeper for the Authority, I submit this disclosure of my relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the Authority as of the date of this memorandum, in compliance with the Public Funds Investment Act and with the Authority's Investment Policy.

1. I have the following "personal business relationships" with individuals or entities who are offering to engage, have offered to engage or may offer to engage in an investment transaction with the District:

(a) I own (i) ten per cent (10%) or more of the voting stock or shares or (b) \$5,000 or more of the fair market value of the following business organizations:

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(b) I have received from the following business organizations funds that exceed ten percent (10%) of my gross income for the previous year:

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(c) During the previous year, I acquired for my personal account investments with a book value of \$2,500 or more from the following business organizations:

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2. I am related within the second degree of affinity (marriage) or consanguinity (blood) as determined by Chapter 573, Government Code, to the following individuals who are seeking, have sought or may seek to sell an investment to the District:

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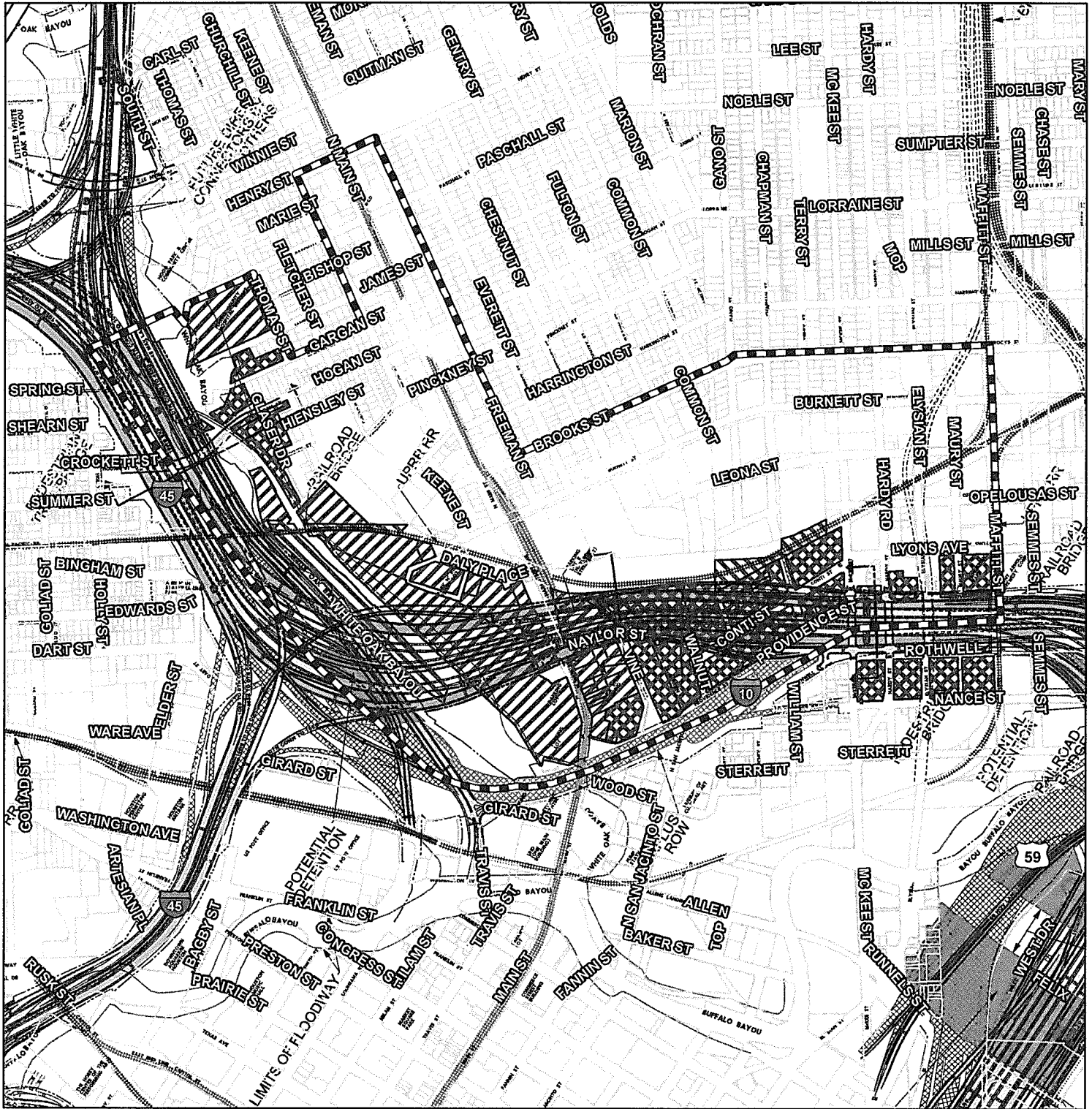
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(SIGNATURE)



# TIRZ 21 HARDY NEAR NORTHSIDE ZONE








Disclaimer: This product is offered for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property, governmental and/or political boundaries or related facilities to said boundary. No express warranties are made by Jones & Carter, Inc. concerning the accuracy, completeness, reliability, or usability of the information included within this exhibit.

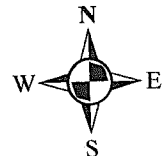


**JONES CARTER**  
Texas Board of Professional Engineers Registration No. F-439

## MAP #1: BOUNDARY MAP

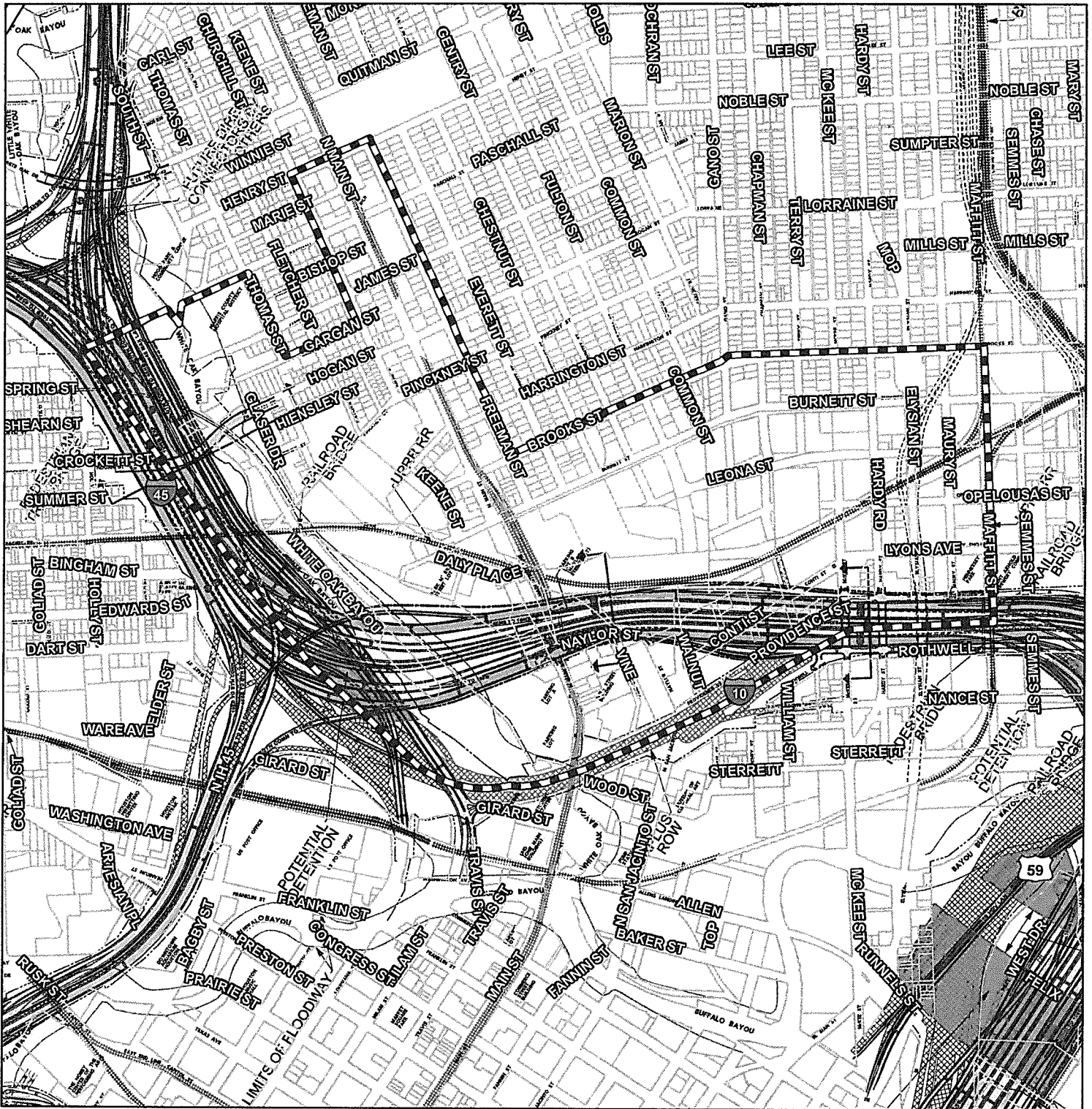
### LEGEND

-  TIRZ 21 Boundary
-  Railroad
-  Exempt
-  Private Ownership
-  HCAD Parcels



1 inch equals 1,000 feet  
HGAC Aerial Imagery flown 2016

# TIRZ 21 HARDY NEAR NORTHSIDE ZONE



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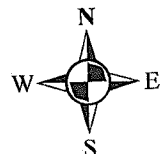


**JONES CARTER**  
Texas Board of Professional Engineers Registration No. F-439

## MAP #1: BOUNDARY MAP

### LEGEND

- TIRZ 21 Boundary
- HCAD Parcels



1 inch equals 1,000 feet  
HGAC Aerial Imagery flown 2016