

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY

REPORT ON FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

GEORGE BAUGH III
Certified Public Accountants

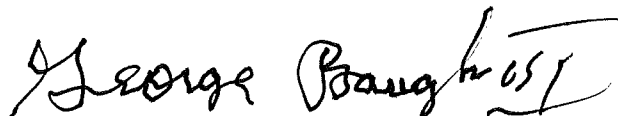
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PUBLIC ACCOUNTANTS

To the Board of Directors
OST/Almeda Corridors Redevelopment Authority
Houston, Texas

Attached is the financial report of OST/Almeda Corridors Redevelopment Authority for the year ended June 30, 2022.



George Baugh III
Certified Public Accountants

City, State:
EIN:

Houston, Texas
76-0191519

Engagement Partner:

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September 19, 2022

OST/Alameda Corridors Redevelopment Authority

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
OST/Almeda Corridors Redevelopment Authority
Houston, Texas

Report on the Financial Statements

Opinion

We have audited the accompanying financial statement of the government activities and each major fund of OST/Almeda Corridors Redevelopment Authority (the Authority), a component unit of the City of Houston, Texas as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OST/Almeda Corridors Redevelopment Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OST/Almeda Corridors Redevelopment Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OST/Alameda Corridors Redevelopment Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OST/Alameda Corridors Redevelopment Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 27 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 an opinion on the financial statements as a whole. The accompanying supplementary information as required by the City of Houston is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



George Baugh III
Certified Public Accountants

September 19, 2022

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

The following discussion and analysis of the OST/Alameda Corridors Redevelopment Authority's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2022.

Please read in conjunction with the Authority's basic statements which begin on page 14.

FINANCIAL HIGHLIGHTS

o OST/Alameda Corridor Redevelopment Authority, a local government organization of the City of Houston, administers Tax Increment Reinvestment Zone Number Seven, City of Houston, Texas, was created May 7, 1997, by Ordinance No. 1997-478, to provide a plan and programs needed to encourage investment and stimulate commercial, industrial and residential development in Old Spanish Trail, Alameda Road and Griggs Road corridors area, adjacent neighborhoods and Upper Third Ward. The Eighth Amended Project Plan and Reinvestment Zone Financing Plan, City of Houston, Texas, Ordinance #2020-1100, was approved by City Council on December 20, 2020.

o The COVID-19 pandemic, also known as the coronavirus pandemic, an ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) was first identified in December 2019 in Wuhan, China. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on January 30 and evaluated it as a pandemic on March 11, 2020. Effective March 16, 2020, in accordance with section 418.016 of the Texas Government Code, as amended, Texas Governor Greg Abbott temporarily suspended various open meeting statutes that require government officials and members of the public to be physically present at a specified meeting location. As a result, local governmental entities, such as the Authority were permitted to meet via telephonic or video meeting. On March 19, 2020, Governor Abbott issued an executive order limiting social gatherings to no more than 10 people, closing all schools, shutting down bars and restricted restaurants. Texas declared a public health disaster for the first time in more than 100 years. On March 24, 2020, Harris County Judge Lina Hidalgo and Houston Mayor Sylvester Turner announced a stay-home order for the county and city. Effective March 20, 2020 the Authority's offices were closed allowing employees to work from home to stay safe. With the help of our legal counsel and IT Consultant we were able to develop and implement policies, procedures to allow employees to work from home. Refining telework policies and procedures are ongoing and the Authority is "open for business" in a hybrid capacity. Effective September 1, 2021 Governor Abbott reversed his suspension on public meetings and the Authority's Board of Directors meetings are again held in person.

- Houston City Council approved Ordinance #2018-908 on November 14, 2018 authorizing the issuance of an additional \$60,0000 in Revenue Bonds to fund projects in the historic Third Ward area. The bond issue was closed on October 1, 2019. The authorization granted was in addition to the outstanding principal amount of \$22,000,000 in bonds and notes authorized pursuant to City Ordinance No. 2010-541 (as amended by Ordinance No. 2010-820), the \$12,000,000 in bonds and notes authorized by Ordinance No. 2001-292, and the \$1,000,000 in notes authorized by the Tri-Party Agreement.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

o Pursuant to the Municipal Services Cost Agreement between the City of Houston, Reinvestment Zone Number Seven, City of Houston, Texas and OST/Almeda Corridors Redevelopment Authority effective June 28, 2010, the Authority agreed to pay the City of Houston annually for Incremental Service Costs of providing Municipal services. The agreement, also, allows the Authority to contract with Greater Southeast Management District to provide Enhanced Public Safety Services. On December 31, 2021 the Board approved the Twelfth Amendment to Amended and Restated Interlocal Agreement by and between Reinvestment Zone Number Seven, City of Houston, Texas, the Authority and Greater Southeast Management District authorizing the Authority to reimburse the District up to \$150,000 plus any unexpended prior authorized funds for Enhanced Public Safety Services through December 31, 2022.

o Effective June 28, 2017, the Interlocal Agreement between Reinvestment Zone Number Seven, City of Houston, Texas, Old Spanish Trail/Almeda Corridors Redevelopment Authority and Greater Southeast Management District, allowed the Authority to provide Administrative and Program Services for the District on a month-to-month basis for a monthly fee. The Interlocal Agreement was terminated, effective December 21, 2021.

o Capital projects in Design or Construction during FY 2022 included the following:
Park @ Palm Center Phase II (CIP #T-0706) Design of a restroom near the community garden and artistic signage/entrances for the park is completed, bid & negotiation is ongoing with a projected completion date for construction of Fall 2023;

o Emancipation Avenue Reconstruction Project (CIP #T-0711A) The Design Concept Report (DCR), which accounts for 30% of the overall project design is at 93% completion with a projected completion date of August 2022 for DCR. Additional Services Scope of Work and Not-to-Exceed Amount of \$110,058 to provide Additional Services for Lane Elimination Study along Emancipation Avenue from Southmore Boulevard to Pierce Street for Emancipation Avenue Reconstruction Project; and \$120,000 to update the Master Drainage Study for Emancipation Avenue Reconstruction Project (CIP #T-0711A), Historic Holman Street Reconstruction Project (CIP #T-0713), Live Oak Street Improvement Project (CIP #T-0724) and Greater Third Ward Neighborhood Project - Sections A&B (CIP #T-0722).

o Emancipation Park and Community Center Phase II (CIP #T-0712) completed upgrades to the park ahead of the 150th Juneteenth celebrations which included Piper Whitney Construction Not-to-Exceed Amount of \$33,000 for the demolition of damaged playground rubber fall surface, renovation of damaged playground fall surface and addition of infill sand to artificial turf inside playground area; Hendee Enterprises Inc. Not-to-Exceed Amount of \$34,100 for Engineering Design, Fabrication and Installation of new column and footing including modification of existing post to accept new connection point and repair and replace shade covers in the playground; and Game Court Services Not-to-Exceed Amount of \$10,890 to repair and replace basketball goals and conduct maintenance and safety inspections for all basketball goals to ensure they are fully functional and operational;

- Historic Holman Street Reconstruction Project (CIP # T-0713) Design Concept Report (DCR) which accounts for 30% of the overall project design is at 93% complete with a projected completion date of August 2022 for DCR/30% design.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

- o Alameda Corridor Improvements - Phase IV (CIP #T-0718) Williams Architectural Signage & Consulting approved an Additional Scope of Work and Not-to-Exceed Amount of \$8,225 for to provide Maintenance and Repair Services for Alameda Corridors Improvement Project - Phase IV (CIP #T-0718); and Authorized Executive Director to Issue Work Orders.
- o Greater Third Ward Neighborhood Project - Section A&B (CIP #T-0722) Plans, Specifications and Estimates are 90% complete with a projected completion date of December 2022 for 100% design.
- o Live Oak Street Improvement Project (CIP #T-0724) Plans, Specifications and Estimates are 60% complete with a projected completion date of December 2022 for 100% design.
- o Griggs & MLK Corridor Improvements Project (T-0729) & Old Spanish Trail Mobility Improvements to MacGregor Park (T-0728) Plans, Specifications and Estimates for median enhancements along the following corridors; Martin Luther King Boulevard from Griggs Road to Browncroft Street, Southmore Boulevard from Emancipation Avenue to SH 288 and Cullen Boulevard from Old Spanish Trail to Glen Cove Drive are which are 90% complete with a projected design completion date of October 2022.
- o The development of Urban Design Guidelines for incorporation into the following projects was completed: Emancipation Avenue Reconstruction Project (CIP #T-0711A), Historic Holman Street Reconstruction Project (CIP #T-0713), Live Oak Street Improvement Project (CIP #T-0724), and Greater Third Ward Neighborhood Project - Section A & B (CIP #T-0722). The guidelines establishes a consistent design theme to reinforce the community's sense of place while providing uniformity of design while retaining the unique features of each corridor.
- o Capital Projects in various stages of Planning & Development are the following: Emancipation Park & Community Center Project - Phase II (CIP #T-0712); Griggs & MLK Corridor Improvement Project (CIP #T-0729); Alameda Corridor Improvements-Phase IV (CIP #T-0718); (d) Old Spanish Trail Mobility Improvements to MacGregor Park (CIP #T-0728); and MacGregor Park and Tennis Center (CIP #T-0723).
- o Capital Project in the Joint Infrastructure Plan Seeking Federal Funds is Scott Street Improvements Project (CIP #T-0725).
- o Capital Projects not included in the Joint Infrastructure Plan Seeking Federal Funds are the following: Old Spanish Trail Mobility Improvements to MacGregor Park (CIP #T-0728) and Griggs and MLK Corridor Improvements Project (CIP #T-0729).
- o September 21, 2021 the Board of Directors approved Engineering & Consulting, Inc. as a Pre- Qualified Firm to provide On- Call Services for Capital Improvement and Maintenance Projects in TIRZ #7.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

- o October 19, 2021 the Board of Directors approved Lockwood, Andrews & Newman, Inc. Master Agreement for Professional Engineering Services; and Authorize Board Chair, Legal Counsel and Executive Director to Negotiate and Execute a Contract; and approved a Scope of Work and Not-to-Exceed Amount of \$88,940 for Lockwood, Andrews & Newman, Inc. for Professional Engineering Services for Emancipation Park and Community Center Phase II (CIP #T-0712); a Scope of Work and Not-to-Exceed Amount of \$75,625 for M2L Associates, Inc. for Professional Services for Emancipation Park and Community Center Phase II (CIP #T-0712); and a Scope of Work and Not-to-Exceed Amount of \$113,150 for Martin Construction Management & Designs LLC. for Construction Management and Inspection Services for Emancipation Park and Community Center Phase II (CIP #T-0712).
- o November 16, 2021 the Board of Directors approved Scope of Work and Not-to-Exceed Amount of \$90,535 for Texas Center for African American Living History to provide Additional Consultation Services to incorporate historical interpretation into the design of public rights-of way improvements for the Emancipation Avenue Reconstruction Project (CIP #T-0711A), Historic Holman Street Reconstruction Project (CIP #T-0713), Live Oak Street Improvement Project (CIP #T-0724) and Greater Third Ward Neighborhood Project - Section A & B (CIP #T-0722) and Authorize Executive Director to issue Work Orders.
- o December 21, 2021 the Board of Directors approved Additional Scope of Work and Not-to-Exceed Amount of \$50,000 for The Goodman Corporation to provide Consultation Services for the Authority to Plan, Identify and Pursue Discretionary Funding for Transportation Infrastructure Projects; and Authorize Executive Director to issue Work Orders.
- o May 24, 2022 the Board of Directors approved Llewelyn-Davies Sahni II, LLC. Master Agreement for Professional Planning Services; and Authorized Board Chair, Legal Counsel and Executive Director to Negotiate and Execute a Contract; and approved a Scope of Work and Not-to-Exceed Amount of \$12,000.00 to provide Professional Planning Services for Emancipation Avenue Reconstruction Project (CIP #T-0711A), Historic Homan Street reconstruction project (CIP #T-0713), Live Oak Street Improvement Project (CIP #T-0724), and Greater Third Ward Neighborhood Project - Section A & B (CIP #T-07220); and Authorize Executive Director to issue Work Orders.
- June 21, 2022 the Board of Directors approved a Scope of Work and Not-to-Exceed Amount of \$56,063 for Asakura Robinson Company, LLC. to provide Additional Professional Landscape Architectural Project Management Services and Public Art, Engineering, Geotechnical and Architectural Firms for Design Services related to Park at Palm Center Phase II (CIP #T-0706) and authorized Executive Director to Issue Notices to Proceed; and authorized the Board Chair, Legal Counsel, and Executive Director to negotiate and execute a master contract for Professional Services with Bowman Engineering & Consulting, Inc. and Scope of Work and Not-to-Exceed Amount of \$15,000 to provide Professional Planning Services for MacGregor Park & Tennis Center (CIP #T-0723) and Old Spanish Trail Mobility Improvements to MacGregor Park (CIP #T-0728); and authorize Executive Director to Issue Notices to proceed.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

o August 16, 2022 the Board of Directors approved Scope of Work and Not-to-Exceed Amount of \$52,324 for IDS Engineering Group to provide Additional Professional Engineering Services to comply with City of Houston requests for the following: (1) additional borings to support the Phase II Environmental Site Assessment; (2) design of curb extensions to improve pedestrian safety; and additional sanitary and water line improvements to improve systems capacity. Services to include eight (8) additional environmental borings for sampling to identify the Environmental Condition, the addition of curb extensions at intersections to reduce street crossing width for pedestrians, and sanitary and water line improvements at strategic locations identified by the City of Houston for Greater Third Ward Neighborhood Project - Section B (CIP # T0722) and Authorize Executive Director to issue Work Orders.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. Under Governmental Accounting Standard Board Statement No. 34, the Authority qualifies as a special purpose government with one program: redevelopment of OST/Almeda Corridors Zone.

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

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The following table reflects condensed information on the Authority's net assets.

	2022	2021
Assets:		
Cash and investments	\$75,331,991	65,049,311
Tax increment receivables (Note 11)	-	10,056,323
Other receivables, net of allow. for doubt. account of \$256,976 (Note 5&9)	-	-
Grants receivables (Note 5&9)	-	12,073
Other assets	-	-
Capital assets, net & including land	3,154,334	3,154,334
Total assets	78,486,325	78,272,041
 Liabilities:		
Bonds payable	61,255,018	63,948,551
Accounts and accrued payable	5,160,304	5,316,417
Project cost payable	-	-
Total liabilities	66,415,322	69,264,968
Net Position (Note 13)	\$12,071,003	\$9,007,073

All trust and operating cash accounts were invested throughout the year in U. S. Treasury Bills and other federal and state secured instruments at market rate.

Tax increment receivables at June 30, 2022 for the City of Houston were \$0 and for Houston Independent School District were \$0. For Harris County tax increment see Note 11.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Statement of Activities

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

	2022	2021
Revenues:		
Tax increments (Note 12)	\$11,978,542	\$11,913,550
Investment earnings	121,633	55,016
Other income (Note 9)	22,733	106,392
Grants	-	128,652
Total revenues	<u>12,122,908</u>	<u>12,203,610</u>
Expenses:		
Project cost	3,264,816	8,546,957
Interest expenses	2,310,544	2,397,975
Other operating cost	3,483,618	3,291,507
Total expenses	<u>9,058,978</u>	<u>14,236,439</u>
Increase (decrease) in Net Position	<u>3,063,930</u>	<u>(2,032,829)</u>
Net Position - beginning of year	9,007,073	11,039,902
Net Position - end of year (Note 13)	<u>\$12,071,003</u> =====	<u>\$9,007,073</u> =====

Tax Increments

The City of Houston (the City), Harris County (the County) and Houston Independent School District (HISD) have agreed, subject to certain limitations, to deposit to the Tax Increment Fund established for the Authority, a certain percentage of tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the zone since a designated base year. The base year for the zone is 1997 and expansion years are 1998, 2008, 2013 and 2016.

The City remits tax increments collected by the City, County and HISD on an annual basis. In June 2022, the Authority received the net City's tax increments of \$9,308,916 and HISD tax increments of \$848,016 in June 2022. For the Harris County tax increment, see Note 11.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Project Cost

Project cost includes the following:	2022	2021
Park at Palm Center	\$64,011	\$32,956
Land Assem. & Site Preparation	47,573	32,956
Public Spaces & Parking Lots	22,626	17,848
Griggs/MLK Corridor	200,247	-
OST Mobility Improvements MacGres Park	389	-
Historic Dowling Street Reconstruction	-	-
Historic Holman Street Reconstruction	57,501	362,014
Greater Third Ward Neighborhood Project	1,837,578	710,326
Live Oak Street Improvements	518,318	452,011
Emancipation Park	73,730	6,141,041
Emancipation Avenue Reconstruction	442,843	339,921
Developer Project	-	457,884
	-----	-----
	\$3,264,816	\$8,546,957
	=====	=====

Capital Assets

The Authority had capital asset additions of \$0 and disposals of \$0 for the year ended June 30, 2022.

Purchases were as follows:	2022	2021
Land & Capital Improvements	\$0	\$0
	-----	-----
	\$0	\$0
	=====	=====

Debt

In October 2019, the Authority issued \$59,620,000 million in OST/Alameda Corridors Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2019.

The Authority's third principal payment on the \$59,620,000 million OST/Alameda Corridors Redevelopment Authority Tax Increment Contract Revenue and Refunding Bonds, Series 2019, is due on September 1, 2022. (See Note 4, to the financial statements)

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's overall budget for 2022 was in excess of \$82 million dollars. The overall budget is on page 27.

FUTURE PROJECTS

o A Joint Committee with representatives from the Board of Directors of the OST/Alameda Corridors Redevelopment Authority and Greater Southeast Management District was created to forge a deeper collaboration between the Authority and the District and specifically to develop an integrated mobility implementation strategy to enable both entities to leverage federal funding with locally committed resources and to compete for discretionary mobility funding.

o November 18, 2020 the Board of Directors approved a Scope of Work and Not-to-Exceed Amount of \$43,000 to provide a local share commitment for the OST/Palm Center Livable Centers Study in partnership with Greater Southeast Management District. The project has a total cost of \$240,000 with a 20% local share amount of \$6,680 from the District and \$43,000 from the Authority. Project kick-off meeting was held with Stantec, Houston Galveston Area Council, Greater Southeast Management District and OST/Alameda Corridors Redevelopment Authority on November 17, 2021. The project established a framework for OST/Palm Center area to support emerging corridors like OST and Griggs Road as a safe, multi-modal, mixed-use corridors connected more broadly to the region through high-quality public transportation. The Project Team completed the needs assessment and proposed recommendations and the development of conceptual plans and is scheduled to complete the study October 2022.

o August 17, 2021 the Board of Directors approved a Scope of Work and Not-to-Exceed Amount of \$85,000 to provide a local share match of 10% for the Federal Transit Administration Persistent Poverty Program Grant in partnership with Greater Southeast Management District. The Project description is to complete planning and preliminary engineering activities along three (3) major transit corridors (Old Spanish Trail, Scott & Griggs) to enhance access and increase utilization of public transportation and safer multi-modal connectivity for underserved populations and limited income earners. The Goodman Corporation submitted an application to the Federal Transit Administration for the Persistent Poverty Program Grant on August 27, 2021. The project has a total cost of \$850,000 with a 10% local share amount of \$85,000.

- o On February 1, 2021, the Board of Directors approved a purchase and sale agreement and a lease agreement with Midtown Redevelopment Authority for the Affordable Housing Operations Campus Parking Garage in the amount of \$6,000,000 of which a down payment of \$3,000,000 was paid March 1, 2021. The Tri-Party Agreement totals \$6,000,000.00 for Sales/Purchase of Parking Garage. Midtown is to receive \$3,000,000.00 escrow funds upon execution of Agreement and placement at Old Republic Title Company. The Certificate of Substantial Completion was issued on March 31, 2021. The additional \$3,000,000.00 will be released upon the receipt of the Certificate of Final Completion Certificate.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

o Since the creation of Greater Southeast Management District in 2004, the District has subleased office space from the Authority. On April 20, 2021, the Authority's Board of Directors authorized the Board Chair, Legal Counsel and Executive Director to negotiate a lease agreement for office space at 3131 Emancipation Avenue, Houston, TX with Midtown Redevelopment Authority. The sublease arrangement with the District ended on March 31, 2022. Effective April 1, 2022, a Supplemental Agreement was entered into by and between Abdullatif & Company, LLC and the Authority to continue renting offices at 5445 Almeda on a month-to-month basis.

o March 16, 2021 the Board of Directors approved a Resolution Adopting an Economic Development Program for TIRZ #7. Pursuant to the authority granted by Section 311.010(h), Texas Tax Code, Reinvestment Zone Number Seven, City of Houston, Texas (the "Zone"), has established an Economic Development Program to promote, develop and diversify the economy of the Zone, eliminate unemployment and underemployment in the Zone, and develop or expand transportation, business, and commercial activity in the Zone.

o On April 19, 2022, a resolution establishing a records management program and designating a Record Management Officer was approved. This Record Retention Policy is intended to comply with applicable law and to encourage all personnel to generate and retain only those records that are required to conduct effective and efficient operation of the Authority, to help the Authority comply with its obligations under applicable law, and to meet the Authority's obligations to the government and to vendors, employees and others.

- The Authority's Management Information System including improvements to software, hardware, processes and procedures to further improve productivity, efficiencies and safety and which incorporates best practices are forthcoming during FY 2023.

It is the intention of this document to disclose and discuss all issues that may be material to the operation of the Authority, and to respond directly to the issues raised by the requirements of the MD&A. If you have any questions or comments regarding any of the matters raised herein, please, feel free to contact Theola Petteway, Executive Director, 5445 Almeda, Suite 545, Houston, Texas 77004.

OST/Alameda Corridors Redevelopment Authority
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2022

	General Fund	Debt Service Fund	Total All Funds	Adjustments	Statement of Net Position
ASSETS					
Cash	\$ 9,674	\$ -	\$ 9,674	\$ -	\$ 9,674
Investments	70,673,197	4,649,120	75,322,317	-	75,322,317
Tax increments receivable (Note 11)	-	-	-	-	-
Other receivables, net of allowance for doubtful account of \$256,976 (Note 5 & 9)	-	-	-	-	-
Grants receivables (Note 5 & 9)	-	-	-	-	-
Capital assets, net & including land	-	-	-	3,154,334	3,154,334
Total assets	<u>\$ 70,682,871</u>	<u>\$ 4,649,120</u>	<u>\$ 75,331,991</u>	<u>\$ 3,154,334</u>	<u>\$ 78,486,325</u>
LIABILITIES					
Project cost payable (Notes 8)	3,096,913	-	3,096,913	-	3,096,913
Accounts and accrued payables	1,298,574	-	1,298,574	-	1,298,574
Unearned revenue	-	-	-	-	-
Accrued interest payable	-	-	-	764,817	764,817
Bonds payable:					
Due within one year	-	-	-	2,415,000	2,415,000
Due after one year	-	-	-	58,840,018	58,840,018
Total liabilities	<u>4,395,487</u>	<u>-</u>	<u>4,395,487</u>	<u>62,019,835</u>	<u>66,415,322</u>
FUND BALANCES/NET POSITION					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	-	4,649,120	4,649,120	(4,649,120)	-
Committed	59,276,594	-	59,276,594	(59,276,594)	-
Assigned	2,042,196	-	2,042,196	(2,042,196)	-
Unassigned	4,968,594	-	4,968,594	(4,968,594)	-
Total fund balances (Note 6)	<u>66,287,384</u>	<u>4,649,120</u>	<u>70,936,504</u>	<u>(70,936,504)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 70,682,871</u>	<u>\$ 4,649,120</u>	<u>\$ 75,331,991</u>		
Net Position:					
Invested in capital assets, net of related debt				3,154,334	3,154,334
Restricted for capital projects				-	-
Restricted for debt service				4,649,120	4,649,120
Unrestricted				4,267,549	4,267,549
				<u>12,071,003</u>	<u>12,071,003</u>
Total Net Position				<u>\$ 12,071,003</u>	<u>\$ 12,071,003</u>
Total fund balances of total governmental fund					\$ 70,936,504
Amounts reported for governmental activities in the statement of net position are different because:					
Other receivable not available for current period					-
Other assets not available for current period					-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					3,154,334
Deferred tax increment is not available for current period expenditures and therefore are deferred in the funds					-
Other revenue not due in current period					(764,817)
Other payables and accruals not due in current period					(764,817)
Tax increment revenue bonds and related interest are not due and payable in the current period and therefore are not reported in the funds					(61,255,018)
Cost of issuance and OID are not available to pay for current period expenditures and therefore are not reported in the funds					-
Other long term debt not due in current period					-
Net Position of governmental activities					<u>\$ 12,071,003</u>

OST/Alameda Corridors Redevelopment Authority
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities
For the Year Ended June 30, 2022

	General Fund	Debt Servicing Fund	Total All Funds	Adjustments	Statement of Activities
REVENUES:					
Tax increments (Note 12)	\$ 7,329,422	\$ 4,649,120	\$ 11,978,542	\$ -	\$ 11,978,542
Investment earnings	121,633	-	121,633	-	121,633
Other revenue (Note 9)	34,113	-	34,113	(11,380)	22,733
Grants (Note 9)	-	-	-	-	-
Total revenues	7,485,168	4,649,120	12,134,288	(11,380)	12,122,908
Expenditures/expenses:					
Capital outlay-Project Cost	3,264,816		3,264,816	-	3,264,816
Administrative (salaries and benefits)	622,549		622,549		622,549
ISD Education Set-Aside Transfer	1,306,667		1,306,667		1,306,667
Administrative Fees - Transfer	514,943		514,943		514,943
Legal and accounting	24,899		24,899		24,899
Consultants	153,266		153,266		153,266
Office expenses	188,691		188,691		188,691
Rent/lease expenses	43,591		43,591		43,591
Insurance	8,074		8,074		8,074
Original issue discount premium amortization	-		-	(383,534)	(383,534)
Depreciation	-		-	-	-
Municipal Services-Enhanced Public Safety	1,004,472	-	1,004,472	-	1,004,472
Principal payments	-	2,310,000	2,310,000	(2,310,000)	-
Interest expense	-	2,340,650	2,340,650	(30,106)	2,310,544
Total expenditures/expense	7,131,968	4,650,650	11,782,618	(2,723,640)	9,058,978
Excess (deficiency) of revenues over expenditures	353,200	(1,530)	351,670	(351,670)	
Change in net position					3,063,930
Fund balances/net position:					
Beginning of the year	65,934,184	4,650,650	70,584,834	-	9,007,073
End of the year (Note 6)	<u>\$ 66,287,384</u>	<u>\$ 4,649,120</u>	<u>\$ 70,936,504</u>	<u>\$ -</u>	<u>\$ 12,071,003</u>

Net change in total fund balances of governmental funds 351,670

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

Governmental funds reported capital outlays as expenditures while governmental activities reported depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased are capitalized	-
Depreciation expense	-
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces bonds payable in the statement of net position	2,310,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore therefore are not reported as expenditures in governmental funds	30,106
Cost of issuance and OID are deferred and amortized in the statement of activities.	383,534
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(11,380)
Payments on developer advances and loans and asset disposals	-
Other financing sources nor having any effect on net position	-
Change in net position of governmental activities	<u>\$ 3,063,930</u>

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies

ORGANIZATION

OST/Alameda Corridors Redevelopment Authority is a not-for-profit local government corporation, incorporated July 14, 1998, under the laws of the state of Texas, and operates under Chapter 431, Texas Transportation Code and Chapter 394, Texas Local Government Code. The Authority was authorized by the City of Houston (the City) to aid, assist and act on behalf of the City in performance of the City's obligations with respect to Reinvestment Zone Number Seven, City of Houston, Texas (OST/Alameda Corridors).

Reinvestment Zone Number Seven, City of Houston, Texas

Reinvestment Zone Number Seven, City of Houston, Texas, also known as the OST/Alameda Corridors Tax Increment Reinvestment Zone (TIRZ), was created by City Council on May 1997 and the boundaries were extended in December 1998, 2008, 2013 and 2016. The objectives of TIRZ # 7 are to provide the financing and management tool necessary for alleviating blight, deteriorated site conditions and obsolete platting existing within the Zone, and to encourage the sound growth of commercial, industrial and residential development within the project area and the City of Houston.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements represent all the funds of the OST/Alameda Corridors Redevelopment Authority. The Authority is a component unit of the City of Houston. Component units are legally separate entities of which the primary government is financially accountable.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statement

The statement of net position and the statement of activities displays information about the reporting government as a whole. The statement of net position and the statement of activities were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

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

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

Fund Balance Classification

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

Nonspendable - This classification includes amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority did not have any nonspendable resources as of June 30, 2022.

Restricted - This classification includes amounts which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the tax increment contract revenue bonds and are restricted through debt covenants. Capital Projects resources are also restricted through debt covenants.

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

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

Assigned - This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Authority's Administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Funds.

Unassigned - This classification includes residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Authority would typically use Restricted fund balance first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Fund Accounting

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions of activities. A fund is a separate entity with a self-balancing set of accounts. The funds the Authority uses are described below:

General Fund - The general fund is the general operating fund of the Authority. It accounts for all activities except those required to be accounted for in other funds.

Debt Service Fund - The debt service fund accounts for the accumulation of financial resources for the payment of principal and interest on the debt of the Authority. Tax increments are used for the payment of principal and interest.

Tax Increments and Participation Agreements

The City, Harris County (the County) and the Houston Independent School District (HISD) (each a participant) have agreed to deposit to the Tax Increment Fund established for the OST/Almeda Corridors TIRZ a certain percentage of tax collections arising from their taxation of the increase, if any, in the appraised value of the property located in the OST/Almeda Corridors TIRZ since inception. The amount of a participant's tax for a year is the amount of property taxes levied by the participant for that year on the "Captured Appraised Value" of real property taxable by the participant and located in the OST/Almeda Corridors TIRZ.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

Each participant is required to collect taxes on real property located within the OST/Alameda Corridors TIRZ in the same manner as other taxes are collected by the participant. The participant is then required to pay into the Tax Increment Fund the tax increments, as agreed upon in accordance with such participant's agreement with the OST/Alameda Corridors TIRZ and the Authority (collectively, the participation agreements) by not later than the 90th day after the delinquency date for the participant's property taxes. Thus, tax increments are due to be deposited from the Tax Increment Fund to the Authority's account by the end of each quarter in which they are collected in the Tax Increment Fund. The City and County have agreed to pay 100% of their tax increments to the Tax Increment Fund. Pursuant to an agreement between the City, the OST/Alameda Corridors TIRZ and HISD as amended (the HISD Interlocal Agreement), HISD has agreed to pay an amount not to exceed \$0.96 per \$100 valuation through the year ending 2008, and \$0.64 per \$100 valuation for the remaining term of the HISD Interlocal Agreement. HISD further limits its participation to the lesser of the actual "Captured Appraised Value" or the estimate of the "Captured Appraised Value" included in the Project Plan. Tax year 2021 tax rates for the City, County and HISD are \$0.550830, \$0.376930 and \$1.094400 respectively.

In circumstances where there is not a loss caused by a change in law such that Section IV.E. applies upon written notice to the City, HISD may reduce its HISD tax participation from year to year and for any tax year beginning in January of the year after the notice is given and subsequent years to a rate not less than \$0.96 per \$100 valuation for the period commencing January 1, 1998 and ending December 31, 2008, and not less than \$0.64 per \$100 valuation for the remaining term of this agreement. Any such reduction shall reduce the aggregate amount paid to HISD for Education Facilities Project Costs pursuant to Section V.C. by the total aggregate amount of the reduction of tax increments paid to the City as a result of such reduction in the HISD tax increment participation.

HISD's tax increment participation and obligation in the OST/Alameda Corridors TIRZ shall be restricted to its tax increment Collected on the Captured Appraised Value in the OST/Alameda Corridors TIRZ. The obligation to pay the HISD tax increment Participation shall accrue as taxes representing the HISD tax increment are collected by HISD and payment shall be due as

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

provided in section 311.013 (c) of the Texas Tax Code. The City and OST/Alameda Corridors TIRZ agree that no interest or penalty will be charged to HISD for any late payment received from HISD. Taxes collected by HISD in any year on actual captured appraised value that exceeds the estimate of captured appraised value for that year shown in the Project Plan approved before September 1, 1999 shall be retained by HISD.

Cash and Cash Equivalents

Cash and cash equivalents include all cash on hand, demand and time deposits held in banks and other securities with original maturities of three months or less.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, Investments are stated at fair value. Fair values are based on published market rates. Investments consist of various U.S. Government securities and Texas Local Government Investment Pool, a local government investment pool created under the Inter-local Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fair value of Texas Local Government Investment Pool is based on quoted market values of the underlying investments of the pool and/or fund.

Original Issue Discount/Premium

The discount and the premium on Series 2019 Tax Increment Contract Revenue and Refunding Bonds are being amortized using the effective interest method over the life of the bonds in the government-wide statements.

Debt

All debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. Debt consists of accounts payable, project cost payable and tax increment contract revenue and refunding bonds.

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

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

Capital Assets

In the government-wide financial statements, capital assets are valued at cost, except for donated assets that are recorded at their estimated fair market value at the date of donation. Interest during construction is capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: building and improvements, 20 to 35 years; equipment, 3 to 10 years.

In the fund financial statements, fixed assets used in governmental funds operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Furniture and equipment are stated at cost, if purchased, and at fair market value, if contributed. Depreciation is recorded using the straight-line method over the estimated useful lives (five to ten years) of the assets.

Use of Estimates

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

Federal Income Tax

The Authority is exempt from Federal income taxes as an organization described in Section 501 (C) (3) of the Internal Revenue Code. Furthermore, the Internal Revenue Service has ruled that the Authority is a public-supported organization within the meaning of Section 509 (a) of the Internal Revenue Code and is not a private foundation.

Note 2 - Authorized Investments and Deposits

The Board of Directors has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act of 1997 (Chapter 2256, Texas Government Code). Such investments include (1) Obligations, including letters of credit of the United States or its agencies and instrumentalities; (2) Direct obligations of the State of Texas or its agencies and instrumentalities; (3) Collateralized mortgage obligations directly issued by a federal agency or instrumentality or the United States, the underlying security for which is guaranteed by an agency or instrumentality or the United States; (4) Other obligations, the principal and interest which are unconditionally guaranteed or insured or backed by the full faith and credit of the United States or the State of Texas or their respective agencies and instrumentalities;

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

Note 2 - Authorized Investments - Continued

(5) 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; (6) Certificates of deposit issued by a depository institution that has its main office or a branch office in the State that are guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or its successor that are secured by the obligations in which the Authority may invest under the Investment Act; (7) Repurchase agreements that comply with the Investment Act; (8) Banker's acceptance that comply with the Investment Act; (9) Commercial paper that complies with the Investment Act; (10) No-Load money market mutual funds that comply with the Investment Act; and (11) No-load mutual funds that comply with the Investment Act. The investments of the Authority are in compliance with the Board's investment policy.

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of June 30, 2022, cash deposits in the Authority's bank account were \$140,206.

Interest Rate Risk for The Authority's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Financial assets are invested only in authorized investments whose maturities do not exceed thirteen months at the time of purchase.

The Authority invested its surplus cash in TexPool, and TexStar local government Investment pools in the State of Texas and Securities back by the United States of America.

Pools are managed conservatively to preserve principal, liquidity and yield of capital investment and seek to maintain a \$1.00 value per share. Investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. Pools are rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve; however, investment in TexPool is not insured or guaranteed by any government or government agency. Although the manager of TexPool seeks to preserve principal, it is possible for the Authority to lose money by depositing money in TexPool.

During the fiscal year ended June 30, 2022, the Authority earned and received total investments earnings in the amount of \$121,633.

Type of Investment	Cost	Fair Value
US Government Securities & Federally Insured Vehicles Texas Local Government Investment Pools	\$ 75,322,317	\$ 75,322,317
Total	\$ <u>75,322,317</u> =====	\$ <u>75,322,317</u> =====

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

Restricted Assets

Certain amounts of investments are restricted by the trust indenture for Series 2019 Bonds. A summary of these restricted assets at June 30, 2022 are as follows:

	Investment in U.S. Government Securities
Trustee Funds:	
Project Fund	\$ 70,673,197
Debt Service Fund	4,649,120
Total Restricted Assets	\$ 75,322,317
	=====

Note 3 - Commitments

The Authority leases office space under a modified operating lease expiring December 31, 2021. The following is a schedule of future minimum lease payments. The lease is month to month effective January 1, 2022.

Fiscal Year Ending	Amounts
June 30	
2023	Various

Note 4 - Tax Increment Contract Revenue and Refunding Bonds Series 2019

In October 2019, the Authority issued OST/Alameda Corridors Redevelopment Authority Tax Increment Contract Revenue Bonds, Series 2019 (the Bonds) in the aggregate principal amount of \$59,620,000. The Bonds mature serially on September 1, in each year 2022 through 2037. Bonds are callable in whole or in part on any date beginning September 1, 2021 at par.

The Bonds bear interest between 3.000% and 5.000% annually and have semiannual interest payments due on March 1 and September 1.

Fiscal Year	Principal	Interest	Total
2023	2,415,000	2,234,075	4,649,075
2024	2,540,000	2,110,200	4,650,200
2025	2,670,000	1,979,950	4,649,950
2026	2,805,000	1,843,075	4,648,075
2027	2,950,000	1,699,200	4,649,200
2028-2038	41,705,000	9,448,675	51,153,675
	-----	-----	-----
	\$55,085,000	19,315,175	74,400,175
	=====	=====	=====

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

The balances of Bonds Payable at June 30, 2022 are as follows:

Series 2019 Bonds	\$55,085,000
Series 2019 Issue Premium/Discount (Net)	6,170,018

	61,255,018
Due within one year	2,415,000

Due after one year	\$58,840,018
	=====

Note 5 - Grants and Other Receivables

Included in other receivables are amounts to be refunded to the Authority for amounts paid to GSL/Griggs Ltd. as a reimbursement for certain public improvements installed in connection with Skyview Apartments formally the Concord at Palm Center apartment complex. GSL/Griggs Ltd. was reimbursed \$239,976 plus \$17,000 of accrued interest. Subsequent to receipt of the reimbursement, GSL/Griggs Ltd. sold the project. The new owner applied for, and received, an exemption from the payment of ad valorem taxes. At June 30, 2022, the Authority was still in the process of evaluating options related to collecting the \$256,976 from GSL/Griggs Ltd. The Authority consulted with legal counsel regarding this matter. Because of the uncertainty of the receivable of \$256,976 at June 30, 2022, an account titled Allowance for Doubtful Accounts was setup to make provisions.

Note 6 - Fund Balance - Governmental Funds

As of June 30, 2022 fund balances of the governmental funds are classified as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Nonspendable	\$ -	\$ -	\$ -
Restricted for Debt Service	-	4,649,120	4,649,120
Committed to			
Roadway & Sidewalk Imp.			
Public Utility Imp.	28,386,959	-	28,386,959
Parks & Park Improvements	5,628,000	-	5,628,000
Public Facility Improvements	25,261,635	-	25,261,635
Assigned to			
Land Assembly, Site Preparation	2,042,196	-	2,042,196
Unassigned	<u>4,968,594</u>	<u>-</u>	<u>4,968,594</u>
Total fund balances	\$66,287,384 =====	\$4,649,120 =====	\$70,936,504 =====

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance at June 30 2021</u>	<u>Additions</u>	<u>Adjustments Disposals</u>	<u>Balance at June 30 2022</u>
Land	\$3,154,335	\$ -	-	\$3,154,335
Equipment	35,504	-	-	35,504
Total	<u>3,189,839</u>	<u>-</u>	<u>-</u>	<u>3,189,839</u>
Less accumulated Depreciation	(35,504)	-	(1)	(35,505)
Capital assets net	<u>\$3,154,335</u> =====	<u>\$ -</u> =====	<u>(1)</u> =====	<u>\$3,154,334</u> =====

Note 8 - Project Cost Payable

Included in Project Cost Payable are Capital Expenditures, outstanding at June 30, 2022. The amount outstanding is \$3,096,913.

Note 9 - Grant & Other Revenues

Included in Other Revenues of \$22,733 in the statement of activities and the statement of governmental fund revenues, expenditures and changes in fund balances are miscellaneous revenues from contributions, refunds and rebates. Included in Grants Revenues of \$34,113 in the statement of activities were grant funds through Greater Southeast Management District supplemental agreement.

Note 10 - Budget Line Item for Schools & Educational Facilities

Currently a total of \$26,260,451 in funds budgeted for schools and educational facilities is maintained by the Houston Independent School District.

Note 11 - Contingent Harris County Tax Increment Payments Receivable

For the TY 2006, FY 2007 net revenue of \$1,355,920 was budgeted and anticipated from Harris County to be received by the Authority. On July 24, 2007, the Harris County Commissioners Court authorized disbursement of \$309,553 in TY 2006 annual tax increment payments to the Authority. The scheduled payment of \$309,553 was booked as income for FY 2007. There has been no final resolution for the County Tax Increments for the tax years 2006 and 2007 as of June 30, 2022. This matter is still being addressed.

OST/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

Note 12 - Tax Increment Summary

The Authority's gross tax increment revenue, as reflected in the Statement of Activities, was accrued or received from the following participants:

City	\$9,798,859
HISD	2,179,683
County	-
Total tax Increments	<u>\$11,978,542</u>
	=====

Note 13 - Prior Period Adjustments

There were no prior period adjustments for the year ended June 30, 2022.

Note 14 - Subsequent Events

Subsequent events have been evaluated through September 19, 2022 which is the date the financial statements were available to be issued.

The spread of a novel strain of coronavirus (COVID-19) in the first quarter of 2021 has caused significant volatility in US markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on residents who pay taxes and provide revenue to it and its vendors, all of which are uncertain and cannot be determined at this time. The Authority's planned expenditure on its capital improvement plan has been paying interest on the debt issued but has not been able to spend the money raised to finance public improvements that facilitate the developments of a master-planned residential community by private developers to provide housing that is affordable to low-income families.

Note 15 - Summary of Detailed Reconciliation of Budget to Expended and Committed Funds

Cost on the Summary of Detailed Reconciliation of Budget to Expended and Committed Funds represent expenditures from tax increment funds. Expenditures from other sources and revenues would not be reflected on this schedule.

Note 16 - Related Parties

The Southeast Management District is the recipient for the Federal Transit Administration grant and passes all funds through to the Authority to manage the development and construction of the FTA funded project and also an administration supplemental agreement.

OST/Alameda Corridors Revealopment Authority
 Budgetary Comparison Schedule - All Funds
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts (Budgetary Basis)	Favorable/(Unfavorable)
Budgetary fund balance -	\$ 70,381,553	\$ 70,381,553	\$ 70,584,834	\$ 203,281
Beginning of year				
Resources:				
Tax Increments	11,934,894	11,934,894	11,978,542	43,648
Current revenues	128,652	128,652	34,113	(94,539)
Interest Income	71,004	71,004	121,633	50,629
Grant Proceeds	-	-	-	-
Bond proceeds, other sources & advances (Net)	-	-	-	-
Total available resources	<u>82,516,103</u>	<u>82,516,103</u>	<u>82,719,122</u>	<u>203,019</u>
Expenses:				
Maintenance and operations	1,057,006	1,057,006	1,041,070	15,936
Capital expenditures	31,486,002	31,486,002	3,264,816	28,221,186
Debt service	4,650,650	4,650,650	4,650,650	-
Restricted fund transfer - Admin.	511,143	511,143	514,943	(3,800)
Restricted fund transfer education set-aside	1,347,156	1,347,156	1,306,667	40,489
Municipal services - enhanced public safety	<u>1,037,566</u>	<u>1,037,566</u>	<u>1,004,472</u>	<u>33,094</u>
Total expenses	<u>40,089,523</u>	<u>40,089,523</u>	<u>11,782,618</u>	<u>28,306,905</u>
Budgetary fund balance - end of year	<u>\$ 42,426,580</u>	<u>\$ 42,426,580</u>	<u>\$ 70,936,504</u>	<u>\$ 28,509,924</u>

Explanation of Differences between Budgetary Inflow and Outflows
 and GASP Revenues and Expenditures

Sources/Inflows of resources

Actual amounts (budgetary basis)	\$ 82,719,122
Differences - Budget to GAAP:	
The fund blance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(70,584,834)
Other Sources - Net	-
Total revenue as reported on the statement of revenues, expenditures, and changes in fund balances - total governmental funds	<u>\$ 12,134,288</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 11,782,618
Differences - budget to GAAP:	
Payments on loans payable are budgetary uses, but are regarded as other financing uses, rather than expenditures, for financial reporting purposes	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - total governmental funds	<u>\$ 11,782,618</u>

OST/Alameda Corridors Redevelopment Authority
Schedule of Operating Expenses and Capital Expenditures
For the Year Ended June 30, 2022

Category	Vendor	Budget	Actual Expenditure	Variance
Administration and Overhead:				
Administrative Salaries & Benefits	N/A	\$ 674,000	\$ 622,549	\$ 51,451
Office Expenses	N/A	225,000	235,077	(10,077)
Insurance	N/A	10,000	8,074	1,926
Accounting	McConnell & Jones	20,000	14,099	5,901
Audit - Annual	George Baugh III	16,200	10,800	5,400
Property Account Manager	Equi-Tax	16,806	15,779	1,027
Bond Trustee/ Financial Advisor	Bank of New York Mellon/ Masterson LLC	15,000	8,100	6,900
		-	-	-
Total TIRZ Administration and Overhead		<u>977,006</u>	<u>914,478</u>	<u>62,528</u>
Legal	Bracewell LLC	80,000	89,544	(9,544)
Other Consultants	The Goodman Corporation	-	37,048	(37,048)
Total Program & Project Consultant		<u>80,000</u>	<u>126,592</u>	<u>(46,592)</u>
Total Admin. & Mgt. Consultants		<u>\$ 1,057,006</u>	<u>\$ 1,041,070</u>	<u>\$ 15,936</u>
Municipal Services - Special Operations & Public Safety				
	City of Houston	887,566	887,566	-
	GSMD	150,000	116,905	30,993
		<u>\$ 1,037,566</u>	<u>\$ 1,004,471</u>	<u>\$ 33,095</u>
Park at Palm Center		1,110,482		
Other	Capital Project Manager	-	5,454	
Other	Greater Southeast Mgt.	-	43,000	
Other	Asakura Robinson	-	15,557	-
		<u>1,110,482</u>	<u>64,011</u>	<u>1,046,481</u>
OST Mobility Improvements		350,000		
		<u>350,000</u>	<u>-</u>	<u>350,000</u>

OST/Alameda Corridors Redevelopment Authority
Schedule of Operating Expenses and Capital Expenditures
For the Year Ended June 30, 2022

Category	Vendor	Budget	Actual Expenditure	Variance
Scottcrest Drive Improvements		55,000		
		<u>55,000</u>	-	<u>55,000</u>
Emancipation Park		2,207,105		
Legal	Bracewell LLC		5,617	
Other	Capital		5,454	
Construction	Lockwood, Andrews & Newnam, Inc		28,427	
Design	M2L		698	
Other	Zachery Martin		875	
Construction	Hendee Enterprises		32,659	
		<u>2,207,105</u>	<u>73,730</u>	<u>2,133,375</u>
Emancipation Avenue Reconstruction		9,226,027		
Other	Capital Project Manager		40,361	
Other	Texas Center for African American Living		62,816	
Design	HR Green, Inc.		309,864	
Construction	Piper Whitney Construction		29,802	
		<u>9,226,027</u>	<u>442,843</u>	<u>8,783,184</u>
Scott Street Improvements		130,000		
		<u>130,000</u>	-	<u>130,000</u>
Historic Holman Street Reconstruction		6,120,003		
Design	CP & Y		39,433	
Other	Texas Center for African American Living		1,488	
Other	Capital Project Manager		16,580	
		<u>6,120,003</u>	<u>57,501</u>	<u>6,062,502</u>
Griggs and MLK Corridor		632,500		
Legal	Bracewell LLC		14,227	
Design	M2L		186,020	
		<u>632,500</u>	<u>200,247</u>	<u>432,253</u>
Alameda Corridor Improvements Phase IV		735,000		
		<u>735,000</u>	-	<u>735,000</u>

OST/Alameda Corridors Redevelopment Authority
Schedule of Operating Expenses and Capital Expenditures
For the Year Ended June 30, 2022

Category	Vendor	Budget	Actual Expenditure	Variance
Greater Third Ward Neighborhood Project		3,035,000		
Design	IDS Engineering		784,931	
Other	Edmingter Hinshaw Russ		1,044,767	
Other	Capital Project Manager		6,454	
Other	Texas CNT, For African Amer.		1,426	
		<u>3,035,000</u>	<u>1,837,578</u>	<u>1,197,422</u>
MacGregor Park and Tennis Center		215,000		
Capital Expenses			-	
National Construction Rentals			389	
			-	
		<u>215,000</u>	<u>389</u>	<u>214,611</u>
Live Oak Street Project		<u>5,274,363</u>	-	
Design	Haiff Associates Inc.		501,738	
Capital Expenses	Roth Staffing		16,580	
Other				
		<u>5,274,363</u>	<u>518,318</u>	<u>4,756,045</u>
HPW Sidewalks Program		<u>50,000</u>	-	
		50,000	-	50,000
Land Assem. & Prep.		260,000		
Other	Capital Project Manager		26,933	
Public Spaces & Parking Lots	5th Round Serv, COH & Other		43,266	
		<u>260,000</u>	<u>70,199</u>	<u>189,801</u>
Total Capital Expenditures		<u>\$ 29,400,490</u>	<u>\$ 3,264,816</u>	<u>\$ 26,135,674</u>
Economic Development Program		<u>2,000,000</u>		
		2,000,000		2000000
Developer/Project Reimbursements		<u>50,000</u>	-	
		50,000	-	50,000
Total Capital Expenditures Developer/Project Reimbursements		<u>\$ 31,450,490</u>	<u>\$ 3,264,816</u>	<u>\$ 28,185,674</u>

OST/ALMEDA CORRIDORS REDEVELOPMENT
 AUTHORITY
 OST-ALMEDA CORRIDORS TIRZ
 SUMMARY OF DETAILED RECONCILIATION OF BUDGET
 TO EXPENDED AND COMMITTED FUNDS
 PROPOSED PUBLIC WORKS/PUBLIC IMPROVEMENTS
 AS OF JUNE 30, 2022

	BUDGETED TOTAL	EXPEND	
		To Date	(Over) Budget Under
		Total Expended	
Roadway and Sidewalks			
Public Utility Improvements	\$ 139,740,400	28,897,921	\$ 110,842,479
Parks, Recreational Facilities and Public Spaces	80,966,567	34,440,872	46,525,695
Public Facilities Improvements & Public Parking	30,200,000	16,403,684	13,796,316
Land Assembly, Site Preparation, Environmental Remediation	25,200,000	5,462,297	19,737,703
Business Development & Calalyst Projects	7,000,000	1,605	6,998,395
Economic Development Infrastructure Projects	19,000,000	2,304,110	16,695,890
School and Educational Facilities	26,260,451	20,309,179	5,951,272
Affordable Housing	3,500,000	-	3,500,000
Financing Cost	19,500,000	18,989,320	510,680
Zone Administration and Creation Cost	12,869,965	9,974,955	2,895,010
PROJECT PLAN TOTAL	\$ 364,237,383	136,783,943	\$ 227,453,440

See accompanying note 15 to financial statements.

**OST / ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY
SCHEDULE OF LAND AND IMPROVEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>DESCRIPTION</u>	<u>Not for Resale</u>	<u>For Resale</u>	<u>Total</u>
Land-Hermann Park	\$ 497,197	\$ -	\$ 497,197
Land-4601 Almeda	463,512	-	463,512
Land-1622 Wheeler	764,363	-	764,363
Land-5216 Almeda	486,651	-	486,651
Land-4328 OST	<u>942,611</u>	<u>-</u>	<u>942,611</u>
Total Land	<u>\$ 3,154,334</u>	<u>\$ -</u>	<u>\$ 3,154,334</u>
Other Capital Assets (Net)			<u>-</u>
TOTAL CAPITAL ASSETS (NET)			<u><u>\$ 3,154,334</u></u>