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**MIDTOWN REDEVELOPMENT
AUTHORITY/ TIRZ#2
BOARD OF DIRECTORS
MEETING OCTOBER 23, 2025**



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

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

Notice is hereby given that the Board of Directors of the Midtown Redevelopment Authority (the "Authority") will hold a joint special meeting, open to the public, with the Board of Directors of the Midtown Reinvestment Zone on Thursday, October 23, 2025, at 12:30 p.m. at 410 Pierce Street, 1st Floor Conference Room (enter at the Pierce St. and Brazos St. door) Houston, Texas 77002.

The meeting location will be open to the public during open portions of the meeting. Members of the public may attend and/or offer comments in person as provided on the agenda and as permitted by the presiding officer during the meeting, or may view the meeting through the following link:

<https://midtownhouston.com/event/mra-board-meeting-2510/>

Click big blue button "TEAMS Meeting Link"

Meeting ID: 247 576 862 826

Passcode: GddGFQ

Or dial in by phone and enter the phone ID when prompted

Phone: +1 872-256-8243

Phone ID 355 736 852#

The Board of Directors of each of the Authority and the Midtown Reinvestment Zone will (i) consider, present and discuss orders, resolutions or motions; (ii) adopt, approve and ratify such orders, resolutions or motions; and (iii) take other actions as may be necessary, convenient or desirable, with respect to the following matters:

AGENDA

1. Call to Order, Introduction of Guests and Board Comments
2. Public Comment
3. Consent Agenda for the Midtown Reinvestment Zone
 - a. Minutes for August 19, 2025
4. Consent Agenda for the Authority
 - a. Minutes for August 19, 2025
 - b. Monthly financial reports for August 31, 2025 and September 30, 2025
 - c. Contractual Reimbursement to Rice Management Company pursuant to and in accordance with Development Agreement

5. Investment Report for Quarter Ending September 30, 2025
6. Audit FY 2025
7. Recognition and Non-Disturbance Agreement related to Ion District Parking Garage by and between William Marsh Rice University, Midtown Redevelopment Authority, Ion District Management Services LLC and Theatre Under the Stars
8. Coalition for the Homeless Presentation
9. Affordable Housing Program
 - a. Affordable Housing Operations Campus and Related Administrative Matters
 - b. Recommendation regarding the maximum sale price of four single-family homes to be constructed by Epic Homes, LLC
 - c. Recommendation regarding conveyance of a tract of land at 2406 Live Oak Street to Boynton Houston Community Development Corporation and the reconveyance of a tract of land at 3212 Rosalie Street to the Authority
 - d. Extension of Option Agreement – Trinity East Village Community Development Corporation
10. Capital Improvements Program
 - a. Street Overlay and Sidewalk Program
 - b. Urban Redevelopment Plan
11. Executive Director
 - a. Affordable Housing
 - b. HueMan:Shelter
 - c. FIFA World Cup 2026
12. Development Agreement with Pearl Residences at Midtown Owner, LLC
13. Retail Real Estate Update – Frankel Development Group
14. With respect to the foregoing agenda items, the Authority may conduct an executive session with regards to the following, as appropriate and necessary:
 - a. Consultation with attorney (Section 551.071, Texas Government Code);
 - b. The purchase, exchange, lease or value of real property (Section 551.072, Texas Government Code);
 - c. Personnel matters (Section 551.074, Texas Government Code);
 - d. Security personnel or devices (Section 551.076, Texas Government Code); and
 - e. Economic development negotiations (Sections 551.087, Texas Government Code).

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

15. Adjourn



Matt Thibodeaux

Executive Director MT/ks



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ZONE CONSENT AGENDA

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

August 19, 2025

A special meeting of the Board of Directors (the "Board") of Reinvestment Zone Number Two, City of Houston, Texas, was held at 410 Pierce Street, First Floor Conference Room, Houston, Texas 77002 and via video conference on Tuesday, August 19, 2025, at 12:30 p.m. The meeting was open to the public. The roll was called of the duly appointed members of the Board, to-wit:

<u>Pos. #</u>	<u>Name</u>	<u>Pos. #</u>	<u>Name</u>
1	Camille Foster	6	Abe Goren
2	Terence Fontaine	7	Deanea LeFlore
3	Michael Lewis	8	James Gilford
4	Michael T. Murphy	9	Zoe Middleton
5	Al Odom		

and all of the above were present in person at the meeting location except Director Lewis, who attended via video conference, and Directors Foster, Goren and LeFlore, who were absent.

In attendance were Authority staff members Matt Thibodeaux, Kandi Schramm, Marlon Marshall, Jeremy Rocha, David Thomas, Kayler Williams, Vernon Williams, Amaris Salinas and Madison Walkes; Sharita Bohanna and Chandler Snipe of the Midtown Management District; Barron Wallace and Mary Buzak of Bracewell LLP; Melissa Morton of The Morton Accounting Services; Jessica Ortiz and Hector Maldonado of Carr, Riggs & Ingram; Christoph Gisel of Arup US, Inc.; Cedrick LaSane of the City of Houston; Jennifer Gribble of Super Neighborhood 62; Zack Martin of Martin Construction Management and Designs, LLC; and Roberta Burroughs of Roberta F. Burroughs and Associates.

In attendance via video conference were Authority staff member Sally Adame; Cynthia Alvarado and Chrystal Davis of the Midtown Management District; Lorenzo Salinas, Angie Gomez and Sean Haley of CCPPI; Jay Hickman of the Amanda Hansen Group; and Lynda Guidry of Super Neighborhood 62.

Director Odom called the meeting to order.

MINUTES FOR JUNE 26, 2025

Director Murphy made a motion to approve the minutes for June 26, 2025. The motion was seconded by Director Fontaine and unanimously approved.

EXECUTIVE SESSION

The Board did not enter a closed executive session.

ADJOURN

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

Camille Foster, Assistant Secretary

Date

DRAFT



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AUTHORITY CONSENT AGENDA



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AUTHORITY MINUTES

MINUTES OF THE BOARD OF DIRECTORS OF THE MIDTOWN REDEVELOPMENT AUTHORITY

August 19, 2025

A special meeting of the Board of Directors (the “Board”) of the Midtown Redevelopment Authority (the “Authority”) was held at 410 Pierce Street, First Floor Conference Room, Houston, Texas 77002 and via video conference Tuesday, August 19, 2025, at 12:30 p.m. The meeting agenda is attached hereto and incorporated herein. The meeting was open to the public. The roll was called of the duly appointed members of the Board, to-wit:

<u>Pos. #</u>	<u>Name</u>	<u>Pos. #</u>	<u>Name</u>
1	Camille Foster	6	Abe Goren
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In attendance via video conference were Authority staff member Sally Adame; Cynthia Alvarado and Chrystal Davis of the Midtown Management District; Lorenzo Salinas, Angie Gomez and Sean Haley of CCPPI; Jay Hickman of the Amanda Hansen Group; and Lynda Guidry of Super Neighborhood 62.

Director Odom called the meeting to order.

PUBLIC COMMENT

There were no public comments.

CONSENT AGENDA FOR THE AUTHORITY

MINUTES FOR JUNE 26, 2025

MONTHLY FINANCIAL REPORTS FOR JUNE 30, 2025 AND JULY 31, 2025

Executive Director Matt Thibodeaux presented the Consent Agenda.

Director Fontaine made a motion to approve the Consent Agenda as presented. The motion was seconded by Director Murphy and carried by unanimous vote.

ANNUAL REVIEW OF INVESTMENT POLICY AND LIST OF QUALIFIED BROKER/DEALERS

Mary Buzak of Bracewell LLP presented the annual review of the Authority's investment policy and list of qualified broker/dealers. Ms. Buzak reported that the list of qualified broker/dealers has been updated based on recommendations from the Authority's financial advisors. There are no other changes to the investment policy this year.

Following discussion, Director Murphy made a motion to approve the resolution regarding the annual review of the Authority's investment policy and list of qualified/broker dealers as presented. The motion was seconded by Director Gilmore and carried by unanimous vote.

FY 2025 AUDIT ENGAGEMENT

Melissa Morton of The Morton Accounting Services presented the master services agreement and engagement letter with Carr, Riggs & Ingram for audit services for fiscal year 2025.

Director Murphy made a motion to approve the fiscal year 2025 audit engagement with Carr, Riggs & Ingram. The motion was seconded by Director Fontaine and carried by unanimous vote.

INVESTMENT REPORT FOR QUARTER ENDING JUNE 30, 2025

Ms. Morton presented the written investment report for the quarter ending June 30, 2025.

Director Murphy made a motion to approve the investment report for the quarter ending June 30, 2025. The motion was seconded by Director Gilmore and carried by unanimous vote.

AFFORDABLE HOUSING PROGRAM

AFFORDABLE HOUSING OPERATIONS CAMPUS AND RELATED ADMINISTRATIVE MATTERS

Marlon Marshall, Sr. Director of Engineering and Strategic Development, reported that the Authority is coordinating the construction of tenant improvements with the new first floor tenant at One Emancipation Center.

PURCHASE AND SALE AGREEMENT WITH THE CITY OF HOUSTON RELATING TO APPROXIMATELY 101,978 SQUARE FEET OF REAL PROPERTY ON OLD SPANISH TRAIL BETWEEN BLYTHEWOOD STREET AND CALHOUN ROAD

Barron Wallace of Bracewell LLP reported that following the Board's approval of a purchase and sale agreement relating to the City of Houston (the "City")'s proposed acquisition from the Authority of a large tract of land located on the south side of Old Spanish Trail between Blythewood Street and Calhoun Road for use as the future site of Fire Station #40, the City requested that the proposed purchase price be reduced to \$600,000.

Director Murphy moved to approve a purchase and sale agreement with the City of Houston relating to the sale of approximately 101,978 square feet of real property on Old Spanish Trail between Blythewood Street and Calhoun Road for \$600,000. The motion was seconded by Director Gilmore and carried by unanimous vote.

CONVEYANCE OF 11 TRACTS OF LAND TO HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC. FOR CONSTRUCTION OF TWENTY-TWO DUPLEX AFFORDABLE HOUSING UNITS

Cedrick LaSane, Assistant Director of the City's Housing and Community Development Department ("HCDD"), presented an updated request from the City relating to the conveyance of eleven tracts of land on Bremond Street, McIlhenny Street and Dennis Street to Heart of Houston Community Housing Development Corporation, Inc. ("Heart of Houston"). The proposed development is located within the boundary of the Houston Housing Authority's Cuney Homes Choice Neighborhoods Initiative.

Following the Board's initial approval in June of the construction of eleven single-family detached affordable homes on these lots, the City and Heart of Houston reconfigured the development into twenty-two affordable duplex units as a means to increase the number of affordable housing units constructed in this area. Each duplex unit will be sold at a maximum sale price not to exceed \$264,000. The duplex units will be constructed in two phases. After Heart of Houston has made sufficient progress in constructing the units on the first six lots, construction on the next five lots will begin.

Director Murphy made a motion to approve the conveyance by the Authority of eleven tracts of land located on Bremond Street, McIlhenny Street and Dennis Street within the boundary of the Houston Housing Authority's Cuney Homes Choice Neighborhoods Initiative to Heart of Houston Community Housing Development Corporation, Inc. for construction of twenty-two affordable duplex units for sale to qualified homebuyers at a maximum sale price not to exceed \$264,000. The motion was seconded by Director Lewis and carried by unanimous vote.

DAGGETT DEVELOPMENT LLC – SINGLE-FAMILY AFFORDABLE HOUSING DEVELOPMENT AT 5635 MLK

Mr. Thibodeaux reported that since this development site is located outside of the boundaries of the Midtown Zone, the Mayor's Office of Economic Development is not willing to authorize the Authority to enter into a development agreement to provide tax increment funds to reimburse the developer for its public improvements. The Authority will continue to work with the City and the developer to identify ways to bridge the funding gap.

CAPITAL IMPROVEMENTS PROGRAM

STREET OVERLAY AND SIDEWALK PROGRAM

INTERLOCAL AGREEMENT WITH CITY OF HOUSTON FOR CLEBURNE AND CAROLINE STREET SAFETY IMPROVEMENTS

Marlon Marshall, Sr. Director of Engineering and Strategic Development, presented an interlocal agreement with the City for safety improvements on Cleburne Street from Main Street to LaBranch Street and on Caroline Street from Wheeler Avenue to Hermann Drive. The estimated construction cost is \$1,774,000. The City is contributing \$179,000 for the project through Council District Service Funds provided by Councilmember Evans-Shabazz. Additional funding for the project includes \$1,562,000 in Federal Transit Administration grant funds. The Authority will fund the remaining project costs.

Director Gilmore made a motion to approve an interlocal agreement with the City for Cleburne and Caroline Street safety improvements. The motion was seconded by Director Middleton and carried by unanimous vote.

URBAN REDEVELOPMENT PLAN

Christoph Gisel of Arup US, Inc. presented an overview of current pedestrian lighting conditions and recommendations for pedestrian lighting enhancements in Midtown.

PEDESTRIAN LIGHTING ASSESSMENT WORK ORDER

Mr. Marshall noted that the pedestrian lighting enhancements assessment will be funded jointly by the Authority and the Midtown Management District and presented a work order for the Board's consideration.

Following discussion, Mr. Fontaine made a motion to approve the pedestrian lighting assessment work order with Arup US, Inc. The motion was seconded by Director Middleton and unanimously approved.

EXECUTIVE DIRECTOR

ECONOMIC DEVELOPMENT STRATEGY REPORT

Mr. Thibodeaux reported that he has been in communication with developers interested in the former Cadillac and High Fashion Home sites, as well as with a mixed-use developer and a major hospitality group.

MORGAN GROUP UPDATE

Mr. Thibodeaux advised the Board that H-E-B and Sprouts are not interested in the vacant Whole Foods space, but communications with Trader Joe's about the space are ongoing.

AFFORDABLE HOUSING UPDATE

Mr. Thibodeaux noted that there is a possibility that management of the Authority's affordable housing program may be transferred to the City HCDD.

CONSULTANT AND VENDOR METRICS

Mr. Thibodeaux noted that the Board has been provided with a list of the Authority's current vendors. All vendors have been procured in accordance with City procurement processes.

The Board discussed this agenda item in a closed executive session. Upon returning to the open session, no additional action was taken on this agenda item.

PERSONNEL, COMPENSATION AND REVIEW PROCESS

No action was taken on this agenda item.

EXECUTIVE SESSION

The Board entered a closed executive session for this meeting at 1:30 p.m. to confer with its attorneys regarding Consultant and Vendor Metrics pursuant to Section 551.071, Texas Government Code. The Board returned to open session at 1:41 p.m. No action was taken upon reconvening in open session.

ADJOURN

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

Camille Foster, Assistant Secretary

Date

AGENDA OF JUNE 26, 2025

[attached]

DRAFT



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

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

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<https://midtownhouston.com/event/mra-board-meeting-2025-08-19/>

Click big blue button "TEAMs Meeting Link"

Meeting ID: 247 576 862 826

Passcode: GddGFQ

Or dial in by phone and enter the phone ID when prompted

Phone: +1 872-256-8243

Phone ID 355 736 852#

The Board of Directors of each of the Authority and the Midtown Reinvestment Zone will (i) consider, present and discuss orders, resolutions or motions; (ii) adopt, approve and ratify such orders, resolutions or motions; and (iii) take other actions as may be necessary, convenient or desirable, with respect to the following matters:

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 - a. Minutes for June 26, 2025
4. Consent Agenda for the Authority
 - a. Minutes for June 26, 2025
 - b. Monthly financial reports for June 30, 2025 and July 31, 2025.

5. Annual Review of Investment Policy and List of Qualified Broker/Dealers
6. FY 2025 Audit Engagement
7. Investment Report for Quarter Ending June 30, 2025
8. Affordable Housing Program
 - a. Affordable Housing Operations Campus and Related Administrative Matters
 - b. Purchase and Sale Agreement with the City of Houston Relating to Approximately 101,978 Square Feet of Real Property on Old Spanish Trail between Blythewood Street and Calhoun Road
 - c. Conveyance of 11 Tracts of Land to Heart of Houston Community Development Corporation, Inc. for Construction of Twenty-Two Duplex Affordable Housing Units
 - d. Daggett Development LLC – Single-Family Affordable Housing Development at 5635 MLK
9. Capital Improvements Program
 - a. Street Overlay and Sidewalk Program
 - i. Interlocal Agreement with City of Houston for Cleburne and Caroline Street Safety Improvements
 - b. Urban Redevelopment Plan
 - i. Pedestrian Lighting Assessment Work Order
10. Executive Director
 - a. Economic Development Strategy Report
 - b. Morgan Group Update
 - c. Affordable Housing Update
 - d. Consultant and Vendor Metrics
11. Personnel, Compensation and Review Process
12. With respect to the foregoing agenda items, the Authority may conduct an executive session with regards to the following, as appropriate and necessary:
 - a. Consultation with attorney (Section 551.071, Texas Government Code);
 - b. The purchase, exchange, lease or value of real property (Section 551.072, Texas Government Code);
 - c. Personnel matters (Section 551.074, Texas Government Code);
 - d. Security personnel or devices (Section 551.076, Texas Government Code); and
 - e. Economic development negotiations (Sections 551.087, Texas Government Code).

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

13. Adjourn



Matt Thibodeaux

Executive Director MT/ks



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FINANCIALS

Midtown Redevelopment Authority

Profit & Loss

July through September 2025

	Jul - Sep 25
Ordinary Income/Expense	
Income	
400000 · Revenue & Support	
400025 · Interest-Debt Service & Reserve	76,609.30
400026 · Interest-Other Bond Funds	55.99
400029 · Interest - Affordable Housing	125,144.63
400030 · Interest-Operating Funds	260,752.37
400031 · Interest Income	6,346.83
400040 · 3131 EMANCIPATION	231,588.75
400041 · Affordable Housing Apts Units	34,149.15
400042 · 402 & 410 Tenant Inome	54,636.95
Total 400000 · Revenue & Support	789,283.97
40010 · Other Revenue	4,029.40
400441 · Bagby Park Kiosk Lease	11,600.00
Total Income	804,913.37
Gross Profit	804,913.37
Expense	
500000 · BOND FUND EXPENSES	
504000 · Projects & Expenses	
500007 · T-0234 Parks and Open Space	782.50
500015 · T-0222 Street Rehab	110,742.31
Total 504000 · Projects & Expenses	111,524.81
Total 500000 · BOND FUND EXPENSES	111,524.81
510000 · INCREMENT PROJECTS/EXPENSE	
510008 · T-0220 Afford Housing Land Bnk	742,467.26
510019 · T-0214 Caroline St	17,408.54
510024 · T-0204 Infrastruc/Street Lights	165.50
510041 · CIP Program Expenses	3,601.00
510043 · T-0234 Parks & Open Space & Mob	18,684.24
510045 · T-0224 HTC I - Bldg Maintenance	82,102.21
510046 · T-0221 Midtown Pk	1,183.09
510096 · T-0207 Opr of Zone Prj Faciliti	35,300.00
510102 · HMAAC Interest Expense	1,495.69
510400 · Kiosk at Bagby Park	7,495.00
510534 · T-0225 Mobility & Pedest Imprv	36,131.46
510700 · Municipal Services Costs	9,580.00
Total 510000 · INCREMENT PROJECTS/EXPENSE	955,613.99
550000 · General & Admin. Expense	
550002 · Contract Labor	5,607.00
550003 · Rent Expense	2,700.00
550004 · Salaries	703,922.07
550006 · Advertising & Promotions	12,333.20
550007 · Courier Service	863.64
550008 · Office Supply & Expense	6,805.25
550009 · Misc Exp	6,557.56
550010 · Telephone & Utilities	3,304.67

No assurance is provided on these financial statements

Midtown Redevelopment Authority

Profit & Loss

July through September 2025

	Jul - Sep 25
550022 · Bank Charges & Fees	8,530.30
550023 · Trust Expenses	3,195.00
550025 · Professional Services	7,677.50
550026 · Accounting Consultants	102,158.87
550027 · Financial Audit	42,500.00
550028 · Legal Consultants	130,928.00
550029 · Admin Insurance	447.34
550030 · Planning Consultants	48,462.07
550031 · HTC Bldg Maintenance	24.17
550032 · Engineering Consultants	19,576.96
550033 · Professional Fees/Other Consult	7,888.00
550034 · Equip Rent & Lease Expense	2,736.93
550037 · Workman's Comp Insurance	2,126.63
550038 · Insurance - All	10,021.91
550039 · Computers & Repairs & Maint	20,775.50
550040 · Repair & Maintenance	5,871.86
550045 · Payroll Fees	8,112.83
550046 · Reimb. Employee Office Exp.	444.24
550058 · Travel	899.39
Total 550000 · General & Admin. Expense	1,164,470.89
Total Expense	2,231,609.69
Net Ordinary Income	-1,426,696.32
Net Income	-1,426,696.32

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
ASSETS	
Current Assets	
Checking/Savings	
101001 · Wells Fargo Ope Acctg 64040	235,503.47
101002 · Infrastructure Projects 1731	177,095.65
101003 · Texas Capital Operating x 6020	23,156.62
101004 · Texas Capital MM x 6052	587,846.76
101010 · WF Surplus Acct 63943	5,323,265.59
101020 · WF FTA Enhanced Path 63919	61.86
101030 · Wells Fargo 1094	405,643.70
102200 · Logic Operating Account	21,255,473.36
103200 · TexStar Operating Acct 1111	8,066.15
103600 · Wells Fargo Oper Inves 63901	307.46
103700 · WF Operating Saving 3215777180	46,184.96
104000 · Affordable Housing Accounts	
104021 · WF Afford Hous 3927	4,635,962.03
104022 · WF Pilot Program 3935	354.41
104024 · Texas Capital AH Ops x 6028	42,998.13
104025 · Texas Capital AH MM x 6036	771,681.20
104116 · TexStar Aff. Hsng MM 1800	2,337.01
104200 · Logic Affordable Housing	9,760,409.93
1044000 · Wells Fargo NAI - 2259	454,848.20
Total 104000 · Affordable Housing Accounts	15,668,590.91
105000 · Trustee Investments	
105001 · Pledge Revenue Fund 422885	2,098,283.12
105002 · Debt Service Fund	6,282,614.21
105003 · Reserve Fund 422897	7,013,670.18
105009 · Austin Park Maint. Fund 422919	4,066.02
107000 · BOND FUNDS	5,119.43
Total 105000 · Trustee Investments	15,403,752.96
Total Checking/Savings	59,134,949.45
Accounts Receivable	15,798.40
Other Current Assets	1,662.76
Total Current Assets	59,152,410.61
Fixed Assets	
150000 · Fixed Assets	
150010 · Office Furniture & Equipment	68,129.62
150011 · Accumulated Depreciation-Furn.	-56,516.45
150020 · Computer Equipment	62,956.03
150021 · Accumulated Depreciation-Comp.	-44,073.36
150040 · Land - JPI Park	736,911.00
150045 · Walgreens/Lui Park Land	141,000.00
150062 · Land - Houston Tech.Center I	798,053.89
150063 · Houston Tech Center I	2,676,862.62
150064 · Accm Deprec-Houston Tech Cntr I	-2,676,862.62
150065 · Land - HTC Phase II	697,219.00
150066 · Houston Tech Center II	3,115,070.07
150067 · Accum.Deprec. HTC Phase I	-2,704,503.91
150069 · Land - Bagby Park	1,318,870.15
150070 · BagbyPark	2,453,218.83
150071 · Accum.Deprec. BagbyPark	-1,886,622.81

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
150075 · Midtown Park 2905 Travis St	3,506,306.26
150078 · Midtown Park Land-Tracts I & II	4,416,996.74
1500783 · Accum Deprec-Works of Art	-310,838.65
1500784 · Acc Depr Office Housng & Garage	-2,564,957.34
1500785 · Accum Depreciation - Bagby Park	-314,936.60
150078A · Midtown (Superblock) Garage	13,784.20
150078B · Midtown (Superblockj) Park	5,299,848.40
150078C · Midtown Garage - Depreciable As	
1500781 · Acc Depre - Midtown Garage	-3,465,734.32
150078C · Midtown Garage - Depreciable As - Other	23,104,895.00
Total 150078C · Midtown Garage - Depreciable As	19,639,160.68
150078D · Midtown Park - Depreciable Asse	
1500782 · Acc Depre Midtown Park	-4,879,719.06
150078D · Midtown Park - Depreciable Asse - Other	19,094,553.00
Total 150078D · Midtown Park - Depreciable Asse	14,214,833.94
150078E · Land - Operations Center	1,002,054.00
150078H · Midtown Park - Depr Assc 2&3	5,506,202.00
150078I · Bagby Park - Depr Asset (2020)	1,049,784.00
150078J · Opration Center Dep Asset	27,074,672.44
150078K · Midtown Park -Placed in Service	-5,506,202.00
150079B · Works of Art - Donated	1,137,027.00
150080 · Land (Resale)	
150081 · Earnest Money	-15,946.09
150082 · Option Fees	5,000.00
150803 · Affordable Housing Legal	103,280.05
150804 · Affordable Housing Misc	756,345.80
150805 · AFFORD HOUS GRANTS	126,750.28
150080 · Land (Resale) - Other	34,579,600.93
Total 150080 · Land (Resale)	35,555,030.97
150080A · Land Held for Resale	-10,723,654.68
150089 · Land HMAAC (Land)	1,206,150.00
150090 · HMAAC Property	918,850.00
150091 · Accum Depr HMAAC	-673,823.80
150098 · Rice-Ion Garage Asset	56,900,000.00
150099 · Accum Depr - ION Parking Garage	-1,517,333.00
150100 · 2800 MAIN	317,069.93
150782A · Acc Depr Midtown Park Phase 2-3	-1,055,355.07
150000 · Fixed Assets - Other	-546,027.24
Total 150000 · Fixed Assets	159,244,354.24
Total Fixed Assets	159,244,354.24
Other Assets	
180500 · Leases	
180510 · Lease Receivable	6,316,207.74
180530 · Deferred Inflow	-5,787,157.19
Total 180500 · Leases	529,050.55
Total Other Assets	529,050.55
TOTAL ASSETS	218,925,815.40

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	343,551.58
Other Current Liabilities	
200001 · Current Liabilities	
200005 · Accrued Expenses	565,063.05
201001 · MIDCORP Kiosk	-25,776.98
202000 · Project Fund Liabilities	18,578.35
2021061 · Due from FWRA for AFLAC	-774.24
2021062 · Due MMD	200,000.00
2022100 · Security Deposit - Office Rent	13,785.61
200001 · Current Liabilities - Other	13,800.00
Total 200001 · Current Liabilities	784,675.79
200006 · Property Tax Liability	125,410.82
203500 · Prepaid Rental Income Liab	11,292.06
205000 · Current Loan Liabilities	4,505,000.00
25000 · Retainage Payable	3,500.00
Total Other Current Liabilities	5,429,878.67
Total Current Liabilities	5,773,430.25
Long Term Liabilities	
210000 · Long Term Liabilities	
210050 · Bond Payable Series 2017	32,625,000.00
210061 · Series 2017 Bond Premium	2,600,121.00
210063 · Series 2020 Bond Premium	1,256,000.00
210064 · Bonds Payable Series 2020	6,410,000.00
210065 · Bonds Payable Series 2022	19,595,000.00
Total 210000 · Long Term Liabilities	62,486,121.00
210400 · ION Garage	
210401 · ION Deferred Tax Increment	1,818,908.00
210402 · ION Unearned Concession Fee	1,613,773.00
210403 · ION Garage - Reversion of Rice	34,329,667.00
Total 210400 · ION Garage	37,762,348.00
Total Long Term Liabilities	100,248,469.00
Total Liabilities	106,021,899.25
Equity	
1110 · Retained Earnings	114,330,612.47
Net Income	-1,426,696.32
Total Equity	112,903,916.15
TOTAL LIABILITIES & EQUITY	218,925,815.40

No assurance is provided no these financial statements

Midtown Redevelopment Authority
Operating Disbursements
As of October 16, 2025

Date	Num	Name	Memo	Credit
101003 · Texas	Capital	Operating x 6020		
08/19/2025	11982	Affordable Environmental Se...	Pumped and Cleaned Grease Trap - La calle Tacos - Au...	695.00
08/19/2025	11983	Bracewell LLP	0051910.000022 Open Records Request Legal Services ...	49,765.00
08/19/2025	11984	Comcast Business	VOID: 402 & 410 SERVICE ACCT# 708743225 AUGUS...	
08/19/2025	11985	Bracewell LLP	General Legal Services to July 31, 2025	15,436.25
08/19/2025	11986	Bracewell LLP	Capital Improvement Project -July 30, 2025	1,201.00
08/19/2025	11987	City of Houston Mayor's Offi...	COH FY2025 Municipal Services Payment	739,580.00
08/25/2025	11988	AED123 LLC	Advanced AED Service Plan	5,896.00
08/25/2025	11989	Carr Riggs & Ingram, LLC	FY25 AUDIT PROGRESS BILLING	22,500.00
08/25/2025	11990	Design Workshop, Inc.	Houston Midtown District Work Order#1 Project 0068786....	2,612.00
08/25/2025	11991	Flexitg Financial Services	CANNON/IR-C5750I AUGUST 2025	917.90
08/25/2025	11992	Hilltop Securities Inc.	Computational fee incurred in connection with the arbitra...	3,195.00
08/25/2025	11993	IDS Engineering Group	Midtown PSA 2021 WO No 01B Professional Services to...	7,504.88
08/25/2025	11994	Lion Heart	Project 043-001 Midtown Work order 1 - 07.31.2025	7,739.74
08/25/2025	11995	Midtown Parks Conservancy	Reimbursable Expenses for FWRA	821.87
08/25/2025	11996	OJB	On Call Services - WO 1A July 2025	750.00
08/27/2025	ACH	G&A Partners	PR 08/31/2025	104,663.56
08/29/2025	ACH	Reliant Energy	410 PIERCE STREET - 75237956-0 AUG 2025	4,743.59
08/29/2025	ACH	Reliant Energy	402 PIERCE ST - 75237953-7 AUGUST 2025	5,797.49
09/10/2025	11997	Amanda Hansen Group	Crisis Communications and Public Relations Retainer - A...	15,500.00
09/10/2025	11998	Carr Riggs & Ingram, LLC	CentraLease Quarterly Fee (June 2025 - August 2025)	362.50
09/10/2025	11999	Comcast	410 SERVICE Ste #355 to SEPTEMBER 29, 2025	278.51
09/10/2025	12000	Condor Express Delivery, Inc	Delivery & Delivery Return August 2025	453.80
09/10/2025	12001	Equi-Tax, Inc.	MontlyConsultation Service fee per contract September 2...	500.00
09/10/2025	12002	The Goodman Corporation		22,313.12
09/10/2025	12003	Wulfe & Co.	Consulting for Bagby Park and Midown Park -August 2025	3,400.00
09/10/2025	12004	Medley	Social Media Retainer June FINAL	1,586.87
09/12/2025	ACH	AT&T	550010	923.05
09/12/2025	ACH	G&A Partners	PR 09/15/2025	131,573.80
09/17/2025	12005	Flexitg Financial Services	CANNON/IR-C5750I SEPTEMBER 2025	937.75
09/17/2025	12006	IDS Engineering Group	Midtown PSA 2021 WO No 01B Professional Services to...	6,219.48
09/17/2025	12007	Kayler Williams	Meeting OBJ August 2025	899.39
09/17/2025	12008	Lion Heart	Project 043-001 Midtown Work order 1 - 08.31.2025	3,622.50
09/17/2025	12009	Midtown Parks Conservancy	MRA Reimbursable Expenses for WF CC Charges July 1...	2,508.37
09/17/2025	12010	Padron Design Studio LLC	MRA Marketing Retainer September 2025	3,750.00
09/17/2025	12011	Pitney Bowes Global Financi...	LEASE Sept 30, 2025 - Dec 30, 2025	163.20
09/17/2025	12012	Staples Advantage		3,095.56
09/17/2025	12013	THR Enterprises, Inc.	Cleaning Services -August 2025	1,550.00
09/17/2025	12014	Walter P. Moore		10,590.00
09/17/2025	12015	WILLIAMS SCOTSMAN, INC	Customer # 10460287 Rental Period 09.01.2025 - 09.30....	437.24
09/17/2025	ACH	G&A Partners	PR 09/15/2025	1,000.00
09/18/2025	12016	The Morton Accounting Serv...	July 2025 CPA Services	45,158.87
09/24/2025	12017	Bracewell LLP		22,420.50
09/24/2025	12018	Design Workshop, Inc.	Houston Midtown District Work Order#1 Project 0068786....	3,960.00
09/24/2025	12019	Goode Systems & Consultin...		7,882.90
09/24/2025	12020	Marlon Marshall		444.24
09/24/2025	12021	OJB	On Call Services - WO 1A August 2025	12,300.00
09/24/2025	12022	Bracewell LLP	0051910.000022 Open Records Request Legal Services ...	44,206.25
09/24/2025	ACH	Reliant Energy	410 PIERCE STREET - 75237956-0 SEP 2025	5,196.08
09/24/2025	ACH	Reliant Energy	402 PIERCE ST - 75237953-7 SEPTEMBER 2025	6,228.98
09/25/2025	ACH	G&A Partners	PR 09/30/2025	103,872.90
10/01/2025	12023	Equi-Tax, Inc.	MontlyConsultation Service fee per contract October 2025	500.00
10/01/2025	12024	Midtown Management Distri...	Reimbursable Shared Marketing Expenses June - Aug 20...	1,013.73
10/08/2025	12025	1Vision	500 Business Cards - Amaris Salinas	423.00
10/08/2025	12026	Amanda Hansen Group	Crisis Communications and Public Relations Retainer - S...	15,500.00
10/08/2025	12027	Carr Riggs & Ingram, LLC	FY26 AUDIT PROGRESS BILLING	20,000.00
10/08/2025	12028	Comcast	410 SERVICE Ste #355 to OCTOBER 29, 2025	298.61
10/08/2025	12029	Condor Express Delivery, Inc	Delivery & Delivery Return September 2025	162.74
10/08/2025	12030	Kelan Darrion Wright	7 Hrs @ \$12.00/Hour	84.00
10/08/2025	12031	Midtown Scouts Square Pro...		1,800.00
10/08/2025	12032	Staples Advantage	Office supplies 09.25.25	1,347.94

No assurance is provided on these financial statements

Midtown Redevelopment Authority
Operating Disbursements
As of October 16, 2025

Date	Num	Name	Memo	Credit
10/08/2025	12033	THR Enterprises, Inc.	Cleaning Services -September 2025	1,885.00
10/08/2025	12034	Zamora Morton	6.5 Hrs @ \$12/Hour	78.00
10/15/2025	12035	Cushman & Wakefield Inc	Real estate development consulting	38,541.50
10/15/2025	12036	Goode Systems & Consultin...	VOID:	
10/15/2025	12037	Goode Technology Group		1,281.25
10/15/2025	12038	IDS Engineering Group	Midtown PSA 2021 WO No 01B Professional Services to...	5,852.60
10/15/2025	12039	Kayler Williams	UBER from office to home 2025	34.90
10/15/2025	12040	OJB	On Call Services - WO 1A September 2025	23,000.00
10/15/2025	12041	The Goodman Corporation		18,538.73
10/15/2025	12042	Walter P. Moore		16,222.50
10/15/2025	12043	WILLIAMS SCOTSMAN, INC	Customer # 10460287 Rental Period 10.01.2025 - 10.31....	518.30
10/15/2025	12044	Goode Systems & Consultin...		9,607.00
Total 101003 · Texas Capital Operating x 6020				1593844.94
TOTAL				<u>1593844.94</u>

Midtown Redevelopment Authority

Affordable Housing Disbursements

As of October 16, 2025

Date	Num	Name	Memo	Credit
104000 · Affordable Housing Accounts				
104024 · Texas Capital AH Ops x 6028				
08/19/2025	5103	Bracewell LLP		19,868.75
08/19/2025	5104	CCPPI	Midtown Affordable Housing Plan Grant July 2025	119,083.33
08/19/2025	5105	Roberta F. Burroughs & Ass...	Project: Midtown Affordable Housing Plan - Impl Srvs F...	8,000.00
08/19/2025	5106	TransTeQ	July 2025 Landscaping	29,072.35
08/25/2025	5107	American Fence Company, I...	U30526 2520 Nagle St 08.13.2025	175.00
08/26/2025	ACH	City of Houston - Water	155065	25.62
08/26/2025	ACH	City of Houston - Water	155065	38.02
08/26/2025	ACH	City of Houston - Water	155065	29.85
08/26/2025	ACH	City of Houston - Water	155065	4.94
08/26/2025	ACH	City of Houston - Water	155065	48.70
08/26/2025	ACH	City of Houston - Water	155065	48.70
08/26/2025	ACH	City of Houston - Water	155065	14.16
08/26/2025	ACH	City of Houston - Water	155065	4.34
08/26/2025	ACH	City of Houston - Water	155065	53.54
08/26/2025	ACH	City of Houston - Water	155065	25.62
08/26/2025	ACH	City of Houston - Water	155065	7.38
08/26/2025	ACH	City of Houston - Water	155065	8.40
08/26/2025	ACH	City of Houston - Water	155065	48.70
08/26/2025	ACH	City of Houston - Water	155065	52.02
08/26/2025	ACH	City of Houston - Water	155065	5.52
08/26/2025	ACH	City of Houston - Water	155065	25.62
08/26/2025	ACH	City of Houston - Water	155065	7.06
08/26/2025	ACH	City of Houston - Water	155065	9.80
08/26/2025	ACH	City of Houston - Water	155065	30.48
08/26/2025	ACH	City of Houston - Water	155065	30.57
08/26/2025	ACH	City of Houston - Water	155065	155.64
08/26/2025	ACH	City of Houston - Water	155065	9.80
08/27/2025	ACH	City of Houston - Water	155065	25.62
08/27/2025	ACH	City of Houston - Water	155065	38.02
08/27/2025	ACH	City of Houston - Water	155065	48.70
09/03/2025	ACH	City of Houston - Water	155065	5.51
09/04/2025	ACH	City of Houston - Water	155065	16.22
09/04/2025	ACH	City of Houston - Water	155065	18.14
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	42.58
09/04/2025	ACH	City of Houston - Water	155065	15.16
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	3.81
09/04/2025	ACH	City of Houston - Water	155065	21.08
09/04/2025	ACH	City of Houston - Water	155065	134.25
09/04/2025	ACH	City of Houston - Water	155065	33.84
09/08/2025	ACH	City of Houston - Water	155065	42.79
09/08/2025	ACH	City of Houston - Water	155065	69.22
09/08/2025	ACH	City of Houston - Water	155065	47.36
09/08/2025	ACH	City of Houston - Water	155065	15.24
09/08/2025	ACH	City of Houston - Water	155065	15.24
09/08/2025	ACH	City of Houston - Water	155065	15.24
09/08/2025	ACH	City of Houston - Water	155065	34.62
09/08/2025	ACH	City of Houston - Water	155065	27.43

No assurance is provided on these financial statements

Midtown Redevelopment Authority Affordable Housing Disbursements

As of October 16, 2025

Date	Num	Name	Memo	Credit
09/08/2025	ACH	City of Houston - Water	155065	15.24
09/08/2025	ACH	City of Houston - Water	155065	32.32
09/08/2025	ACH	City of Houston - Water	155065	77.21
09/10/2025	5108	American Fence Company, I...		2,776.00
09/10/2025	5109	Four Eleven LLC	Landscape Services July 2025	24,442.82
09/17/2025	5110	American Fence Company, I...	U35022 28 SQ FT 5510 CALHOUN 09.05.25 - 10.04.25	100.00
09/19/2025	ACH	City of Houston - Water	155065	24.35
09/19/2025	ACH	City of Houston - Water	155065	7.08
09/19/2025	ACH	City of Houston - Water	155065	26.77
09/19/2025	ACH	City of Houston - Water	155065	25.62
09/19/2025	ACH	City of Houston - Water	155065	3.69
09/19/2025	ACH	City of Houston - Water	155065	8.40
09/19/2025	ACH	City of Houston - Water	155065	24.35
09/19/2025	ACH	City of Houston - Water	155065	420.79
09/19/2025	ACH	City of Houston - Water	155065	26.01
09/19/2025	ACH	City of Houston - Water	155065	25.62
09/19/2025	ACH	City of Houston - Water	155065	3.53
09/19/2025	ACH	City of Houston - Water	155065	30.48
09/19/2025	ACH	City of Houston - Water	155065	30.57
09/19/2025	ACH	City of Houston - Water	155065	155.64
09/19/2025	ACH	City of Houston - Water	155065	60.40
09/19/2025	ACH	City of Houston - Water	155065	54.56
09/22/2025	ACH	City of Houston - Water	155065	155.64
09/24/2025	5111	Bracewell LLP	Third Ward Acquisitions/Affordable Housing Legal - Thr...	24,855.00
09/24/2025	5112	CCPPI	Midtown Affordable Housing Plan Grant August 2025	119,083.33
09/24/2025	5113	Roberta F. Burroughs & Ass...	Project: Midtown Affordable Housing Plan - Impl Svcs F...	8,000.00
09/24/2025	5114	Ryland Enterprise, Inc dba A...	Honeycomb Clinic, LLC-First Half Commission 50%	25,144.29
09/24/2025	5115	TransTeQ	August 2025 Landscaping	29,069.26
09/30/2025	ACH	City of Houston - Water	155065	60.57
09/30/2025	ACH	City of Houston - Water	155065	2.36
09/30/2025	ACH	City of Houston - Water	155065	3.64
09/30/2025	ACH	City of Houston - Water	155065	14.36
09/30/2025	ACH	City of Houston - Water	155065	1.18
09/30/2025	ACH	City of Houston - Water	155065	1.40
09/30/2025	ACH	City of Houston - Water	155065	15.24
09/30/2025	ACH	City of Houston - Water	155065	42.56
09/30/2025	ACH	City of Houston - Water	155065	15.24
10/01/2025	5116	American Fence Company, I...		201.80
10/01/2025	5117	Four Eleven LLC	Landscape Services August 2025	24,375.40
10/01/2025	5118	Jaime Giraldo	Checking MRA Owned Properties May 23 - Sept 15, 20...	123.90
10/07/2025	ACH	City of Houston - Water	155065	35.34
10/08/2025	5119	American Fence Company, I...		2,944.20
10/08/2025	5120	Vergel Gay & Associates LLC	Project Mgt Sevices Emanicipation Bld Tenant Impr Proj...	480.00
10/15/2025	5121	Ryland Enterprise, Inc dba A...	Honeycomb Clinic, LLC-Second Half Commission 50%	25,144.28
Total 104024 · Texas Capital AH Ops x 6028				465,740.14
Total 104000 · Affordable Housing Accounts				465,740.14
TOTAL				465,740.14

Midtown Redevelopment Authority

Profit & Loss

July 1 through August 30, 2025

	Jul 1 - Aug 30, 25
Ordinary Income/Expense	
Income	
400000 · Revenue & Support	
400025 · Interest-Debt Service & Reserve	26,082.46
400026 · Interest-Other Bond Funds	18.95
400029 · Interest - Affordable Housing	42,288.76
400030 · Interest-Operating Funds	92,083.16
400031 · Interest Income	5,723.55
400040 · 3131 EMANCIPATION	207,764.85
400041 · Affordable Housing Apts Units	22,571.24
400042 · 402 & 410 Tenant Inome	35,897.49
Total 400000 · Revenue & Support	432,430.46
400441 · Bagby Park Kiosk Lease	7,700.00
Total Income	440,130.46
Gross Profit	440,130.46
Expense	
500000 · BOND FUND EXPENSES	
504000 · Projects & Expenses	
500015 · T-0222 Street Rehab	82,757.40
Total 504000 · Projects & Expenses	82,757.40
Total 500000 · BOND FUND EXPENSES	82,757.40
510000 · INCREMENT PROJECTS/EXPENSE	
510008 · T-0220 Afford Housing Land Bnk	335,810.92
510019 · T-0214 Caroline St	17,089.72
510024 · T-0204 Infrastruc/Street Lights	165.50
510041 · CIP Program Expenses	2,201.00
510043 · T-0234 Parks & Open Space & Mob	11,101.74
510045 · T-0224 HTC I - Bldg Maintenance	70,617.15
510046 · T-0221 Midtown Pk	745.85
510102 · HMAAC Interest Expense	1,495.69
510400 · Kiosk at Bagby Park	4,095.00
510534 · T-0225 Mobility & Pedest Imprv	36,131.46
510700 · Municipal Services Costs	9,580.00
Total 510000 · INCREMENT PROJECTS/EXPENSE	489,034.03
550000 · General & Admin. Expense	
550002 · Contract Labor	5,445.00
550003 · Rent Expense	1,800.00
550004 · Salaries	467,434.67
550006 · Advertising & Promotions	7,500.00
550007 · Courier Service	247.10
550008 · Office Supply & Expense	1,747.30
550009 · Misc Exp	6,557.56
550010 · Telephone & Utilities	1,872.04
550022 · Bank Charges & Fees	2,521.85
550023 · Trust Expenses	3,195.00
550025 · Professional Services	2,330.00
550027 · Financial Audit	22,500.00

No assurance is provided on these financial statements

Midtown Redevelopment Authority

Profit & Loss

July 1 through August 30, 2025

	Jul 1 - Aug 30, 25
550028 · Legal Consultants	65,201.25
550029 · Admin Insurance	285.56
550030 · Planning Consultants	32,962.07
550032 · Engineering Consultants	7,504.88
550033 · Professional Fees/Other Consult	5,888.00
550034 · Equip Rent & Lease Expense	1,635.98
550037 · Workman's Comp Insurance	1,366.55
550038 · Insurance - All	14,856.71
550039 · Computers & Repairs & Maint	10,370.31
550040 · Repair & Maintenance	2,436.86
550045 · Payroll Fees	5,387.91
Total 550000 · General & Admin. Expense	671,046.60
Total Expense	1,242,838.03
Net Ordinary Income	-802,707.57
Net Income	-802,707.57

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
ASSETS	
Current Assets	
Checking/Savings	
101001 · Wells Fargo Ope Acctg 64040	235,503.47
101002 · Infrastructure Projects 1731	177,095.65
101003 · Texas Capital Operating x 6020	23,156.62
101004 · Texas Capital MM x 6052	587,846.76
101010 · WF Surplus Acct 63943	5,323,265.59
101020 · WF FTA Enhanced Path 63919	61.86
101030 · Wells Fargo 1094	405,643.70
102200 · Logic Operating Account	21,255,473.36
103200 · TexStar Operating Acct 1111	8,066.15
103600 · Wells Fargo Oper Inves 63901	307.46
103700 · WF Operating Saving 3215777180	46,184.96
104000 · Affordable Housing Accounts	
104021 · WF Afford Hous 3927	4,635,962.03
104022 · WF Pilot Program 3935	354.41
104024 · Texas Capital AH Ops x 6028	42,998.13
104025 · Texas Capital AH MM x 6036	771,681.20
104116 · TexStar Aff. Hsng MM 1800	2,337.01
104200 · Logic Affordable Housing	9,760,409.93
1044000 · Wells Fargo NAI - 2259	454,848.20
Total 104000 · Affordable Housing Accounts	15,668,590.91
105000 · Trustee Investments	
105001 · Pledge Revenue Fund 422885	2,098,283.12
105002 · Debt Service Fund	6,282,614.21
105003 · Reserve Fund 422897	7,013,670.18
105009 · Austin Park Maint. Fund 422919	4,066.02
107000 · BOND FUNDS	5,119.43
Total 105000 · Trustee Investments	15,403,752.96
Total Checking/Savings	59,134,949.45
Accounts Receivable	15,798.40
Other Current Assets	1,662.76
Total Current Assets	59,152,410.61
Fixed Assets	
150000 · Fixed Assets	
150010 · Office Furniture & Equipment	68,129.62
150011 · Accumluated Depreciation-Furn.	-56,516.45
150020 · Computer Equipment	62,956.03
150021 · Accumulated Depreciation-Comp.	-44,073.36
150040 · Land - JPI Park	736,911.00
150045 · Walgreens/Lui Park Land	141,000.00
150062 · Land - Houston Tech.Center I	798,053.89
150063 · Houston Tech Center I	2,676,862.62
150064 · Accm Deprec-Houston Tech Cntr I	-2,676,862.62
150065 · Land - HTC Phase II	697,219.00
150066 · Houston Tech Center II	3,115,070.07
150067 · Accum.Deprec. HTC Phase I	-2,704,503.91
150069 · Land - Bagby Park	1,318,870.15
150070 · BagbyPark	2,453,218.83
150071 · Accum.Deprec. BagbyPark	-1,886,622.81

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
150075 · Midtown Park 2905 Travis St	3,506,306.26
150078 · Midtown Park Land-Tracts I & II	4,416,996.74
1500783 · Accum Deprec-Works of Art	-310,838.65
1500784 · Acc Depr Office Housng & Garage	-2,564,957.34
1500785 · Accum Depreciation - Bagby Park	-314,936.60
150078A · Midtown (Superblock) Garage	13,784.20
150078B · Midtown (Superblockj) Park	5,299,848.40
150078C · Midtown Garage - Depreciable As	
1500781 · Acc Depre - Midtown Garage	-3,465,734.32
150078C · Midtown Garage - Depreciable As - Other	23,104,895.00
Total 150078C · Midtown Garage - Depreciable As	19,639,160.68
150078D · Midtown Park - Depreciable Asse	
1500782 · Acc Depre Midtown Park	-4,879,719.06
150078D · Midtown Park - Depreciable Asse - Other	19,094,553.00
Total 150078D · Midtown Park - Depreciable Asse	14,214,833.94
150078E · Land - Operations Center	1,002,054.00
150078H · Midtown Park - Depr Assc 2&3	5,506,202.00
150078I · Bagby Park - Depr Asset (2020)	1,049,784.00
150078J · Opration Center Dep Asset	27,074,672.44
150078K · Midtown Park -Placed in Service	-5,506,202.00
150079B · Works of Art - Donated	1,137,027.00
150080 · Land (Resale)	35,555,030.97
150080A · Land Held for Resale	-10,723,654.68
150089 · Land HMAAC (Land)	1,206,150.00
150090 · HMAAC Property	918,850.00
150091 · Accum Depr HMAAC	-673,823.80
150098 · Rice-Ion Garage Asset	56,900,000.00
150099 · Accum Depr - ION Parking Garage	-1,517,333.00
150100 · 2800 MAIN	317,069.93
150782A · Acc Depr Midtown Park Phase 2-3	-1,055,355.07
150000 · Fixed Assets - Other	-546,027.24
Total 150000 · Fixed Assets	159,244,354.24
Total Fixed Assets	159,244,354.24
Other Assets	
180500 · Leases	
180510 · Lease Receivable	6,316,207.74
180530 · Deferred Inflow	-5,787,157.19
Total 180500 · Leases	529,050.55
Total Other Assets	529,050.55
TOTAL ASSETS	218,925,815.40
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	343,551.58
Other Current Liabilities	
200001 · Current Liabilities	
200005 · Accrued Expenses	565,063.05
201001 · MIDCORP Kiosk	-25,776.98
202000 · Project Fund Liabilities	18,578.35

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of September 30, 2025

	Sep 30, 25
2021061 · Due from FWRA for AFLAC	-774.24
2021062 · Due MMD	200,000.00
2022100 · Security Deposit - Office Rent	13,785.61
200001 · Current Liabilities - Other	13,800.00
Total 200001 · Current Liabilities	784,675.79
200006 · Property Tax Liability	125,410.82
203500 · Prepaid Rental Income Liab	11,292.06
205000 · Current Loan Liabilities	
210048 · Current Portion Bonds Payable	4,505,000.00
Total 205000 · Current Loan Liabilities	4,505,000.00
25000 · Retainage Payable	3,500.00
Total Other Current Liabilities	5,429,878.67
Total Current Liabilities	5,773,430.25
Long Term Liabilities	
210000 · Long Term Liabilities	
210050 · Bond Payable Series 2017	32,625,000.00
210061 · Series 2017 Bond Premium	2,600,121.00
210063 · Series 2020 Bond Premium	1,256,000.00
210064 · Bonds Payable Series 2020	6,410,000.00
210065 · Bonds Payable Series 2022	19,595,000.00
Total 210000 · Long Term Liabilities	62,486,121.00
210400 · ION Garage	
210401 · ION Deferred Tax Increment	1,818,908.00
210402 · ION Unearned Concession Fee	1,613,773.00
210403 · ION Garage - Reversion of Rice	34,329,667.00
Total 210400 · ION Garage	37,762,348.00
Total Long Term Liabilities	100,248,469.00
Total Liabilities	106,021,899.25
Equity	
1110 · Retained Earnings	114,330,612.47
Net Income	-1,426,696.32
Total Equity	112,903,916.15
TOTAL LIABILITIES & EQUITY	218,925,815.40



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Contractual Reimbursement to Rice Management Company

**INVOICE**

Date: August 29, 2025

Invoice #: RREC 08/2025

Marlon Marshall
 Midtown Redevelopment Authority
 410 Pierce St, St. 355, Houston, TX 77002
 Sent via email to mmarshall@midtownhouston.com

Reimbursement Request for the Ion District infrastructure

Details	Total
2025 Reimbursement	\$503,212

Payment Information: Please see below for details to pay by bank transfer.**Payment by wire transfer or ACH** (see information below):**For wire transfer payments:**

Bank Name: The Northern Trust Company
 ABA: 071000152
 Account Name: Master Trust Cash Processing
 Account Number: 5186061000
 FFC Account Name: Rice University Endowment Cash Account
 FFC Account No.: 26-13029

For ACH (EFT):

Bank Name: The Northern Trust
 Company
 ABA: 071000152
 Account No.: TR26-13029

Contact Information:

Jamie Ellis
 Rice Real Estate Company
 Phone: 713.348.6115
 E-mail: jamie.ellis@rice.edu

August 29, 2025

Midtown Redevelopment Authority
410 Pierce St, Suite 355
Houston TX 77002

Re: Development Agreement Written Request for Reimbursement
Ion District – Ion Plaza and Ion Sidewalks

To whom it may concern,

Thank you for your support in Rice Real Estate Company and The Ion District. We have completed the Ion Plaza and Ion sidewalk improvements for a grand total of \$3,988,468:

Area	Total Cost
Ion Plaza	\$2,606,107
Ion Sidewalks	\$1,382,361
<i>Wheeler Avenue</i>	\$393,955
<i>Main Street</i>	\$489,005
<i>Fannin Street</i>	\$499,401
Total Project Costs	\$3,988,468

Based on our estimation of available increment, please accept this letter as our written request for reimbursement, according to the amount shown for 2025 in the *Annual Payment Schedule*, in the amount of **\$503,212**.

Total Reimbursed to Date	\$1,070,092
Reimbursement Cap for 2025	\$3,092,323
Current Request	\$503,212
Total Remaining to be Reimbursed for Ion Plaza and Ion Sidewalks	\$2,415,164

Attachments include *Exhibit B-1 (Phase 1 Public Infrastructure and Improvements)* and the *Annual Payment Schedule* from the Economic Development Agreement executed by and between the Midtown Redevelopment Authority and Rice University on November 10th, 2021.

Sincerely,

Scott Irby
Director, Investments and Development
Rice Real Estate Company

EXHIBIT B-1

Phase I Public Infrastructure and Improvements

	Phase I 2019-2024
Public Space	
Ion Plaza	\$2,606,107
Civic Plaza	\$3,790,013
Other Central Laneway Area	\$0
Subtotal	\$6,396,120
Streets/Roads	
Eagle Street Hardscape/Landscape	\$4,081,916
Eagle Street Infrastructure	\$587,087
Pedestrian Crossings	\$465,239
Signalized Intersection	\$1,379,100
Fannin & San Jacinto Bulb-Outs	\$648,011
Sidewalk Improvements	\$3,489,290
Wheeler Sidewalk Widening	\$1,976,157
Subtotal	\$12,626,800
Utilities	
Power Line Burial	\$3,401,120
Subtotal	\$3,401,120
Public Parking Garage Infrastructure Costs – Pedestrian Right of Way Improvements	
Overhead to Underground Conversion – Power	\$651,600
Sidewalk Furnishings	\$246,500
Sidewalk Paving	\$386,249
Site Landscaping	\$264,935
Sidewalk Lighting/Electrical	\$153,892
Subtotal	\$1,703,176
Public Parking Garage Infrastructure Costs – Vegetated Façade	
Levels 2-10 Vegetated Façade (Planters Only)	\$5,964,109
Level 1 Brick Façade	\$660,314
Subtotal	\$6,624,423
Public Parking Garage Infrastructure Costs – Ground Floor Retail	
Garage Retail	\$2,333,750
Subtotal	\$2,333,750*
Total Additional Reimbursement for other Parking Garage Infrastructure Costs	\$6,500,000**
Total	
Total Phase I Infrastructure and Improvements and Parking Garage Infrastructure Costs	\$32,924,040

* Reimbursement of Parking Garage Infrastructure Costs may not exceed the total amount of \$10,500,000, except as otherwise provided in Section 6.03(e) of the Agreement.

** The Total Additional Reimbursement Amount for other Parking Garage Infrastructure Costs may not exceed \$6,500,000.

Annual Payment Schedule

<u>Year</u>	<u>Projected Annual Available Tax Increment</u>
2022	\$392,714 ¹
2023	\$331,582
2024	\$345,796
2025	\$3,092,323
2026	\$3,175,556
2027	\$1,191,431
2028	\$2,034,139
2029	\$2,087,459
2030	\$1,817,241
2031	\$3,005,377
2032	\$3,082,616
2033	\$3,161,787
2034	\$3,242,936
2035	\$3,326,115
2036	\$3,411,372
2037	\$3,498,762
2038	\$3,588,336
2039	\$3,680,149
2040	\$3,744,258
2041	\$3,870,719
2042	\$3,969,592
2043	\$4,070,937
2044	\$4,174,815

AGREED TO this _____ day of _____, _____.

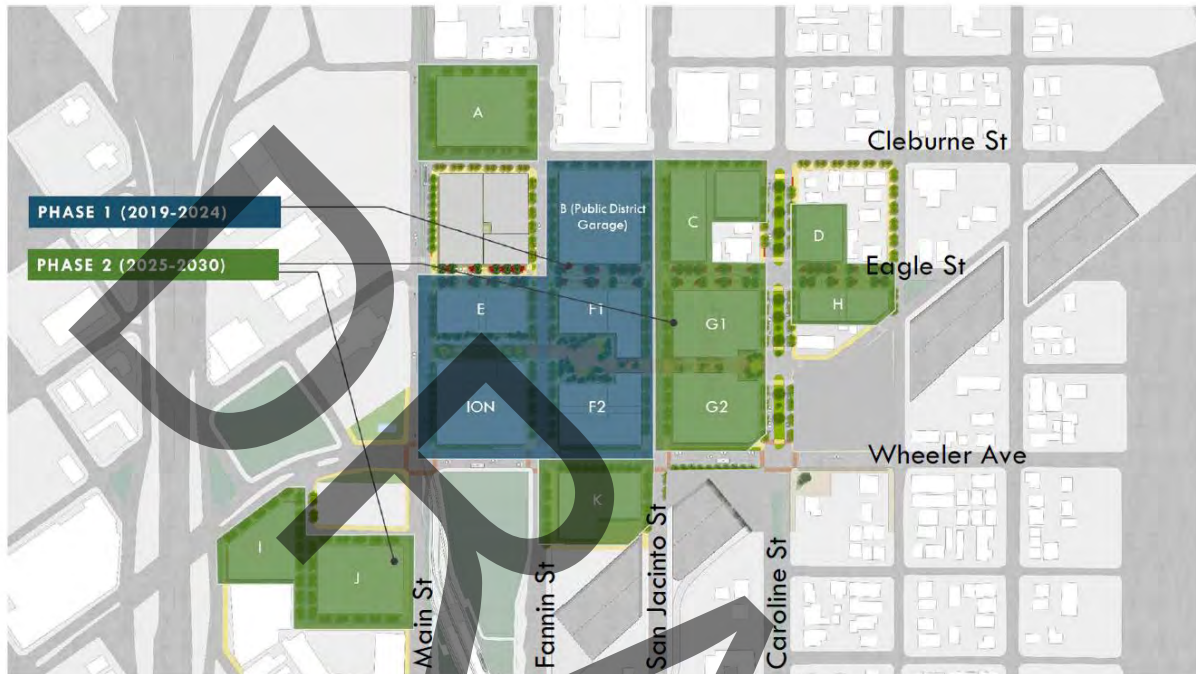
**MIDTOWN REDEVELOPMENT
AUTHORITY**

By: _____
Name: _____
Title: _____

**RICE UNIVERSITY, acting by and through
RICE MANAGEMENT COMPANY**

By: _____
Name: _____
Title: _____

¹ This amount represents the sum of the amounts set forth in Column F of the Projections Table for Year 2021 and Year 2022.

EXHIBIT A-2**Depiction of The Ion District Development Blocks**

		Taxing Entity	2024 Tax Rate				
		City of Houston	\$0.52				
		Harris County	\$0.39				
		Houston Community College (HCC)	\$0.10				
		Houston Independent School District (HISD)	\$0.87				
		Total Applicable Rate	\$1.87				
Property	Address/Name	Tax Year	2024				
		Baseline	Value	Appl. Taxes	Increment	Net of AH	Incr. for Rice
Ion	Ion	\$86,240	\$99,747,963	\$1,253,342	\$784,646	\$523,097	\$340,013
Ion Garage	Ion Garage	\$69,813	\$0	\$0	\$0	\$0	\$0
E	The Arc	\$42,036	\$99,747,963	\$610,910	\$186,419	\$124,279	\$80,781
F1	Surface Lot	\$44,710	\$3,264,212	\$61,007	\$16,297	\$10,864	\$7,062
F2	Surface Lot	\$49,780	\$4,332,710	\$80,977	\$31,197	\$20,798	\$13,519
G1	Greentown	\$85,586	\$6,388,245	\$119,394	\$33,808	\$22,539	\$14,650
G2	Greentown Parking	\$58,781	\$3,690,785	\$68,979	\$10,199	\$6,799	\$4,419
A	TUTS	\$85,144	\$4,413,540	\$82,487	\$0	\$0	\$0
C	Student Housing	\$66,798	\$4,542,881	\$84,905	\$18,106	\$12,071	\$7,846
D	Caroline Prop.	\$18,901	\$1,310,261	\$24,488	\$5,588	\$3,725	\$2,421
H	Caroline Prop.	\$24,833	\$1,540,127	\$28,784	\$3,951	\$2,634	\$1,712
I	Stuff'd	\$33,225	\$3,109,803	\$58,121	\$24,896	\$16,598	\$10,788
J	4510 Main	\$62,089	\$4,250,100	\$79,433	\$17,343	\$11,562	\$7,515
K	Pacesetters/JIB	\$60,380	\$4,772,105	\$89,189	\$28,809	\$19,206	\$12,484
Total		\$788,315		\$2,642,017	\$1,161,259	\$774,173	\$503,212
Increment Generated by Paying Prior Year Taxes in January of CY							\$503,212
Cap for Year							\$3,092,323
Requested by RREC							\$503,212
Over/(Under) Cap							(\$2,589,111)

Area	Total Cost
Ion Plaza	\$2,606,107
Ion Sidewalks	\$1,382,361
Wheeler Avenue	\$393,955
Main Street	\$489,005
Fannin Street	\$499,401
Total Project Costs	\$3,988,468
Total Reimbursed to Date	\$1,070,092
Reimbursement Cap for 2025	\$3,092,323
Current Request	\$503,212
Total Remaining to be Reimbursed for Ion Plaza and Ion Sidewalks	\$2,415,164

Year	Cap	Requested Amount	Ion Plaza and Sidewalks
2022	\$392,714	\$392,714	\$392,714
2023	\$331,582	\$331,582	\$331,582
2024	\$345,796	\$345,796	\$345,796
2025	\$3,092,323	\$503,212	\$503,212
2026	\$3,175,556	\$0	\$0
2027	\$1,191,431	\$0	\$0
2028	\$2,034,139	\$0	\$0
2029	\$2,087,459	\$0	\$0
2030	\$1,817,241	\$0	\$0
2031	\$3,005,377	\$0	\$0
2032	\$3,082,616	\$0	\$0
2033	\$3,161,787	\$0	\$0
2034	\$3,242,936	\$0	\$0
2035	\$3,326,115	\$0	\$0
2036	\$3,411,372	\$0	\$0
2037	\$3,498,762	\$0	\$0
2038	\$3,588,336	\$0	\$0
2039	\$3,680,149	\$0	\$0
2040	\$3,744,258	\$0	\$0
2041	\$3,870,719	\$0	\$0
2042	\$3,969,592	\$0	\$0
2043	\$4,070,937	\$0	\$0
2044	\$4,174,815	\$0	\$0
Total Reimbursed Per Project			\$1,573,304
Remaining in Budget			\$2,415,164



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INVESTMENT REPORT



October 17, 2025

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

Re: Investment Report – Quarter Ending September 30, 2025

Dear Board of Directors:

In my capacity as Investment Officer and in compliance with Article III, Section 3.03 and Article IV, Section 4.06 of the Investment Policy of the District, please find attached the 1st Quarter Fiscal Year 2026 Investment Report.

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

Kindest regards,

Matt Thibodeaux
Executive Director

CC: Carr, Riggs & Ingram (CRI)



October 17, 2025

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

Re: Investment Report – Quarter Ending September 30, 2025

Dear Board of Directors:

I have prepared the Quarterly Investment Report for the 1st Quarter FY2026 in my capacity as Midtown District CPA. This report is presented in accordance with Article III, Section 3.03 and Article IV, Section 4.06 of the Investment Policy of the District.

The average yield rate on all investment accounts this quarter is 4.2734% with the highest yield from the Logic accounts at 4.38% on average. The amount of interest earned from investment accounts for the quarter was \$451,391. The report reflects the compliance of your investment portfolio with the Investment Policies of the District and is in accordance with the Investment provisions of the Public Funds Investment Act.

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

Respectfully,

Melissa Morton, CPA
Midtown District CPA

CC: Carr, Riggs & Ingram (CRI)



**MIDTOWN REDEVELOPMENT AUTHORITY
INVESTMENT REPORT
QUARTER ENDED SEPTEMBER 2026**

ACCOUNT NAME / FUND	QTR BEGINNING BOOK VALUE	TRANSACTIONS		ENDING BOOK VALUE	INTEREST - By Qtr FY 2026		QTRLY AVG INTEREST YIELD RATE
		DEPOSITS	WITHDRAWALS/TRANSFERS		1st Qtr	QUARTER TO DATE TOTAL	
OPERATING FUNDS	23,468,603.22	1,506,661.90	3,123,878.85	21,851,386.27	248,954.44	249,215.92	
LOGIC Operating	23,214,018.57	241,454.79	2,200,000.00	21,255,473.36	241,454.79	241,454.79	4.38%
TexSTAR Operating	7,980.03	86.12		8,066.15	86.12	347.60	4.26%
Texas Capital MM	246,604.62	1,265,120.99	923,878.85	587,846.76	7,413.53	7,413.53	4.39%
AFFORDABLE HOUSING	11,183,944.28	1,138,483.86	1,788,000.00	10,534,428.14	119,334.71	119,334.71	
TexSTAR Affordable Housing	2,312.19	24.82		2,337.01	24.82	24.82	4.26%
LOGIC Affordable Housing	10,647,232.35	113,177.58	1,000,000.00	9,760,409.93	113,177.58	113,177.58	4.38%
Texas Capital AH MM	534,399.74	1,025,281.46	788,000.00	771,681.20	6,132.31	6,132.31	4.39%
PLEDGE REVENUE	88,278.08	2,010,005.04	-	2,098,283.12	6,308.75	6,308.75	
677 Fund U.S. Treasury Money M	88,278.08	2,010,005.04	-	2,098,283.12	6,308.75	6,308.75	0.00%
DEBT SERVICE FUND	7,357,030.60	245,915.93	1,320,332.32	6,282,614.21	-	-	
Debit Service 2896	7,357,030.60	245,915.93	1,320,332.32	6,282,614.21	-	-	0.00%
RESERVE FUND	7,149,352.41	76,609.30	245,915.93	6,980,045.78	76,609.30	76,609.30	
TexSTAR Debit Service Money M	7,149,352.41	76,609.30	245,915.93	6,980,045.78	76,609.30	76,609.30	4.26%
2011 ESCROW 1998 2001	0.00	-	9.99	0.00	-	-	
2011 Escrow 1998 2001 (x264)	0.00		9.99	-		-	0.00%
AUSTIN MAINTENANCE FUN	4,027.94	38.08	-	4,066.02	38.08	38.08	
677 Fund U.S. Treasury Money M	4,027.94	38.08	-	4,066.02	38.08	38.08	3.75%
PROJECT FUND	4,973.44	145.99	-	5,119.43	145.99	145.99	
LOGIC 2017 Project	4,973.44	145.99	-	5,119.43	145.99	145.99	4.38%
REPORT GRAND TOTAL	49,256,209.97	4,977,860.10	6,478,137.09	47,755,942.97	451,391.27	451,652.75	

(65,329,217.78)

(46,582,608.86)



midtown
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AUDIT FY 2025



Midtown Redevelopment Authority

FINANCIAL STATEMENTS

June 30, 2025



	Page
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	20
Notes to Financial Statements	21
Supplementary Information	
Budgetary Comparison Schedule – All Funds	46
Schedule of Operating and Capital Expenditures	48
Schedule of Estimated Project Costs to Actual Costs	51
Schedule of Properties Held – Land Held for Resale	52
Schedule of Capital Assets	64

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Midtown Redevelopment Authority
Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority), a component of the City of Houston, Texas, as of and for the year ended June 30, 2025, 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 governmental activities and each major fund of the Authority, as of June 30, 2025, 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.

Basis for Opinions

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 the 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 the 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 budgetary comparison – all funds, schedule of operating expenses and capital expenditures for the year ended June 30, 2025, the schedule of estimated project costs to actual costs for the period from December 29, 1995 (date of inception) through June 30, 2025, the schedule of properties held – land held for resale and the schedule of capital assets (supplementary information), are presented for purposes of additional analysis and are 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 information 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Houston, Texas
September XX, 2025

Midtown Redevelopment Authority Management's Discussion and Analysis

This discussion and analysis of Midtown Redevelopment Authority's (the Authority or Midtown) financial statements provides an overview of the Authority's financial performance during the years ended June 30, 2025 and 2024. This discussion and analysis includes comparative data for the year ended June 30, 2025 with the year ended June 30, 2024 and a brief explanation for significant changes between fiscal years. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts, please read in conjunction with the Authority's basic financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

At the creation of the Tax Increment Reinvestment Zone Number Two (Midtown TIRZ or Zone) in 1995, the appraised base year value for real property located within the Zone was \$157.1 million. With the addition of four annexations of land in each of 1997, 1999, 2009 and 2015, the appraised base year value for real property located within the Zone increased to \$286.5 million. The preliminary ad valorem tax value for tax year 2024 (collectible Fiscal Year 2025) of real property located within the Zone is \$3.335 billion.

Section 42.25116(b)(3) of the Texas Education Code provides for the Texas Education Agency to pay additional funds to school districts participating in tax increment reinvestment zones in an amount equal to the difference between (1) the tax levies collected on the district's maintenance and operations tax rate for 2006 and each year thereafter and (2) the levies that would have been collected at the district's 2005 maintenance and operations rate for each subsequent year (Pass-Through Funds). In fiscal year 2025, the City of Houston (the City) received the tax year 2024 Pass-Through Funds for the Houston Independent School District, in an amount totaling \$9,554,418. Of the total amount, \$5,648,388 was dedicated to the educational set-aside component and the balance of the funds in the total amount of \$3,906,030 was placed in the Authority's Affordable Housing Increment Account. Pursuant to the interlocal agreement by and among the City, Houston Independent School District and the Zone, the participation of the Houston Independent School District will cease as of December 31, 2025.

The Authority continues its 2015 Management Agreement with Midtown Improvement and Development Corporation (MIDCorp), doing business as Midtown Parks Conservancy (MPC), to operate, maintain, and preserve key parks and facilities, including Bagby Park, Midtown Park, and the associated underground parking structure. With an expanding portfolio of projects, the Zone remains committed to ensuring long-term operations and maintenance funding for fiscal year 2025 of \$1.99 million.

The Caroline Street Project—comprising roadway, infrastructure, bicycle, and streetscape enhancements between Pierce and Elgin—was substantially completed in fiscal year 2024. Total costs exceeded \$10 million, of which \$5.5 million was funded by a Texas Department of Transportation grant. The project included green stormwater and sustainable streetscape elements similar to those installed on Bagby Street. In fiscal year 2025, the Authority spent \$78,425 on the Remedial Drainage Pilot Project to correct localized drainage/ponding via targeted improvements. Additionally, work began on the assessment of subsurface utility conflicts at remaining ponding areas to inform future broader remedial drainage improvement scope.

Planning and design began in fiscal year 2023 for roadway reconstruction, infrastructure upgrades, and streetscape enhancements along Brazos Street from St. Joseph to Elgin. The project will incorporate Low Impact Development (LID) strategies, green stormwater infrastructure, and sustainable streetscape elements similar to those on Bagby Street. The project has been placed on a temporary hold by the City of Houston to ensure the design aligns with current infrastructure mandates of the current administration.

Midtown Redevelopment Authority Management's Discussion and Analysis

The Brazos Street Bridge Landscape Improvement initiative enhances the green space at Bagby and Elgin near the Brazos Bridge. Improvements include new trees, shrubs, groundcover, irrigation, site cleanup, traffic control, and signage reinstallation. The project is a partnership with Councilmember Abbie Kamin and the Courtlandt Place Civic Association, who contributed \$25,000 and \$20,000, respectively. The Authority awarded a \$66,000 construction contract to Earth First. Project closeout was completed in fiscal year 2025.

The Authority worked with Lionheart Places and Cushman & Wakefield to facilitate Developer Engagement Workshops to identify barriers and incentives for future development. Workshops included surveys with developers and the public and targeted discussion on public safety, vitality, and infrastructure strategies to understand stakeholder priorities. Outcomes of the workshops include recommendations for priority programs and incentives to address barriers to development, increase awareness of available incentive programs, and explore new programs to encourage future development in Midtown.

The Authority continued planning and design efforts for additional street pavement and sidewalk improvement projects associated with its Street Overlay and Safe Sidewalk Programs. Work includes comprehensive mill and asphalt overlay with crosswalk and pavement marking improvements and sidewalks generally 5 feet to 6 feet. Improvements will be constructed in phases with priority based on pavement condition ratings, sidewalk conditions assessment, and community feedback. Corridors currently in design include Isabella, Truxillo, Jackson, Chenevert, Hadley, Cleburne, and Caroline Streets.

The Authority continued planning and funding coordination for cap parks and signature bridges related to the Texas Department of Transportation (TxDOT) North Houston Highway Improvement Project (NHHIP). Houston-Galveston Area Council (HGAC) awarded a grant to the City of Houston for Segment 3A caps and 3B2 bridges along IH 69/US 59 in Midtown. The \$78.8 million grant package includes caps at Caroline–Wheeler (\$15.3 million), Almeda–Cleburne (\$12.8 million), Fannin (\$33.2 million) and signature bridges at Elgin, McGowen, Tuam (\$5.8 million each). The Authority will continue coordination with City and TxDOT on incorporation of the grant funded improvements into the NHHIP project.

As part of TxDOT's NHHIP, the Authority will continue collaboration with TxDOT and the City of Houston on the conceptual design for the Caroline/Wheeler Cap Park. This project will create new parkland above the reconstructed Midtown segment of I-59/69. Planning and feasibility studies will continue into fiscal year 2026.

The Authority initiated discussions with CenterPoint Energy to install additional Midtown decorative streetlights beyond standard City spacing minimums. CenterPoint Energy completed design for proposed installation sites, and the City approved installation on 52 additional Midtown decorative streetlights. Construction for streetlight installation is to begin in fiscal year 2026.

The Authority continues to advance its Affordable Housing Program, with a strong emphasis on land banking, strategic partnerships, and development agreements that expand access to quality housing for low- and moderate-income households.

The Authority has assembled approximately 5.1 million square feet of land in the Third Ward from 2005 to 2019 at a cost of \$40.9 million. This land is made available to nonprofit organizations and for-profit developers for the construction of affordable multi-family developments, single-family homes and townhomes. To date, the Authority has granted or sold to developers approximately 2.75 million square feet of affordable housing land, leaving a balance of approximately 2.35 million square feet available. Once affordable housing is developed, it is sold to qualified buyers with household incomes not exceeding 120% of the area median income, as determined by the U.S. Department of Housing and Urban Development (HUD).

Midtown Redevelopment Authority Management's Discussion and Analysis

In fiscal year 2024, the Authority awarded by Development Agreement 47 parcels to five developers: Boynton CDC, Change Happens, CR Design Build LLC, Mors Development Partners Series LLC, and the Herbert Stroman Foundation Inc. Additionally, the Authority approved the development of 48 single-family affordable homes on Authority-owned lots by Lin Development LLC, Change Happens CDC, Houston Habitat for Humanity Inc., Fifth Ward Community Redevelopment Corporation, Epic Homes LLC, and Titanium Builders LLC. Of these, Habitat for Humanity received 17 lots, Lin Development 3 lots, Fifth Ward CRC 5 lots, Titanium Builders 6 lots, and Epic Homes 7 homes. In fiscal year 2025, the Authority began to convey the 47 parcels to the Developers.

Completed in fiscal year 2022, the Affordable Housing Operations Campus includes:

- A 64,500 sq. ft. Operations Center for offices, community services, and nonprofits;
- A 20-unit multifamily affordable housing development; and
- A 200-space public parking garage at Emancipation Avenue and Elgin Street.

In fiscal year 2025, the interior build-outs of the Operations Center were substantially completed, and construction of tenant improvements continued into fiscal year 2026.

Since 2016, the Authority has partnered with the Center for Civic and Public Policy Improvement (CCPPI) to implement a comprehensive affordable housing strategy.

On January 1, 2021, an Amended and Restated Affordable Housing Initiative Services Agreement with CCPPI (The CCPPI Agreement) was approved by the Authority's Board for the continuation of services. The CCPPI Agreement provides for a three (3) year extension with an increased scope of services and increased performance metrics and reporting requirements. The agreement is currently month to month and subject to further negotiations for a longer term.

In fiscal year 2025 the Authority continued to work under the Amended 2017 Municipal Service Cost Agreement with the City and remitted approximately \$730,000 to the City in July 2025 for the purposes of reimbursing the City for increased public safety services within the Zone. This agreement has automatically renewed annually at amounts determined pursuant to the adopted budget. In addition, the Zone and the Authority may pay all or a portion of certain supplemental services within the boundaries of the Zone, such as homeless initiatives, private security services, cleanup and trash/debris removal, and public safety education and coordination services.

The Ion District Economic Development Agreement with the Rice Management Company (RMC or Rice) and the Authority relates to the development of The Ion District on approximately 16 acres of land in the southern portion of the Midtown Zone. The innovation district development includes an approximately 300,000 square feet innovation hub (The Ion) and has a public realm, mixed-use development with community spaces of plazas, educational/cultural spaces, a parking garage, restaurant and retail spaces, walkways and gardens on multiple blocks of property located in the southern portion of the Midtown Zone and is generally situated between Isabella Street to the North, Ruth Street to the West, Wheeler Avenue to the South and Austin Street to the East. As part of the agreement, RMC plans to construct and install certain public infrastructure and improvements which will significantly contribute to the economic improvement and development of the Midtown Zone. The construction of the initial phase of public improvements and the parking garage are completed. Midtown paid \$345,796 in December 2024 as payment of The Ion District Economic Development Agreement.

Additionally, the Authority made an additional payment on the Development Agreement with Caydon Houston Property LLC in the amount of \$700,683 in fiscal year 2025.

Midtown Redevelopment Authority Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business. The Statement of Net Position includes all of the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them presented as net position.

Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All the current year's revenues and expenses are accounted for in this statement, 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. 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Authority has five governmental funds.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with the similar information presented for governmental activities in the government-wide financial statements. Adjustments are provided to reconcile the government-wide statements to the fund statements. Explanations for the reconciling items are provided as part of the basic financial statements.

Midtown Redevelopment Authority Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

	2025	2024
Assets		
Cash, cash equivalents and investments	\$ 60,851,000	\$ 37,449,000
Tax increment receivables	2,004,000	24,791,000
Other receivables	352,000	371,000
Lease receivable	3,102,000	6,316,000
Property held for resale	24,285,000	28,196,000
Capital assets, net	134,915,000	138,291,000
Total assets	225,509,000	235,414,000
Liabilities		
Current liabilities	3,565,000	3,890,000
Other long-term liabilities	37,587,000	37,762,000
Loans and bonds payable – current	4,814,000	6,255,000
Loans and bonds payable – long-term	62,486,000	68,081,000
Total liabilities	108,452,000	115,988,000
Deferred inflow of resources	2,973,000	5,787,000
Net position		
Net investment in capital assets	92,756,000	92,301,000
Restricted	54,087,000	49,832,000
Unrestricted (accumulated deficit)	(32,759,000)	(28,494,000)
Total net position	\$ 114,084,000	\$ 113,639,000

Trust and operating cash accounts are invested in money market funds and local government investment pools (TexSTAR and LOGIC). All investments are stated at market value or amortized cost and are allowable under the Authority's investment policy and the Public Funds Investment Act.

Midtown Redevelopment Authority Management's Discussion and Analysis

Tax increments are based on calendar year taxes which are then received the next fiscal year. Tax increment receivables at June 30 were due to the Authority from the following:

	2025	2024
Houston Community College System (HCCS)	\$ 2,004,000	\$ 1,987,000
City of Houston (City)	-	12,358,000
Houston Independent School District (HISD)	-	10,446,000
Total tax increment receivables	\$ 2,004,000	\$ 24,791,000

The Authority is expecting to receive tax increment outstanding at June 30, 2025 in October 2025. The Authority received tax increments outstanding at June 30, 2024 in November 2024.

In 2025 and 2024, other receivables include amounts due from other entities under memos of understanding for reimbursement of shared services.

The Authority has various lease operations that are reported in accordance with GASB Statement No. 87. Accordingly, lease receivable and deferred inflow balances of approximately \$3,102,000 and \$2,973,000, respectively, were included in the Statement of Financial Position as of June 30, 2025 compared to approximately \$6,316,000 and \$5,787,000, respectively, as of June 30, 2024. The change was the result of current year payments received, an executed lease extension, and the cancellation of a lease during fiscal year 2025.

Property held for resale relates to the Authority's affordable housing land assemblage program. During fiscal year 2025, the Authority sold/granted 63 properties with a cost of approximately \$3.9 million.

The decrease in capital assets, net, primarily relates to depreciation expense of approximately \$3.6 million, partially offset by additions to capital assets of approximately \$245,000.

In 2025 and 2024, other long-term liabilities consist of a long-term liability of \$34.3 million to recognize the obligation to return a conveyed asset (a parking garage) back to a developer in December 2043 at the expected carrying value on that date. Additionally, at June 30, 2025 and 2024, there was approximately \$3.3 million and \$3.4 million, respectively, in unearned revenue related to the consideration paid upfront by the developer for the right to operate the parking garage for a period through December 2043.

The Authority's total long-term debt had a net decrease in fiscal year 2025 of approximately \$7.0 million as a result of repayments of loans and bonds (\$6.6 million), and amortization of bond premium (\$446,000).

The net decrease in current liabilities relates primarily to a decrease in developer reimbursements accrued of approximately \$701,000 due to timing of payments and invoices, as well as a decrease of approximately \$176,000 due to amortization of unearned revenue, offset by an increase of \$730,000 related to the annual municipal services fee to the City, which was to be paid after year-end in fiscal year 2025, and before year-end in fiscal year 2024.

Midtown Redevelopment Authority Management's Discussion and Analysis

Unrestricted net position represents that which can be used to finance day-to-day operations without the constraints established by debt covenants, enabling legislation, or other legal requirements. At June 30, 2025 and 2024, the Authority has an unrestricted deficit of \$32.8 million and \$28.5 million, respectively. The deficit occurs by the Authority using bond funds and loans to pay for eligible project plan costs in current years in anticipation of receiving tax increments in future years. The Authority had net position restricted for debt service in the amount of \$13.0 million and \$12.9 million at June 30, 2025 and 2024, respectively; net position restricted for affordable housing in the amount of \$41.1 million and \$37.0 million at June 30, 2025 and 2024, respectively; and net position restricted for capital projects in the amount of \$5.1 thousands and \$4.8 thousands at June 30, 2025 and 2024, respectively. The Authority's total net position restricted for affordable housing includes amounts invested in land held for resale totaling \$24.3 million and \$28.2 million at June 30, 2025 and 2024, respectively.

Statement of Activities

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

	2025	2024
Revenues		
Tax increments	\$ 19,264,000	\$ 27,117,000
Lease revenue	1,323,000	1,529,000
Capital grants and contributions	-	22,570,000
Investment and other revenues (losses)	(1,381,000)	1,886,000
Total revenues	19,206,000	53,102,000
Expenses		
Current	7,775,000	6,497,000
Interest on debt service	2,771,000	3,812,000
Capital outlay on behalf of the City of Houston	8,215,000	11,108,000
Total expenses	18,761,000	21,417,000
Change in net position	445,000	31,685,000
Net position - beginning of year	113,639,000	81,954,000
Net position - end of year	\$ 114,084,000	\$ 113,639,000

Midtown Redevelopment Authority Management's Discussion and Analysis

The City and HISD have agreed, subject to certain limitations, to deposit to the Tax Increment Fund established for the Authority, a certain percentage of tax collections arising from their respective taxation of the increase, if any, in the appraised value of real property located in the Zone since a designated base year. The base year for the original Zone is 1995, and the base year for the annexed area is 1999. HCCS began contributing to the Tax Increment Fund in 2009 (tax year 2008) upon execution of the Interlocal Agreement between the Authority, the Zone, HCCS and the City. The City remits tax increments collected by the City, HISD and HCCS on an annual basis.

Fiscal year 2025 other revenues (losses) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements of approximately \$885,000, income from investments of approximately \$1,748,000, interest revenue on leases of approximately \$107,000, \$290,000 received by the Authority to fund a public art project, and approximately \$50,000 of miscellaneous revenue. These were offset primarily by losses recorded on affordable housing properties sold to third parties during the year of approximately \$3,506,000, expenses related to the public art project of \$990,000, and a loss on the cancellation of a lease under which the Authority was a lessor of approximately \$366,000. Fiscal year 2024 other revenues (expenses) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements, as well as \$700,000 received by the Authority to fund a public art project. These were offset primarily by losses recorded on affordable housing properties sold to third parties during the year. Additionally, in fiscal year 2024, the Authority received a capital contribution of \$22.6 million related to the parking garage conveyed from developer Rice noted above, representing the difference between the acquisition value of the garage and the liability to return the garage to Rice, valued at the expected carrying amount of the garage at December 31, 2043.

Capital outlay on behalf of the City of Houston funded from loan and bond proceeds and tax increments totaled 44% and 52% of total expenses in fiscal year 2025 and 2024, respectively. More detailed information about the Authority's capital outlays is presented in the supplementary information – Schedule of Operating and Capital Expenditures.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

General Fund

At the end of the current fiscal year, the Authority's general fund reported an ending fund balance of approximately \$8.1 million, which is approximately \$2.4 million more than the prior fiscal year. Approximately 0.6% of the fund balance, or \$45,000, is related to leases and is considered nonspendable. Approximately 11% of the fund balances, or \$881,000, is restricted to various capital projects. Approximately 4%, or \$309,000, of the fund balance is committed to pay debt service. Approximately 85% of the fund balance, or \$6.8 million, is assigned or available for spending at the government's discretion provided expenditures are allowable by the Authority's project plan and other legal authorities.

Infrastructure and Project Fund

At the end of the current fiscal year, the Authority's infrastructure and project fund reported an ending fund balance of approximately \$16.6 million, which is approximately \$12.8 million more than the prior fiscal year. Approximately 27% of the fund balance, or \$4.5 million, is committed to various capital projects and developer and grant agreements entered into by the Authority. Approximately 73% of the fund balance, or \$12.1 million, is assigned or available for spending at the government's discretion provided expenditures are allowable by the Authority's project plan and other legal authorities.

Midtown Redevelopment Authority Management's Discussion and Analysis

Capital Projects Fund

At the end of the current fiscal year, the Authority's capital projects fund reported an ending fund balance of approximately \$5.1 thousand, which is similar to the prior fiscal year. The entirety of the fund balance is restricted for capital projects.

Affordable Housing Fund

At the end of the current fiscal year, the Authority's affordable housing fund reported an ending fund balance of approximately \$41.1 million, which is approximately \$4.1 million more than the prior fiscal year. Approximately 59% of the fund balance, or \$24.3 million, is related to properties owned for purposes of building affordable housing and is considered nonspendable. Approximately 0.2%, or \$85,000, is related to leases and is also considered nonspendable. Approximately 41% of the fund balance, or \$16.7 million, is restricted to affordable housing expenditures.

Debt Service Fund

At the end of the current fiscal year, the Authority's debt service fund reported an ending fund balance of approximately \$14.3 million, which is similar to the prior fiscal year. The entirety of the fund balance is restricted for debt service payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

As of this report, the Authority's fiscal year 2025 budget remains pending City Council approval. Pursuant to the Tri-Party Agreement, the Authority continues to operate under the approved fiscal year 2024 budget until City approval is secured. When finalized, the fiscal year 2025 budget will include funding for capital improvements, affordable housing initiatives, administration, and the Municipal Service Fee. For fiscal year 2025, the City has requested, and the Authority has budgeted, a Municipal Service Fee of \$781,263 to support incremental City services in Midtown.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2025, the Authority had approximately \$134.9 million, net of accumulated depreciation, invested in a broad range of capital assets including land, land improvements, buildings and furniture, equipment, donated works of art and a conveyed structure.

During 2025, the Authority continued with the construction of certain tenant improvements at the Operations Center. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

Midtown Redevelopment Authority Management's Discussion and Analysis

Debt Administration

As of June 30, 2025 and 2024, the Authority has three series of Tax Increment Contract Revenue Bonds totaling \$66,991,000 and \$71,728,000, respectively. A debt service reserve fund in the amount of \$14,302,294 is required based on an amount equivalent to the estimated annual debt service with the inclusion of Series 2017, 2020 and 2022 bonds.

Total loans outstanding at June 30, 2025 and 2024 were approximately \$309,000 and \$2,608,000, respectively.

The City limits the amount of debt that the Authority may incur. The current debt limitation that the City has approved for the Authority is \$98 million for the issuance of bonds and \$6 million for the issuance of notes, which are secured by tax increments paid by the City to the Authority pursuant to the Tri-Party Agreement.

Additional information on the Authority's long-term debt can be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the Authority's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Authority's Board of Directors sets the direction of the Authority, allocates its resources, and establishes its priorities.

In considering the budget for the 2026 fiscal year, the Board of Directors took into account the areas outlined in the 5 year Capital Improvement Plan, as well as estimated increases in property values which will result in increases to the annual increment.

FUTURE PROJECTS

Looking ahead, the Authority will continue to invest in infrastructure, mobility, public space, and housing initiatives that support the Midtown community's long-term growth and quality of life. Key projects anticipated for fiscal year 2026 and beyond include:

In partnership with The Goodman Corporation, the Authority will pursue federal, state, and local grants, including funding from the Federal Transit Administration, Texas Commission on the Arts, City of Houston Art Initiative Program, Houston-Galveston Area Council, and the Texas Department of Transportation. These resources will help advance large-scale public infrastructure, green space improvements, transit-oriented development, and public art installations.

The Authority has secured a \$1,562,000 FTA grant and \$179,000 Council District Service Funds (District D, CM Evans Shabazz) supporting mobility and pedestrian improvements along Cleburne Street and Caroline Street. No grant funds were expended in fiscal year 2025.

In coordination with the City of Houston, the Authority will use updated pavement condition data to prioritize and implement future asphalt overlays and repair and/or replace damaged sidewalks and accessibility ramps across Midtown's local street network. In fiscal year 2026, construction of street overlay and sidewalk improvements will begin on the following corridors: Isabella, Truxillo, Jackson, Chenevert, Hadley, Cleburne, and Caroline Streets.

Midtown Redevelopment Authority Management's Discussion and Analysis

Planning will continue for roadways, infrastructure, and pedestrian upgrades in the Southeast Midtown neighborhood. The project will also address local drainage challenges, particularly in areas south of Baldwin Park.

Planning will begin for roadway, infrastructure, and streetscape enhancements to the Alabama Street corridor between Spur 527 and Chenevert Street. The project will address mobility, infrastructure, and pedestrian improvements to create a comfortable and safe corridor to better accommodate growing mobility and infrastructure demands. The project is a partnership between the Authority and Houston Community College and is partially funded through a Federal Transit Administration ("FTA") grant.

Planning will begin for roadways, infrastructure, and streetscape enhancements to Webster Street between Bagby Street and Hamilton Street. The project will address mobility, infrastructure, and pedestrian improvements to create a comfortable and safe corridor to better accommodate growing mobility and infrastructure demands.

Implementation of the Urban Redevelopment Plan's recommended priority programs and incentives developed based on feedback gathered during Developer Engagement Workshops will continue in fiscal year 2026. The programs and incentives are intended to address barriers to development, increase awareness of available incentive programs, and explore new programs to encourage development in Midtown.

* * * * *

This financial report is designed to provide a general overview of the Midtown Redevelopment Authority's finances for all those with an interest in the government's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mathias Thibodeaux, Executive Director, 410 Pierce Street, Suite 355, Houston, Texas 77002.

Midtown Redevelopment Authority Statement of Net Position

	Primary Government
<i>June 30, 2025</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,146,717
Investments	23,221,999
Tax increment receivables	2,003,696
Other receivables	351,791
Restricted assets	
Cash and cash equivalents	8,677,889
Investments	17,803,959
Lease receivable	3,101,946
Property held for resale	24,285,349
Capital assets, net	134,914,836
Total assets	225,508,182
Liabilities	
Accounts payable	2,241,471
Interest payable	1,320,333
Retainage payable	3,500
Unearned revenue	3,256,646
Other long-term liabilities	34,329,667
Loans payable	
Due within one year	308,968
Bonds payable	
Due within one year	4,505,000
Due after one year	62,486,121
Total liabilities	108,451,706
Deferred Inflows of Resources	
Lease revenue	2,972,540
Total deferred inflows of resources	2,972,540
Net Position	
Net investment in capital assets	92,756,406
Restricted for	
Debt service	12,981,961
Affordable housing	41,099,580
Capital expenditures	5,063
Unrestricted (accumulated deficit)	(32,759,074)
Total net position	\$ 114,083,936

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

Midtown Redevelopment Authority
Statement of Activities

				Net (Expense) Revenue and Changes in Net Position
<i>For the year ended June 30, 2025</i>				
				Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental activities				
General government	\$ 18,760,634	\$ 2,208,101	\$ 290,000	\$ (16,262,533)
Total primary government	18,760,634	2,208,101	290,000	(16,262,533)
General revenues				
Tax increments				19,264,430
Investment income				1,748,200
Other revenues (losses)				(4,304,382)
Total general revenues				16,708,248
Change in net position				445,715
Net position, beginning of year				113,638,221
Net position, end of year				\$ 114,083,936

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

Midtown Redevelopment Authority Balance Sheet – Governmental Funds

<i>June 30, 2025</i>	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,969,918	\$ 176,799	\$ -	\$ -	\$ -	\$ 11,146,717
Investments	23,221,999	-	-	-	-	23,221,999
Tax increment receivables	2,003,696	-	-	-	-	2,003,696
Other receivables	351,791	-	-	-	-	351,791
Restricted assets						
Cash and cash equivalents	-	-	-	1,287,234	7,390,655	8,677,889
Investments	-	-	5,063	10,649,544	7,149,352	17,803,959
Lease receivable	544,088	-	-	2,557,858	-	3,101,946
Due to/from other funds	(22,104,720)	17,173,927	-	5,168,506	(237,713)	-
Property held for resale	-	-	-	24,285,349	-	24,285,349
Total assets	\$ 14,986,772	\$ 17,350,726	\$ 5,063	\$ 43,948,491	\$ 14,302,294	\$ 90,593,346
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 1,161,335	\$ 704,484	\$ -	\$ 375,652	\$ -	\$ 2,241,471
Unearned revenue	3,256,646	-	-	-	-	3,256,646
Total liabilities	4,417,981	704,484	-	375,652	-	5,498,117
Deferred inflows of resources						
Deferred tax increment revenue	2,003,697	-	-	-	-	2,003,697
Lease revenue	499,281	-	-	2,473,259	-	2,972,540
Total deferred inflows of resources	2,502,978	-	-	2,473,259	-	4,976,237
Fund balances						
Nonspendable	44,807	-	-	24,369,948	-	24,414,755
Restricted	881,250	-	5,063	16,729,632	14,302,294	31,918,239
Committed	308,968	4,493,895	-	-	-	4,802,863
Assigned	6,830,788	12,152,347	-	-	-	18,983,135
Total fund balances	8,065,813	16,646,242	5,063	41,099,580	14,302,294	80,118,992
Total liabilities, deferred inflows of resources and fund balances	\$ 14,986,772	\$ 17,350,726	\$ 5,063	\$ 43,948,491	\$ 14,302,294	\$ 90,593,346

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

Midtown Redevelopment Authority
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position

June 30, 2025

Total fund balance of governmental funds	\$ 80,118,992
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities, including conveyed assets, are not financial resources and therefore are not reported in the funds	134,914,836
Tax increment revenues are not available for current period expenditures therefore are deferred in the funds	2,003,697
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(1,323,833)
Long-term liabilities, including those related to public-private partnership arrangements, are not due and payable in the current period and therefore are not reported in the funds	(101,629,756)
<hr/>	
Net position of governmental activities	\$ 114,083,936

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

Midtown Redevelopment Authority
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds

<i>For the year ended June 30, 2025</i>	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total Governmental Funds
Revenues						
Tax increments	\$ 24,811,826	\$ -	\$ -	\$ 5,168,506	\$ 12,071,243	\$ 42,051,575
Investment income	1,040,545	-	236	360,103	347,316	1,748,200
Lease revenue	252,825	-	-	1,177,577	-	1,430,402
Other revenues (expenses)	269,644	-	-	(3,506,329)	-	(3,236,685)
Total revenues	26,374,840	-	236	3,199,857	12,418,559	41,993,492
Expenditures						
Current						
Administration and support	3,616,573	-	-	139,228	-	3,755,801
Municipal services cost agreement	730,000	-	-	-	-	730,000
Capital outlay	-	4,999,889	-	3,521,924	-	8,521,813
Debt service						
Principal payments	210,718	-	2,088,686	-	4,290,000	6,589,404
Arbitrage rebate	-	-	-	-	114,508	114,508
Interest charges	15,821	-	4,430	-	2,857,844	2,878,095
Total expenditures	4,573,112	4,999,889	2,093,116	3,661,152	7,262,352	22,589,621
Excess (deficiency) of revenues over (under) expenditures	21,801,728	(4,999,889)	(2,092,880)	(461,295)	5,156,207	19,403,871
Other Financing Sources (Uses)						
Internal transfers	(19,389,245)	17,842,847	2,093,115	4,606,187	(5,152,904)	-
Net other financing sources (uses)	(19,389,245)	17,842,847	2,093,115	4,606,187	(5,152,904)	-
Net change in fund balances	2,412,483	12,842,958	235	4,144,892	3,303	19,403,871
Fund balances, beginning of year	5,653,330	3,803,284	4,828	36,954,688	14,298,991	60,715,121
Fund balances, end of year	\$ 8,065,813	\$ 16,646,242	\$ 5,063	\$ 41,099,580	\$ 14,302,294	\$ 80,118,992

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

Midtown Redevelopment Authority
Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2025

Change in total fund balance of governmental funds	\$ 19,403,871
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital additions (total capital outlays of \$8,521,813 less capital outlays on behalf of the City of Houston of \$8,214,618)	245,177
Depreciation expense	(3,621,115)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,589,404
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	446,762
Tax increments collected in the current year and reported as revenues in the funds were recognized as revenues in previous years in the statement of activities	(22,787,145)
Some expenditures reported in the governmental funds are not reported as expenses in the statement of activities as they were reported when the liability was incurred, regardless of the timing of the related cash flow	168,761
Change in net position of governmental activities	\$ 445,715

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Midtown Redevelopment Authority (the Authority) is a local government corporation, incorporated on July 11, 1995 under the laws of the State of Texas, and operating under Chapter 431, Texas Transportation Code. The Authority was authorized by the City of Houston (the City) on June 28, 1995 to aid, assist and act on behalf of the City in the performance of the City's obligations with respect to Reinvestment Zone Number Two, City of Houston, Texas (Midtown TIRZ or Zone).

City of Houston Reinvestment Zone Number Two

Midtown TIRZ was created on December 14, 1994, under Chapter 311, Texas Tax Code (TIF Act), by the City, as a tax incremental reinvestment zone (TIRZ). The Midtown TIRZ originally consisted of 356 acres of the area known as Midtown. Of this total, 203 acres were designated for redevelopment during the life of the Midtown TIRZ (original area/Part A). In 1997, the City approved the addition of approximately 108 acres of land contiguous to the original zone (expanded area/Part B). In 1999, the City approved an additional six parcels of land, totaling approximately 153 acres that are contiguous to the original zone (expanded area/Part C) and in 2009, the City approved the enlargement of the Midtown TIRZ to include additional tracts of land immediately adjacent to the existing Zone which designated the Cultural District and the related facilities (expanded area/Part D). Part D consists of publicly owned land and is not presently taxed. Midtown TIRZ is authorized to provide new capital for public works and public improvements in Midtown. Midtown TIRZ provides a source of funding through the tax increments generated by redevelopment of the Midtown area. The area known as Midtown is generally located between the central business district of the City and the Texas Medical Center. During 2021, the City approved the extension of the life of the Zone until December 31, 2050.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements represent all the funds of the Midtown Redevelopment Authority. The Authority is a component unit of the City of Houston, Texas. Component units are legally separate entities for which the primary government is financially accountable. The City appoints voting Board Members and approves the Authority's budget. There are no separate legal entities that are a part of the Authority's reporting entity. In evaluating the Authority as a reporting entity, management has considered all potential component units in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification.

The accounting policies of the Authority conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Authority are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Authority does not have any component units or business-type activities.

Midtown Redevelopment Authority

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Tax increments and investment income not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. The Authority has five governmental funds: the general fund, the infrastructure and project fund, the capital projects fund, the affordable housing fund, and the debt service fund. The Authority does not have any proprietary or fiduciary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax increments are recognized as revenues in the year for which the related taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and proceeds from sale of capital assets are reported as other financing sources.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government which are used to implement the Authority's Project Plan and Reinvestment Zone Financing Plan (Project Plan).

The *Infrastructure and Project Fund* accounts for the construction of the Authority's capital projects from tax increments.

The *Capital Projects Fund* accounts for the construction of the Authority's projects funded with bond proceeds.

The *Affordable Housing Fund* accounts for the accumulation of financial resources for the payment of affordable housing projects.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of principal and interest on bonds issued by the Authority. Tax increments are used for the payment of principal and interest.

Budgetary Information

Budgetary Basis of Accounting

The Board adopted an unappropriated budget for the combined governmental funds of the Authority for the year ended June 30, 2024. The budget was approved by the Board in January 2025, but has not been approved by the City. The fiscal year 2025 budget for the Authority was not yet approved by the Board or the City. The Authority continued to operate under its board approved budget for fiscal year 2024 pursuant to Section VI of the Tri-Party Agreement between the City, the Authority and the Zone. As the budget is not legally adopted for the general fund, as defined by GASB, the budgetary comparison schedule is presented as supplementary information.

The unappropriated budget is based on projected tax increments revenues and is prepared according to the Authority's Project Plan. The budget may be amended during the year, as determined necessary, by the Board of Directors. After adoption, increases and decreases in the budget may be made upon Board of Director's and the City's approval. A review of revenues and expenditures compared to budget is provided monthly to the Board of Directors. The level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the fund level.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, and demand deposits held in banks with original maturities of three months or less from the date of acquisition.

Investments

Investments of the Authority consist of Texas Short Term Asset Reserve Program (TexSTAR) and Local Government Investment Cooperative (LOGIC), both local government investment pools created under the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR and LOGIC are administered by First Southwest Asset Management, Inc. and JPMorgan Chase Asset Management, Inc.

Investments for the Authority meet all the specified criteria in GASBSC Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the value of the Authority's position in the pool is equal to the value of the pooled shares.

Receivables and Payables

Tax Increment receivables – Amounts due from the Authority are recorded in the general fund for annual tax increments not collected before year-end. As of June 30, 2025, the Authority believes all tax increment receivables are fully collectible, and, accordingly, no allowance has been created.

Other receivables – Amounts due from the from other entities under memos of understanding are recorded in the general fund for reimbursement of shared services not collected before year-end. As of June 30, 2025, the Authority believes all other receivables are fully collectible, and, accordingly, no allowance has been created.

Lease receivables - The Authority's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the accompanying financial statements represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, the Authority has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds which are eliminated in the statement of net position.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and actions of the Board of Directors. Transfers between the funds are eliminated in the statement of activities.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Restricted Assets

Certain amounts of cash, cash equivalents and investments are restricted by revenue bond ordinances or enabling legislation. Restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Bond debt service accounts – Includes certain proceeds from issuance of tax increment bonds set aside for the repayment of bonds obligations as set forth in the bond indentures.

Affordable housing accounts – Includes certain proceeds from both annual tax increments and issuance of tax increment bonds restricted for affordable housing.

Capital project accounts – Includes certain proceeds from issuance of tax increment bonds set aside for capital projects.

Property Held for Resale

Property held for resale consists of properties that the Authority has acquired for affordable housing and other properties held for future mixed-use development and are not used in the Authority's operations. The Authority intends to sell, lease or otherwise convey the properties to third parties for future development. Any properties sold, leased or otherwise conveyed by the Authority, related to affordable housing, will have a deed restriction to ensure the properties will be used only for affordable housing.

Capital Assets

Capital assets, which include land, buildings and improvements, works of art and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at their acquisition value at the date of donation in accordance with GASB 72, *Fair Value Measurement and Application*.

Land and construction in progress are not depreciated. The other capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives (in years)
Works of art	3 - 25
Buildings and improvements	20 - 50
Equipment	3 - 5

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Public-Private Partnership Arrangements

Public-Private Partnership Arrangements (PPP), where the government retains control of the asset or service, are accounted for as unearned revenue initially, with revenue recognized over the term of the agreement as obligations are fulfilled. Assets and related liabilities are recorded in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority had no deferred outflows as of June 30, 2025.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two (2) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to tax increment revenue is only reported on the governmental funds balance sheet and represents receivables that were not collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflows related to leases are associated with amounts owed to the Authority, as lessor, by entities leasing the Authority's capital assets and are reported on the governmental funds balance sheet and on the statement of net position.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASBC Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The debt proceeds are reported as other financing sources. Premiums received on debt issuances and discounts on debt issuances as well as payment to refunded bond escrow agent, when applicable, are reported as other financing uses. The payments of principal and interest are reported as expenditures.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The Authority considers restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The Authority considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance as required under GASB No. 54. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of the governmental fund is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balance are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balance is restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's Board of Directors. The Authority's Board of Directors is the highest level of decision-making authority for the Authority that can, by adoption of a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the motion remains in place until a similar action is taken (the adoption of another motion) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Categories and Classification of Net Position and Fund Balance (Continued)

Assigned fund balance— Amounts that are constrained by the Authority's intent to be used for a specific purpose but do not meet the criteria to be classified as committed. This intent can be expressed by the Board of Directors through the budgetary process. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Tax increments revenue, interest earnings, and other revenue are reported as general revenues rather than as program revenues.

Tax increments – Tax increments represents a certain percentage of tax collections arising from their taxation of the increase, if any, in the appraised value of real property located in the Midtown TIRZ since January 1, 1995 for the original area and January 1, 1999 for the annexed area. The City, Houston Independent School District (HISD) and Houston Community College System (HCCS) have agreed to deposit to the established Tax Increment Fund no later than May 1st of each year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the useful lives and recoverability of capital assets, leases and the liability related to the obligation to convey an asset in the future.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September XX, 2025. See Note 5 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that became effective in the current year. The recently implemented statements are as follows:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosure*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement apply to the financial statements of all state and local governments.

The Authority adopted these Statements on July 1, 2024. The impact of the adoption was not considered material to the basic financial statements and primarily resulted in enhanced disclosures only.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement is to improve key components of the financial reporting model, such as 1) presentation of certain information in the management's discussion and analysis (MD&A) and its quality of the analysis, 2) requires a separate presentation of unusual or infrequent items, 3) requires the presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position to include a subtotal for operating income (loss) and noncapital subsidies before reporting other nonoperating revenues and expenses, 4) requires presentation of each major component unit financial information separately, and 5) requires budgetary comparison information (RSI) be presented as required supplementary information and also present (a) variances between original and final budget amounts and (b) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale, such as (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of June 30, 2025, the carrying amount of the Authority's deposits totaled \$19,284,606 and the bank balances totaled \$20,351,848. The Authority's deposits in excess of federal deposit insurance totaling \$4,372,529 were adequately collateralized by securities held by the pledging financial institution, while deposits totaling \$7,996,348 were uncollateralized. Uncollateralized deposits were transferred to investment accounts in July 2025. Custodial credit risk for deposits with financial institutions is the risk that in the event of the failure of a depository financial institution the Authority may not be able to recover deposits. The Authority's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits.

The Board of Directors has adopted and continues to amend and/or ratify annually a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act of 1997 (Chapter 2256, Texas Government Code). Such investments include (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies; (4) certificates of deposit; (5) local government investment pools; and (6) various other items that comply with the Public Funds Investment Act.

Investments that are obligations of or guaranteed by the U.S. Government do not require disclosure of credit quality. The Authority's investment in the TexSTAR and LOGIC funds are rated AAAM by Standard and Poor's and maintain a weighted average maturity of 60 days or less, with a maximum weighted average maturity of 13 months for any individual security. The Authority considers the investments in TexSTAR and LOGIC to have maturities of less than one year due to the fact the share position can unusually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value. As of June 30, 2025, the Authority held deposits of \$33,866,314 in LOGIC and \$7,159,644 in TexSTAR.

TexSTAR and LOGIC are specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The program seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools.

Under GASBC Section 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transactions amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Authority's access to 100 percent of their account value in either external investment pool.

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. In accordance with the Authority's investment policy, the Authority limits its exposure to interest rate risk by structuring its portfolio to provide safety and liquidity of funds while maximizing yields for operating funds not immediately needed. The investment policy limits the maximum maturity of any investment to three (3) years.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Authority's investment policy does not limit the amount of funds that may be invested in any authorized investment.

Certain amounts of deposits and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted amounts at June 30, 2025 are as follows:

	Cash and Cash Equivalents	Investments	Total
Trustee funds			
Debt service	\$ 7,390,655	\$ -	\$ 7,390,655
Debt service reserve fund	-	7,149,352	7,149,352
Project fund	-	5,063	5,063
Total trustee funds	7,390,655	7,154,415	14,545,070
Enabling legislation			
Affordable housing	1,287,234	10,649,544	11,936,778
Total restricted assets	\$ 8,677,889	\$ 17,803,959	\$ 26,481,848

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended June 30, 2025:

<i>For the year ended June 30, 2025</i>	Beginning Balance	Increases	Reclassifications	Decreases	Ending Balance
Capital assets, not being depreciated					
Land and improvements	\$ 13,948,063	\$ -	\$ -	\$ -	\$ 13,948,063
Construction in process	710,243	82,746	(710,243)	-	82,746
Capital assets, being depreciated					
Works of art	1,137,027	-	-	-	1,137,027
Buildings and improvements, including conveyed asset	140,894,518	162,431	710,243	-	141,767,192
Equipment	131,085	-	-	-	131,085
Total capital assets	156,820,936	245,177	-	-	157,066,113
Less: accumulated depreciation	(18,530,162)	(3,621,115)	-	-	(22,151,277)
Governmental activities - capital assets, net	\$ 138,290,774	\$ (3,375,938)	\$ -	\$ -	\$ 134,914,836

All property and equipment purchased by or donated to the Authority shall be the property of the Authority until the Zone is terminated. If the infrastructure is integrated in and used as a part of the City's infrastructure, it may be conveyed to the City.

Long-Term Debt and Liabilities

Development Agreement

During fiscal year 2024, the Authority was conveyed a garage from a developer which they are required to return to the developer on December 31, 2043. See Note 8 for further details regarding this long-term liability.

Loans Payable

In September 2013, the Authority refinanced a \$1,843,593 loan with a bank which was originally used to purchase the Houston Museum of African American Culture land and building. This loan was refinanced again in November 2020. The refinanced loan bears interest at 4.0%, requires monthly principal and interest payments totaling \$10,545 and matures in November 2025. The loan is secured by 4807 Caroline Street property. The loan has a due on demand clause. At June 30, 2025, the outstanding balance on the loan totaled \$308,968.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Loans Payable (Continued)

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

Balance at July 1, 2024	\$ 2,608,372
Additions	-
Retirements	(2,299,404)
<hr/>	
Balance at June 30, 2025	\$ 308,968
<hr/>	
Current portion, long-term debt	\$ 308,968
<hr/>	

Future minimum payments as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 308,968	\$ 5,149	\$ 314,117
<hr/>			
Total	\$ 308,968	\$ 5,149	\$ 314,117
<hr/>			

Tax Increment Contract Revenue Bonds

In January 2015, the Authority issued Tax Increment Contract Revenue Refunding Bonds Series 2015 (the 2015 Bonds) in the aggregate principal amount of \$13,705,000. The refunding was undertaken to refund the Tax Increment Contract Revenue Bonds Series 2005 (Series 2005) that was partially refunded with Series 2013 bonds as of June 30, 2014. Debt service on the refunded bonds of Series 2005 was paid in full on January 2, 2015. The Authority achieved a cash flow savings and an economic gain of \$1,332,618 as a result of the refunding.

The 2015 Bonds mature serially January 1, in each year 2016 through 2025. The 2015 Bonds are callable in whole or in part any date beginning January 1, 2025 at par. The 2015 Bonds bear interest between 2.0% and 5.0% annually and have semi-annual interest payments due on January 1 and July 1. These bonds fully matured during fiscal year 2025.

In January 2017, the Authority issued Tax Increment Contract Revenue Refunding Bonds Series 2017 (the 2017 Bonds) in the aggregate principal amount of \$39,310,000. The refunding was undertaken to obtain new money and partially refund the Tax Increment Contract Revenue Bonds Series 2011 (Series 2011). The Authority achieved a cash flow savings and an economic gain of \$42,201 as a result of the refunding.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Tax Increment Contract Revenue Bonds (Continued)

The 2017 Bonds mature serially January 1, in each year 2018 through 2038. The 2017 Bonds are callable in whole or in part any date beginning January 1, 2034 at par. The 2017 Bonds bear interest between 3.0% and 5.0% annually and have semi-annual interest payments due on January 1 and July 1 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,270,000	\$ 1,661,375	\$ 2,931,375
2027	430,000	1,597,875	2,027,875
2028	450,000	1,576,375	2,026,375
2029	470,000	1,553,875	2,023,875
2030	490,000	1,535,075	2,025,075
2031-2035	12,420,000	7,147,925	19,567,925
2036-2038	18,365,000	1,866,500	20,231,500
Total	\$ 33,895,000	\$ 16,939,000	\$ 50,834,000

In March 2020, the Authority issued Tax Increment Contract Revenue Refunding Bonds Series 2020 (the 2020 Bonds) in the aggregate principal amount of \$11,085,000. The refunding was undertaken to partially refund the Tax Increment Contract Revenue Bonds Series 2011 (Series 2011). The Authority achieved a cash flow savings and an economic gain of \$2,245,644 as a result of the refunding.

The 2020 Bonds mature serially January 1, in each year 2022 through 2033. The 2020 Bonds are callable in whole or in part any date beginning January 1, 2030 at par.

The 2020 Bonds bear interest between 3.0% and 5.0% annually and have semi-annual interest payments due on January 1 and July 1 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 755,000	\$ 317,800	\$ 1,072,800
2027	790,000	280,050	1,070,050
2028	830,000	240,550	1,070,550
2029	870,000	199,050	1,069,050
2030	915,000	155,550	1,070,550
2031-2033	3,005,000	212,200	3,217,200
Total	\$ 7,165,000	\$ 1,405,200	\$ 8,570,200

In October 2022, the Authority issued Tax Increment Contract Revenue Refunding Bonds Series 2022 (the 2022 Bonds) in the aggregate principal amount of \$22,510,000. The refunding was undertaken to refund the Tax Increment Contract Revenue Bonds Series 2013 (Series 2013). The Authority achieved a cash flow savings and an economic gain of \$2,169,734 as a result of the refunding.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Tax Increment Contract Revenue Bonds (Continued)

The 2022 Bonds mature January 1, in each year 2023 through 2033. The 2022 Bonds are callable in whole or in part any date beginning October 5, 2032 at par.

The 2020 Bonds bear interest of 2.98% annually and have semi-annual interest payments due on January 1 and July 1 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 2,480,000	\$ 666,972	\$ 3,146,972
2027	2,555,000	592,041	3,147,041
2028	2,635,000	514,845	3,149,845
2029	2,715,000	436,423	3,151,423
2030	2,795,000	353,200	3,148,200
2031-2033	8,895,000	543,045	9,438,045
Total	\$ 22,075,000	\$ 3,106,526	\$ 25,181,526

A summary of changes in tax increment contract revenue bonds follows:

Balance at July 1, 2024	\$ 67,425,000
Additions	-
Retirements	(4,290,000)
Balance at June 30, 2025	\$ 63,135,000
Current portion, long-term debt	\$ 4,505,000

Tax Increment Revenue Bonds at June 30, 2025 consist of the following:

Date Series Issued	Outstanding Balance
2017	\$ 33,895,000
2020	7,165,000
2022	22,075,000
Total principal payable	63,135,000
Unamortized premium and discount, net	3,856,121
Total bonds payable	\$ 66,991,121

The City of Houston limits the amount of debt that the Authority may incur. The current debt limitation that the City has approved for the Authority is \$98,000,000 for the issuance of bonds and \$6,000,000 for the issuance of notes, which are secured by tax increments paid by the City to the Authority pursuant to the Tri-Party Agreement.

Midtown Redevelopment Authority Notes to Financial Statements

Note 3: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total
Nonspendable						
Property held for resale	\$ -	\$ -	\$ -	\$ 24,285,349	\$ -	\$ 24,285,349
Leases	44,807	-	-	84,599	-	129,406
Restricted for						
Capital projects	881,250	-	5,063	-	-	886,313
Affordable housing	-	-	-	16,729,632	-	16,729,632
Debt service	-	-	-	-	14,302,294	14,302,294
Committed to						
Loan payments	308,968	-	-	-	-	308,968
Streetscapes and gateways	-	1,203,585	-	-	-	1,203,585
Parks	-	192,987	-	-	-	192,987
Developer and grant agreements	-	3,097,323	-	-	-	3,097,323
Assigned to						
FY 2026 CIP plan and budget	6,830,788	12,152,347	-	-	-	18,983,135
Total fund balances	\$ 8,065,813	\$ 16,646,242	\$ 5,063	\$ 41,099,580	\$ 14,302,294	\$ 80,118,992

Note 4: TAX INCREMENTS

The City, Houston Independent School District (HISD) and Houston Community College System (HCCS) (each a Participant) has agreed to deposit to the Tax Increment Fund established for the Midtown TIRZ (the Tax Increment Fund) a certain percentage of tax collections arising from their taxation of the increase, if any, in the appraised value of real property located in the Midtown TIRZ since January 1, 1995 for the original area and January 1, 1999 for the annexed area (the Tax Increments).

Each Participant is required to collect taxes on real property located within the Midtown TIRZ in the same manner as other taxes are collected by the Participant. The Participant is then required to pay into the Tax Increment Fund the Tax Increments, as agreed upon in accordance with such Participant's agreement with the City and the Midtown TIRZ (collectively, the Participation Agreements) by no later than the 90th day after the delinquency date for the Participant's property taxes. Thus, Tax Increments are due to be deposited in the Tax Increment Fund on May 1. The City has agreed to pay 100% of their Tax Increments to the Increment Fund. The City retains an administrative fee from the tax increments deposited in the Tax Increment Fund.

Midtown Redevelopment Authority Notes to Financial Statements

Note 4: TAX INCREMENTS (Continued)

HISD has agreed to pay collected Tax Increment arising from the Original Zone based on its then current tax rate and from the annexed areas based on a tax rate of \$0.96 per \$100 of value. The First Amendment of the interlocal agreement between the City, HISD and the Midtown TIRZ amends HISD participation and provides for provision of tax increment funds for the payment of education facilities project costs due to the annexation of additional area approved by the City of Houston Ordinance No. 1999-849 (annexed area). For the original area the HISD tax increment participation is the amount of taxes collected by HISD each year by levying a tax on property in the original area at the then current tax rate per \$100 valuation of the Captured Appraised Value. One third of the Tax Increment is attributable to affordable housing. Of the remaining two-thirds of the tax increment participation attributable to the original area: (a) beginning in the tax year commencing January 1, 2000, up to \$1,200,000 of taxes collected by HISD by levying a tax at a tax rate of \$0.64 per \$100 valuation on the Captured Appraised Value shall be for the payment of educational facilities project costs, (b) the amount of taxes collected by HISD by levying a tax at a tax rate of \$0.64 per \$100 valuation on the Captured Appraised Value in excess of \$1,200,000 shall be applied to the payment of non-educational facilities project costs, including administrative costs, and school support expenses, and (c) the remaining portion of the HISD tax increment participation attributable to the original area shall be for the payment of educational facilities project costs. HISD tax increment participation in the annexed area is the amount of taxes collected by HISD each year by levying at a tax rate of \$0.96 cents per \$100 of valuation on the Captured Appraised Value. One third of the Tax Increment is attributable for affordable housing, one-third for educational facilities project and one-third for non-educational facilities projects costs, including administrative costs and school support expenses. Under the provisions of the HISD interlocal agreement, taxes collected by HISD in any year on actual Captured Appraised Value that exceeds the estimate of Captured Appraised Value for that year shown in the Project Plan approved before September 1, 1999, shall be retained by HISD.

Beginning with tax year 2008, HCCS began to contribute 100% of the Tax Increments attributable to HCCS into the Tax Increment Fund. HCCS is not obligated to pay Tax Increments from any other source other than taxes collected on the Captured Appraised Value from the portion of taxes levied by HCCS for maintenance and operations. Initially, two-thirds of the HCCS Tax Increment, up to \$5,000,000, will be applied to project costs associated with streetscape improvements to the block faces that are contiguous to HCCS central campus. Thereafter, one-third of the HCCS Tax Increments will be applied to project costs in the general vicinity of HCCS central campus, one-third to any other eligible project costs, and the remaining one-third to affordable housing.

The Authority is dependent upon the Tax Increments. Default by any of the governmental entities involved in the Zone would impact the Authority's ability to repay its outstanding bonds, notes, developer agreements and other obligations. Pursuant to the interlocal agreement by and among the City, HISD, and the Zone, the participation of HISD will cease as of December 31, 2025.

The TIF Act under which the Midtown TIRZ presently operates requires that one-third of the Tax Increments be dedicated to providing affordable housing during the term of the Midtown TIRZ. The Authority agreed to this covenant in the Bond Resolution and Tri-Party Agreement and the Authority will continually comply with the requirements in the TIF Act, if any, relating to the provision of affordable housing during the term of the Midtown TIRZ.

The Tri-Party Agreement requires that any portion of the affordable housing component of Tax Increment, including interest, or bond proceeds derived from such increments, paid to the Authority that remains unexpended or uncommitted at the end of twelve months after being received by the Authority will, upon request, be paid to the City for their affordable housing program.

Midtown Redevelopment Authority Notes to Financial Statements

Note 4: TAX INCREMENTS (Continued)

The Authority's tax increment revenues, net of transfers, for the year ended June 30, 2025, as reflected in the Statement of Activities was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 12,792,256	\$ (639,613)	\$ 12,152,643
Houston Independent School District (Tax Year 2024 Set Aside)	9,554,418	(5,648,388)	3,906,030
Houston Independent School District	1,812,140	(610,080)	1,202,060
Houston Community College System	2,028,697	(25,000)	2,003,697
Total tax increments	\$ 26,187,511	\$ (6,923,081)	\$ 19,264,430

The Authority's tax increment revenues, net of transfers, for the year ended June 30, 2025, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston (Tax Year 2024)	\$ 12,792,256	\$ (639,613)	\$ 12,152,643
City of Houston (Tax Year 2023)	13,007,982	(650,399)	12,357,583
Houston Independent School District (Tax Year 2024)	1,812,140	(610,080)	1,202,060
Houston Independent School District (Tax Year 2023)	12,203,677	(1,757,528)	10,446,149
Houston Independent School District (Tax Year 2024 Set Aside)	9,554,418	(5,648,388)	3,906,030
Houston Community College System (Tax Year 2023)	2,012,110	(25,000)	1,987,110
Total tax increments	\$ 51,382,583	\$ (9,331,008)	\$ 42,051,575

Midtown Redevelopment Authority

Notes to Financial Statements

Note 5: LEASE REVENUE

The Authority accounts for leases in accordance with GASBC Section L20, *Leases*. The Authority's leasing operations consist of the leasing of office space and apartment units at the Operations Center, a kiosk at Bagby Park, and office space at HTC Building.

Operations Center: Office Space

The Authority leases office space to four tenants under operating leases which are non-cancellable and terminate no later than March 2029 with an option to extend to no later than November 2038. The leases call for monthly payments (fixed payments) that range from \$2,263 to \$22,799 with certain leases subject to annual escalations. Certain provisions of the leases provide for payment of a proportionate share of building's operating costs (variable non-lease component). During fiscal year 2025, one of the tenants terminated their lease, resulting in a loss of \$366,001 upon termination, which is included in other revenues (losses) in the accompanying financial statements.

Subsequent to year-end, an existing lease with monthly fixed payments of \$13,089 was terminated early, including a termination fee of \$163,580. Also subsequent to year-end, a new lease was entered into, with a sixty-three month term and monthly rent starting at \$14,243 per month, with an annual 3% escalation.

HTC Building: Office Space

The Authority leases office space to various tenants under operating leases which are non-cancellable and terminate no later than November 2025 with an option to extend to no later than October 2028. The leases call for monthly payments (fixed payments) that range from \$1,398 to \$4,000 with certain leases subject to annual escalations.

Bagby Park: Kiosk

The Authority leases a kiosk to a local restaurant to sell food and beverage under a non-cancellable operating lease with a lease term through June 2033, as modified during fiscal year 2025. The lease calls for monthly minimum payments of \$3,500 subject to \$100 annual escalation and additional rent of 6% of gross sales in excess of break-even point (variable lease payment), as defined in the lease agreement.

For the year ended June 30, 2025, payments are as follows:

	Fixed Payment	Interest Revenue	Variable Payment	Total
Operations Center: Office Space	\$ 412,326	\$ 86,937	\$ 583,072	\$ 1,082,335
HTC Building: Office Space	96,998	11,608	6,000	114,606
Bagby Park: Kiosk	42,279	8,927	39,462	90,668
	<u>\$ 551,603</u>	<u>\$ 107,472</u>	<u>\$ 628,534</u>	<u>\$ 1,287,609</u>

Midtown Redevelopment Authority Notes to Financial Statements

Note 5: LEASE REVENUE (Continued)

Lease receivable activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Cancellations	Reductions	Ending Balance
Operations Center: Office Space	\$ 5,819,386	\$ -	\$ (2,633,467)	\$ (628,061)	\$ 2,557,858
HTC Building: Office Space	270,459	-	-	(97,954)	172,505
Bagby Park: Kiosk	226,363	181,892	-	(36,672)	371,583
	<u>\$ 6,316,208</u>	<u>\$ 181,892</u>	<u>\$ (2,633,467)</u>	<u>\$ (762,687)</u>	<u>\$ 3,101,946</u>

Future fixed payments, including interest, due to the Authority under non-cancellable agreements are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2026	\$ 272,734	\$ 80,834	\$ 353,568
2027	262,811	71,952	334,763
2028	279,456	62,854	342,310
2029	223,168	54,426	277,594
2030	199,028	49,120	248,148
2031-2035	1,070,301	166,506	1,236,807
2036-2040	794,448	35,966	830,414
	<u>\$ 3,101,946</u>	<u>\$ 521,658</u>	<u>\$ 3,623,604</u>

The other leases of the Authority are short-term leases and, therefore, no lease receivable and deferred inflow of resources have been recognized from the apartment units at the Operations Center and certain office space at HTC building in accordance with GASB Statement No. 87. The Authority recognized lease revenue from short-term leases of \$142,793 for the year ended June 30, 2025.

Note 6: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters.

The Authority purchases separate commercial insurance coverage for property damage. Coverage for general liability claims is a maximum of \$1,000,000 per occurrence and \$2,000,000 annual aggregate. Coverage for excess liability claims is a maximum of \$5,000,000 per occurrence and annual aggregate. Coverage for hired car and non-ownership automobile liability claims are \$1,000,000 per claim with no aggregate limit. Coverage for the directors and officers is \$1,000,000 per claim with no annual limit. There have been no significant reductions in insurance coverage and no settlements.

Midtown Redevelopment Authority Notes to Financial Statements

Note 6: RISK MANAGEMENT (Continued)

The commercial insurance carried is a claims incurred policy for which the Authority is covered for claims originating against the Authority during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Authority has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended June 30, 2025.

Note 7: RELATED PARTIES

The Authority has an administrative contract with the Midtown Management District (the District) whereby the Authority provides administrative and management services to the District (see Note 8). The District and the Authority share the same Executive Director. The Authority provided services to the District amounting to approximately \$853,000 for the year ended June 30, 2025. At June 30, 2025, approximately \$279,000 was due to the Authority under this contract and is included in other receivables in the accompanying basic financial statements.

The Authority's Executive Director and Board Vice-Chairman are also members of the Midtown Improvement and Development Corporation (MIDCorp) Board of Directors. The Authority provides administrative and management services to MIDCorp under an administrative contract similar to that of the District. The Authority incurred approximately \$722,000 for the year ended June 30, 2025 related to the cost of MIDCorp's personnel and services provided to MIDCorp. These costs are included in T-0207 Operating of Zone and Project Facilities capital project. In addition, the Authority provides funding to MIDCorp annually based on executed operating agreements (See Note 8), of which approximately \$127,000 was due to MIDCorp as of June 30, 2025. In addition, as of June 30, 2025, approximately \$52,000 was due from MIDCorp related to reimbursable expenses.

Note 8: COMMITMENTS AND CONTINGENCIES

Houston Museum of African American Culture (HMAAC)

During fiscal year 2011, the Authority entered into an agreement with HMAAC (or the Museum) to purchase the land and building of the Museum and then lease back the property for an original term of three years. The agreement was amended in October 2012 and again in September 2013. The lease term has been extended through November 2020 and, beginning July 1, 2014, HMAAC is required to make monthly rent payments of \$13,700. Under the terms of the agreement, HMAAC has the option to purchase the property during the lease term at the amount equal to the outstanding principal and any accrued but unpaid interest on the Authority's loan for the property. HMAAC continues to occupy the property pursuant to the terms of the expired agreement; however, no rental payments have been received by the Authority.

Construction Contracts and Consultant Agreements

Engineering and construction contracts relating to construction-in-progress and other capital projects aggregated approximately \$1,397,000. These contracts will be paid in future period as work is performed. Payment will be made with bank loans, operating reserves, and Federal grants to be received. In addition, the Authority enters into agreements with various consultants to provide professional services each year.

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

Affordable Housing Operations Campus

The Affordable Housing Operations Campus (Operations Center) which consists of a 5-story building (Operations Campus), a 20-unit multi-family affordable housing development (Housing Development) and a parking garage was completed as of June 30, 2021. The project costs were incurred by the Authority through direct payment to vendors. The Authority was responsible for 80% of the project costs. Reimbursement for the remaining 20% of the project costs was obtained from the sale of the parking garage to Old Spanish Trail/Alameda Corridors Redevelopment Authority (OSTAC) for which a \$3 million down payment was received during 2021 and another \$3 million was received during fiscal year 2023 when the sale-lease back agreement was finalized and executed in October 2022. The lease calls for annual payments of \$1 with an initial term of 30 years commencing on October 28, 2022 and expiring on June 30, 2052.

Effective April 2021, the Authority, as owner, and CCPI, as operator, entered into a management agreement with NAI Partners to manage the Operations Campus. The Authority will be charged a management fee equal to the greater of 3% of gross revenue, as defined in the agreement, or \$3,500 per month for the term of this agreement. In addition, the Authority is obligated to reimburse NAI Partners certain expenses as outlined in the initial management services proposal or the approved annual budget thereafter. This agreement expired on March 31, 2023 and will continue to be automatically renewed on an annual basis thereafter unless terminated by the Authority or NAI Partners.

Effective February 2021, the Authority entered into a management agreement with StressFree Property Solutions to manage and lease the Housing Development. The Authority will be charged a management fee of \$1,200 per month for the term of this agreement. In addition, the Authority will be charged a leasing fee for new tenants that will range from 50% to 75% of the base rent and a renewal fee for renewed tenants of \$250. This agreement expired on February 28, 2022 and will continue to be automatically renewed on a monthly basis thereafter unless terminated by the Authority or StressFree Property Solutions.

The Center for Civic and Public Policy Improvement Agreement

In July 2018, the Authority entered into an Initiative Services Agreement with The Center for Civic and Public Policy Improvement (CCPI) for the coordination, implementation and administration of a comprehensive plan to address the development of affordable housing in the target area, as defined in the Agreement (Affordable Housing Plan). In January 2021, an Amended and Restated Affordable Housing Initiative Services Agreement with CCPI was approved by the Authority's Board for the continuation of services. The Agreement provides for a three (3) year extension with an increased scope of services and increased performance metrics and reporting requirements. This agreement expired on December 31, 2023 and will continue to automatically be renewed on a monthly basis thereafter unless terminated by the Authority or CCPI.

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

Pearl Midtown ROW and Pearl Rosemont ROW Development Agreements

In 2017, the Authority entered into a Development Agreement with Pearl Residences at Midtown Owner, LLC. (Pearl Residences) for reimbursement of up to \$3.8 million of eligible project costs related to the Pearl Midtown ROW project. This agreement was executed contemporaneously with a development agreement entered into by the Authority with Helena – Dew Holdings, LLC (Helena - Dew) for reimbursement of up to \$1.4 million of eligible project costs related to the Pearl Rosemont ROW project. Reimbursement to each developer, Pearl Residences and Helena – Dew, will occur over 9 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project and execution of a maintenance agreement. As the Pearl Midtown ROW project was completed in October 2019 and the maintenance agreement was executed in February 2020, the reimbursement related to the Pearl Midtown ROW project commenced in fiscal year 2021 with a payment of \$466,694 followed by a second payment of \$529,491 in fiscal year 2022, and a third payment of \$539,394 in fiscal year 2023. The fourth payment of approximately \$565,000, which was originally scheduled to be paid in November 2024, is still outstanding as of June 30, 2025 and has been included in accounts payable in the accompanying basic financial statements. The Authority is working with the developer to cure an event of default by the developer before any future payments are made under the agreement.

“The Ion District” Development Agreement

In 2022, the Authority entered into a Development Agreement with Rice University, acting by and through Rice Management Company (Rice) for reimbursement of up to \$65 million of eligible project costs related to an innovation hub (the Ion), and other public infrastructure and improvements (phase I and II), including a parking garage in connection with “The Ion District” development. The parking garage, once completed, will be conveyed to the Authority and operated and maintained by Rice. Reimbursement commences after completion of the Ion, completion of each phase of the other infrastructure and improvements and completion of the parking garage and conveyance to the Authority. Reimbursement of Phase II of the other infrastructure and improvements can commence after completion of each sub-phase of Phase II, as defined in the development agreement. The Authority has the right to terminate this agreement if Rice does not complete the phase II of this project on or before December 31, 2035. As the Ion was completed in April 2021 and the maintenance agreement was executed in September 2022, the reimbursement related to the Ion project commenced in fiscal year 2023 with a payment of \$392,714, followed by a payment of \$331,582 in fiscal year 2024, and a payment of \$345,796 in fiscal year 2025. Subsequent annual reimbursement from available tax increment are due by November 1 of each year through December 31, 2044. Other public infrastructure and improvements (Phase I and II) are still under construction as of June 30, 2025, except for the parking garage which was completed during fiscal year 2024. Tax increment reimbursements related to the completion of the garage will commence in calendar year 2025 (fiscal year 2026).

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

“The Ion District” Development Agreement (Continued)

In accordance with the “The Ion District” development agreement, ownership of the parking garage was conveyed to the Authority on March 8, 2024 upon completion of construction. Immediately following the conveyance of the parking garage, the Authority entered into a Parking Management Agreement (the management agreement) that qualifies as a Public-Private Partnership Arrangement under GASB Statement No. 94, *Public-Private and Public Partnerships and Availability Payment Arrangements*. The conveyed parking garage (conveyed asset) was recognized as part of the Authority’s capital assets at its fair value of \$56,900,000 with a corresponding liability of \$34,329,667 measured at the estimated carrying value of the conveyed asset as of the termination date of the management agreement. The difference between the conveyed asset and the corresponding liability of \$22,570,333 was recorded as a capital grant in fiscal year 2024. Pursuant to the terms of the management agreement, Rice will operate and maintain the garage, collect all parking fees and manage the day-to-day operations through December 31, 2043. As part of the management agreement, Rice provided upfront payments in 2024 totaling \$3,491,359 in exchange for the right to operate the parking during the agreement term. These upfront payments represent the total consideration for the management rights and has been recognized as unearned revenue in the accompanying financial statements. The unearned revenue is being amortized on a straight-line basis over the term of the agreement. For the year ended June 30, 2025, the Authority recognized revenue of \$176,035 related to this agreement which has been recorded as other revenue in the accompanying financial statements.

Grant Agreement with Bloomberg Family Foundation, Inc.

In 2024, the Authority was awarded a \$1,000,000 grant from the Bloomberg Family Foundation, Inc. (Bloomberg) to support temporary public art projects in the City. In fiscal year 2025, the Authority entered into an assignment agreement with the District under which the Authority transferred and assigned all of the Authority’s responsibilities under the grant agreement to the District. In addition, the assignment agreement also transferred all funds received under the agreement by the Authority to the District to be used in accordance with the program budget agreed upon with Bloomberg. As of June 30, 2025, the Authority has received \$990,000 under this grant, of which \$290,000 was received during fiscal year 2025 and is included in operating grants revenue in the accompanying basic financial statements. The remaining \$10,000 of the grant will be available in future periods contingent upon the Authority meeting certain eligibility criteria outlined in the grant agreement.

Grant Agreement with Houston Endowment

In fiscal year 2025, the Authority was awarded and received a \$200,000 grant from Houston Endowment, Inc. to support public art projects in the City. Also in fiscal year 2025, the Authority transferred and assigned all of the Authority’s responsibilities under the grant agreement to the District. In addition, the assignment agreement also transferred all funds received under the agreement by the Authority to the District to be used in accordance with the program budget agreed upon with Houston Endowment, Inc.

Administrative Agreement

The Authority has a memorandum of understanding with Fourth Ward Redevelopment Authority (Fourth Ward) and Midtown Management District (the District) whereby the Authority provides office space, certain equipment and certain staff services to Fourth Ward and the District. The Authority invoices these entities on a quarterly basis for reimbursement of costs incurred under the agreements.

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

Midtown Improvement and Development Corporation

The Authority and MIDCorp entered into an operating agreement effective July 1, 2015. Under this agreement, MIDCorp will operate, manage, maintain and preserve the Park Facilities pursuant to the terms of the agreement. The Park Facilities include Bagby Park, Midtown Park and the parking facility under Midtown Park. Revenue from these facilities is remitted to or retained by MIDCorp to support its operations. The term of the agreement is 40 years with automatic renewal and extension for two consecutive 20 year periods. Under the agreement, the Authority will pay an annual maintenance fee of \$250,000 per year for the first two years, then in each year thereafter, an amount not to exceed \$500,000 based on MIDCorp's annual operating budget. Certain credits are applied towards the annual maintenance fee based on excess of facilities revenues. In addition, the Authority will pay \$50,000 per year for 10 years to be applied to the Renewal and Replacement Fund.

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Supplementary Information

Midtown Redevelopment Authority Budgetary Comparison Schedule – All Funds

For the year ended June 30, 2025

	Original and Final Budgeted Amounts *	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 43,967,440	\$ 60,715,121	\$ 16,747,681
Resources			
Incremental property tax revenue	34,203,685	51,382,583	17,178,898
Grant proceeds	23,270,000	290,000	(22,980,000)
Miscellaneous revenue (expense)	673,000	(2,096,283)	(2,769,283)
Other interest income	1,705,700	1,748,200	42,500
Total available resources	103,819,825	112,039,621	8,219,796
Expenses			
Maintenance and operations	4,150,000	3,616,573	(533,427)
Project costs and capital expenditures	9,124,360	7,614,562	(1,509,798)
Developer/project reimbursements	2,452,000	1,046,479	(1,405,521)
Special projects as determined by the COH	125,000	-	(125,000)
Debt service	8,920,909	9,582,007	661,098
Other interfund transfers:			-
HISD educational facilities	6,410,806	8,015,996	1,605,190
Municipal services - public safety	729,504	659,504	(70,000)
Municipal services - quality of life	544,496	70,496	(474,000)
Administrative fees	675,399	1,315,012	639,613
Total expenses	33,132,474	31,920,629	(1,211,845)
Budgetary fund balance - end of year	\$ 70,687,351	\$ 80,118,992	\$ 9,431,641

* Budgeted amounts are based on the 2024 budget approved by the Authority's board of directors as the 2025 budget has not been approved by the Authority's board of directors or the City.

Midtown Redevelopment Authority Budgetary Comparison Schedule – All Funds (Continued)

For the year ended June 30, 2025

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 112,039,621
differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(60,715,121)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(9,331,008)

Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 41,993,492
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 31,920,629
differences - budget to GAAP:	
Budgeted expenditures include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(9,331,008)

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 22,589,621
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Midtown Redevelopment Authority Schedule of Operating and Capital Expenditures

For the year ended June 30, 2025

Management Consulting Services	Vendor	Budget *	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)	n/a	\$ 530,000	\$ 611,801	\$ (81,801)
Office Expenses	n/a	572,000	522,428	49,572
Midtown Management District	n/a	1,333,000	852,518	480,482
Fourth Ward Redevelopment Authority	n/a	40,000	32,653	7,347
Insurance	The Hartford, RLI Insurance Company, United National Insurance Agency	850,000	761,731	88,269
Accounting	The Morton Accounting Services	200,000	166,429	33,571
Auditor - Financial	Carr, Riggs & Ingram, LLC	50,000	47,000	3,000
	Hilltop Securities Inc., Masterson Advisors, LLC, Bank of New York Mellon			
Bond Services/Trustee		43,000	13,508	29,492
Total Administration and Overhead		3,618,000	3,008,068	609,932
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP, Burney & Foreman	415,000	541,855	(126,855)
Engineering consultants	IDS Engineering Group	95,000	66,650	28,350
Construction Audits	Carr, Riggs & Ingram, LLC	22,000	-	22,000
Total Program and Project Consultants		532,000	608,505	(76,505)
Total Management Consulting Services		\$ 4,150,000	\$ 3,616,573	\$ 533,427
Capital Expenditures	Vendor	Budget	Actual Expenditures	Variance
T-0207 Operating of Zone and Project Facilities Construction/maintenance	MIDCorp	\$ 1,914,235	\$ 1,999,525	\$ (85,290)
Total Operating of Zone and Project Facilities		1,914,235	1,999,525	(85,290)
T-0203 Entry Portals	Earthfirst, Middleton Brown, LLC	109,806	9,311	100,495
T-0204 Enhanced Street Lights	COH, Centerpoint Energy	1,064	203,667	(202,603)
T-0214 Caroline Streets @ HCCS (Elgin to Holman)	HVJ Associates, Elite Construction and Engineering SVCS, Gulf Coast Pavers, SMC Landscape Services	39,807	96,952	(57,145)
T-0225 Mobility and Pedestrian Improvements				
Design	The Goodman Corporation, Gauge Engineering	279,644	149,863	129,781
Other		15,300	-	15,300
Total Mobility and Pedestrian Improvements		294,944	149,863	145,081

Midtown Redevelopment Authority Schedule of Operating and Capital Expenditures (Continued)

For the year ended June 30, 2025

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0220 Affordable Housing:				
Other professionals	Various	\$ 1,801,407	\$ 1,352,438	\$ 448,969
	Vergel Gay & Associates, LLC, D.E.			
	Harvey Builders, Ryland Enterprise			
	Inc., Smith & Company Architects,			
Build-Out	Inc.	719,178	138,413	580,765
CCPPI	CCPPI	1,429,000	1,429,000	-
Maintenance	Various	1,089,410	741,301	348,109
Total Affordable Housing		5,038,995	3,661,152	1,377,843
T-0221 Midtown Park:				
	Walter P. Moore, MIDCorp, Williams			
Construction and management	Scotsman Inc., Jose Portillo	45,249	182,606	(137,357)
Other	Wulfe & Co.	40,800	47,611	(6,811)
Total Midtown Park		86,049	230,217	(144,168)
T-0222 Street Overlay Program	The Goodman Corporation, Walter P. Moore	11,704	46,106	(34,402)
T-0224 HTC Building Maintenance	Various	259,844	543,838	(283,994)
T-0233 Parking Garage - Midtown Park				
Equipment	Walter P. Moore	60,554	15,393	45,161
Other	Bracewell LLP	36,898	77,118	(40,220)
Total Parking Garage - Midtown Park		97,452	92,511	4,941
T-0234 Parks and Open Spaces				
Design	Design Workshop, Inc. OJB	55,994	164,771	(108,777)
Construction	Lion Heart	101,818	73,727	28,091
Total Parks and Open Spaces		157,812	238,498	(80,686)
T-0236 Bagby Park		112,977	-	112,977
T-0239 Brazos Street Reconstruction				
	Walter P. Moore, The Goodman			
Design	Corporation	253,399	39,926	213,473
Other		10,000	-	10,000
Total Brazos Street Reconstruction		263,399	39,926	223,473

Midtown Redevelopment Authority
Schedule of Operating and Capital
Expenditures (Continued)

For the year ended June 30, 2025

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0240 Real Estate Development	Lion Heart	\$ -	\$ 48,587	\$ (48,587)
T-0248 Tuam Street	Jeffrey E. Segura	736,272	300	735,972
T-0249 Pearl Market Place (Developer Agreement)	Pearl Residences	565,000	-	565,000
Caydon Developer Agreement	Caydon Houston Property LP	1,555,000	700,683	854,317
Rice-Ion Developer Agreement	William Marsh Rice U	332,000	345,796	(13,796)
General CIP:				
Other Consultants	Equi-Tax, Inc.	-	5,800	(5,800)
Other Consultants	Walter P. Moore	-	72,676	(72,676)
Other Professional Services	Various	-	175,633	(175,633)
Total General CIP		-	254,109	(254,109)
Total Capital Expenditures		\$ 11,576,360	\$ 8,661,041	\$ 2,915,319

* Budgeted amounts are based on the 2024 budget approved by the Authority's board of directors and the City as the 2025 budget has not been approved by the Authority's board of directors.

Midtown Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period December 29, 1995 (Date of Inception) through June 30, 2025

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2024	Actual Expenditures for the Year Ended June 30, 2025	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2025	Variance to Budget
Non-Educational Project Costs					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	\$ 164,063,856	\$ 44,528,978	\$ 941,652	\$ 45,470,630	\$ 118,593,226
Streetscape and gateways	70,773,654	43,060,761	305,511	43,366,272	27,407,382
Public infrastructure	77,000,000	55,169,363	2,821,215	57,990,578	19,009,422
Total infrastructure improvements	311,837,510	142,759,102	4,068,378	146,827,480	165,010,030
Other project costs:					
Real property assembly	25,533,106	16,538,754	596,855	17,135,609	8,397,497
Professional services	11,966,225	8,460,828	254,109	8,714,937	3,251,288
Historic preservation	10,139,992	139,992	-	139,992	10,000,000
Parks and recreational facilities	53,903,004	31,286,918	693,482	31,980,400	21,922,604
Safety and security infrastructure	1,576,282	-	-	-	1,576,282
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	16,633,276	6,061,854	15,823	6,077,677	10,555,599
Total other project costs	124,145,841	62,488,346	1,560,269	64,048,615	60,097,226
Affordable housing	294,840,659	156,290,311	3,661,152	159,951,463	134,889,196
Financing costs (b)	95,507,011	79,958,053	2,751,101	82,709,154	12,797,857
Zone administration	50,286,136	22,894,786	2,122,897	25,017,683	25,268,453
Educational Project Costs					
Education project costs	83,770,000	91,397,169	6,233,467	97,630,636	(13,860,636)
Total project plan	\$ 960,387,157	\$ 555,787,767	\$ 20,397,264	\$ 576,185,031	\$ 384,202,126

(a) Expenditures for the life of the Zone as provided in the Project and Financing Plan. This includes expenditures for both original and annexed areas in the Zone. Line item amounts may be adjusted with approval of the City and the Zone Board of Directors as long as the total costs do not exceed \$960,387,157. The Budgeted Expenditures are reported based on the Authority's 7th Amendment to the Project and Financing Plan that was approved by City Council in December 2020.

(b) Amount expended for the year ended June 30, 2025, does not include the repayment of bond and note principal payments in the amount of \$6,589,404.

Midtown Redevelopment Authority Schedule of Properties Held – Land Held for Resale

June 30, 2025

Total Value

Purchased properties - affordable housing:

MRA 001	\$ -
MRA 002	-
MRA 003	-
MRA 004	-
MRA 005	-
MRA 006	-
MRA 007	-
MRA 008	36,702
MRA 009	40,483
MRA 010	-
MRA 011	-
MRA 012	-
MRA 013	-
MRA 014	-
MRA 015	22,845
MRA 016	73,528
MRA 017	49,169
MRA 018	79,183
MRA 019	-
MRA 020	40,955
MRA 021	131,786
MRA 022	46,974
MRA 023	22,421
MRA 024	38,492
MRA 025	59,313
MRA 026	49,826
MRA 027	55,871
MRA 028	50,289
MRA 029	50,239
MRA 030	82,780
MRA 031	64,756
MRA 032	49,792
MRA 033	-
MRA 034	-
MRA 035	54,351
MRA 036	61,128
MRA 037	69,942
MRA 038	28,402
MRA 039	149,920
MRA 040	-
MRA 041	51,960
MRA 042	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 043	\$ 97,118
MRA 044	143,750
MRA 045	76,627
MRA 046	66,995
MRA 047	47,201
MRA 048	-
MRA 049	44,898
MRA 050	-
MRA 051	25,944
MRA 052	-
MRA 053	46,881
MRA 054	-
MRA 055	-
MRA 056	-
MRA 057	51,615
MRA 058	-
MRA 059	60,907
MRA 060	52,078
MRA 061	75,904
MRA 062	-
MRA 063	-
MRA 064	-
MRA 065	131,406
MRA 066	56,788
MRA 068	-
MRA 069	120,466
MRA 071	46,664
MRA 072	49,840
MRA 073	539,513
MRA 075	123,670
MRA 076	82,100
MRA 077	-
MRA 078	46,584
MRA 079	-
MRA 081	-
MRA 082	-
MRA 084	-
MRA 085	-
MRA 086	64,458
MRA 087	41,963
MRA 088	75,056
MRA 089	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 092	\$ -
MRA 093	58,694
MRA 094	54,141
MRA 095	-
MRA 096	112,485
MRA 097	-
MRA 098	-
MRA 099	59,613
MRA 100	-
MRA 101	-
MRA 102	51,881
MRA 103	49,211
MRA 104	68,243
MRA 105	-
MRA 106	-
MRA 107	-
MRA 108	99,863
MRA 109	33,432
MRA 110	109,552
MRA 111	79,296
MRA 112	-
MRA 113	63,951
MRA 114	77,641
MRA 115	-
MRA 116	56,824
MRA 117	-
MRA 118	-
MRA 119	43,900
MRA 120	466,009
MRA 121	93,114
MRA 122	67,347
MRA 123	52,019
MRA 124	45,015
MRA 125	46,632
MRA 126	46,937
MRA 127	52,803
MRA 128	52,147
MRA 129	52,745
MRA 130	52,560
MRA 131	53,970
MRA 132	55,800
MRA 133	55,800
MRA 134	55,705

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 135	\$ 55,705
MRA 136	-
MRA 137	-
MRA 138	109,315
MRA 139	-
MRA 140	54,715
MRA 141	61,890
MRA 142	-
MRA 143	45,890
MRA 144	-
MRA 145	-
MRA 146	-
MRA 148	45,923
MRA 149	69,704
MRA 150	-
MRA 151	-
MRA 152	-
MRA 153	-
MRA 154	49,645
MRA 155	50,140
MRA 156	55,890
MRA 157	44,965
MRA 158	38,905
MRA 159	45,674
MRA 160	-
MRA 161	-
MRA 162	-
MRA 163	-
MRA 164	-
MRA 165	-
MRA 166	53,570
MRA 167	58,518
MRA 168	128,835
MRA 169	214,131
MRA 170	-
MRA 171	-
MRA 172	111,029
MRA 173	75,435
MRA 174	-
MRA 175	72,853
MRA 176	140,837

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 177	\$ -
MRA 178	53,003
MRA 179	-
MRA 180	98,491
MRA 181	-
MRA 182	-
MRA 183	-
MRA 184	48,407
MRA 185	-
MRA 186	-
MRA 187	43,125
MRA 188	61,635
MRA 189	-
MRA 190	-
MRA 191	-
MRA 192	43,203
MRA 193	53,203
MRA 194	-
MRA 195	142,927
MRA 196	-
MRA 197	40,882
MRA 198	52,832
MRA 199	61,481
MRA 200	71,680
MRA 211	58,150
MRA 212	-
MRA 213	53,137
MRA 214	-
MRA 215	-
MRA 216	48,322
MRA 217	-
MRA 218	49,322
MRA 219	52,312
MRA 220	48,322
MRA 221	-
MRA 222	110,019
MRA 223	-
MRA 224	41,072
MRA 225	-
MRA 226	61,725
MRA 227	-
MRA 228	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 229	\$ -
MRA 230	34,177
MRA 231	-
MRA 232	-
MRA 233	-
MRA 234	-
MRA 235	-
MRA 236	156,107
MRA 237	113,557
MRA 238	-
MRA 239	58,150
MRA 240	-
MRA 241	-
MRA 242	53,567
MRA 243	43,251
MRA 244	53,572
MRA 245	-
MRA 246	102,856
MRA 247	-
MRA 248	-
MRA 249	58,572
MRA 250	-
MRA 251	409,461
MRA 252	-
MRA 253	61,887
MRA 254	58,572
MRA 255	100,282
MRA 256	-
MRA 257	44,602
MRA 258	-
MRA 259	64,572
MRA 260	-
MRA 261	53,572
MRA 262	164,771
MRA 263	298,007
MRA 264	-
MRA 265	-
MRA 266	38,447
MRA 267	-
MRA 268	56,052
MRA 269	63,897

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 270	\$ 50,472
MRA 271	311,464
MRA 272	-
MRA 273	231,350
MRA 274	52,146
MRA 275	41,572
MRA 276	105,072
MRA 277	-
MRA 278	-
MRA 279	141,072
MRA 280	82,298
MRA 281	-
MRA 282	19,572
MRA 283	-
MRA 284	-
MRA 285	-
MRA 286	-
MRA 287	-
MRA 288	-
MRA 289	36,902
MRA 290	56,938
MRA 291	92,664
MRA 292	112,688
MRA 293	-
MRA 294	-
MRA 295	-
MRA 296	63,424
MRA 297	56,872
MRA 298	-
MRA 299	-
MRA 300	-
MRA 301	-
MRA 302	-
MRA 303	-
MRA 304	-
MRA 305	-
MRA 306	90,922
MRA 307	-
MRA 308	129,598
MRA 309	63,668
MRA 310	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 311	\$ 59,018
MRA 312	-
MRA 313	44,418
MRA 314	-
MRA 315	58,142
MRA 316	-
MRA 317	59,518
MRA 318	-
MRA 319	69,414
MRA 320	-
MRA 321	45,810
MRA 322	58,338
MRA 323	115,618
MRA 324	58,211
MRA 325	-
MRA 326	58,868
MRA 327	87,418
MRA 328	-
MRA 329	34,343
MRA 330	-
MRA 331	57,382
MRA 332	-
MRA 333	182,963
MRA 334	-
MRA 335	56,959
MRA336	-
MRA 337	-
MRA 338	56,518
MRA 339	-
MRA 340	50,713
MRA 341	-
MRA 342	-
MRA 343	-
MRA 344	-
MRA 345	53,118
MRA 346	-
MRA 347	-
MRA 348	-
MRA 349	508,500
MRA 350	57,444
MRA 351	63,043

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 352	\$ -
MRA 353	-
MRA 354	-
MRA 355	51,163
MRA 356	-
MRA 366	-
MRA 367	142,138
MRA 368	65,314
MRA 369	-
MRA 370	-
MRA 371	268,053
MRA 372	69,681
MRA 373	59,426
MRA 374	59,426
MRA 375	-
MRA 376	59,963
MRA 377	-
MRA 378	69,418
MRA 379	-
MRA 380	287,349
MRA 381	283,031
MRA 382	-
MRA 383	59,010
MRA 384	94,038
MRA 385	-
MRA 386	48,537
MRA 387	69,651
MRA 388	65,663
MRA 389	-
MRA 390	-
MRA 391	-
MRA 392	64,663
MRA 393	65,963
MRA 394	-
MRA 395	66,926
MRA 396	-
MRA 397	22,901
MRA 398	-
MRA 399	-
MRA 400	74,713
MRA 401	228,478

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 402	\$ -
MRA 403	-
MRA 404	-
MRA 405	102,038
MRA 406	52,351
MRA 407	32,091
MRA 408	75,463
MRA 409	-
MRA 410	186,257
MRA 411	-
MRA 412	-
MRA 413	-
MRA 414	-
MRA 415	139,578
MRA 416	-
MRA 417	-
MRA 418	89,071
MRA 419	-
MRA 420	156,838
MRA 421	78,679
MRA 422	-
MRA 423	68,219
MRA 424	1,004,453
MRA 425	91,801
MRA 426	78,476
MRA 427	-
MRA 428	78,476
MRA 429	78,476
MRA 430	62,613
MRA 431	24,993
MRA 432	-
MRA 433	-
MRA 434	67,401
MRA 435	-
MRA 436	76,789
MRA 437	-
MRA 438	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 439	\$ 2,035,977
MRA 440	-
MRA 441	154,038
MRA 442	-
MRA 443	-
MRA 444	-
MRA 445	99,354
MRA 446	-
MRA 447	-
MRA 448	62,700
MRA 449	-
MRA 450	60,000
MRA 451	67,710
MRA 452	-
MRA 453	32,055
MRA 454	-
MRA 455	-
MRA 456	-
MRA 457	-
MRA 458	344,324
MRA 459	-
MRA 460	54,407
MRA 461	-
MRA 462	106,157
MRA 463	54,402
MRA 464	-
MRA 465	260,417
MRA 466	213,156
MRA 467	79,782
MRA 468	54,156
MRA 469	-
MRA 470	54,157
MRA 471	100,076
MRA 472	54,407
MRA 473	54,406
MRA 474	64,657
MRA 475	-

Midtown Redevelopment Authority
Schedule of Properties Held – Land Held for Resale (Continued)

<i>June 30, 2025</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 476	\$ 541,257
MRA 477	57,461
MRA 478	57,356
MRA 479	55,336
MRA 480	152,691
Total Purchased Properties - Affordable Housing	24,126,085
Costs associated with pending properties and other general costs not allocated to specific properties	159,264
Total land held for resale - affordable housing	\$ 24,285,349

Midtown Redevelopment Authority
Schedule of Capital Assets

June 30, 2025

Property	Net Book Value
Houston Technology Center	\$ 1,893,786
JPI Park Land	736,911
Bagby Park	2,624,142
Operations Center	25,510,147
Walgreens/Lui Park Land	141,000
Houston Museum of African American Culture	1,451,172
The Ion Parking Garage (conveyed asset)	55,382,667
Midtown Park Land and Improvements	47,175,011
Total capital assets	\$ 134,914,836

Midtown Redevelopment Authority

REQUIRED COMMUNICATIONS

June 30, 2025



September XX, 2025

The Board of Directors and Management
Midtown Redevelopment Authority

We are pleased to present the results of our audit of the 2025 financial statements of the governmental activities and major funds, including the related notes to the financial statements, which collectively comprise the basic financial statements of Midtown Redevelopment Authority (the Authority).

This report to the Board of Directors and management summarizes our audit, the report issued and various analyses and observations related to the Authority's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express opinions on the Authority's 2025 financial statements. We considered the Authority's current and emerging business needs, along with an assessment of risks that could materially affect the basic financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Authority's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 832-333-7509 or at jortiz@CRIadv.com.

Very truly yours,

Jessica Ortiz
Partner

Required Communications



As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Authority. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express opinions on the Authority's financial statements for the year ended June 30, 2025;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit related procedures as they arise and upon request.

We have audited the financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority) as of and for the year ended June 30, 2025 and have issued our report thereon dated September XX, 2025. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Auditor's responsibility under Generally Accepted Auditing Standards	<p>As stated in our engagement letter dated August 21, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP) and to report on the fairness of supplementary information as described in the engagement letter when considered in relation to the financial statements as a whole.</p> <p>Our audit of the financial statements does not relieve you of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Client's responsibility	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, and results of operations in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluating the adequacy and results of those services; and accepting responsibility for them.</p>
Planned scope and timing of the audit	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i>	<p>See "Accounting Policies, Judgments, and Sensitive Estimates & CRI Comments on Quality" section.</p>
Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Authority and how they are disclosed.</i>	<p>No such risks or exposures were noted other than those disclosed in the notes to the financial statements.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the Authority's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i> <i>Critical accounting policies and practices applied by the Authority in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.</p> <p>The Authority adopted GASB 102, Certain Risk Disclosure, during fiscal year 2025. The impact of the adoption was not considered material to the basic financial statements and primarily resulted in enhanced disclosures only.</p> <p>We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p> <ul style="list-style-type: none"> • Note 2 – Restricted assets, Loans and bonds payable • Note 3 – Fund balances • Note 5 – Lease revenue • Note 8 – Commitments and contingencies <p>The Authority's financial statement disclosures are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i>	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial accounting, reporting, or auditing matter, that could be significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i>	We are pleased to report that no such disagreements arose during the course of our audit.
Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance, including any circumstances that could affect the form or content of the report. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i>	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None noted.
Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Authority, that could, individually or in the aggregate, have a significant effect on the financial statements. We should also inform the Board of Directors about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We should also inform the Board about any internal control deficiencies that could have prevented the misstatements.</i>	See "Summary of Audit Adjustments" section.



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	<p>None of which we are aware except those consultations performed in the normal course of business to the Authority's outside accountant.</p>
Written representations <i>A description of the written representations the auditor requested.</i>	<p>See "Management Representation Letter" section.</p>
Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i>	<p>See "Internal Control Findings" section.</p>
Fraud and illegal acts <i>Fraud involving the Authority's personnel or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
Significant unusual accounting transactions <i>Auditor communication with governance to include auditor's views on policies and practices management used, as well as the auditor's understanding of the business purpose.</i>	<p>No significant unusual accounting transactions were noted during the year.</p>
Other information in documents containing audited financial statements <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> Such information is materially inconsistent with the financial statements; and We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

Required Communications



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Required Supplementary information <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i>	<p>Required supplementary information (RSI) accompanying the financial statements was subjected to certain limited procedures, including inquiries of management regarding the methods for 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 the audit of the Authority's basic financial statements. However, we did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
Supplementary information <i>The auditor's responsibility for supplementary information accompanying the financial statements.</i>	<p>Other supplementary information, including information requested by the City of Houston, which accompanies the basic financial statements but is not RSI, was subject to 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. The supplementary information includes an in relation opinion to the basic financial statements as a whole.</p>

Accounting Policies, Judgments, and Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Leases	The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is also recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.	X	Judgment in this area relates to the determination of the incremental borrowing rate and the option periods for renewals being exercised at commencement of the lease agreements.	The Authority's policies are in accordance with all applicable accounting guidelines.
Depreciation of Capital Assets	The Authority depreciates capital assets using the straight-line method.	X	The Authority depreciates capital assets over their estimated useful lives which are based on the experience with similar assets.	The Authority's policies are in accordance with all applicable accounting guidelines.

Accounting Policies, Judgments, and Sensitive Estimates & CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Other Long-Term Liabilities	The Authority recognizes its obligation to convey an asset in the future at its estimated carrying value as of the expected conveyance date.	X	Judgment in this area relates to the determination of the estimated carrying value as of the expected conveyance date.	The Authority's policies are in accordance with all applicable accounting guidelines.

Summary of Audit Adjustments



During the course of our audit, we accumulate differences between amounts recorded by the Authority and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Authority or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditor's judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Recorded Adjustments:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Record Bloomberg grant received in current year and transferred to MMD revenue and expense			
2021062	Due MMD	290,000.00	
59000	Other Expense	290,000.00	
2021062	Due MMD		290,000.00
400032	Other Revenue		290,000.00
Total		580,000.00	580,000.00

Summary of Audit Adjustments

**Unrecorded (Passed) Adjustments:**

The uncorrected (passed) adjustments were determined to be immaterial to government-wide financial statements. These entries have no impact to the fund financial statements.

Account	Description	Debit	Credit
Proposed JE # 202			
To correct depreciation expense			
1500784	Acc Depr Office Housng & Garage	237,226.00	
1110	Retained Earnings		117,862.00
550054A	Depre Expense Operations Cnt		119,364.00
Total		237,226.00	237,226.00
Proposed JE # 203			
Passed adjustment to record printer lease.			
CRI-151000	Right of Use Asset	33,870.00	
CRI-211000	Lease Liability		33,870.00
Total		33,870.00	33,870.00

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Authority's operating environment that has been identified as playing a significant role in the Authority's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Adjustments



The following entries were provided by the outside accountant during the course of the audit:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC - To capitalize MLN June 2025 invoice for installation of new water tap			
150066	Houston Tech Center II	15,580.00	
550040	Repair & Maintenance		15,580.00
Total		15,580.00	15,580.00
Adjusting Journal Entries JE # 2			
PBC - To expense Kilgore invoices for repairs and maintenance services			
510045	T-0224 HTC I - Bldg Maintenance	38,648.00	
150066	Houston Tech Center II		38,648.00
Total		38,648.00	38,648.00
Adjusting Journal Entries JE # 3			
PBC - To recognize current year revenue from PILOTI and Concession Fee			
210401	ION Deferred Tax Increment	93,277.00	
210402	ION Unearned Concession Fee	82,758.00	
400044	ION Garage Concession Fee		176,035.00
Total		176,035.00	176,035.00
Adjusting Journal Entries JE # 4			
PBC - Adjustment to agree balances per lease schedule to TB			
180530	Deferred Inflow	2,814,617.00	
400040	3131 EMANCIPATION	42,862.00	
400042	402 & 410 Tenant Income	7,200.00	
400441	Bagby Park Kiosk Lease	42,583.00	
550009	Misc Exp	48,471.00	
CRI-600000	Loss on canceled lease	366,001.00	
180510	Lease Receivable		3,214,262.00
400450	Interest Revenue - Leases		107,472.00
Total		3,321,734.00	3,321,734.00



The Board of Directors and Management of
Midtown Redevelopment Authority

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of deficiencies in internal control other than significant deficiencies or material weaknesses, which are described in the accompanying chart.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

Houston, Texas
September XX, 2025



The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2025-01	D	Revenue, Expenses	During the audit, we noted that an ongoing grant agreement was not recorded in accordance with the accounting treatment previously determined under GASB.	We recommend the Authority implement procedures to ensure that accounting determinations made at the inception of an agreement are consistently applied to subsequent entries over the term of the agreement.	Management will ensure the reclass entry is performed which results in a net zero impact to the Statement of Activities.
2025-02	D	Leases, Unearned Revenues	During the audit, we noted that certain entries were not recorded prior to the start of the audit. Management subsequently updated and provided the supporting schedules, and CRI summarized and proposed the related journal entries based on those schedules.	We recommend the Authority implement procedures to ensure that all necessary entries are prepared and recorded on a recurring basis (e.g., monthly), which would streamline the year-end closing process.	The audit start time of 30 days after year end makes it difficult to have all entries completed prior to the start of the audit. This year our audit was scheduled to start earlier than usual. Management will ensure the audit does not commence until all entries are complete



CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2025-03	D	Capital Assets	During the 2024 audit, we noted that an asset disposed/retired in a prior year was still being depreciated. A proposed audit adjusting entry (PAJE 202) was included in the prior year communication to those charged with governance and management. During the 2025 audit, we noted that the asset remained on the depreciation schedule and continued to be depreciated.	We recommend the Authority implement procedures to ensure that disposed/retired assets are properly removed from depreciation calculations.	Due to the vast volume of assets on the Authority's accounting records, the one formula error identified in fiscal year 2024 by the auditors has been corrected. Management would encourage the auditors to communicate issues identified as they arise.



midtown
HOUSTON

MIDTOWN AFFORDABLE HOUSING PROGRAM



midtown
H O U S T O N

EPIC HOMES

TO: Matt Thibodeaux

FROM: CCPPI Affordable Housing Consultant Advisory Group (AHCAG)

CC: Mary Buzak

DATE: September 8, 2025

RE: Request for Consideration related to Amendment to Existing Development Agreement Related to Five Midtown Redevelopment Authority (MRA) Owned Tracts to Epic Homes, LLC.

INTRODUCTION

In its meeting of November 30, 2023, the Midtown Redevelopment authority (MRA) Board of Directors authorized the MRA Executive Director to proceed with development agreements with six developers including Epic Homes, LLC for the construction of **five** homes on five MRA tracts as follows:

Three (3) lots for Three - 3 Bedrooms/2 baths/2 car garage priced \$ 188,000, and

Two (2) lots for Two - 2 Bedrooms/2 baths/1 car garage priced at \$210,000 and \$199,000

These agreement authorizations were made pursuant to the AHCAG determination that the six respondents should receive forty-eight (48) lots after review of submittals and negotiation of the prices for the house plans submitted.

A change in the City of Houston Ordinance impacted the Epic designated lots. Only one house could be constructed on the 3127 McIlhenny lot. Due to the size of the lot located at 3219 Beulah, no home could be built on that parcel. So, the adjacent MRA owned lot at 3221 Beulah was authorized to be combined with 3219 Beulah for construction of one house on the two lots. Epic's proposed house plans were changed to utilize one plan for all lots.

Consequently, in its March 28, 2024 meeting, the MRA Board acted to authorize amendment of its earlier development authorizations to address a total of six lots. One document was prepared for **five** lots, using one plan, for all **four** houses to be sold at a price of \$220,000 each. A second document was prepared to delete the unusable sixth lot from the original authorization. With the change of plan and pricing, the preparation and negotiation of

documents required a demonstration of firm financial commitment from the developer at the revised pricing. Document preparation and bank review continued during the next months.

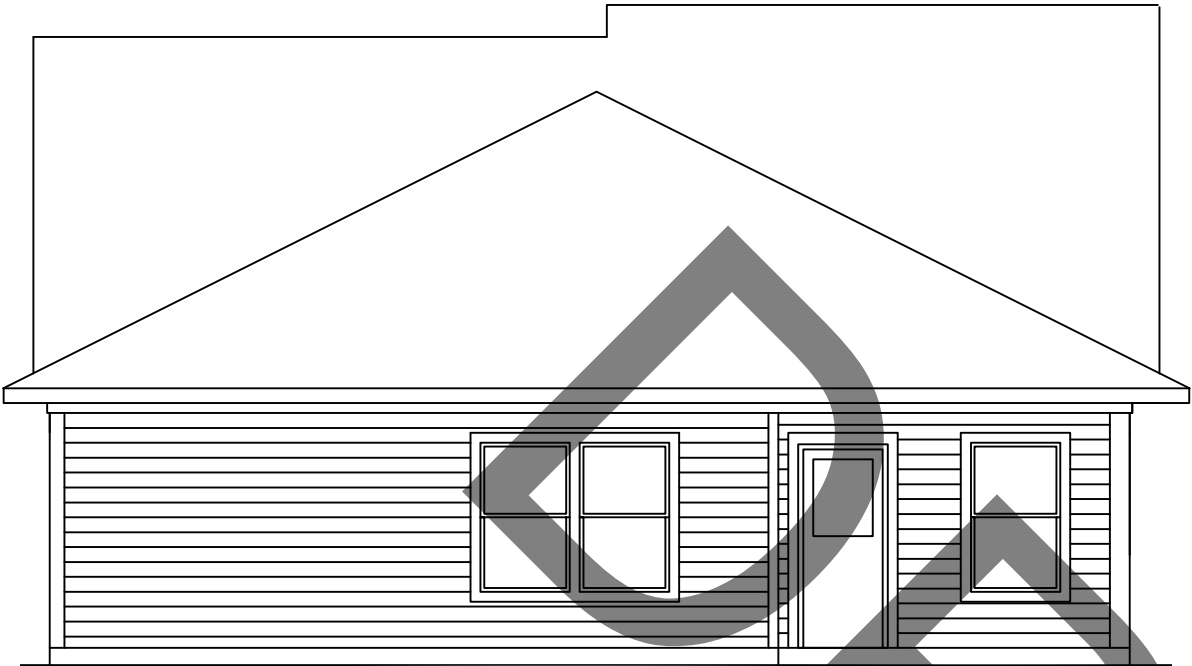
On July 15, 2025, Epic Homes advised that it was continuing to wait for the city subordination approval which would allow it to close on construction under the existing agreement. In addition, Epic requested the authorization of a price increase based on several factors such as the extensive length of time since the prior authorization and the increased costs of goods and labor. The developer indicated that the house plan for the four lots, submitted as part of the prior authorization, would remain the same. Further, Epic provided an updated Exhibit A-1, Project Specifications Summary and Maximum Sales Price form, to support the new requested sales price of \$247,500. The developer confirmed that its house plan complied with the City Housing and Community Development Department (HCDD) Minimum Construction Standards and the maximum sales price limitation of \$165 per livable square foot.

The **four** houses will be constructed on the **five** lots as follows:

3213 Dennis	HCAD # 0372320000009
0 Drew	HCAD # 0372390000008
3005 Beulah	HCAD # 0510330000013
3219/3221 Beulah	HCAD # 0510350000010 and HCAD # 0510350000011

REQUEST FOR CONSIDERATION

The MRA Board is asked to consider authorization of an amendment to the existing development agreement with Epic Homes, LLC for the construction of **four** houses on the above lots, each at the sales price of \$247,500. The authorization will be subject to approval by the City HCDD.

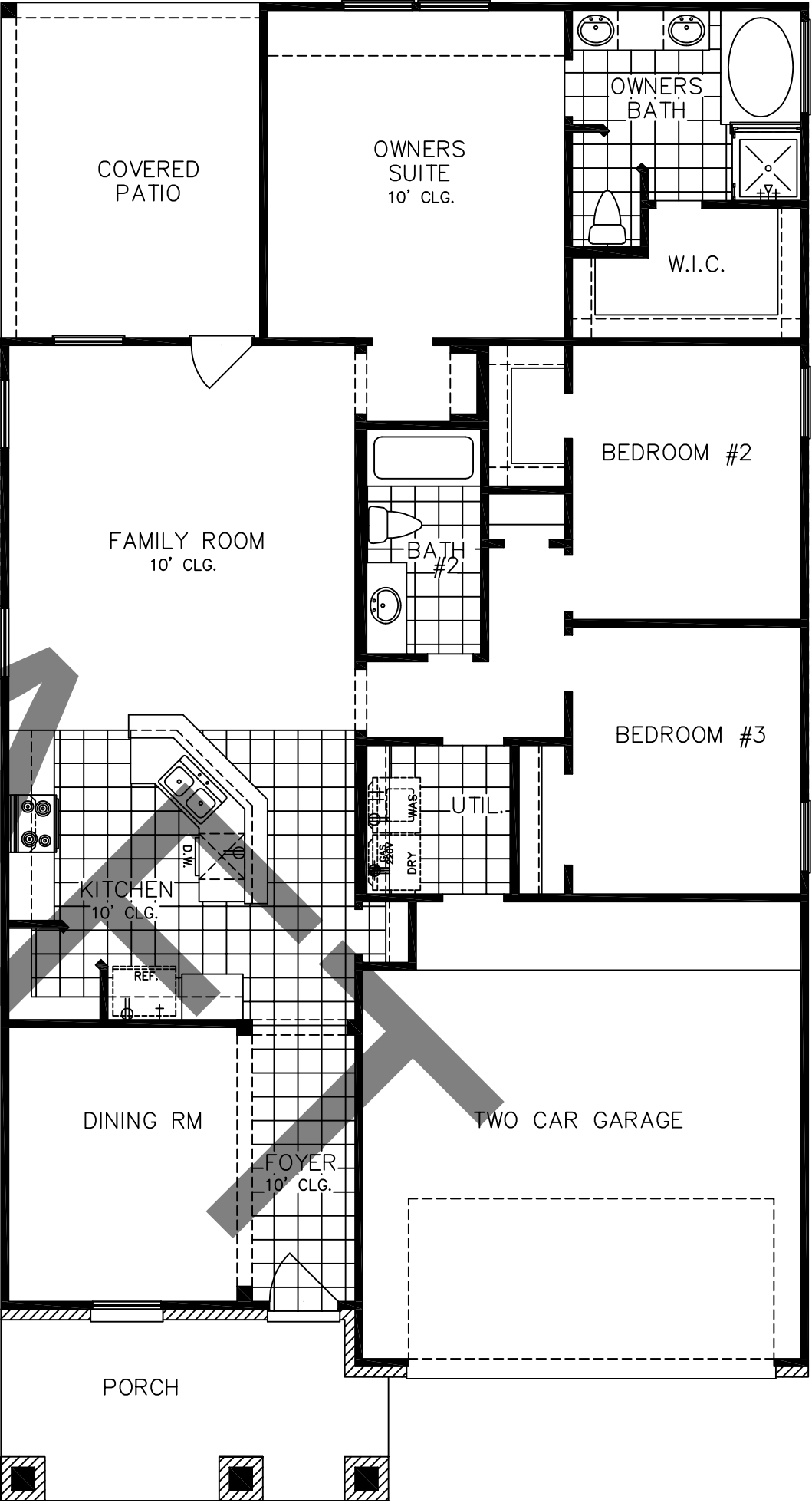


REAR ELEVATION



FRONT ELEVATION

SQUARE FOOTAGE	
LIVING AREA	1520
GARAGE	400
PORCH	130
COVERED PATIO	166
TOTAL	2216





midtown
H O U S T O N

BOYNTON CDC

**MIDTOWN REDEVELOPMENT AUTHORITY
BOARD MEMORANDUM**

To: Matt Thibodeaux, Executive Director
Midtown Redevelopment Authority

From: Affordable Housing Consultant Advisory Group (AHCAG)

Copy: Mary Buzak, Bracewell LLP
Kandi Schramm, Midtown Redevelopment Authority

Date: October 8, 2025

Subject: Request for Approval for Boynton- Houston CDC to Receive an Alternate MRA Land Tract in Exchange for a Previously-Conveyed Land Tract

Pursuant to a previous action of the Midtown Redevelopment Authority (MRA) Board of Directors, thirteen tracts of land have been awarded to Boynton-Houston Community Development Corporation. The Boynton-Houston CDC for-sale homes project is part of the Affordable Home Development Program (AHDP) collaboration between the MRA and the City of Houston.

During the City of Houston permitting process, the City of Houston Department of Neighborhoods made Boynton-Houston CDC aware that there is a "hard hold," aka as an encumbrance, on the previously-awarded tract located at 3212 Rosalie Street. Boynton-Houston CDC was informed that this action was taken by the City of Houston in 2013, prior to the tract being conveyed to Boynton-Houston CDC. Boynton-Houston was not made aware of the encumbrance prior to entering into the permitting process. They were told by the Department of Neighborhoods that the encumbrance relates to an order by the City of Houston to repair or demolish a structure on the site.

To address the encumbrance hold would take untold months, resulting in a delay to construct thirteen much-needed affordable for-sales homes in the Third Ward neighborhood. This delay would exert upward pressure on construction costs and ultimately on sales prices, since construction costs continue to escalate in the present home-building environment.

Therefore, Boynton-Houston CDC has asked that consideration be given to providing an alternative 5,000 square foot tract of land located at 2406 Live Oak Street, in the same neighborhood. The sales price of \$237,882 and home size and configuration (3/2/2) would be the same as that approved by the MRA board of directors for the 3212 Rosalie Street land tract.

ACTION FOR CONSIDERATION

The action for consideration is MRA Board of Directors approval of the Boynton-Houston CDC request for a land tract located at 2406 Live Oak Street and subsequent action by MRA legal counsel to prepare new deeds for both the 3212 Rosalie Street land tract and the 2406 Live Oak Street land tract. In addition, MRA legal counsel will prepare an updated deed modification agreement and an updated amendment to the grant agreement between MRA and Boynton-Houston CDC.



midtown
H O U S T O N

**TRINITY EAST VILLAGE
CDC**

An aerial architectural rendering of the Trinity East Village development. The main building is a multi-story structure with a mix of grey, blue, and orange-brown facade panels and numerous windows. In the foreground, there is a lower, single-story building with a dark roof and large glass windows. The development is surrounded by mature green trees and a paved parking lot with several cars. In the background, a dense urban neighborhood with various houses and buildings is visible under a clear sky.

Trinity East Village

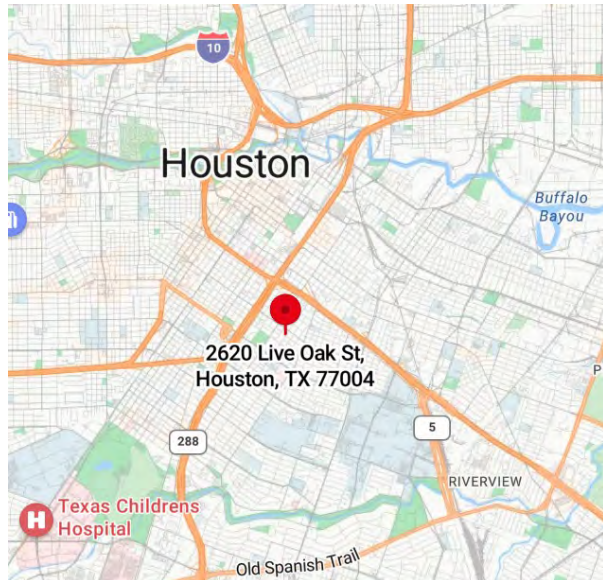
A Community for Seniors and Families in the Third Ward

Update to Midtown Redevelopment Authority

10/2025

Trinity East Village

- Located in historic Third Ward, just blocks from Emancipation Park
- Two phases:
 - 90 apts for seniors: part of Houston Housing Authority's Choice Neighborhoods Redevelopment
 - ~58 apts for families
- Serving households 30-80% AMI
- On-site resident services



* Not a part of the proposed development



Partners

Trinity East United
Methodist Church &
Trinity East CDC

- Trinity East UMC owns land & serves the community through senior care, utility & food assistance, and other services
- Trinity East Village CDC is a faith-based nonprofit with a mission to improve Third Ward residents' quality of life. The CDC will be co-developer & co-operator

The NHP Foundation

- NHPF is a nonprofit affordable housing developer, owner & operator with ~9,000 units across 16 states, including over 1,000 in Houston
- Will oversee & guarantee the development & operation of the property

Houston Housing
Authority

- Senior Phase of Project is part of HHA's Choice Neighborhoods Initiative, providing replacement housing for Cuney Homes seniors
- HHA providing funds, Project-Based Vouchers, and tax exemption

Trinity East Village - Senior

- Committed funders:
 - City of Houston
 - Houston Housing Authority
 - 9% Low Income Housing Tax Credit Equity
- Timeline:
 - Submit for building permit October 2025
 - Closing Q1 2026
 - Construction: Q2 2026 – Q4 2027
- Focuses on extremely low-income seniors
- At least 60 units for Cuney Homes residents
- 90% of units have Project Based Voucher rental assistance



Trinity East Village - Family

- 4% Low Income Housing Tax Credits (non-competitive)
- Houston Housing Finance Corporation as likely bond issuer
- Timeline:
 - Bond Carryforward submittal January 2026
 - Closing Q2 2027
 - Construction: Q2 2027 – Q4 2028
- Focuses on families and individuals from Cuney Homes and Third Ward
- Could provide additional replacement housing for Cuney Homes residents as The Carpenter (other replacement site) is focused on scholar housing



Widespread Community Support

- Greater Third Ward Super Neighborhood
- Third Ward Community Cloth Cooperative
- Emancipation Economic Development Council
- Kinder Foundation
- Row House CDC
- University of Houston
- Texas Southern University
- OST/Almeda Corridors Redevelopment Authority
- Change Happens CDC
- Boynton Chapel
- Coalition for the Homeless/The Way Home

Request

- Allow Option to be exercised on Senior Phase and Family Phase lots separately
- Senior will close no later than June 1, 2026
- Family will close early 2027
 - Request December 31, 2026 extension

October 15, 2025

Matt Thibodeaux, Executive Director
Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, TX 77002

RE: Trinity East Village Project Status Report and Option Agreement Amendment Request

Dear Director Thibodeaux:

Trinity East Village CDC and the NHP Foundation are partnering to develop affordable housing for families and seniors on the block adjacent to the Trinity East United Methodist Church (bounded by McGowen, Live Oak, Tuam, and St Charles streets). We are providing this project status update and requesting an amendment and extension to the existing Option Agreement that Trinity East Village CDC has with Midtown Redevelopment Authority (MRA) for three lots. We appreciate MRA's partnership on this important project, which was included in the HUD-approved Choice Neighborhoods Implementation Plan for the redevelopment of Cuney Homes as a site of replacement housing. **The Senior Phase is ready to close early next year. The amendment will allow the Option Agreement to be exercised on each phase separately, enabling us to move forward with the closing on the Senior Phase at the beginning of 2026 and the Family Phase at the end of 2026.**

There are 3 parcels of land under the Option Agreement: 2501 Tuam, 2703 St Charles, and 2701 St Charles. These three lots comprise only 10% of the total project area but are integral to making the development a reality. Without these lots, the construction of the approximately 150 affordable homes will not be possible.

Project Status Updates:

The Trinity East Village Senior phase was included in the Houston Housing Authority's (HHA's) Cuney Homes Choice Neighborhoods Implementation plan to HUD as an off-site location for replacement units required by the Choice Neighborhoods program. The project was awarded highly competitive 9% Low Income Housing Tax Credits by the Texas Department of Housing & Community Affairs (TDHCA) in July 2025. As part of the Cuney Homes redevelopment plan, HHA will provide 81 Project-Based Vouchers (60 of which will be set aside for Cuney Homes residents) and a loan to the project. HHA will also act as General Partner for the development to provide a property tax exemption, keeping the units affordable in perpetuity.

The City of Houston is providing \$4 million in HOME funds to support the project as well. The project team is submitting the building permit application to the City of Houston within the next few weeks. Once it is approved, we will be able to close on the Senior phase and begin construction.

We expect closing to occur in the first quarter of 2026. To ensure we maintain constant site control (which is required by TDHCA), **we are requesting an extension of the current Option to Purchase**

agreement on the Senior phase lot (2701 St Charles) out to June 1, 2026. This will be more than enough time to accommodate any delays.

In the past year, the **Trinity East Village Family** phase was selected for two federal funding opportunities that have since been canceled with the change in federal policies/administration. However, we are now redesigning and re-underwriting the family phase so that it can be funded with 4% Low Income Housing Tax Credits (which are not competitive) and local funds. The Houston Housing Finance Corporation has expressed interest in issuing the private activity bonds required to finance the 4% LIHTC project and we plan to utilize the Carryforward allocation process. We are targeting January 2026 to submit the bond request. Should any gap funds be needed, the City of Houston is offering two funding opportunities in the coming year utilizing Hurricane Beryl disaster recovery funds and standard entitlement funds. Further, HHA is open to the family phase offering additional units to Cuney Homes residents for replacement housing. HHA's updated phasing plan will be released this fall.

Over the past year, the project was chosen by the Coalition for the Homeless/The Way Home as the Houston region's application for CoC Builds funding for Permanent Supportive Housing units, which would have provided \$7 million in construction funding to the project. Additionally, Harris County Commissioner Rodney Ellis sponsored our application for funding under the Community Project Fund program. Although these funding opportunities were canceled at the federal level, they show the tremendous local support that the Trinity East Village Family phase has. By redesigning the project, we will focus on improving cost efficiencies to reduce our reliance on federal funds.

We request an extension of the Option on the Family Phase lots (2501 Tuam, 2703 St Charles) to December 31, 2026 to allow for the reservation of the bonds through the Carryforward allocation process.

Overall Timeline:

Trinity East Village Senior:

- Tax credit award: July 2025
- Closing pending building permit approval
- Anticipated closing date: March 2026 (contingency out to June 2026)
- Construction: Q2 2026 – Q4 2027

Trinity East Village Family:

- Bond application submittal: January 2026
- Anticipated bond reservation: December 2026
- Anticipated closing date: March 2027
- Construction: Q2 2027 – Q4 2028

As you can see from the Project Update above, both of our organizations remain deeply committed to this project, which continues to enjoy widespread support among the community. We are heavily engaged in putting together the funding required to finance both phases of the project. With MRA's support, we can successfully complete this work and start construction on the first phase in 2026.

Please contact us if you have any questions or would like additional information. We appreciate your consideration of our request.

Sincerely,

Rev. Marilyn White
Reverend Marilyn White
Trinity East Village CDC



Lauren Avioli, Assistant Vice President
The NHP Foundation

DRAFT



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

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Cindy Conroy, *Member*

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING TAX CREDIT PROGRAM
COMMITMENT

This Housing Tax Credit Commitment (the “**Commitment**”) in connection with an award of Housing Tax Credits from the 2025 State Housing Credit Ceiling, as defined in 10 TAC §11.1(d)(123), is made and entered into by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “**Department**”), and **TRINITY EAST 9% AFFORDABLE SENIOR, LP**, (the “**Development Owner**”), herein collectively referred to as the “**Parties**.” This Commitment does not constitute an “allocation” for purposes of Section 42 of the Internal Revenue Code.

RECITALS

WHEREAS, Development Owner agrees to carry out the new construction (including adaptive re-use), rehabilitation, and/or reconstruction of the Development as more fully described in TDHCA application number **25090** (the “**Application**”) and in accordance with all representations made in the Application, as may be amended from time to time in accordance with the Department’s rules, and as required to adhere to Chapter 2306 of the Texas Government Code (“Chapter 2306”); Title 10 of the Texas Administrative Code (“10 TAC”) Chapter 1 (“Administration”), Chapter 10 (“Uniform Multifamily Rules”), and Chapter 11 (“Qualified Allocation Plan”); Section 42 of the Internal Revenue Code (“Section 42”), all applicable Internal Revenue Service (“IRS”) notices and revenue rulings, all applicable Regulations and Decisions of the United States Department of the Treasury, and all other applicable state and federal laws, rules, regulations, and other requirements, all collectively referred to herein as the “**Legal Authorities**”; and

WHEREAS, Department has reviewed the Application, and on July 24, 2025, the Governing Board of the Department approved both an award of Housing Tax Credits and the establishment of a waitlist for possible further awards of Housing Tax Credits, the waitlist to be administered in accordance with the Legal Authorities;

NOW, THEREFORE, for and in consideration of the premises herein expressed, and the mutual benefits derived and to be derived, the Parties hereto, each intending to be legally bound, do by their execution hereof agree as follows:

TERMS

The following terms shall have the meanings specified:

Development	TRINITY EAST SENIOR	
Development Owner	Trinity East 9% Affordable Senior, LP	JW
Development Address	2620 LIVE OAK STREET HOUSTON, TX 77004	
Building Identification Numbers	TX 25-09001 - 25-09099	
Set-Asides	NONE	
Allocation Category	NEW CONSTRUCTION	
Annual Tax Credit Commitment Amount	\$2,000,000	
Contact Person	JOHN HOFFER LAUREN AVIOLI	JW
Contact Address	1090 VERMONT AVE NW, STE 400 WASHINGTON, DC 20005-	1401 H Street NW, Ste 1000 JW
Contact Phone/Email	(202) 316-3552 JHOFFER@NHPFOUNDATION.C	832-280-7554 LAVIOLI@NHPFOUNDATION.ORG
Effective Date of Commitment	August 27, 2025	
Expiration Date of Commitment	September 26, 2025	

CONDITIONS

The Annual Tax Credit Commitment Amount reflected in the Commitment is the maximum amount of tax credits awarded by the Board. It is subject to downward (but not upward) adjustment in accordance with applicable laws, rules, and regulations concerning the issuance of IRS Form 8609 for each building so as to ensure, among other things, that no more credits than necessary are provided and ultimately allocated. In issuing this Commitment, the Department has relied upon the information submitted by the Development Owner to be accurate and complete in all material respects. The Department reserves the right to revoke, modify, or terminate this Commitment if the Department determines, in accordance with any applicable Legal Authorities, that the Development Owner has provided erroneous, misleading, incomplete, false, or fraudulent information to the Department or other parties for which the Legal Authorities require notification in connection with the Application for Housing Tax Credits or has in a material manner failed to comply with any state or federal requirement applicable to the Application for and awarding of Housing Tax Credits, and such failure cannot be cured or waived.

Pursuant to 10 TAC §11.906(a) of the of the Qualified Allocation Plan, unless sooner terminated in accordance with applicable Legal Authorities, this Commitment shall expire on the date specified herein below in paragraph A unless the Development Owner indicates acceptance by executing the Commitment, paying the required fees specified in 10 TAC §11.901 of the Qualified Allocation Plan, and timely and fully satisfying any and all other conditions set forth herein, imposed by the Department's Board in the making of the award, or in the Uniform Multifamily Rules. As noted in 10 TAC §11.906(a), the Commitment expiration noted in paragraph A below may not be extended. Without limitation, failure to submit the documentation in sections A.1.-5 below, by the specified submission dates, may result in the termination of the award documented in this Commitment:

A. Not later than **September 26, 2025**, which is the expiration date of this Commitment, the Development Owner must provide in form and substance satisfactory to the Department in its reasonable judgment all of the following items (if not already provided):

1. This Commitment, accepted and agreed to by the Development Owner, as evidenced by the original signature of an individual duly represented as being authorized to act on behalf of the Development Owner without need of joinder or approval by anyone else;
2. In accordance with 10 TAC §11.901(6) of the Qualified Allocation Plan, a check for the Commitment Fee in the amount of **\$80,000**;
3. In accordance with 10 TAC §11.906 related to Commitment Notices, each and all of the following documents must be submitted by the Development Owner and failure to provide these documents may cause this Commitment to be rescinded:
 - a. For entities organized under the laws of the State of Texas, a copy of the Certificate of Filing for the Certificate of Formation and a Certificate of Fact from the Office of the Secretary of State. For entities organized under the laws of a jurisdiction other than the State of Texas, a Certificate of Application for foreign qualification in Texas and a Certificate of Fact from the Texas Secretary of State. If the entity is newly formed and a Certificate of Fact is not available, a statement is provided to that effect;
 - b. A current statement of Franchise Tax Account Status issued by the Texas Comptroller of Public Accounts or, if the entity is newly formed and no status is available, a statement by the Development Owner must be provided to that effect;
 - c. Evidence that the signer(s) of the Commitment has (have) the authority to sign on behalf of the Applicant in the form of a certified corporate resolution which indicates the person or sub-entity in Control consistent with the entity contemplated and described in the Application and that those Person(s) signing the Commitment constitute all Persons required to sign or submit such documents; if intervening persons or entities are involved in any such execution, certified resolutions as to the authority of each and all persons executing or executing on behalf of any entity must also be provided;

d. Evidence of final approval of any zoning that is required or was proposed or needed to be changed pursuant to the Development plan;

e. Evidence that any necessary replatting in order to vacate a right of way has been completed and evidence of control of the entire Development Site;

f. Evidence of satisfaction of any conditions identified in the Credit Underwriting Analysis Report, in the conditions approved by the Board from the Executive Award Review and Advisory Committee as provided for in 10 TAC Chapter 1, Subchapter C (relating to Previous Participation Review), in the conditions approved by the Board regarding 10 TAC §11.101(a)(2) related to Undesirable Site Features, in the conditions approved by the Board regarding 10 TAC §11.101(a)(3) related to Neighborhood Risk Factors, or any other conditions of the award required to be met at the time of Commitment;

g. Documentation of any changes to representations made in the Application subject to 10 TAC §10.405 of the Uniform Multifamily Rules (relating to Amendments and Extensions); and

h. For Applications underwritten with a property tax exemption, documentation must be submitted in the form of a letter from an attorney identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable subject to appraisal district review. Additionally, any Development with a proposed Payment in Lieu of Taxes agreement or similar agreement, however designated (“PILOT”) must provide evidence regarding the statutory basis for the PILOT and its terms.

4. If the Applicant proposes to relocate existing units in an otherwise qualifying At-Risk Development, provide evidence that the affordability restrictions and any At-Risk eligible subsidies are approved to be transferred to the Development Site.
5. If the Applicant is participating in the Section 811 Rental Assistance Program under 10 TAC §11.9(c)(4)(A) of the 2025 Qualified Allocation Plan, the Applicant must include the executed Section 811 Project Rental Assistance Owner Participation Agreement.

B. In accordance with 10 TAC §11.907 related to Carryover Requirements, all documents outlined in the Carryover Manual, including for USDA-funded developments, documentation of the submission of a complete Preliminary Assessment Tool to the USDA, relating to the execution of a **Carryover Allocation Agreement** pursuant to §42(h)(1) of the Internal Revenue Code and Treasury Regulations §1.42-6 must be submitted to the Department no later than 5:00 p.m. Austin local time on **November 1, 2025**, unless such date has been extended in writing by Department. Requested extensions made after that time and date will not be considered by staff.

C. In accordance with 10 TAC §11.907 related to Carryover Requirements and pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code, all documents outlined in the Post Carryover Activities Manual relating to the 10% Test must be submitted to the Department no later than 5:00 p.m. Austin local time on **July 1, 2026**, unless extended in writing by Department. Requested extensions made after that time and date will not be considered by staff.

D. In accordance with §42(h)(1)(E)(i) of the Internal Revenue Code, all Buildings in the Development must be placed in service no later than **December 31, 2027**.

E. Extensions to the deadlines itemized in paragraphs B and C, to the extent permitted under the Legal Authorities, must be requested in accordance with 10 TAC §10.405(c) of the Uniform Multifamily Rules and must be submitted prior to the date for which an extension is being requested. The Department may require documentation relating to the need for any extension and staff may recommend and the Board may assess point deductions on other current or future applications in accordance with Tex. Gov't Code §2306.6710(b)(2).

F. Subsequent to the allocation of tax credits, should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted. If additional funds are required to ensure financial feasibility there can be no assurance that additional funds or other financial assistance will be available from the Department. In no event will the amount of Housing Tax Credits be increased.

This Commitment is subject to the following Development-specific conditions as reflected in the Department's published Credit Underwriting Analysis Report. Unless otherwise stated within the specific condition (which may not conflict with any of the Legal Authorities), the documentation required to demonstrate satisfaction of each condition must be submitted to the Department not later than 5:00 p.m. Austin local time on **September 26, 2025**.

1. Receipt and acceptance by Carryover:

a: Agreement to enter into Housing Assistance Payment Contract or written commitment from Houston Housing Authority for 81 project-based vouchers specifying the payment standard that will apply.

b: Formal approval for \$4M HOME loan from the City of Houston's Housing and Community Development Department and \$500k loan from the Houston Housing Authority clearly stating all terms, conditions and source of funding.

2. Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

G. This Commitment is also subject to the following Development-specific conditions as imposed by the Board regarding 10 TAC §11.101(a)(2) related to Undesirable Site Features

NA

H. This Commitment is also subject to the following Development-specific conditions as imposed by the Board regarding 10 TAC §11.101(a)(3) related to Neighborhood Risk Factors

NA

I. This Commitment is also subject to the following Development-specific conditions as imposed by the Board in its award

NA

J. Development Owner acknowledges that this Commitment does not represent a commitment of any funds awarded under the Multifamily Direct Loan Program; award Letters and specific Direct Loan Conditions for Multifamily Direct Loans will be issued separately from this Commitment Notice. However, those Development Owners awarded Multifamily Direct Loans composed of HOME funds from the Department are cautioned against taking any choice-limiting action as described and addressed in CPD Notice 01-11, including but not limited to any transfers or assignments of the property, in anticipation of the Federal commitment but prior to receiving Federal environmental clearance from the Department. Development Owners expecting to ultimately receive a commitment of any such funds from the Department are encouraged to familiarize themselves in detail with the HUD environmental review process and, if applicable, submit their request for Federal environmental clearance as soon as possible, but in no event later than with the applicable date indicated in 10 TAC §13.11(b) (2). Choice-limiting activities as defined by HUD in 24 CFR Part 58 may result in the termination or rescission of any related funding commitment and potentially lead to the revocation of this Commitment as a result of the financial infeasibility created by the loss of such funds and further penalties pursuant to 10 TAC §13.11(a) and 10 TAC §11.9(f).

K. Included with this Commitment is the "Application Verification and Compliance Review" form. This review form contains representations from the Application, changes during the Application process, and the Application as underwritten and approved by the Board. Please review the attachment for accuracy and identify any errors by marking the corrected information in red. This is solely to facilitate a detailed review of said representations and the legal obligations they have created and does not constitute an opportunity to change, modify, abrogate, or otherwise alter any such representation or the enforceability thereof. The Application Verification and Compliance Review form, initialed and signed by a person with full authority to act on behalf of the Development Owner, must be submitted with this Commitment.

L. In addition to the requirements of the Legal Authorities, Development Owner hereby agrees and acknowledges that all assurances, pledges, conditions, restrictions, representations, or obligations, however designated, which the Development Owner (including any of its affiliates) undertook in applying for Housing Tax Credits will be incorporated into a Land Use Restriction Agreement ("LURA") or other applicable document with respect to the Development. Such LURA or document will also incorporate

provisions requiring compliance with Section 42 and with Chapter 2306, including but not limited to requirements for: annual reporting and periodic inspections; payment of the fees, charges, and expenses of the Department in connection with monitoring and compliance activities; management, operating, maintenance, and repair standards; tenant selection and income certification; limitations on rents, charges, and fees payable by tenants; cost controls and management selection; and a minimum thirty-year affordability period, or such longer period as elected and set forth in the Application. If any liens (other than mechanics' or materialmen's liens for which construction bonds are in place or other provisions made to ensure discharge) have been recorded against the Development prior to the recording of the LURA, the Development Owner shall also obtain and submit to the Department the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA following the foreclosure of any such lien.

On behalf of the Department:

By: 

Authorized Representative

August 27, 2025

Date

TDHCA #25090

Page 8

I (We), Development Owner, hereby acknowledge and agree to abide by all terms and conditions stated in this Commitment and any referenced documentation contained herein.

I (We), on behalf of the Development Owner, hereby acknowledge and agree that pursuant to 10 §10.406 of the Rules, the transfer of an allocation of Housing Tax Credits or ownership of a Development supported with an allocation of Housing Tax Credits to any person including an Affiliate of the Development Owner shall not occur unless the Development Owner obtains the Department's prior, written approval of the transfer.

I (We) hereby acknowledge that failure to comply with this Commitment, the Legal Authorities, as applicable, and any referenced documentation contained therein may result in a refusal by the Department to issue IRS Form(s) 8609 for purposes of Housing Tax Credits as well as its exercise of other remedies, including revocation of this Commitment.

I (we) hereby acknowledge that the Development will be constructed in compliance with the 2010 ADA Standards (with the HUD exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" *Federal Register* 79 FR 29671, if relevant) and as further amended by 10 TAC Chapter 1, Subchapter B.

Trinity East 9% Affordable Senior LP

Development Owner

39-4181479

Employee Identification Number



Authorized Representative

09/18/2025

Date

John Welsh, Senior Vice President

Authorized Representative (Printed Name, Title)



CITY OF HOUSTON

Housing & Community Development Department

John Whitmire

Mayor

Michael C. Nichols
Director
2100 Travis St., 9th Floor
Houston, Texas 77002

T. (832) 394-6200
F. (832) 395-9662
www.houstontx.gov/housing

October 6th, 2025

The NHP Foundation
122 E 42nd St. Ste 4900
New York, NY 10168
Attn: John M. Welsh

Re: Letter of Interest for Trinity East Senior

Dear Mr. Welsh,

In response to your request for loan financing for Trinity East Senior ("the property"), we are pleased to notify you your application was selected to receive a recommendation of award by the City of Houston Housing and Community Development Department ("HCD") to provide construction and permanent financing. This letter is an outline of the proposed terms.

Note that receiving a recommendation from HCD does not constitute a commitment. The financing request is subject to (in sequential order): 1. Approval from the Mayor to place the financing request from the City on the agenda of City Council and approval of the financing request by City Council. These requests will be made subject to HCD's completion of underwriting. However, based on the information you have provided, the project has met a Housing Priority outlined in the RFP and HCD is willing to begin underwriting on the following terms.

BORROWER: 2620 Live Oak Houston, LLC (the "Borrower").

BORROWER ADDRESS: 122 E 42nd St. Ste 4900 New York, NY 10168

DEVELOPMENT OWNER: Trinity East 9% Affordable Senior LP. (the "Owner").

DEVELOPMENT ADDRESS: 2620 Live Oak St. Houston, TX 77004

PROJECT DESCRIPTION: The new construction of 90 apartment units of affordable housing development. The unit design includes one-bedrooms units that will be 100% affordable to tenants at 30%, 50%, 60%, and 80% of area median income ("AMI").

LOAN AMOUNT: The loan is estimated to be \$4,000,000. HCD reserves the right to revise its award during its gap analysis complete through underwriting.

PROCEEDS TYPE: Currently, HCD has determined the source of its financing for this transaction will be provided by HOME proceeds and will underwrite this transaction accordingly. HCD reserves the right to revise the source and amount as needed.

HCD RESTRICTED UNITS: Based on the information provided in the application and the funds allocated to this project, HCD will require at a minimum 11 units restricted under Low Home requirement as shown in the affordability table. HCD will verify these restrictions during underwriting.

Affordability Standards	HCD Restricted	Total Restricted
≤30%	6	49
≤50%	3	32
≤60%	1	5
≤80%	1	4
Market Rate	0	0
Total Units	11	90

PURPOSE: To partially finance the construction of a 90 unit affordable housing development. Permanent financing will also be arranged by the Borrower.

TYPE OF LOANS: A non-revolving, advancing new construction loan and permanent loan (sometimes referred to as the "Loan").

AFFORDABILITY PERIOD: Affordability period will be 20 years that will commence when the construction period is completed.

MATURITY DATE: Loan term is up to 20 years. The note will include an option at the end of the Affordability Period to call any amount due.

PRINCIPAL AND INTEREST PAYMENT: Loan commitments become due and payable in full in the event of noncompliance or default over the term of the loan agreement. Interest will be payable as set forth herein.

For tax credit transactions that require a conduit (indirect) loan structure, the loan to the Borrower (i.e., conduit lender) will be forgivable. For loans made directly to the Owner and Borrower, the loan will be forgivable with HCD's prior consent.

AMORTIZATION: Loan will be a non-amortizing loan throughout the construction and permanent period.

EXPENSES:	<p>Borrower will be responsible for all third-party expenses whether or not the loan closes. The following is an estimation of the costs to be accounted for at closing, but not limited to the following:</p> <ul style="list-style-type: none"> • HCD third-party attorney \$49,500 • Appraisal \$5,000 • Plan and cost review \$5,000 • Monthly construction inspections \$1,000 each throughout the construction period • Environmental review • Title Policy • Non-eligible HOME expenses
LOAN PAYMENT AND INTEREST RATE:	<p>Upon the expiration of the Approved Construction Period and until the Maturity Date, the Borrower shall make an annual installment payment equal to the lesser of one percent (1%) of the outstanding loan balance, including any accrued unpaid interest, or fifty percent (50%) of Net Cash Flow. Any interest payment or non-payment must be accompanied by documentation acceptable to the Director, evidencing the availability or insufficiency of Net Cash Flow. Upon the expiration of the Affordability Period, as defined in the Loan Agreement, if no uncured Default has occurred, the deferred principal and interest shall be deemed fully satisfied.</p>
COMPLIANCE MONITORING FEE:	<p>A Compliance Monitoring Fee of \$25 per HCD restricted unit will be due annually and subject to change annually.</p>
MODIFICATION FEE:	<p>Any changes to HCD's loan terms, financing parties, Borrower structure, or ownership of the property after closing that requires the Director or city council approval will require a fee of no less than \$25,000 but the exact amount will be determined at the time of request.</p>
CLOSING and CONSTRUCTION COMMENCEMENT:	<p>Financing to close by no later than March 31, 2026. If an applicant has not closed by this date, HCD reserves the right to reallocate an applicant's award to a separate transaction. Construction to commence within 30 days after the closing date.</p>
COMPLETION DATE:	<p>To be determined, however, it is anticipated that construction completion will occur within 24 months of the date of closing, March 31, 2028, subject to force majeure not to exceed 60 days.</p>
GUARANTEES OF COMPLETION:	<p>The NHP Foundation is the guarantor for the Project and shall have sufficient financial resources, which are reasonably acceptable to HCD, to back the guarantees under the Loan. HCD will have full recourse to the Borrower under a performance guaranty.</p>
CAPACITY:	<p>Borrower to demonstrate adequate capacity for project scope or secure a consultant experienced with completing the new construction and lease up of commercial property of similar size and has shared space.</p>

COLLATERAL:	HCD to hold a junior position collateral assignment of a deed of trust on land and a deed of trust on improvements (as fee simple interest or leasehold). However, HCD's Land Use Restriction Agreement (LURA) for its restricted units will be placed in a superior position above all financing.
HTC EQUITY and OTHER SOURCES OF FINANCING:	<p>Equity to come from the sale of Housing Tax Credits (HTCs) to Hudson Housing and is expected to total approximately \$16,998,300.00. For all additional funding sources made available to the project, the principal and interest of these funds is to remain subordinate to the principal and the interest of HCD's construction loan and permanent loan.</p> <p>The additional funding sources are estimated as follows:</p> <ul style="list-style-type: none"> • New Point, Conventional Loan: \$9,507,282.00. Interest Rate 6.85%, 40 Years Amortization. • HHA, Loan: \$500,000.00 • Seller Note: \$312,500.00 • In-Kind Equity/Deferred Developer Fee: \$1,134,100.00
GENERAL CONTRACTOR/SUBCONTRACTOR:	TBD
CONTINGENCIES:	HCD requires the minimum of a 10% hard cost contingency and \$150,000 soft cost reimbursable contingency within the budget. During underwriting based on plan and cost review, additional contingency may be required.
THIRD PARTY REPORTS:	Borrower is required to supply a market study, appraisal, plan and cost review and/ or other reports required during underwriting. HCD will accept these reports ordered by other financing parties with a reliance letter.
ADVANCES:	Construction loan funding will be made no more frequently than monthly, with the construction loan funding based upon the percentage-of-completion for actual work-in-place as approved by HCD and its construction consultant and meets all compliance requirements. Funds will be advanced towards eligible costs related to property acquisition and direct construction costs. Retainage of 10% will be held back until 30 days after completion of construction
COMPLIANCE STANDARDS AND REPORTING:	<p>Borrower acknowledges the required compliance obligations (DBRA, Section 3, MWSBE, Pay or Play) outlined in the RFP. Depending on the source of funds, not all obligations may be applicable. Borrower is required to provide annual monitoring reports on the Affordability Covenants on HCD forms as well as annual financial.</p> <p>The Borrower agrees to comply with the Resiliency Standard outlined in the Multifamily Building Resilience Worksheet from the application workbook, ensuring that all project components meet the required guidelines for durability, sustainability, and disaster mitigation. This includes adhering to specified construction methods, materials, and design principles that enhance the project's ability to withstand environmental hazards. Failure to meet these standards may result in funding adjustments or other corrective actions as deemed necessary by HCD.</p>

PAYMENT AND
PERFORMANCE BONDS OR
LETTERS OF CREDIT:

It is anticipated that the prime subcontractor or manager of the joint venture general contractor will provide payment and performance bonds during construction, provided by a surety with at least an AM best rating of "A," in the form attached to the City's loan documents, acceptable to HCD in its sole discretion.

BUSINESS CONDITIONS
PRECEDENT TO CLOSING:

Appropriate and customary conditions precedent to close for this type of transaction are listed in Schedule I as an addendum to this letter.

EXPIRATION DATE:

This letter shall be accepted and signed within seven (7) business days of the date of the letter. After this time, the offer and terms of this letter shall become null and void. Acceptance is to be indicated by the return of a fully executed counterpart of this letter to HCD.

It is my sincere pleasure to make this financing proposal to you. We look forward to your acceptance and to our developing relationship.

Sincerely,

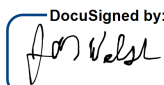


Paul Yindeemark
Staff Analyst

Please select one of the following:

- ☒ I hereby elect to provide a deposit of no less than \$49,500 for HCD third-party legal expenses, which will be remitted within fifteen (15) business days of receipt of the third-party legal fee letter and wiring instructions.
- ☐ I do not elect to issue a deposit for HCDD third party legal expenses and acknowledge HCDD is unable to commence work until sufficient capacity in its task order contract.

Agreed and accepted on (Date) 10/6/2025

By (Signature) 
FF09A99163F84AD...

Printed Name John Welsh

Title Senior Vice President, Development

Firm Name The NHP Foundation

CONDITIONS TO CLOSING

Customary for transactions of this nature and appropriate for this particular transaction, including but not limited to:

- All due diligence information and underwriting is subject to final review and approval by HCD.
- A Phase I environmental survey dated within six months of the anticipated closing date or if this timeframe is exceeded, a report less than 12 months old with an update from the original report provider dated within 6 months of the anticipated closing date. At the sole discretion of the HCD, additional environmental due diligence may be required, including but not limited to a Phase II, asbestos and/or lead paint tests; HCD will consider using an updated version of existing Phase I if acceptable to HCD in-house environmental risk manager.
- Management agreement and management plan from an approved third-party management company.
- Commitment for Title Insurance, issued by a title company acceptable to HCD, covering the Project, together with the payment of premiums necessary for the title company to issue a Mortgagee's Policy of Title Insurance, with respect thereto, in the amount of the Loan, together with all endorsements thereto as required by HCD.
- Evidence that the Project is not located in a flood prone area.
- A market and feasibility study for the proposed construction of the Project prepared by an approved market consultant.
- A recent (within 30 days prior to closing) UCC search indicating that the Project is free and clear of all security interests (or will be at the time of closing).
- Borrowers amended and restated partnership agreement (or operating agreement, if applicable) and all notes, guarantees, and other instruments and agreements issued pursuant thereto, and all amendments and modifications thereto and thereof.
- Pro-forma operating statement for the Project.
- Survey of the Project.
- Evidence of fire, hazard, flood (as applicable), builder's risk, workman's compensation, and all other insurance as will be required by the HCD's loan documents, each naming HCD as loss payee or mortgagee.
- Receipt and review by HCD of a final construction budget, a construction schedule and a draw schedule, together with a third-party plan and cost review performed by a third party acceptable to HCD which shall, among other things, verify the adequacy of such construction budget.
- Evidence of Borrower's and its general partner's and each Guarantor's due formation, organization, good standing, authorization to enter the transaction contemplated by this letter and the HCD's loan documents, and all other organizational documents and other items and matters required by the HCD's loan documents.
- If applicable, a copy of the purchase agreement or ground lease of the Project and all landlord estoppel letters as may be required by HCD.

- Opinions of counsel for Borrower, Guarantors, and such other persons and entities required by HCD, and covering such matters as HCD shall deem reasonably necessary or desirable in connection with the credit support transaction and as provided in the HCD's loan documents.
- Current plans and specifications for the Project.
- The Architect's Contract, between Borrower and the Project's architect, together with an agreement from such architect, consenting to the assignment of the plans and specifications prepared by the architect to HCD and providing for the subordination of all statutory and contractual liens and claims of the architect against the Project.
- General Construction Contract between Borrower and the Project's general contractor ("Contractor") (which shall be a fixed price/stipulated sum or guaranteed maximum price contract consistent with the budget approved by HCD), together with an agreement from Contractor, consenting to the assignment of the general contract to HCD, and providing for the subordination of all statutory and contractual liens and claims of the Contractor against the Project.
- A complete list of costs for the Project, enumerated on the appropriate AIA document(s), to include all hard (direct) costs. A Sources and Uses and/or flow of funds including all hard (direct) costs and all anticipated soft (indirect) costs. The cost breakdown should clearly indicate those line items to be funded by the Investor's equity and the timing thereof.
- All management contracts, operating agreements, franchise agreements, or other contractual arrangements affecting the operation of the Project. HCD reserves the right to require that all such contracts and agreements be conditionally assigned by Borrower to HCD, and to further, at the option of HCD, require that such assignments be acknowledged by the contracting third parties.
- Evidence in the form of letters from the appropriate provider or from the Project engineer, that public water, sanitary and storm sewer, electricity, gas, and other required utilities are available to the Project (as clearly identified in said letters) and in quantities sufficient for the successful operation of the Project. All utility lines must enter the Project through adjoining public streets or, if passing through adjoining private land, do so in accordance with recorded public or private easements satisfactory in form and content to HCD.
- Evidence that the Project and all planned improvements and intended uses will fully comply with all applicable deed restrictions, laws, regulations and copies of all building and grading permits, operating permits, licenses, consents and approvals, which building and grading permits, operating permits, licenses, consents and approvals.
- Such other financial information and other documents as shall be required by the HCD's loan documents; and
- Each of the foregoing conditions precedent and all other conditions precedent set forth in the HCD's loan documents shall be fully satisfied on or before closing.

**HOUSTON**
HOUSING AUTHORITY

Transforming Lives & Communities

2640 Fountain View Drive Houston, Texas 77057 713.260.0500 P 713.260.0547 TTY www.housingforhouston.com

February 21, 2025

Trinity East 9 Affordable Senior, LP.
c/o The NHP Foundation
122 East 42nd St., Suite 4900
New York, NY 10168

RE: Trinity East Senior Loan Term Sheet

Dear Trinity East 9 Affordable Senior, LP,

The Houston Housing Authority (hereinafter referred to as "HHA" or the "Lender") agrees to make a loan (the "Loan") to Trinity East 9 Affordable Senior, LP, a Texas Limited Partnership ("Borrower") which shall be used for construction and thereafter as permanent financing for the ongoing operation of the referenced property, subject to and upon the following terms and conditions set forth in this loan commitment letter (the "Commitment Letter"). These funds may be used to meet the Match Requirement for Multifamily Direct Loan Funds as set forth in TDHCA's 2025-1 Notice of Funding Availability, should those loan funds be awarded to the project.

Loan Purpose: Financing for the construction of Trinity East Senior, located at 2620 Live Oak St, Houston, TX, a Choice Neighborhood Implementation (CNI) Project Based Voucher by Others (the "Development"), a replacement housing project under the Choice Neighborhood Implementation Program.

Mortgage Amount: The total loan amount will be \$500,000 (five-hundred thousand dollars). The Loan will be evidenced by a Promissory Note (the "Note") and other loan documents.

Term: The term of the loan shall be 42 (forty-two) years, two years of construction and a forty year permanent loan term. In all events, the outstanding principal and accrued interest shall be paid in full by the end of the 42nd year of the term.

Interest Rate: The note shall bear interest at 3% in effect at the closing date (defined below) at the pay rate described below.

Payments: The note shall be fully amortized over a forty-two year term. Payments shall be made monthly equal to 25% of available cash flow after payment of first mortgage debt. The full amount of the loan shall be paid by the end of year 42. The outstanding unpaid principal under the Note may be partially prepaid at any time prior to the Maturity Date (defined below); provided that, in all events, a portion of the outstanding principal balance in amounts equal to \$5,000 shall not be repaid at any time prior to the Maturity Date without the prior written consent of the Lender.

- Security:** The loan shall be secured by a deed to secure debt encumbering the Development (which includes the underlying real estate), and by a perfected security lien in all leases, rents, income and profits from the operation of the Development, all personal property, both tangible and intangible (including replacements, substitutions, and after-acquired property) located on the Development, or used or intended to be used in connection with the Development.
- Conditions:** In addition to the conditions set forth in this commitment letter, the obligation of the Lender to close on the Loan is expressly contingent upon (a) authorization and approval by the Houston Housing Authority Board of Commissioners and any applicable HHA affiliate Boards; (b) the approval of any applicable federal, state, county or other governmental agency, body or authority; (c) the Loan Documents shall have been prepared and be satisfactory to Lender's reasonable discretion; and (d) any other conditions required by Lender prior to the Closing Date shall have been met.
- Loan/Closing Documents:** Borrower shall, execute and deliver all such closing documents as Lender may in its judgment deem necessary or expedient for its protection. Such loan documents shall be prepared by counsel for Lender and shall contain representations, covenants and agreements satisfactory to Lender in its reasonable discretion.
- Expiration:** This commitment letter shall expire December 31, 2025 unless extended by the mutual agreement of Lender and Borrower; provided, however, that Lender may, at its option, terminate this commitment letter: (i) in the event that there is any material inaccuracy of adverse change (including without limitation, inaccuracies or adverse changes which in the aggregate, may be material) in any information or representations contained or made in support of the request or application for the Loan; or (ii) in the event of (x) any material, adverse change in the financial condition of Borrower or any other person or entity to be liable for repayment of the Loan or responsible for performance there under.

LENDER: Houston Housing Authority



Jamie Bryant, President & CEO

**HOUSTON**
HOUSING AUTHORITY

Transforming Lives & Communities

2640 Fountain View Drive Houston, Texas 77057 713.260.0500 P 713.260.0547 TTY www.housingforhouston.com

February 21, 2025

Trinity East 9 Affordable Senior, LP.
c/o The NHP Foundation
122 East 42nd St., Suite 4900
New York, NY 10168

**RE: Trinity East Senior
Project Based Voucher Commitment**

Dear Trinity East 9 Affordable Senior, LP,

The Houston Housing Authority (HHA) hereby commits to enter into an Agreement to Enter into a Housing Assistance Payments ("AHAP") Agreement and a subsequent Housing Assistance Payments ("HAP") Contract with Trinity East 9 Affordable Senior, LP (the "Owner Entity") with regard to 81 (eighty-one) rental units to be developed as **Trinity East Senior** (the "Project") located at 2620 Live Oak Street, Houston, TX, upon successful completion of the project and inspection and acceptance of the units by HHA.

The HAP Contract will identify the following unit mix and initial rents at the Project.

Number of Units	Unit Type	Contract Rent	Utility Allowance	Gross Rent
81	1 BR	\$1,461	\$114	\$1,575

The Owner Entity agrees to construct the units in accordance with certain U.S. Department of Housing and Urban Development regulations promulgated under 24CFR983, and HHA agrees to enter into a HAP Contract upon Owner Entity's completion of the units.

Under the HAP Contract, HHA will provide a monthly housing assistance payment to the Project equivalent to the difference between the tenant payment and the contract rent. The HAP contract will be executed and become effective upon the acceptance and delivery of the units, and will have a term of twenty (20) years.

This commitment is conditioned upon HUD approval of a Subsidy Layering review and the successful financing and development of the project. This commitment will expire upon the earlier of (i) the closing of the financing for the project, or, (ii) December 31, 2025.

HOUSTON HOUSING AUTHORITY

Sincerely,



Jamie Bryant, President & CEO

LETTER OF INTEREST/APPLICATION FOR PROJECT FINANCING

February 26, 2025

The NHP Foundation
1090 Vermont Avenue NW
Suite 400
Washington, DC 20005
Attn: John Hoffer

Re: **Trinity East**
 Houston, TX
 (the “**Project**”)

Dear Mr. Hoffer,

NewPoint Affordable JV LLC is pleased to present to The NHP Foundation (the “**Sponsor**”) this Letter of Interest/Application for Project Financing (“**Letter of Interest/Application**”) related to the financing of the Project referenced above. NewPoint Affordable JV LLC (or its designee, being referred to as “**NewPoint**”) proposes to provide/arrange the 9% taxable LIHTC Construction to Permanent financing with the characteristics described below the proceeds of which will be used to make a loan on the Project (“**Project Loan**”).

The Project Loan will have two distinct phases:

(1) the “Construction Phase”: an initial phase during which funds will be advanced to the Borrower by the Construction Lender. Payments on the Project Loan during the Construction Phase will be subject to the Construction Lender’s terms and conditions.

(2) the “Permanent Phase”: a subsequent phase when, upon completion of construction, achievement of stabilized operations, no additional funds will be available to Borrower. “Conversion” is the conversion of the Project Loan from the Construction Phase to the Permanent Phase upon satisfaction of the conditions in the Loan Agreement.

By executing and returning this Letter of Interest/Application together with the deposits described in Section II herein (“**Required Deposits**”) by April 3, 2025, the Sponsor authorizes NewPoint to commence the underwriting and due diligence process for the funding of the Loans. Unless an executed Letter of Interest/Application and the Required Deposits are received by the Expiration Date, this Letter of Interest/Application will expire.

I. Loan Amount, Interest Rate, Sizing & Structure

- (a) *Loan Amount* (Construction Phase): **\$15,007,282** Taxable Construction Loan (estimated, to be confirmed via underwriting and calculated in a manner consistent with Section I(d) below).
- (b) *Loan Amount* (Permanent Phase): **\$9,507,282** 9% LIHTC Freddie Mac Taxable Loan (estimated, to be confirmed via underwriting).
- (c) *Interest Rate Spread*
 If pricing were to have occurred on the date of this Letter of Interest/Application:

- a. The Construction Loan interest rate will equal 1 month SOFR, plus 2.65%, adjusted monthly. The current estimated interest rate is 7.00%.
- b. The estimated 9% Taxable Permanent Loan interest rate is 6.85%, including an underwriting cushion of .45%.

(d) Loan Sizing Parameters (Construction and Permanent Phase)

- a. Construction Loan maximum LTC is 80%.
- b. Permanent Loan minimum DSCR is 1.15x.
- c. Permanent loan maximum LTV is 90% (based upon an “as-restricted” value).
- d. NOI: \$801,066 per annum (to be confirmed during underwriting).

(e) Construction Period & Stabilization

- a. The construction plus stabilization periods shall not exceed 24 months, plus 1 six-month extensions.
 - i. The Sponsor shall have the right to extend the Construction Phase for 1 six-month term. There will be no fee for the six-month extension.
- b. Construction draws will be effectuated on a monthly basis until all Construction draws have been funded.

(f) Permanent Phase Loan Forward Commitment

- a. The Permanent Phase Loan shall be in the form of Freddie Mac Forward Commitment. The term of the Forward Commitment shall be 24 months plus 1 six-month extension.
- b. The Permanent Phase of the financing shall commence on the first day of the first month after the Project achieves both 85% physical occupancy and a DSCR of 1.15x on the permanent debt amount for three consecutive calendar months (the “**Conversion Date**”).

(g) Permanent Phase Loan Term, Amortization

- a. The permanent phase loan term shall be 16 years amortizing based upon a 40-year schedule for the Permanent Phase.

(h) Replacement Reserves, Operating Reserve Fund & Debt Service Reserve Fund

- a. \$300 per unit per annum shall be deposited as Replacement Reserves.
- b. \$0 shall be deposited into an Operating Reserve Fund.
- c. \$0 shall be deposited into the Debt Service Reserve Fund.

II. Origination Fees, Application Fees, Stand-by Fees, Extension Fees

(a) Origination Fees

- a. **1.00%** multiplied by the anticipated Construction Loan Amount and **1.00%** by the Permanent Phase Loan Amount.
- b. All Origination Fees are deemed earned and shall be payable on the Closing Date.

(b) Application Fee, Standby Fees, Forward Commitment Extension Fee and Legal Fees

- a. **\$50,000** Application Fee for third party reports for Construction Loan and Permanent Phase Loan.
- b. **.10%** of the Permanent Phase Loan Amount
- c. **15 bps per annum** per year Standby Fee payable to Freddie Mac
- d. **5% Commitment Assurance Note** in favor of Freddie Mac for the Permanent Phase Loan. Cancelled at Conversion to Permanent Loan.
- e. The Freddie Mac fee for the first six-month extension of Forward Commitment is **.80%**.

- f. Estimated Legal Fees are \$50,000 for the Construction Loan and \$35,000 for the Permanent Phase Loan. Legal Fees associated with Conversion to Permanent Financing are \$15,000.

III. Timing

NewPoint is aware of the required closing date for site acquisition and building permit submission on or before March 31, 2026.

IV. Exclusivity

Upon execution of this Letter of Interest/Application and in consideration for NewPoint commencing the due diligence process with the Issuer, the Sponsor agrees not to seek to obtain (or obtain) financing from other sources for the Project until the earlier to occur of (a) 6 months from the date the executed Letter of Interest/Application is returned to NewPoint or (b) the date NewPoint informs the Sponsor in writing that it or the Issuer is not going to proceed with the financing. The Sponsor's breach of this exclusivity provision shall cause the Required Deposits, any out-of-pocket due diligence costs and any additional legal fees incurred by NewPoint to be immediately due and payable to NewPoint.

V. Not an Offer or Commitment to Provide Financing

This Letter of Interest/Application was drafted as a courtesy to the Sponsor and represents the Sponsor's authorization for NewPoint to begin the process of the financing described herein. This Letter of Interest/Application does not constitute a commitment on the part of NewPoint to provide the Funding Loan or other financing. Any commitment by NewPoint to the financing is contingent upon the completion of its due diligence review, the receipt of approval from NewPoint's credit committee and the receipt by NewPoint of loan documents.

VI. General Requirements

The expected terms and characteristics of the Loan and this financing include those described in "Exhibit A – General Requirements," attached hereto.

VII. Acceptance

Very truly yours,

NEWPOINT REAL ESTATE CAPITAL LLC,
A Michigan limited liability Company

By: Bryan Dickson

Name: Bryan Dickson

Title: Senior Managing Director

Agreed and Accepted this ____ day of _____, 2023

Exhibit A

GENERAL REQUIREMENTS

I) Security for the Loans & Related Loan Documentation.

The Loans shall be secured by a loan agreement evidencing the loan proceeds, a multifamily note evidencing the Sponsor's obligations under the loan agreement, a first lien on the Project and related personalty securing the Sponsor's obligations under the note, an assignment of leases and rents, a collateral assignment of any HAP contract and such other loan documentation as required by NewPoint (collectively, the "**Loan Documents**"). The Loan Documents shall contain provisions: (a) requiring the establishment and maintenance of an escrow into which the Sponsor shall pay on a monthly basis, amounts on account of (i) real estate taxes, (ii) insurance, (iii) replacement reserves of at least \$300 per unit per annum (subject to adjustment as provided by NewPoint), and (iv) similar expenses; each to be deposited in monthly installments beginning on the first interest payment date after the Closing Date; (b) permitting subordinate financing only with the prior written approval of NewPoint; (c) prohibiting the transfer of the Project or any interest in the Project or any ownership interest in the Sponsor or in the Sponsor's general partners; (d) the terms and conditions pursuant to which the Loan proceeds may be advanced to the Sponsor; (5) the Sponsor's agreement to reimburse NewPoint for the costs of inspection of construction/rehabilitation and to pay NewPoint for fees owed, increased costs, protective advances and expenses; (e) confirmation that there are no existing private liens on the Project; (f) requiring that there are no commercial leases with respect to the Project (aside from laundry leases); (g) requiring the Sponsor to cooperate fully in connection with the securitization or sale of the Loans, and (h) related to covenants, representations and warranties customarily provided in financing agreements for facilities of this size and type.

II) Guarantors, Guarantees, Assignments & Environmental Indemnity

The guarantors shall collectively have and maintain a minimum net worth of \$5,000,000 with \$730,000 of that amount being held in liquid assets (minimum net worth and liquidity amounts calculated excluding the Project). Distributions from any entity guarantor shall be restricted to the extent that any distribution would reduce the net worth of the guarantors below the prescribed minimums.

The guarantors shall jointly and severally guarantee: (a) completion of the construction and stabilization within 30 months of the Closing Date as well as the payment of any increase in estimated costs, (b) payment and performance of all obligations of the Sponsor (including scheduled debt service) until the project has achieved completion and stabilization ("Completion" and "Stabilization," respectively). Completion means the time the Project: (i) has received an architect's certificate that the Project is complete; (ii) certificates of occupancy and all other necessary approvals and permits for the use and occupancy of the Project have been issued by appropriate authorities and any rights of appeal with respect thereto shall have expired; (c) all costs shall have been paid and the requirements for the expenditure of Loan proceeds shall have been met; (d) the Project is free of claims, liens or charges other than those reflected in the approved mortgagee title insurance policy; (e) receipt of a satisfactory date down endorsement of title insurance; (f) receipt of a satisfactory ALTA as built survey; (g) receipt of evidence of hazard and liability insurance; (h) receipt of evidence of payment of all taxes then due and payable; and (i) receipt of Sponsor's completion certificate. Stabilization is achieved on the first day following Completion when (i) the ratio of net operating income of the Project for each of the prior three months to maximum principal and interest on the loan payable in any month equals or exceeds 1.15x in each of three prior consecutive months and (ii) the Project is 85% physically occupied in each of three prior consecutive months and (iii) no event of default or event which, with the passage of time or the giving of notice or both, would constitute an event of default, shall have occurred and be then continuing under the loan documents.

For purposes of the foregoing, net operating income shall be (a) the lesser of (i) actual project income or (ii) actual project income adjusted to reflect the greater of a 5.00% or market vacancy rate less (b) the greater of (i) actual project expenses or (ii) projected expenses determined in NewPoint's underwriting. Actual project income will include all Section 8 income (if any). No loan to value test shall be a condition to achieving Stabilization.

III) Capital Structure, Tax Credit Equity and Subordinate Debt

The Sponsor shall receive an allocation of Federal Low Income Housing Tax Credits no less than \$16,998,300. The timing of receipt of all tax credit equity is subject to the approval of NewPoint and such approval (and the acknowledgement by any tax credit syndicator) must be executed prior to the purchase of any Loans.

The Sponsor expects to receive soft subordinate debt as follows:

- a.) \$3,600,000 - City of Houston Local Government Loan
- b.) \$500,000 – Houston Housing Authority Direct Match Loan
- c.) \$500 – City of Houston Local Government Grant

IV) Costs and Expenses

All expenses incurred by NewPoint in connection with the purchase of the Loans including its counsel and any inspectors, engineers, or other consultants that may be retained by NewPoint shall be borne by the Sponsor. The Sponsor will be responsible for monthly inspection fees in an amount not to exceed \$TBD per month through stabilization.

Payment of NewPoint's out of pocket expenses (including, but not limited to the cost of title insurance, survey, counsel fees, appraisal, architects and engineering report, environmental report, insurance review fees, loan set-up fees, and third-party due diligence) by the Sponsor is not contingent on the closing of the Funding Loan.

V) Private Placement, Brokerage Fees & Commissions

NewPoint shall have no liability for payments of any placement fees, brokerage fees or commissions arising from the issuance of this Letter of Interest/Application or the purchase of the Loans and the Sponsor agrees to indemnify, defend and hold NewPoint harmless from and against any and all costs, claims, liabilities, damages or expenses (including attorneys' fees) in connection therewith.

VII) Miscellaneous Required Items

(a) A mortgagee's title policy in the full amount of the Loans from a NewPoint approved title insurance company, with reinsurance and direct access agreements, in form and amounts satisfactory to NewPoint, on the ALTA form acceptable to NewPoint. The title policy shall insure the mortgage as an absolute first lien, upon a good and marketable fee simple title, with insurance against entry of mechanics' or other liens and subject only to exceptions to which NewPoint expressly agrees, with such endorsements as may be required by NewPoint's counsel, included a zoning endorsement. If a zoning endorsement is not available, or is excessively costly, a zoning report or zoning opinion letter will be required instead. The policy shall be dated down to Stabilization.

(b) A current ALTA survey certified to, among others, NewPoint and the title insurer, showing the location of all Project, setbacks, easements and rights of way.

(c) Financial statements and federal income tax returns of the Sponsor and each Guarantor, together with evidence that there has occurred no material adverse change in the Sponsor's or any Guarantor's financial condition between the respective dates of such statements and returns and closing, and pro forma financial statements for the Project projecting that upon lease-up the ratio of Project net operating income (calculated as income from operations less costs of owning and operating the Project) to debt service on the Loans shall at all times be at least 1.15 to 1.0.

(d) Copies of all management agreements and operating contracts with respect to the Project. All arrangements relating to management of the Project shall be subject to the approval of NewPoint throughout the term of the Loans.

- (e) A copy of the standard form of lease, rent rolls (if applicable) and copies of non-standard leases (if applicable).
- (f) Policies of builder's risk, hazard, liability and other insurance, in form and amounts and written by insurers acceptable to NewPoint, containing standard mortgagee and loss payable clauses and providing that such policies shall not be canceled without 60 days' prior written notice to the mortgagee.
- (g) A copy of the contract for the construction of the Project, together with a breakdown certified by the Sponsor and the Contractor setting forth the cost for each class of work included in the cost of construction of the Project, and a letter from the Contractor pursuant to which the Contractor shall consent to the assignment of the construction contract to NewPoint and shall certify and agree to such other matters as NewPoint may request. The construction contract shall be for a guaranteed maximum price in an amount approved and shall in all respects be subject to review and approval, by NewPoint and its counsel.
- (h) Copies of all subcontracts.
- (i) Complete and final Plans and Specifications (including working drawings) for the Project, including architectural, structural, mechanical, plumbing, electrical and landscaping components, prepared by an architect or engineer who shall be registered in the jurisdiction in which the Project is located.
- (j) A copy of the executed contract with the architect who prepared the Plans and Specifications, which contract shall be satisfactory to NewPoint, together with a letter from the architect pursuant to which the architect shall consent to the assignment of the architect's agreement to NewPoint and certify and agree to such other matters as NewPoint may request, including, without limitation, that the Project have been designed, and the Project, if constructed in accordance with the Plans and Specifications, will be, in compliance with all zoning and building codes and laws relating to accessibility to, usability by and discrimination against disabled individuals.
- (k) For all subcontracts in excess of \$1,000,000, dual obligee payment and performance Loans for the contractor and/or such subcontractors as NewPoint may require, in each case in an amount not less than the full price of the applicable contract.
- (l) A complete breakdown of all costs of the Project, certified by the Sponsor to be the Sponsor's true, correct and complete good faith estimate of costs, which certified breakdown shall be in form, scope and content satisfactory to NewPoint.
- (m) Evidence satisfactory to NewPoint of (i) proper zoning and subdivision of the land for the Project, (ii) the issuance of all governmental permits and approvals for the Project and (iii) the availability to the land of all necessary utility and municipal services for the Project and (iv) for existing projects, evidence of compliance with current building and municipal codes.
- (n) A comprehensive Phase I report prepared by a qualified consultant or consultants acceptable to NewPoint certifying that the Project has been thoroughly inspected in accordance with generally accepted professional standards for a Phase I survey and that the Project does not contain or show any evidence of containing any toxic or environmentally deleterious material, whether in the soil or beneath the surface of the ground or in any Project located thereon. In addition, for existing projects, an asbestos assessment, a lead-based paint assessment, a lead-in-drinking water assessment, a radon assessment, a termite assessment and a mold assessment, each prepared by a qualified consultant or consultant acceptable to NewPoint.
- (o) A market and feasibility study of the Project prepared by an outside consultant selected and engaged by NewPoint (but paid for by the Sponsor).
- (p) Financing and reference reports of the Sponsor and the Guarantors from outside sources selected or approved by NewPoint.

(q) An MAI appraisal by an outside appraiser selected and engaged by NewPoint, showing that the original face amount of the Loans does not exceed 90% of the value of the Project (including the value of tax-exempt Loans and low-income housing tax credits).

(r) For the Sponsor, its general partners and each of the Guarantors, certified copies of the following as applicable:

(i) its limited Sponsor agreement, operating agreement or articles of incorporation and by-laws as applicable; and

(ii) resolutions authorizing the execution, delivery and performance of the Loan Documents) to which any of the Sponsor, such general partner such Guarantor is a party;

(iii) good standing/subsistence certificates and tax lien certificates.

(iv) Opinions of counsel to the Sponsor, the borrower and their constituent entities, if any, and the Guarantors satisfactory to NewPoint and its counsel in all respects as to the following:

(1) the valid organization, qualification, existence and good standing of the Sponsor, the general partner and their constituent entities, if any, and each of the Guarantors;

(2) the due authorization, execution and delivery of the Loan documents;

(3) the legality, validity, binding effect and enforceability of the loan documents;

(4) that the execution and delivery of and performance of the obligations of the Sponsor, the general partner/managing member and Guarantors under the loan documents will not violate any provision of law or any applicable judgment, order, or regulation of any court, or of any public or governmental agency or authority, and will not conflict with or constitute a default under the Sponsor's, the general partner's or any Guarantor's organizational documents or under any instrument to which the Sponsor, the general partner/managing member or any Guarantor is a party or by which the Project is bound;

(5) that there are no pending or, to the best of such counsel's knowledge, threatened, actions against the Sponsor, the general partner or any Guarantor or the Project before any court or governmental agency, which, if determined adversely to the Sponsor, the general partner or such Guarantor or the Project, would have a material adverse effect upon the construction, use or operation of the Project or upon the performance of the Loan Documents.

(6) such other documents, instruments, opinions and assurances as NewPoint and its counsel may reasonably request.

VIII. **Expiration**

The terms contained in this Letter of Interest/Application shall expire on April 3, 2025.

HUDSON

HOUSING CAPITAL

February 24, 2025

John G. Hoffer
The NHP Foundation
1090 Vermont Avenue, NW
Suite 400
Washington, DC 20005

Re: **Trinity East Village Senior – Houston, TX**

Dear John:

Thank you for providing Hudson Housing Capital LLC (“Hudson”) with the opportunity to extend a purchase offer for the limited partnership interest in Trinity East 9% Affordable Senior, LP that will own Trinity East Village Senior (the “Partnership”).

Hudson is a Delaware limited liability company formed to directly acquire limited partnership interests in partnerships which own apartment complexes qualifying for low-income housing tax credits (“Tax Credits”) under Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”).

Set forth is our proposal as to the basic business terms under which Hudson or its designee (“Investor”) will acquire a 99.99% limited partnership interest in the Partnership which will own a 90-unit complex in Houston, TX (the “Property”). You have advised us VRC Trinity East GP, LLC (the “General Partner”), a single purpose entity, will be the general partner of the Partnership and The NHP Foundation (the “Developer”) will be the developer of the Property. The NHP Foundation (the “Guarantor”) shall guarantee the obligations of the General Partner under the partnership agreement to be entered into between the parties (the “Partnership Agreement”). The Guarantor will be required to maintain a minimum liquidity of \$2 Million and net worth of \$10 Million (the “Net Worth and Liquidity Covenant”). TEVCDC Affordable Elderly, LLC will be admitted to the Partnership as a special limited partner (the “Special Limited Partner” or “SLP”) with limited supervisory rights.

You have further advised us that the Property expects to receive an allocation of 9% Tax Credits in the annual amount of \$2,000,000 and that all of units will qualify for Tax Credits.

I. Equity Investment

The Investor will contribute to the Partnership a total of \$16,998,300 (the “Total Equity”) or approximately \$0.85 (the “Tax Credit Ratio”) per total Tax Credit available to the Investor, payable in the following installments:

Contribution	Contribution %	Timing
First	50%	Closing
Second	5%	100% Completion
Third	40%	Permanent Loan Closing & Breakeven Date
Fourth	5%	Issuance of 8609s

- A. First Capital Contribution.** The Investor will fund the First Capital Contribution as follows:

Contribution	Contribution %	Timing
Initial I	15%	Closing
Initial II	20%	60% Construction Completion
Initial III	15%	80% Construction Completion

- B. Second Capital Contribution.** The Second Capital Contribution will be paid upon the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) lien-free construction completion of the Property substantially in accordance with the Plans and Specifications in a workmanlike manner approved by Hudson; (ii) issuance of Certificates of Occupancy for 100% of the units in the Property; (iii) receipt of a draft Tax Credit cost certification from independent accountants to the Partnership (the “Accountants”) setting forth the eligible basis and the total available Tax Credits; (iv) receipt of a pay-off letter from the general contractor or sub-contractors, as applicable; (v) satisfactory financial condition of the Guarantors (i.e., compliance with the Net Worth and Liquidity Covenant); (vi) if not received at the Initial Closing, receipt of a carry-over allocation; and (vii) commencement of funding under any Rental Subsidy Program at no less than the underwritten rent levels.

- C. Third Capital Contribution.** The Third Capital Contribution will be paid upon the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) closing of the permanent first mortgage loan (“Permanent Loan Closing”); (ii) achievement of Breakeven Operations for three consecutive month(s) (“Breakeven Date”); (iii) receipt of prior year’s income tax returns in the event such returns are then due; (iv) receipt of a final Tax Credit cost certification from the Accountants as to the amount of Tax Credits the Partnership will claim for 2027/2028 and the amount allocable to each partner (the “Final Certification”); (v) receipt of prior year’s income tax returns in the event such returns are then due; (vi) receipt and approval of initial tenant files; (vii)

satisfactory financial condition of the Guarantors (i.e. compliance with the Net Worth and Liquidity Covenant); (viii) evidence of continued funding under any Rental Subsidy Program at no less than the underwritten rent levels; and (ix) receipt of permanent Certificates of Occupancy.

“**Breakeven**” shall mean that, for each such month, occupancy is at least 90% and that Property income (with rents not to exceed maximum allowed tax credit rents net of the applicable utility allowances for the rent-restricted units), exceeds the greater of underwritten expenses or actual expenses, including replacement reserves, reassessed taxes, and permanent loan debt service (calculated on a stabilized and accrual basis) and generates debt service coverage of not less than 1.15 on all mandatory debt assuming the greater of actual or a 7% vacancy rate

D. Fourth Capital Contribution. The Fourth Capital Contribution will be paid upon the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) satisfactory financial condition of the Guarantors (i.e., compliance with the Net Worth and Liquidity Covenant). (ii) evidence of continued funding under any Rental Subsidy Program at no less than the underwritten rent levels, (iii) receipt of Form 8609 with respect to all buildings constituting the Property; and (iv) receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred.

If the conditions for payment of the Fourth Capital Contribution have been met except for the receipt of (iv) above, \$15,000 of the Fourth Capital Contribution will be held back and promptly released upon receipt of the same.

Our offer is also contingent on construction and permanent financing sources acceptable to Hudson.

II. Developer Fee

The Developer shall receive a Developer Fee of \$3,630,000, of which \$2,495,000 is expected to be available from capital sources (the “Cash Developer Fee”) which shall be paid on a schedule to be negotiated. The Cash Developer Fee payment schedule will be modified to ensure there are sufficient cash holdbacks for completion and conversion to meet investor requirements.

You have represented that the amount of the Developer Fee does not exceed the amount permitted to be paid by the tax credit issuing agency. Deferred developer fees shall be paid from available cash flow as detailed in Section IV and shall bear interest at AFR. Principal payments on the deferred developer fees shall commence with the funding of the Third Capital Contribution. The General Partner agrees to make a special capital contribution to the Partnership equal to any unpaid balance of the deferred portion of the Developer Fee if such portion has not been fully paid within 15 years from the date of the payment of the Second Capital Contribution.

III. Property Management Fee

The General Partner may retain one of its affiliates to be the managing agent for the Property on commercially reasonable terms. The management agreement, to be approved by the Investor, shall have

an initial term of 1 year and shall be renewable annually thereafter, shall provide for an annual management fee not to exceed 4.5% of gross effective income, and shall otherwise be on commercially reasonable terms (including a termination right by the General Partner in the event of fraud/gross negligence or material default by the Manager). If the managing agent is affiliated with the General Partner, the management agreement shall provide for a deferral of 100% of the management fee in the event that the property does not generate positive Cash Flow.

IV. Cash Flow Distributions

Cash flow from the Property, after payment of operating expenses, which shall include the Administrative Expense Reimbursement, current and any deferred property management fees from prior years, debt service, replenishment of required reserves (including any reserve payments which were not made due to insufficient cash flow), payment of any adjusters owed to the Investor, and payment of any tax liability incurred by the Limited Partner ("Cash Flow"), shall be distributed annually (subsequent to the Third Capital Contribution) as follows:

- A. to the replenishment of the Operating Reserve;
- B. to the payment of any Operating Deficit Loans, if any;
- C. to the payment of Developer Fees;
- D. to the payment of interest on subordinate debt;
- E. 90% to the General Partner as a preferred return with an equivalent allocation of income; and
- F. the remainder to be split in accordance with Partnership interests.

V. Sale or Refinancing Proceeds

Net sale or refinancing proceeds (i.e., after payment of outstanding debts, liabilities (other than to the General Partner and its affiliates) and expenses of the Partnership, and establishment of necessary reserves) shall be distributed as follows:

- A. Repayment of outstanding loans by the limited partners, if any;
- B. Payment of amounts due to the limited partners;
- C. Repayment of outstanding loans by the General Partner, including the Developer Fee (if not paid) and Operating Deficit loans; and
- D. 10% to the Investor and 90% to the General Partner.

VI. Right of First Refusal / Option

- A. **ROFR:** A qualified non-profit corporation designated by the General Partner shall have a right of first refusal as allowed under Section 42 of the Code and such other requirements as are currently required by the Texas Government Code and TDHCA, commencing upon the expiration of the tax credit compliance period and ending two year thereafter, to purchase the Property for the outstanding debt (including any amounts owed to the Investor) plus all exit taxes of the limited partners (the "Right of First Refusal Price").
- B. **Option:** The General Partner or its designated affiliate shall have a non-assignable option,

for a period of two years subsequent to the expiration of the tax credit compliance period, to purchase the Property for the greater of (a) the fair market value of the Property, and (b) Right of First Refusal Price.

VII. General Partner Commitments

- A. Low Income Housing Tax Credit Adjustment.** Our offer is based upon the assumption that the Partnership will qualify for and claim the full amount of the Partnership's Tax Credit allocation, \$2,000,000, for each year of the 10-year credit period.

1. Adjustments during equity payment (construction and lease-up) period

a. Volume Adjuster

In the event that either the Form 8609's or the Final Certification indicates that the Property will not generate the projected aggregate amount of Tax Credits (other than as specified below), the Partnership Agreement will provide for a return of such capital, an adjustment in the amount of any unpaid Capital Contributions and/or a payment by the General Partner to the Investor sufficient to restore the Tax Credit Ratio as defined in Section I above.

b. Timing Adjuster

Notwithstanding the preceding paragraph, in the event that the Final Certification specifies that, while the aggregate amount of Tax Credits allocable to the Partnership is unchanged, the amount of Tax Credits allocable to the Partnership in 2027/2028 is less than the amounts specified above for the corresponding year(s), the Second/Third/Fourth Capital Contributions will be reduced by \$0.60 for each dollar by which such amount exceeds the actual amount of Tax Credits allocable to the Partnership for such period.

2. Adjustments during compliance period

Compliance Adjuster

After the Form 8609's have been issued, in the event that the actual amount of Tax Credits which may be claimed by the Partnership is less than the amount specified in such Forms, the General Partner shall reimburse the Investor on a dollar-for-dollar basis for each lost dollar of Tax Credits plus any resulting penalties or taxes due. Similarly, if there is a recapture of Tax Credits (except from the sale or transfer of the Investor's interest in the Partnership, the General Partner shall indemnify the Investor and its partners against any Tax Credit recapture liability (including interest, penalties and any reasonable related legal or accounting costs) which they may incur during the Compliance Period. Any fees or Cash Flow payable to the General Partner, or its affiliates, will be subordinated to any required payment pursuant to this paragraph.

- B. Development Deficit Guarantee.** The General Partner shall be responsible for completion of the Property in a workmanlike manner, in accordance with approved plans and specifications, free and clear of all liens. To the extent that the costs of construction and

operations until the funding of the Third Capital Contribution exceed the amount of any funding by approved permanent third party lenders, any unpaid Developer Fees and the amount of the Investor's capital commitment (adjusted as set forth above), the General Partner shall pay all such costs and expenses connected with development and construction of the Property, including without limitation all operating expenses of the Property until the funding of the Third Capital Contribution. The contractor will be required to post a P&P Bond or a letter of credit with terms acceptable to Hudson. An "owner's" construction contingency in an amount equal to 5% of the construction costs will be required.

- C. *Operating Deficit Guarantee.*** The General Partner shall make interest free loans to the Partnership (repayable from cash flow and/or sale and refinancing proceeds as described above) equal to any Operating Deficits (including the administration fee described in Section VIII below) incurred during the period beginning on the funding of the Third Capital Contribution and ending on the fifth anniversary of Breakeven operations, provided that Breakeven operations have been maintained for the preceding 12 months and that any draws from the Operating Reserve have been replenished in full, in an amount not to exceed 6 months of operating expenses and debt service.

The General Partner will also be obligated to fund an Operating Reserve in an amount equal to 6 months of underwritten operating expenses and debt service at the time of the Third Capital Contribution. Any draws from the Operating Reserve shall be replenished from cash flow and no withdrawals will be allowed prior to the expiration of the Operating Deficit Guaranty.

- D. *Obligations of General Partner.*** Immediately following the occurrence of any of the following events, the General Partner shall, at the option of the Investor, (x) admit the Special Limited Partner or its designee as the managing general partner of the Partnership and, at the option of the Investor, withdraw from the Partnership; or (y) repurchase the Investor's interest in the Partnership: (i) an IRS Form 8609 is not issued with respect to each of the buildings in the Property in a timely manner after each such building has been placed in service; (ii) the Property is not fully placed in service by the date that is six months later than underwritten construction completion; (iii) the permanent loan commitment is cancelled or substantially modified, and a suitable replacement loan (to be approved by the Investor) is not obtained or if the Property qualifies for a permanent loan not sufficient to balance the sources and uses of funds; (iv) permanent loan closing has not occurred by the date that is six months later than underwritten conversion; (v) the Partnership fails to meet the minimum set aside test (as defined in Section 42 of the Code) or fails to execute and record a Tax Credit Extended Use Commitment by the close of the first year of the Credit Period; (vi) the Partnership shall have been declared in default by any mortgage lender or under the tax credit allocation, or foreclosure proceedings have been commenced against the Property, and such default is not cured or such proceeding is not dismissed within 30 days; or (vii) there is a material violation of the Partnership Agreement by the General Partner or, if the property manager is an affiliate of the General Partner, a material violation of the management agreement by the manager which causes material adverse harm to the Investor, the Partnership or the Property.

If the Investor elects to have its interest repurchased by the General Partner, the repurchase price shall be equal to the sum of (i) 105% of the Total Equity, (ii) interest at Prime + 1 on capital contributions made to date, and (iii) any tax liability incurred by the Investor as a result of such repurchase, less the amount of Total Equity which has not been contributed by the Investor at such time.

E. Replacement Reserve. Commencing with the month following Completion, the Partnership will make a minimum monthly replacement reserve deposit (the “Minimum Deposit”) equal to (on an annualized basis) the greater of (i) the amount required by the permanent lender and (ii) \$300/unit. The amount of the Minimum Deposit shall be increased annually by 3%. If the sum of all lender-imposed monthly replacement reserve deposits is less than the Minimum Deposit, Investor will establish a separate account into which the General Partner will deposit the difference. Any interest earned on such account shall become a part thereof.

F. Reporting. The Partnership will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Partnership, not later than November 1 of the preceding year; and (d) the Partnership’s tax returns and K-1 forms within 45 days after the end of each fiscal year. The penalty for any failure to deliver Partnership tax returns or K-1 forms prior to the specified deadline shall be (i) \$50 per day for the first seven days after such deadline, (ii) \$100 per day for the next seven days, and (iii) \$150 per day thereafter, provided that the amount of such penalty shall not exceed \$5,000 in any year.

VIII. Fees to Affiliates of Hudson

Administrative Expense Reimbursement. An affiliate of Hudson shall receive an annual administrative expense reimbursement from the Partnership in the amount of \$7,500, which amount shall be increased annually by 3%. Such fee shall commence in the year of funding of the Third Capital Contribution.

IX. Representations, Warranties and Covenants

The General Partner shall make certain representations and warranties as to the Partnership, the General Partner and the Property to be set forth in the Partnership Agreement. The payment of each Capital Contribution shall be conditioned upon certification by the General Partner as to the continued accuracy of these representations and warranties.

X. Accountants

The Accountants for the Partnership shall be Novogradac & Co, Cohn Reznick or another firm approved by the Investor. The Accountants shall prepare tax and financial reports as set forth in the Partnership Agreement, and the Final Certification referred to in Section I.c. above.

XI. Investment Partnership Rights

The Partnership Agreement will provide certain approval rights as to major actions proposed to be taken by the General Partner. The Investor shall have the right to remove the General Partner and the Manager for cause.

XII. Insurance

At the closing, the General Partner shall provide for title insurance satisfactory to counsel to the Investor in an amount equal to the sum of all Capital Contributions, all mortgage loans and the amount of any Development Fee Note. Prior to the payment of any additional installment of the Capital Contribution, a “date down” of such policy shall be provided.

The General Partner shall provide for (i) liability (general and excess) insurance in an aggregate amount of at least \$6,000,000 per occurrence (\$1,000,000 per occurrence General Liability and \$5,000,000 Umbrella Liability) (increased biennially by the CPI Percentage), (ii) hazard insurance (including boiler and machinery coverage) and flood insurance, for properties located in special flood hazard areas as identified by the Federal Emergency Management Administration, in an amount of not less than the full replacement value of the Property, or in the maximum amount of coverage available under FEMA’s National Flood Insurance Program for those properties not in a designated flood hazard area, (iii) rental loss insurance for a period of 12 months after the date of loss and (iv) law and ordinance coverage with no sublimit, including changes in law and ordinances enacted during the course of reconstruction. Builder's risk insurance shall be provided during construction. Architects shall submit evidence of errors and omissions coverage, in amounts reasonably satisfactory to the Investor. Workers compensation insurance shall be provided as to any entity with employees working at the Apartment Complex. All policies shall name the Investor as an additional insured and/or lender’s loss payee (where applicable) and shall otherwise be subject to Investor approval.

XIII. Indemnity Agreement

The General Partner shall indemnify the Investor, Hudson and its affiliates, and their respective officers and directors for any untrue statement of a material fact or omission to state a material fact necessary to make any such statement, in light of the circumstances under which they were made, not misleading, by the General Partner or its agents set forth in any document delivered by the General Partner or its agents in connection with the acquisition of the Property, the investment by the Investor in the Partnership and the execution of the Partnership Agreement.

XIV. General Conditions

Payment of the Second/Third/Fourth Capital Contributions shall be conditioned upon completion of an appropriate due diligence review by the Investor to confirm that there have been no changes in material circumstances affecting the Property, including (i) receipt of estoppel letter(s) from all lenders; (ii) review of title (including a “date-down” endorsement), survey, environmental and other legal and

regulatory matters, (iii) receipt of a “No Change” legal opinion from counsel to the Partnership, and (iv) certification by the General Partner as to the continued accuracy of representations and warranties made in the Partnership Agreement.

XV. Conditions to Closing

Hudson acknowledges Partnership’s readiness to proceed requirement and closing will occur on or before March 31, 2026. Hudson will perform and will request the full cooperation of you and your professionals in, customary due diligence in connection with the acquisition of the Property and the Investor interest in the Partnership.

To facilitate the due diligence process, you agree to deliver to Hudson in a timely manner: (i) an appraisal; (ii) a Phase I environmental study of the Property site, prepared in accordance with ASTM standards, and any subsequent additional testing deemed necessary by Investor in its sole discretion; (iii) evidence that none of the buildings are located in the 100 year flood plain; (iv) evidence of the allocation/reservation of Tax Credits; (v) evidence of payment by the General Partner of any taxes imposed on the transfer of the limited Partnership interest in the Partnership; (vi) representation from a certified public accountant with regard to the tax credit basis being sufficient to support the allocated Tax Credits and the validity of depreciating real property over 30 years; (vii) evidence of the financial status of the Guarantor) by way of current financial statements prepared in accordance with A.I.C.P.A. standards; (viii) evidence that the proforma rents are at least at a 10% discount to market rents; and (ix) such other materials as are reasonably required by Investor as part of its customary financial and legal due diligence review. Such items shall be prepared and furnished at your own expense. Your execution of this Letter of Intent will also be deemed consent to perform background checks on the principal(s) of the General Partner and Developer, as well as any individual Guarantor. At closing, Hudson shall be reimbursed up to \$60,000 for its legal and due diligence related expenses. The General Partner understands that any consultant, engineering, environmental or other, selected for the project shall be acceptable to the lender and to the equity investor and that the Partnership shall bear the cost of fees associated with pre-construction feasibility studies, structural analysis, and monthly inspections. In the event this Letter of Intent is terminated or the transaction does not close, Hudson shall be reimbursed for its legal and due diligence expenses incurred to date.

Additionally, approval of this transaction is subject to Investor’s satisfactory completion of due diligence and Investment Committee approval in its sole and absolute discretion. By executing this proposal and in consideration of the substantial expenses to be incurred by Hudson and its affiliates in legal and accounting fees and for due diligence, you agree that you and your affiliates will not offer any interest in the Property to any other party unless this Letter of Intent is terminated by mutual consent or unless you are notified that, pursuant to its due diligence, the Investor will not complete its investment in the Partnership, which notification shall be given not later than 45 days from our receipt of this Letter of Intent executed by you, subject to extension in the event of any delay on your part in furnishing the requested due diligence materials.

If the above proposal is acceptable, please indicate your acceptance by executing two copies of this Letter of Intent and returning one to Hudson at the above address. We look forward to working with you.

Sincerely,

Hudson Housing Capital LLC

By: 

Joshua Lappen
Managing Director

cc: Sam Ganeshan, Hudson Housing Capital, LLC

ACCEPTED AND AGREED TO
THIS ____ DAY OF _____, 2025

By: _____
Name:
Title:



midtown
HOUSTON

MIDTOWN CAPITAL IMPROVEMENTS PROGRAM

Capital Improvements Program

Street Overlay and Sidewalk Program

- Projects will include comprehensive mill and asphalt overlay to improve the road surface condition and sidewalks constructed to generally 5 feet width on local streets and 6 feet width on major thoroughfares.
- Project locations based on the City's Pavement Condition Index (PCI) ratings and Midtown Sidewalk Conditions Assessment.
- Isabella and Truxillo Streets - currently in 60% design plan phase.
- Caroline and Cleburne Streets - currently in topographic survey and geotechnical exploration phase.
- Chenevert, Jackson, and Hadley Street - City of Houston Public Works Design Concept Report (DCR) Review Committee has completed its review of conceptual plan and determined the project may proceed to the next phase of design.

Urban Redevelopment Plan

- Professional Services Agreement with Arup for Pedestrian Lighting Assessment approved at August Board meeting.
- Thorough analysis of current pedestrian lighting conditions and recommendations for future lighting enhancements to address lighting concerns in pedestrian realm.
- Lighting design will focus on the pedestrian experience of perceived safety at night.
- Initial assessment and planning phases include:
 - o Existing Lighting Assessment and Nighttime Vulnerability Assessment
 - o Preliminary Lighting Masterplanning
 - o Stakeholder Engagement and Final Lighting Masterplanning
 - o Phasing Plan and Estimate of Probable Construction Costs



midtown
HOUSTON

STREET OVERLAY



Figure 1: Project Limits - Isabella Street and Truxillo Street

PROJECT MAP



Figure 1: Caroline & Cleburne Street Safety Improvements Project Location

Project Map: Chenevert, Jackson, Hadley mill and overlay and sidewalk improvements

- Chenevert St from Pierce to Elgin St
- Jackson St from Pierce to McGowen St
- Hadley St from Austin to Smith St



Project Limits on Jackson St and Chenevert St (left), and on Hadley St (right).



midtown
HOUSTON

ARUP US INC.

Midtown Houston
410 Pierce Street, Suite 355
Houston, TX 77002

10370 Richmond Avenue, Suite 475
Houston, TX 77042
USA

Marlon Marshall
e mmarshall@midtownhouston.com

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arup.com/lighting

Midtown Houston Lighting - Scope Proposal

Dear Marlon,

Based on our discussion on February 18th, 2025, Arup US, Inc. (Arup) is pleased to provide the following scope proposal for lighting design consulting services for the Midtown Houston Lighting Assessment and Nighttime Safety Framework for the Midtown Management District (MMD) and the Midtown Redevelopment Authority (MRA). We'd love to walk you through the process we have in mind.

We revised the scope and provided fees as per our May 5th discussion to allow for authorization in phases.

1.1 Project Description

We understand the key aspects of the project will consist of a thorough analysis of the current pedestrian lighting conditions and recommendations for future lighting enhancements in Midtown Houston. Specifically, the lighting design will focus on the pedestrian experience of perceived safety at night.

Why design for perceptions of safety?



1.2 Project Context

We understand that the Midtown Houston urban fabric is shaped by a variety of spaces types and uses, such as: urban streetscapes and public parks, connectivity to local transit systems, cultural sites and institutions and a thriving residential and business community.



Parks

Transit

Walkable

Cultural

1.3 Project Schedule

We understand that the anticipated project start would be in 2025. We expect the following phases and associated timelines. Arup would be happy to support MMD / MRA through the initial assessment and planning phases, through phasing, detailed design and implementation of lighting improvements.

1.3.1 Existing Lighting Assessment and Nighttime Vulnerability Assessment (NVA)

We anticipate the NVA scope to last 3 months.

1.3.2 Preliminary Lighting Masterplanning (Preliminary Masterplan)

We anticipate the Preliminary Masterplanning scope to last 3 months.

1.3.3 Stakeholder Engagement and Final Lighting Masterplanning (Final Masterplan)

We anticipate the Stakeholder Engagement and Final Masterplanning scope to last 3 months.

1.3.4 Phasing Plan and Estimate of Probable Construction Costs (Phasing)

We anticipate the Phasing Plan scope to last 2 months.

1.3.5 Detailed Design and Engineering (CD)

Anticipated start date for the CD scope is not set, we assume a need of 3 months per CD package.

1.3.6 Implementation and Construction Administration (CA)

Anticipated start date for the CA scope is not set, expecting to last 18 months per package.

1.4 Proposed Lighting Scope of Work

Lighting plays an important role in defining the character of a district's night-time identity, programming, and activities at night.

Well-designed nighttime lighting can influence the way in which we use and enjoy a city, the way we move around its streets, and our connection to the community.

Arup practices a distinctive nighttime design process. Through peer-collaboration, we offer expertise with design and technologies, as well as unique approaches to lighting analysis, community building activities, bespoke workshops, and experience with government agencies.

Our design approach is a holistic one that starts with human experiences as a driver to provide spaces that consider night-time journeys that are inherently inclusive and perceived as spaces that people want to spend time in. The aim is to develop an informed lighting strategy that promotes the individual character of the areas, amenities, artwork, and landscape components while providing a cohesive design.

Our designs are driven by a keen desire to understand the way people use places, the unique cultural context, the overall vision and ambition of places and users, and the fundamental role that lighting plays in creating these experiences.

From sensitive historic environments for existing cities to ambitious new artistic interventions and urban developments, we combine creativity with technical expertise for solutions that enhance the way cities work after dark.

We understand that we will first conduct an existing conditions analysis and NVA, and work with MDD/MRA and local stakeholders to review the existing design and conditions, aspirations, and intersections with code and standards. Finally, we will provide a pedestrian lighting masterplan strategy for the exterior areas within the project boundary that sets recommendations in the form of short-term, mid-term and long-term solutions. We will then work with MDD/MRA to develop a phasing plan and cost estimates. We are also able to provide detailed design and construction administration services, upon agreement of priorities.

Potential lighting improvements that will be investigated include static lighting, programmable lighting, flexible lighting, temporary/mobile installations, and projections. We will focus on cost-effective solutions that can be either "plug-and-play" or permanent.

1.4.1 Existing Lighting Assessment and Nighttime Vulnerability Assessment (NVA)

To start the project, we will participate in a Kick-off meeting in Houston with MDD/MRA and local stakeholders to understand project goals and aspirations and to explore the neighborhood character together at night. We suggest combining this with an evening walking tour with local stakeholders.

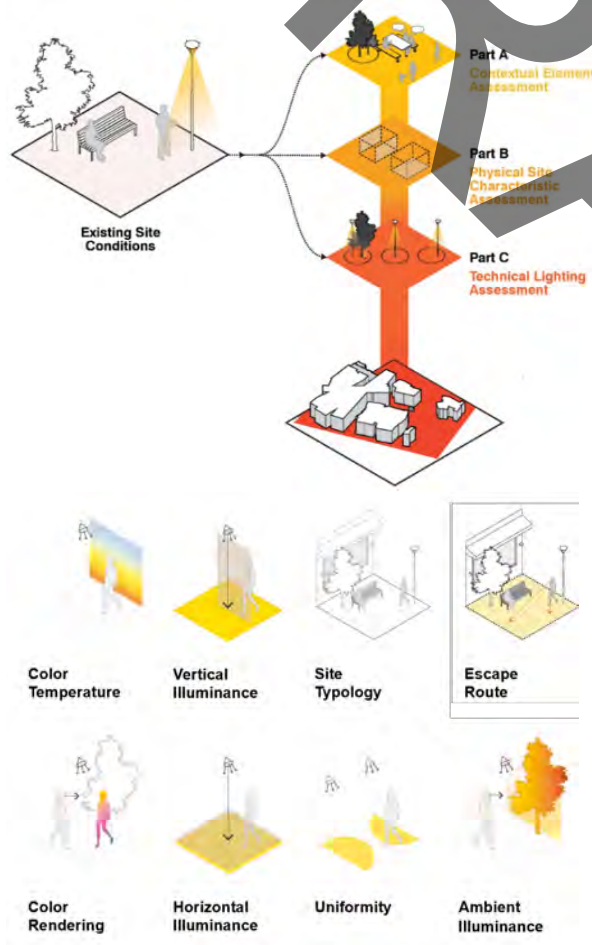
As part of the scope, we will provide an assessment of the existing conditions of the defined area through site visits, photo documentation, and taking light level measurements along pedestrian pathways. Measurements will be taken along each pedestrian pathway on both sides of the street, including at crosswalks. At key areas throughout the district, we will also conduct an in-depth Nighttime Vulnerability Assessment (NVA), which will ultimately aid in an evidence-based approach to improve the Lighting Masterplan Strategy that provides enjoyable and lasting night-time experiences.

The NVA uses onsite measurements to identify site lighting and contextual characteristics that have the potential to influence the likelihood and consequences associated with criminal/antisocial behaviors. The result is a report that comprises of a detailed explanation of the rationale and assessment framework and presents the findings of the NVA consisting of three components:

- Part A: Contextual Element Assessment
- Part B: Physical Site Characteristic Assessment
- Part C: Technical Lighting Assessment

During the assessment, we will observe, and document ambient effects generated by street lighting, landscape lighting, building lighting, storefront lighting, transit station lighting, existing pedestrian lighting, parking lot or garage lighting, vehicular wayfinding lighting, banner pole lighting, and high-mast or under-bridge highway lighting.

We will also observe and document any natural or architectural elements that are generating interference, such as shadow casting, and are otherwise limiting the efficacy of existing lighting elements. This information will feed into our lighting masterplan strategy.



NVA Methodology



Safety & Comfort

The goal of the assessment is to provide MDD/MRA and stakeholders of the project area with the additional information that allows them to engage with concepts of pedestrian safety, place-making and equal access after dark, reflect on possible lighting vulnerabilities, assess the risks involved, and act to mitigate and reduce risk to the public.

Arup and MDD/MRA will discuss the locations for NVA based on site observations, background information and community and stakeholder feedback. Midtown Parks and Public Space Masterplan will be used as resource for initial investigation of areas that are more perceived as unsafe. NVA shall include a couple of areas elected as most safety within Midtown to provide an overall context, not only limited to parks but including pedestrian paths.

The final deliverable of this process is intended to provide a consistent, evidence-based decision-making rationale on priority areas, presented in the form of an existing conditions assessment report.

1.4.2 Preliminary Lighting Strategy (Preliminary Masterplan)

To kick off the Masterplan phase, we will present the findings of the NVA phase and the observed priority areas and pedestrian lighting focus space types within the Midtown Houston district.

Three different focus areas will inform on the lighting strategy for the district: night-time economy, night-time placemaking, and night-time safety. These focus areas will create a lively and connected image of the night-time environment. Providing safety and security will be the main form-giver of the lighting plan. Safety in public spaces creates a sense of night-time freedom in a place, which in turn reinforces the night-time economy.

- For the night-time economy layer, we will provide a high-level night-time activation plan that helps regenerate district areas throughout different phases.
- For the night-time placemaking and safety layer, we will lead a workshop with the selected community members and stakeholders that will have inputs on the future night-time environment in the district.

As Midtown was selected as pilot for the “City of Houston Walkable Places Program”, with the Lighting Masterplan we aim to support the program by including the nighttime aspects to supplement the City of Houston Users’ Guide for Walkable Places and Transit-Oriented Development.

The deliverable of this phase will include a preliminary lighting masterplan guideline of principles of best practices and nighttime programming improvements for evaluation by the community and other stakeholders and finalization upon feedback in the next phase of the project.

1.4.3 Stakeholder Engagement and Final Lighting Masterplanning (Final Masterplan)

To evaluate the Arup proposed lighting improvements, we suggest hosting an outdoor evening community event for local residences and business stakeholder, including a presentation of the conceptual lighting designs to this date for feedback and evaluation. As part of this event, we will provide luminaire samples to mockup the lighting improvement design intents on site for some of the project areas and installations, where possible. This will ensure that the design intent is communicated and understood properly. Outcomes include prioritization of design objectives for the project site; alignment of stakeholder goals; and education in lighting improvements. We will implement the consolidated stakeholder and community feedback into the final lighting masterplan.



Educate Community

Community Walking Tour

Mockups and Community Event

The deliverable of this phase will include a final lighting masterplan guideline of principles of best practices and nighttime programming improvements for future detailed design and capital improvement. The lighting masterplan will include both results obtained from the existing conditions assessment and various lighting concept sketches, visual references and precedents to convey design concepts, and any sketches, drawings, or recommended specifications.

Phasing Plan and Estimate of Probable Investment Needs (Phasing)

We will work with a cost estimator to review the proposed lighting improvements and prepare preliminary estimate of probable investment needs for each priority area lighting design, in collaboration with an MDD/MRA determined Cost Consultant Firm.

Upon review of the needed budget for capital investment by MDD/MRA, and alignment of priorities, we will prepare an overall construction phasing plan in consideration of priority needs and adjacent businesses and activities within the area. The plan will be laid out as short-term, mid-term, and long-term implementation recommendations in the form of a phasing plan and cost-impact matrix.

1.4.4 Detailed Design and Engineering (CD)

Upon determination of phasing and funding priorities by MDD/MRA and approval to move ahead with the detailed design for any or all lighting improvements, we will provide the following detailed lighting design services, in collaboration with a MDD/MRA determined Electrical Engineering firm (EEoR) in preparation of their permit and construction documents:

- Discuss the masterplan design with the Project's Electrical Engineer of Record (EEoR) for their incorporation of the requirements in the electrical system engineering
- Provide sketches, where required, to clarify the design and develop lighting details
- Work with the Electrical Engineer, to develop potential pedestrian, site, landscape and facade lighting design elements
- Issue progress lighting plans in AutoCad and PDF format for EEoR and MDD/MRA reviews
- Provide fixture specifications and specification sheets, which include fixture cutsheets
- Provide lighting control specifications and lighting control narrative
- Provide lighting calculations on site lighting plans for possible review by local agencies

- Work with the EEOB to incorporate the lighting control system design with the facilities electrical infrastructure. We expect the electrical engineer to produce branch circuiting, and panel schedules
- Provide final layout drawings in AutoCad and PDF format to Engineering team, and review and annotate Engineer's drawings to show modifications to lighting layouts and provide additional type and control designation. The engineer (EEOB) shall use these drawings in the preparation of their permit and final construction documents
- Provide input on nighttime design and lighting considerations for permit applications

1.4.5 Implementation and Construction Administration (CA)

Upon completion of final design we will assist MDD/MRA to review bids by GC/EC teams and help determine the most qualified team. We will then support the implementation and construction of the pedestrian lighting improvements, through ongoing engagement with the GC/EC teams and regular site visits to observe construction progress and field and questions on site. Our CA scope may include:

- Assist MDD/MR, where required, with the selection of appropriate bidders
- Provide one set of responses to RFIs from bidders for portions of the work related to lighting
- Provide one review of bids for conformance with our design intent, and make recommendations
- One round of value engineering (VE) to meet the project budgets
- Work with the EEOB to incorporate VE decisions and issue 100% conformed drawing set and specifications for construction (IFC)
- Attend construction progress meetings by phone, web conference or on site
- Respond to requests for information (RFIs)
- Review of shop drawings and construction updates
- Regular site visits during construction / luminaire installation to review progress and prepare punch lists, subject to the field-day limit of one (1) day / evening, per month
- Following formal notification of systems commissioning completion from the contractor, provide a site review observing system operations and to prepare punch lists
- Provide direction for onsite programming of light level scenes
- Provide direction for luminaire focusing
- Review Luminaire Owner Manuals and Warranties
- Call with contractor and commissioning agents to coordinate Owner training
- Attend Post Construction Owner Trainings

2. Clarifications / Additional Services

2.1 Value Engineering

We expect the project to be costed during Phasing Plan and Estimate of Probable Construction Costs (Phasing).

Our scope includes one (1) value engineering session once bidding contractors have evaluated the final design documents. We will support the VE efforts in order to meet the project budget in the event that the cost estimate indicates that the project is over budget. The value engineering session will be one (1) day in duration and changes agreed in the session will be incorporated in a subsequent conformance set drawing submissions in. Further value engineering work may be requested and will be performed as an additional service.

2.2 Custom Luminaire Design

Arup has experience developing custom luminaires for project specific requirements. We have also been engaged for expert review and guidance by lighting fixture manufacturers. As the design of custom fixtures can be an extensive effort, and the need for custom fixture design is not known at this time, custom fixture design is currently excluded from this scope of work. If the need for custom fixture design is identified, we will provide a proposal for design services based on the expectation of effort required.

2.3 Additional Lighting Services

In addition to the services described above, we can provide the following additional / lighting specialist services upon request. If any of these services are requested and authorized, we will provide them on a time basis at the billing rates given in this proposal, or on a mutually agreeable lump sum basis.

- Interior Architectural Lighting
- Interior emergency lighting design and exit signs
- Façade and Roof Top Garden Lighting
- Professional Renderings and computer visualizations
- Theatrical, broadcast, or event lighting design
- Daylighting design and/or analysis
- Microclimate analysis
- 3D/BIM documentation beyond the described AutoCAD documentation
- Re-design to account for unforeseen field conditions
- Value engineering and redesign to reduce project costs after IFC
- Site visits above and beyond the number of visits listed in this proposal

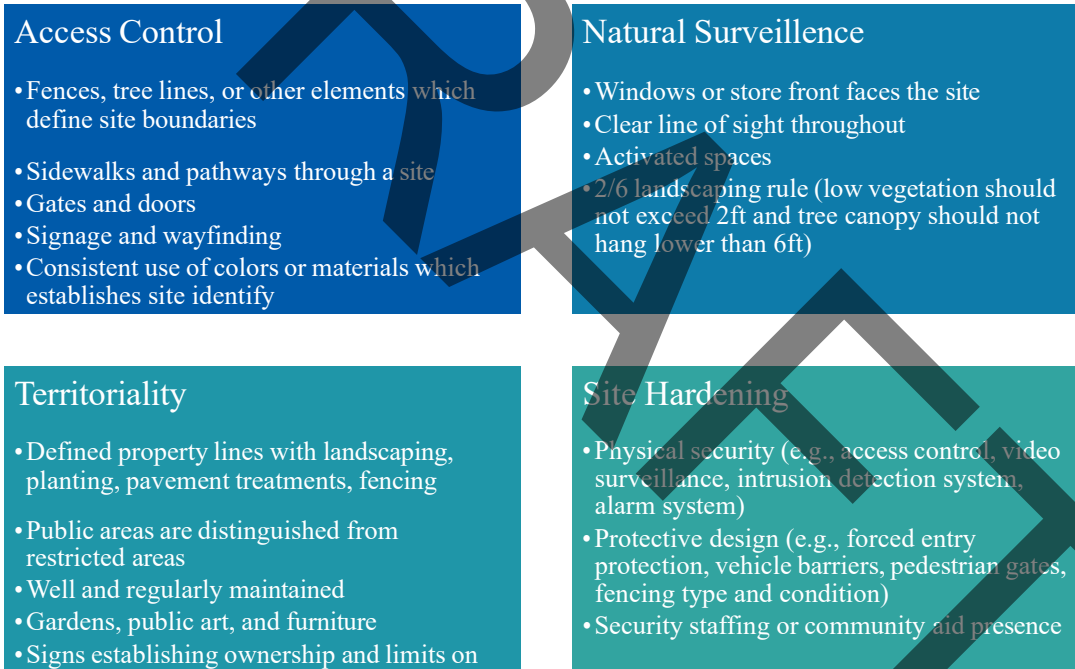
2.4 Additional Arup Services

While this proposal and our currently requested scope of work only include lighting design services, Arup can provide the following specialist services upon request:

2.4.1 Security Consulting Audit

Upon receipt of all available data, Arup could establish a baseline understanding of local threat context, and security countermeasures currently in place. Findings from the baseline study would inform the development of site visit objectives and collections plan. These would be used to facilitate efficient and productive site visits where data will be collected in a format and method that is in alignment with a project-specific security and lighting auditing framework.

The goal of the onsite audit would be to document existing physical and operational security measures for each location, conduct a CPTED, and collect observations of operational or physical vulnerabilities. A physical security and CPTED assessment would be conducted during the daytime, to collect observations and documentation of various CPTED elements. Some example elements are listed below.



We would then develop tailored security recommendations for Midtown Houston's streetscapes and public facilities. The measures would combine CPTED, physical, technological, and operational approaches based on Arup's decades of experience in building and infrastructure design, as well as our expertise in operational mitigation of security risks. Furthermore, in addition to integrating CPTED principles, we will prioritize site and facility recommendations which enable a quick and effective response for first responders. Utilizing operational input from law enforcement, first responders, and other emergency response stakeholders, our integrated approach to CPTED includes designing to accommodate response requirements.

3. Fee Proposal

For the scope of work described above, we propose the following fees per phase:

Service / Phase	1. NVA	2. Preliminary Masterplan	3. Final Masterplan	4. Phasing	5. CD	6. CA
Lighting	\$ 29,700	\$ 49,500	\$ 48,300	\$ 39,800	TBD	TBD

CD and CA phase fees will be provided upon agreement of project priorities and funding after phasing plan and cost estimates are completed.

Fees are in US Dollars and exclude any and all taxes or levies which would be in addition to our base fee. Fee does not include reimbursable expenses, which will be billed separately, see next section

We will invoice our fees monthly in equal instalments for the phase of work currently underway. Invoices will be shall be paid within 30 days or we will reserve the right to hold work. This proposal is valid for a period of 90days.

Payment of our fees shall not be dependent on our Client receiving funding from a third party.

We reserve the right to negotiate equitable fee increase if the project's schedule, size, scope, or construction budget change from that described in this document. In the event that the project design is placed on hold for a period of 30 days or more, a fee adjustment or mobilization payment may be required, pending a written confirmation from the Client.

4. Reimbursable expenses

Out of pocket expenses for phases 1.-3. may include:

- Hotel, travel, transport and meal expenses related to NVA and other site visits/meetings
- Printing, plotting and reproduction of documents, Messenger service, overnight mail
- Lighting mockup equipment expenses for community event
- Safet equipment and security escorts as needed for nighttime site visits

We suggest holding an expenses budget of **\$15,000**

5. Terms and Conditions

Our standard terms and conditions, versions AFL-01A, are appended to this proposal and form an integral part of our agreement to provide services. The terms and conditions and this proposal shall constitute the entire agreement unless another contract is expressly agreed to in writing by all parties concerned.

6. Agreement

If you are in agreement with our proposal, please sign below and return a copy to us as our authorization to proceed.

Midtown Management District (MMD) (Client)

Sign and date to authorize scope and fee per phase:

1. NVA \$ 29,700	
2. Preliminary Masterplan \$ 49,500	
3. Final Masterplan \$ 48,300	
4. Phasing \$ 39,800	

Standard Terms and Conditions

Version: AFL-01A

May 2025	Midtown Management District (MMD)	Arup US, Inc.	Midtown Redevelopment Authority (MRA)	Midtown Houston Lighting
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Date	Client Entity ("Client")	Arup Entity ("Arup")	Owner Entity ("Owner")	Project Title ("Project")	Exhibits
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1. EXTENT OF AGREEMENT: These terms and conditions are hereinafter referred to as the "Agreement" and supplement and govern all aspects of the obligations and liabilities between Arup and the Client relating to the Project. Unless otherwise expressly defined, the terms used in this document have the same meaning as terms in the engineering proposal ("Engineering Proposal") which this document may supplement. This Agreement shall control and supersede all prior or simultaneous negotiations, representations and agreements, either written or oral including separate agreements between the Client and an Owner or other party if applicable. In the event that this Agreement is not fully executed, it shall nonetheless be effective and controlling to the parties so long as Arup has provided same to the Client.

2. DEFINITIONS:

2.1. The term "**Instruments of Service**" means the plans, specifications, reports, opinions, letters and or other deliverables prepared by or for Arup, in any medium, including graphic and pictorial representations, which relate to its professional services for the Project and shall include but not be limited to engineering designs, details, schedules, diagrams and written descriptions which set forth the design intent of the Project. If the Instruments of Service are a report, it is understood by the Client that it is intended for and may be relied upon only by the Client and other expressly identified project stakeholders. Arup shall be entitled to rely on the completeness and accuracy of services, information and documents furnished by or on behalf of Client.

2.2. The term "**Work**" means the construction and services, supplies, labor, equipment, materials, components, or assemblies related to or required for the construction of the Project by a contractor and other construction specialists. The Work may constitute the whole or a part of the Project, whether completed or partially completed.

2.3. The term "**Record Documents**" means documents that are provided to the Owner at the completion of the construction contract, recording changes from Construction Documents made during construction such as drawings, specifications, addenda, change orders and other modifications, approved shop drawings, product data, samples, and similar submittals.

2.4. The term "**Standard of Care**" shall mean the standard under which Arup's services shall be evaluated which shall be in accordance with current, accepted professional engineering practice appropriate for the size, complexity, schedule, and other characteristics of the Project in the jurisdiction where the Project is located.

3. ARUP'S RESPONSIBILITIES: Arup shall prepare the Instruments of Service in a manner consistent with the Standard of Care and shall only be liable for negligent errors and omissions which fall below that standard. Any error in the Instruments of Service, whether or not in violation of the Standard of Care, shall be promptly corrected by Arup without charge to Client for the effort in effectuating same upon discovery by, or notice to, Arup. Client and Arup agree that the Instruments of Service, while consistent with the Standard of Care as defined above, may contain errors, omissions, and inconsistencies (collectively "Errors") at the time they are provided to the Client. If the Errors do not increase the Project cost by more than five percent (5%), Client releases Arup from liability for increase in the Project cost in connection with the Errors. This release does not limit Arup's liability for increases beyond five percent (5%) in the event the Instruments of Service are not prepared in a manner consistent with the Standard of Care.

4. CLIENT'S RESPONSIBILITIES: The Client shall provide the following: (1) Full information identifying its requirements for and limitations on the Project. (2) A representative authorized to act on the Client's behalf with respect to the Project, who shall render decisions in a timely manner pertaining to all requests and/or documents submitted by Arup. (3) A periodic update to the budget for the Project with the understanding that same shall not be materially changed and shall not significantly increase or decrease the portion allocated for the services set forth in the Engineering Proposal without the agreement of Arup as to whether the change will require a corresponding change in the Project scope and quality. (4) Tests, inspections and reports required by law or the Agreement, including, but not limited to, chemical tests and tests for hazardous materials. (5) All legal, insurance and accounting services, including auditing services that Client determines necessary to address its needs and interests relating to the Project. (6) All fees necessary for securing the approval of authorities having jurisdiction over the Project. (7) Prompt written notice to Arup if the Client becomes aware of any Arup fault or defect on the Project. (8) Recognition that there will be changes and additions to engineering drawings during construction as a result of field conditions or unanticipated developments and that Client shall establish a design and construction contingency fund after discussion with Arup to cover additional costs which may result from such changes and additions. (9) If applicable the Client shall review and approve submissions for each phase of the work in a timely manner and shall authorize Arup in writing to proceed with each succeeding phase. The Client shall provide written notice of any known inconsistencies in Arup's services expeditiously after discovery.

5. ADDITIONAL SERVICES: Arup's fee was determined based on expected time and effort to complete its scope of services as defined in the Engineering Proposal for the Project and with the construction cost and construction schedule contemplated in the original budget and schedule. It is understood and acknowledged by the Client and/or the Owner that Arup shall be entitled to an equitable adjustment of its fees so that the percentages of its fee to construction cost remain constant if the design or construction schedule is lengthened beyond the original schedule or if the construction cost or project budget is increased beyond five percent (5%). Except to the extent caused by a negligent error or omission, if the Client requests that Arup perform any of the following services (the "Additional Services"), the Client shall provide Arup with additional compensation equal to Arup's hours expended at Arup's standard hourly rates. Arup's hourly rates are subject to annual adjustment in accordance with Arup's standard practice. In the alternative, the Client and Arup may agree on stipulated sum fees for specific Additional Services. In no event shall Arup be compelled or required to perform what it deems in its reasonable professional judgment to be an Additional Service unless and until the Client and/or Owner provides the appropriate written change order.

5.1. PRIOR TO ISSUANCE OF CONSTRUCTION DOCUMENTS: It shall be an Additional Service if Arup is requested to make any revisions in the Instruments of Service when such revisions are: (1) inconsistent with approvals or instructions previously given by the Client; (2) required because of changes in the Project including, size, quality, complexity, the Client's schedule, the Client's budget, or the method of bidding or negotiating and contracting for construction; (3) required due to errors or omissions in the services of any other Consultant working for the Owner; (4) required by the enactment or revisions to codes, laws or regulations subsequent to the preparation of such documents; (5) due to changes required as a result of the Client's failure to render decisions in a timely manner; or (6) required to reduce the cost of the Project to comply with previous cost estimates or Project budgets, including value engineering. If this project is located outside of the United States or Canada, any and all costs associated with corporate or personal registrations and/or business permits has been excluded and will be charged as an additional sum at cost to the Client.

5.2. AFTER THE ISSUANCE OF CONSTRUCTION DOCUMENTS: All of the following activities after the issuance of construction documents shall be considered Additional Services: (1) preparing any changes to the Instruments of Service or preparing other documentation, analysis and supporting data, evaluating contractors' proposals, and providing other services in connection with change orders and construction change or extra work directives; (2) providing services in connection with evaluating substitutions or alternates proposed by a contractor, the Client or others; (3) providing services made necessary by the default or termination of a contractor, by defects or deficiencies in the construction of the Project or by the failure of performance on the part of the Client, any contractor or others performing services or Work in connection with the Project; (4) providing services in connection with claims submitted by any contractor or others performing services or providing Work on the Project; (5) providing services in connection with the preparation for legal proceedings or attendance at public hearings or other meetings; (6) providing services when submittals are reviewed prior to receiving a submittal schedule, reviewing submittals out of sequence, or if more than two reviews are required of any submittal; (7) providing services in responding to unnecessary, excessive or unreasonable requests for information submitted by the Client, any contractor or others who are performing Work or supplying materials in connection with the Project; (8) providing services in excess of one punch list compilation for each area or component of the Project and one review of the punch list items for completion; (9) providing any services requested by the Client after the earlier of the issuance of the final Certificate for Payment or sixty (60) days after Substantial Completion was originally scheduled; (10) providing services that are not customarily provided by an engineer as basic services on projects of similar size, complexity and scope as the Project and which have not been set forth as Basic or Additional Services in this Agreement; (11) providing "fast track" services; or (12) segregating bidding packages for pricing and award of contracts for the construction of the Project. (13) providing Record Drawings (as defined in Article 7.5)

6. LIMITATIONS OF LIABILITY:

6.1. AGGREGATE LIMITS: TO THE FULLEST EXTENT PERMITTED BY LAW, CLIENT AND ARUP EACH WAIVE ANY RIGHT TO CONSEQUENTIAL, LIQUIDATED OR INCIDENTAL DAMAGES AND AGREE THAT THE TOTAL LIABILITY, IN THE AGGREGATE, OF ARUP AND ARUP'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND INDEPENDENT PROFESSIONAL ASSOCIATES OR ENGINEERS, AND ANY OF THEM, TO THE CLIENT AND ANY ONE CLAIMING BY, THROUGH OR UNDER THE CLIENT, SPECIFICALLY INCLUDING ANY THIRD PARTY BENEFICIARIES OR INDEMNIFIED PARTIES, FOR ANY AND ALL INJURIES, CLAIMS LOSSES, EXPENSES, OR DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO ARUP'S SERVICES, THE PROJECT OR THIS AGREEMENT, FROM ANY CAUSE OR CAUSES WHATSOEVER, INCLUDING BUT NOT LIMITED TO, THE NEGLIGENCE, ERRORS, OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT, MISREPRESENTATION, OR BREACH OF WARRANTY OF ARUP OR ARUP'S OFFICERS, DIRECTOR, EMPLOYEES, AGENTS OR INDEPENDENT PROFESSIONAL ASSOCIATES OR ENGINEERS, OR ANY OF THEM, SHALL NOT EXCEED THE LESSER OF THE TOTAL COMPENSATION RECEIVED BY ARUP FOR THE SPECIFIC WORK PERFORMED RESULTING IN CLIENT'S DAMAGES OR THE LIMITS OF THE AVAILABLE INSURANCE COVERAGE SPECIFICALLY IDENTIFIED AND REQUIRED BY THE CLIENT FOR THIS PROJECT AT THE TIME OF JUDGMENT.

6.2. WARRANTIES/GUARANTEES: Arup makes no express or implied warranty or guaranty of any sort. All warranties and guarantees, including warranty of merchantability or warranty of fitness for a particular purpose, are expressly disclaimed.

6.3. NO THIRD PARTIES: Services provided by Arup herein are solely for the benefit of the Client and nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party.

7. RESPONSIBILITY FOR CONSTRUCTION OF PROJECT

7.1. INSTRUMENTS OF SERVICE: The Instruments of Service are not a substitute for the shop drawings and other submittals which will be used to actually construct the Project. Nothing in the Agreement shall create or be deemed to create any duty upon Arup to supervise the construction means and methods and/or safety procedures of any contractor, subcontractor, or their employees or agents, or any other person or party. Arup shall not incur any liability as a result of the acts, omissions, or failure to properly perform of any contractor, subcontractor, or their employees or agents, or any other person or party.

7.2. REVIEW SERVICES: Observation or review services performed by Arup pursuant to the Agreement, whether of material or work and whether performed prior to, during or after completion of construction, are performed solely for the purpose of attempting to determine general conformity of the work performed by others with the design intent of contract plans and specifications. Although Arup will follow standard industry practices and procedures, as appropriate under the circumstances, Arup may nevertheless fail to detect non-conformances. In the absence of gross negligence, and without affecting other limitations herein, Arup shall not be liable to the Client for the economic or other consequences stemming from such undetected non-conformances or their subsequent correction. It is agreed that the professional services of Arup do not extend to or include the review or site observation of a contractors' work or performance. Arup has no responsibility to reject or stop work of any employee or agent of Client.

7.3. RESPONSIBILITY FOR CONSTRUCTION COSTS: Arup is not responsible for the actual construction of the Project and shall not be deemed to have a duty of means and methods. Upon the request of the Client, Arup shall review and comment on any proposed Project construction budget or estimates of construction costs prepared by or for the Client. The Client acknowledges Arup is not responsible for (1) cost increases due to the timing of a contractors' buy-outs for the Project; (2) the cost of labor, materials or equipment; (3) Contractors' methods of determining bid prices; (4) competitive bidding, market or negotiating conditions; (5) contractors', fabricators' or suppliers' failure to meet Project schedules; or (6) the quality of construction work or the materials supplied for the Project. Accordingly, Arup makes no representation that bids or negotiated prices will not vary from the Client's Project construction budget or from any estimate of construction costs reviewed by Arup. The Client further agrees that Arup shall have no liability for actual construction costs exceeding the Project construction budget or prior cost estimates. If the Client requests that Arup provide redesign services to reduce construction costs, Arup shall be compensated for such redesign efforts as Additional Services, provided that such redesign efforts were not required due to a negligent error, inconsistency or omission in the Instruments of Service.

7.4. RESPONSIBILITY FOR PROJECT SCHEDULE: Arup is responsible for meeting the milestone dates set forth in a schedule of design deliverables that it agrees to and are incorporated in to the Client's Project Schedule. However, if Arup is delayed or disrupted in performing its services or its ability to meet any of its specific milestone dates is adversely affected in either case by the actions of the Client, construction manager, any contractor or others, or for reasons beyond Arup's reasonable control (including without limitation a Force Majeure Event), then: (1) Arup's liability for missing any milestone dates shall be reduced to the extent the delay is caused by the actions or failure to act of others or for reasons beyond Arup's control, (2) the time for performance of Arup's services shall be equitably adjusted, and (3) Arup shall be compensated for any additional resources employed as an Additional Service.

7.5. RECORD DOCUMENTS: The Client acknowledges that Arup is generally not responsible for the production or modification of Record Documents as it is a contractor's sole responsibility, who through its superintendent, is constantly present at the site, in control of operations, and involved in all details of construction. Should Arup be requested to prepare or modify Record Documents, the Client understands the limitations of the Record Documents and acknowledges and agrees that Arup has not verified the accuracy or completeness of the information on which the Record Documents are based and agrees to indemnify and release Arup for any liability for any errors or omissions that may be incorporated therein.

7.6. ACCELERATED PROJECT DELIVERY OR FAST TRACK: In the event the Client chooses to take advantage of the potential time and cost savings benefits of an accelerated project delivery or fast-track process, the Client acknowledges that it has been advised that the Project will be affected. Some of the effects of either process include the necessity of making early or premature commitments to design decisions and the issuance of incomplete and uncoordinated construction documents for permitting, bidding, and construction purposes. The Client acknowledges that the Project, if developed on either basis, will likely require associated coordination, design, and redesign of parts of the Project after construction documents are issued and the construction contract is executed, and may require removal of work-in-place, all of which events may cause an increase in the Cost of the Work and/or an extension of the Project construction schedule. Therefore, the Client acknowledges the necessity of including sufficient contingencies in the budget for the Cost of the Work to account for additional costs and construction schedule extensions arising from either process.

7.7. ELECTRONIC FILES: If requested, Arup shall provide the Client with the Instruments of Service in electronic form. However the Client recognizes that the use of electronic media such as CADD formats may subject them to tampering, and modifications by parties over whom Arup has no control and which may result in discrepancies and translation errors stemming from differences in computer software, hardware and equipment-related problems, disc malfunctions and user error. The Client releases Arup from any claims as a result of differences between Arup's filed hard copy and the electronic form of the Instruments of Service if applicable. For

each recipient to whom the Client provides the Instruments of Service in electronic form or to whom Arup provides the Instruments of Service in electronic form at the Client's request or under this Agreement, the Client agrees to defend, indemnify and hold harmless Arup from all claims, causes of action, suits, demands, and damages, arising from any differences between the filed hard copy and the electronic form of the Instruments of Service.

7.8. HAZARDOUS MATERIALS: Arup's services do not include services related to detection, reporting, permitting, analysis, or abatement of asbestos, hazardous or toxic materials including molds and fungus (collectively "hazardous materials") at the Project site. In the event Arup or any other party encounters hazardous materials at the jobsite, or should it become known in any way that hazardous materials may be present at the jobsite or any adjacent areas that may affect the performance of Arup's services, Arup may, without liability for consequential or any other damages, suspend performance of services on the Project until the Client retains appropriate specialist consultants or contractors to identify, abate and/or remove the hazardous materials and warrant that the jobsite complies with applicable laws and regulations. To the fullest extent permitted by law, the Client shall defend, indemnify and Hold Harmless Arup, its officers, directors, shareholders, partners, principals, agents, employees, consultants, successors, and assigns from and against all liability, loss, damages, costs, and expenses, including attorneys' fees and disbursements, which any of them may at any time sustain or incur by reason of any demands, claims, causes of action or legal proceedings arising out of or in connection with asbestos, hazardous or toxic materials on the Project site.

7.9. LEED: The LEED Green Building Rating system or similar environmental guidelines ("LEED") utilizes certain design, construction and usage criteria in order to promote environmentally friendly buildings. The Client and/or Owner acknowledges and understands that LEED is subject to interpretation, and achieving levels of compliance involves factors beyond the control of Arup, including, but not limited to, the end use, operation and maintenance of the completed Project. In addressing LEED, Arup shall use the Standard of Care in performing its services, in interpreting LEED and designing in accordance with LEED. However, Arup does not warrant or represent that the Project will actually achieve LEED certification or realize any particular energy savings. Arup shall not be responsible for any environmental or energy issues arising out of the end use and operation of the completed Project.

8. INDEMNIFICATION:

8.1. ARUP INDEMNIFICATION OF CLIENT: Arup shall indemnify the Client and its officers, employees and successors from and against all third party damages, losses, and judgments, including reasonable attorney's fees and expenses to the extent they result from Arup's negligent acts or negligent omissions in the preparation of the Instruments of Service and for patent, copyright or trademark infringement attributable to Arup's services. The Client acknowledges and agrees that Arup shall have no affirmative duty to provide a defense for the Client or any other party in connection with indemnified claims and that Arup's responsibility for reimbursement of any reasonable legal fees of the indemnified parties shall be conditioned upon a finding against Arup of negligence by a court of competent jurisdiction and then only to the extent there is a clear nexus between the costs and the negligent act. The Client further agrees that, to the fullest extent permitted by law, no shareholder, officer, director, partner, principal, or employee of Arup shall have personal liability under this Indemnification provision, under any provision of the Agreement or for any matter in connection with the professional services provided in connection with the Project.

8.2. CLIENT INDEMNIFICATION OF ARUP: The Client assumes liability for and agrees to indemnify and hold harmless Arup, its consultants, and their respective officers, directors, shareholders, partners, principals, employees, and successors from and against all damages, losses and judgments, including reasonable attorney's fees and expenses, to the extent they arise from or are alleged to arise from an act or omission of the Client, its agents, employees, consultants, contractors or construction manager (collectively for this indemnity "Client Entity"). The provisions of this section shall extend for all time notwithstanding the termination or expiration of the Agreement.

9. INSURANCE COVERAGES:

9.1. All deductibles and premiums associated with the below coverages except a project-specific policy of professional liability insurance shall be the responsibility of Arup. The use of umbrella or excess liability insurance to achieve the above required liability limits is permitted, provided that such umbrella or excess insurance results in the same type and amounts of coverage as required under the required individual policies identified below. Arup shall upon request provide to the Client certificates of insurance evidencing compliance with the insurance requirements.

9.2. MINIMUM AMOUNT OF COVERAGE: Arup shall maintain the following **minimum** amounts of insurance during the term of this Agreement.

Type	Coverage
Workmen's Compensation	Statutory
Employer's Liability	\$ 100,000
Commercial General (Bodily Injury/Property Damage)	\$ 500,000
Automobile Liability	\$ 500,000
Professional Liability	\$ 1,000,000
Umbrella Liability	\$ 1,000,000

9.3. PROJECT POLICIES: If the Client chooses to acquire a policy of professional liability insurance for the Project, then the Client agrees that it will pay the cost of the project policy and that Arup must agree on the limits of coverage, parties covered, deductible required and length of the policy period after substantial completion of the services.

10. OWNERSHIP AND USE OF INSTRUMENTS OF SERVICE: Arup is the author of the Instruments of Service and shall retain all common law, statutory and other rights, including copyrights. Provided Arup is fully compensated for its services and expenses on the Project, the Instruments of Service shall be made available to be used for construction of the Project and for operation, modification and maintenance of the Project following its completion. In the event any software and/or digital models (collectively referred to as "Digital IP") is created by or on behalf of Arup in relation to the Project, Arup grants to Client a non-exclusive license to use the Digital IP for the sole purpose of completing the Project provided that Arup is fully compensated for its services and expenses on the Project. Unless otherwise agreed, Client shall not be entitled to make multiple copies of the Digital IP, permit use by multiple users of the Digital IP, and/or use the Digital IP for purposes other than the completion of the Project. Arup shall have a non-exclusive, irrevocable, royalty-free license to use any data or information supplied to it in connection with the Project (excluding personal data as defined under applicable data privacy legislation) for the purpose of improving its internal processes and project delivery. Where any data or information generated during the course of Arup's services is held within an externally-hosted data storage system, project extranet or similar hosted or controlled by the Client, the Client shall at any time up to 12 months from practical completion of the Project provide to Arup (or procure from a third party) access to all such data and information. The Client agrees that Arup will not have any liability to the Client for any revision or addition to, alteration or deviation from the Instruments of Service occurring subsequent to Arup's completion of services under the Agreement or earlier termination in accordance with the Agreement. To the fullest extent permitted by law, the Client shall indemnify, defend and hold harmless Arup, its officers, directors, shareholders, partners, principals, agents, employees, consultants, successors, and assigns from and against all liability, loss, damages, costs, and expenses, including attorneys' fees and disbursements, which any of them may at any time sustain or incur by reason of any revision or addition to, misuse of or deviation from the Instruments of Service occurring subsequent to Arup's completion of services under or the earlier termination of this Agreement by or on behalf of the Client. Client acknowledges Arup's right to include photographic or artistic representations of the design of the Project among its promotional and educational materials including Arup's website or elsewhere. If the Client publicizes the Project and credits other designers, it shall give Arup credit as appropriate and in accordance with industry standards.

11. TERMINATION AND SUSPENSION: Except as otherwise provided in this section, this Agreement may be terminated by either party upon not less than thirty (30) calendar days' written notice for convenience or should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination. If the defaulting party fails to cure its default within the thirty (30) calendar day notice period or fails to commence action to cure its default when the cure cannot reasonably be completed within thirty (30) days, the termination shall take effect without further notice. Upon a suspension of services by the Client or termination for convenience, Arup shall be paid for all fees and expenses for services performed through the date of the suspension / termination plus demobilization expenses. In the event of a suspension of services or a termination, Arup shall have no liability for any delay or damage caused because of such

suspension/termination of services. Upon the resumption of Arup's services, Arup's fee shall be equitably adjusted and Arup shall be reimbursed for all expenses incurred as a result of the suspension. If the Client's suspension of Arup's services continues for more than ninety (90) calendar days, Arup may terminate this Agreement upon seven (7) calendar days' written notice to the Client.

12. PAYMENT PROVISION: Invoices shall be submitted monthly and payments are due within 30 days. All monies secured by the Client by its client to pay for Arup's services identified herein shall be deemed to be held in trust for Arup. Payment of Arup's fees shall not be dependent on Client receiving funding from a third party. In the event of a dispute pursuant to the services rendered hereunder, the Client shall not have the right to set off any payments due or owing to Arup. Payments due Arup and which remain unpaid shall bear interest 30 days from the date of the invoice at the rate of one and a half percent (1.5%) cumulatively per month or the maximum amount permitted by law. Arup is entitled to recover any and all legal fees and any other costs expended if it becomes necessary to pursue legal actions to collect fees due hereunder. Client expressly acknowledges that Arup shall be entitled to a judgment for its attorney fees and court costs attributable to the collection of its fees which are ultimately adjudicated/arbitrated to be rightfully due and owing. Failure of the Client to make payments to Arup in accordance with this Agreement shall be considered substantial non-performance and grounds for Arup to terminate the Agreement or suspend its services without liability for delay. Arup's full payment pursuant to this section shall be a condition precedent for its obligation of performance. Reimbursable Expenses will be billed at cost plus ten percent (10%). Reimbursable Expenses include the actual expenses incurred directly or indirectly in connection with the Project such as those for travel (including transportation and associated expenses); toll telephone calls; reproduction of Project-related documents, reproduction of drawings; filing and permit fees; delivery, express and courier services; and film and processing. Back up, including receipts, will not be provided unless specifically requested by Client at the outset and only for expenses in excess of one hundred dollars. This fee is in addition to the budget. The Client shall pay all taxes (including any goods or services tax, or any equivalent thereof) or government charges payable in respect of the services and all fees are stated exclusive of such taxes and net of any non US withholding taxes. Client shall take special care to review the email and domain when it receives invoices to confirm that they are genuine and not a cyber attack, such as phishing, pharming, etc, failure of hardware, software, human error, etc and Client assumes all risk with no right of set-off or credit for an incident not the fault of Arup. To assist Client in fraud prevention, we have initiated a Digital Signature /Certificate to allow Client to ensure the emails they receive from us originate within the Arup network.

13. NO SOLICITATION OF EMPLOYEES: The Client agrees and acknowledges that it will not, directly or indirectly, solicit or hire any employee of Arup or induce any Arup employee to terminate his or her employment with Arup without the express written consent of Arup. Recognizing that Arup has expended a substantial investment in recruitment, advertisement, testing, and training of their personnel, the Client agrees that if it violates this clause and hires an Arup employee within one year of the completion of the Project, it shall pay Arup for each employee thus hired, the amount of one (1) year's salary, at the last level of annual remuneration that employee received from Arup.

14. DISPUTE RESOLUTION: In mutual recognition of the negative consequences associated with disputes both in terms of lost time and expense to all parties, the Client and Arup agree to settle their disputes by good-faith mediation as a condition precedent to the institution of legal proceedings by either party. The parties shall share the mediator's fee and any court or related legal filing fees equally. The mediation shall be held in the state and locality of the primary Arup office performing the work, unless another location is mutually agreed upon. In the event that the matter cannot be resolved through (or is not appropriate for) negotiation or mediation, the dispute shall be submitted for determination in the applicable courts of the state or territory where the primary Arup office performing the work is located and this Agreement shall be subject to and construed in accordance with the laws of that state or territory. The Client shall not assert any claim against Arup more than three (3) years after the date of the substantial completion of the Project.

15. FORCE MAJEURE: Neither the Client nor Arup shall be held accountable or penalized under the terms of this Agreement for the failure to perform which is occasioned by a Force Majeure Event, which shall mean an event or circumstance which is (1) beyond a Party's reasonable control, (2) the affected Party could not have reasonably avoided or overcome, and (3) which is not substantially attributable to the other Party. Force Majeure Events may include, without limitation, war, invasion, act of terror, strike (but not strikes or disputes unique to a Party), riot or other public disorder, intervening Act of God, natural disaster, hurricane force winds, tornadoes, disease outbreak, epidemic or pandemic, or other declaration of public health emergency, quarantine restriction.

16. NOTICES/MODIFICATION / ASSIGNMENT: Any and all notices or other communications required by this Agreement or by law to be served on, given to, or delivered to either party, shall be in writing and shall be deemed received when personally delivered to the party to whom it is addressed, project manager, or in lieu of such personal service, upon receipt of telegraphic, facsimile or electronic notice or three (3) days after deposit in the United States mail, first-class, postage prepaid. The Agreement may be amended only by written modification executed by both parties and neither obligations relating to this Agreement or claims arising there from may be assigned without the written permission of the non-assigning party. However, Client agrees that Arup may upon written notice to Client assign all or any part of its rights and obligations under this Agreement to an affiliated or related entity.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (this “*Agreement*”) is between **MIDTOWN REDEVELOPMENT AUTHORITY**, a Texas not-for-profit local government corporation (“*Midtown*”), and **ARUP US, INC.**, a New York corporation (“*Consultant*”). Midtown and Consultant are sometimes referred to herein collectively as the “*Parties*” or individually as a “*Party*”.

The Parties agree as follows:

ARTICLE 1

SCOPE OF SERVICES

1.1. Consultant agrees to perform engineering, design, project management, program management, technical, consulting and such other services (the “*Services*”) as are requested from time to time by Midtown, which Services shall be set forth more particularly in work orders, the form of which is attached hereto as Attachment B (“*Work Orders*”), issued in writing from time to time by Midtown and accepted by Consultant. Services may include design of specific projects, performing detailed site surveys, conducting constructability studies, preparing cost estimates, and determination of a contractor’s general compliance with plans, specifications, design, and planning concepts.

1.2. Work Orders shall contain the schedule, price and payment terms applicable to the Services within the scope of such Work Orders. Work Orders will refer to and be governed by and subject to the terms, conditions and other provisions of this Agreement. Each Work Order will become effective and incorporated herein when a copy thereof is signed and issued by the executive director of Midtown or his duly authorized representative (the “*Executive Director*”), signed by Consultant, returned to Midtown, and approved by Midtown’s board of directors (the “*Board of Directors*”) (if such approval is required). Services covered by any Work Order (and related plans and specifications, if any) are not modified unless such modification has been agreed to in writing by Midtown and Consultant as set forth herein.

1.3. Terms, conditions or other provisions contained in any Work Order that conflict with any terms, conditions or other provisions of this Agreement will have no effect and will be deemed stricken and severed from such Work Orders, and the balance of such Work Orders will remain in full force and effect.

1.4. Nothing herein obligates Midtown to issue, or Consultant to accept, any Work Orders. Further, the Parties agree that nothing in this Agreement prohibits the Parties from entering into separate or supplemental agreements in addition to this Agreement for services or work (e.g., services or work may involve tasks, risks and responsibilities which the Parties may decide should be governed by an agreement other than or different from this Agreement).

ARTICLE 2

TERM OF AGREEMENT

2.1. This Agreement shall be effective for a term of one (1) year from the date of the last signature set forth below and shall be automatically renewed without action by either Party for subsequent terms of one (1) year unless terminated earlier in writing in accordance with Article 13.

2.2. Notwithstanding any termination of this Agreement pursuant to Section 2.1, this Agreement shall remain in effect for Work Orders issued and accepted during the term of this Agreement until such time as the Services under the Work Orders have been completed; provided however, that, pursuant to Article 13, either Party shall have the right to terminate any Work Order for cause and Midtown shall have the right to terminate any Work Order for convenience.

ARTICLE 3

COMPENSATION AND PAYMENT

3.1. Midtown agrees to pay Consultant, and Consultant agrees to accept, as full and complete compensation for Services properly performed by Consultant hereunder, the rates and charges agreed upon for a specific Work Order. Attachment A shall be used to negotiate the price of each Work Order issued hereunder.

3.2. On or as soon as practicable after the first day of each calendar month, Consultant shall submit an invoice to Midtown, together with appropriate releases and lien waivers in forms acceptable to Midtown, covering all Services performed by Consultant during the preceding calendar month. Consultant shall separately itemize on each invoice: (i) each Work Order for which payment is sought, (ii) the amount of payment requested for each such Work Order, (iii) brief descriptions of Services performed during the prior month for each such Work Order, and (iv) the total payment requested by such invoice. Midtown shall pay the amount it agrees to be due within thirty (30) days after receipt of such invoice or within fifteen (15) days after the monthly meeting of the Board of Directors where such amount is approved, whichever is later.

3.3. Midtown may withhold and/or offset all or any part of payment requested in any invoice to protect Midtown from loss or expected loss because of:

(a) Services that are defective or not in compliance with this Agreement or the applicable Work Order or any failure of Consultant to perform Services in accordance with the provisions of this Agreement or the applicable Work Order;

(b) third party suits, stop notices, claims or liens for which Consultant, or its contractors, subcontractors, subconsultants or third parties under its direction and control, is responsible pursuant to this Agreement, including pursuant to any indemnification obligation hereunder, asserted or filed against any Indemnatee (as defined below) or any Indemnatee's property or any portion thereof;

(c) uninsured damage to any Indemnitee which results from Consultant's failure to obtain or maintain the insurance required by this Agreement or from any action or inaction by Consultant or any of its contractors, subcontractors, subconsultants or third parties under its direction or control which excuses any insurer from liability for any loss or claim which would, but for such action or inaction, be covered by insurance;

(d) any failure of Consultant to pay any of its contractors, subcontractors, subconsultants or third parties under its direction and control;

(e) failure of Consultant to submit proper invoices with all required attachments and supporting documentation;

(f) evidence that the Services cannot be completed for the unpaid balance of the fee due Consultant under the applicable Work Order;

(g) evidence that the Services will not be completed within the time set forth in the applicable Work Order or a schedule agreed upon for such Services, and that the unpaid balance would not be adequate to cover damages for the anticipated delay; or

(h) any other failure of Consultant to comply with this Agreement.

3.4. Consultant agrees to pay in full as soon as reasonably practicable, but in no event later than thirty (30) days following payment from Midtown for a specific Work Order, all contractors, subcontractors, subconsultants or third parties under its direction and control in connection with Services that are owed payment by Consultant out of such payment made to Consultant by Midtown.

3.5. If Midtown is entitled to reimbursement or payment from Consultant under or pursuant to this Agreement, such payment shall be made promptly upon demand by Midtown. Notwithstanding anything contained in this Agreement to the contrary, if Consultant fails to promptly make any payment due Midtown, or Midtown incurs any costs and expenses to cure any default of Consultant or to correct defective Services, or Consultant owes Midtown money for any other reason, Midtown, without waiver or limitation of any of its other rights or remedies under this Agreement and applicable law, shall have the right but not the obligation from time to time to deduct and/or offset from any amounts due or owing by Midtown to Consultant any and all amounts owed by Consultant to Midtown.

3.6. Consultant shall pay promptly all indebtedness for labor, materials and equipment used in performance of the Services under a Work Order. Consultant shall make, pay and discharge all valid taxes, lienable claims, charges, payments to all vendors, suppliers, workers, materialmen and subcontractors and take all other action necessary to keep Midtown's property and the Services free of liens. If a lien attaches to Midtown's property or the Services, Consultant shall promptly procure Midtown's release and indemnify Midtown against all damage and expense incident thereto, and Midtown may make any payment necessary to discharge the lien, and it may offset the amount of the payment, including, but not limited to, court costs, expenses, and reasonable attorneys' fees that it incurs because of the lien or its discharge, against any payment owing or to be owed to Consultant. Consultant shall furnish, on request by Midtown, receipts and

releases with respect to Services that show that all costs and expenses of the Services have been paid, and that no claims, liens, or rights to liens exist against Midtown or its property.

ARTICLE 4

ACCESS TO SITES; PERMITS; AVAILABILITY OF FUNDING

4.1. Consultant shall have access to all sites to the extent necessary for the performance of Services under this Agreement.

4.2. Unless otherwise specified in the applicable Work Order(s), Consultant will assist Midtown in securing all necessary approvals, permits, licenses, easements and consents necessary for the performance of Services.

4.3. Consultant understands that appropriations for Services pursuant to Work Orders under this Agreement will sometimes be made in stages by Midtown. Consultant also understands that such Services will be performed and expenses incurred by Consultant and payments will be made to Consultant under the direction of and subject to the approval of the Executive Director and/or the Board of Directors.

ARTICLE 5

STANDARD OF CARE; COORDINATION OF SERVICES; SAFETY; COST ESTIMATES; FURNISHING OF INFORMATION TO PUBLIC WORKS DIRECTOR; REVIEW AND APPROVAL BY CITY OF HOUSTON

5.1. Consultant shall supervise and direct the Services and those of its contractors, subcontractors, subconsultants or third parties under its direction and control using its professional skill and attention in an expeditious and economical and efficient manner consistent with furthering the interests of Midtown, and shall exercise the degree of care, skill, and diligence in the performance of the Services that are free from defects and in accordance with and consistent with the industry standards for professionals regularly engaged in the performance of services of a similar nature to the Services (Consultant's "*Standard of Care*").

5.2. Consistent with its Standard of Care, Consultant will keep Midtown apprised of the status of Services, will coordinate its activities with Midtown, and accommodate other activities of Midtown at the sites to which the Services relate.

5.3. Consultant confirms and agrees that Midtown has and shall retain all rights, title, and interest in and to any information, drawings, maps, field notes, statistics, computation, or other data provided by or on behalf of Midtown, including, without limitation, any patent, trademark, copyright or other intellectual property rights, and that by use of any thereof, Consultant shall not acquire any right, title, or interest in any thereof, including, without limitation, any patent, trademark, copyright or other intellectual property rights. Consultant shall promptly report to Midtown any error, inconsistency or omission of which Consultant becomes aware in any contractor's work, in any of Consultant's documents provided to Midtown, contractor or others in connection with the Services, or in any information or documents provided to Consultant by or on behalf of Midtown. Midtown makes no representation or warranty that any services, information,

surveys and reports provided by or on behalf of Midtown under this Agreement (“**Midtown Information**”) are accurate, complete, correct, fit for their intended purpose, or can be used without infringing any patent, copyright, trademark, or other intellectual property rights of third parties under the intellectual property rights of the world. Nevertheless, Consultant shall be entitled to rely upon such Midtown Information without the need to independently confirm its accuracy, completeness, correctness, fitness for a particular purpose or likelihood of infringement; provided, however, that Consultant may not rely upon such Midtown Information if: (i) Consultant has been informed by Midtown (a) of inaccuracies, errors, omissions or other deficiencies in such Midtown Information, or (b) otherwise not to rely upon such Midtown Information, in whole or in part; or (ii) Consultant becomes aware of any inaccuracy, error, omission or other deficiency in the Midtown Information, or (iii) Consultant otherwise, in accordance with the Standard of Care, should not rely upon such Midtown Information. Consultant immediately shall inform Midtown in writing of any Midtown Information which Consultant considers unreliable. In the event Consultant is prevented from relying upon any particular item of Midtown Information but has need to rely upon such Midtown Information for performance of its Services in accordance with this Agreement, Consultant shall inform Midtown in writing of the problem with the particular item of the Midtown Information and Consultant’s need for reliable replacement information. The parties shall then determine how best to obtain such information in a reliable form.

5.4. Consultant shall be responsible for its own activities at sites including the safety of its employees, and that of its contractors, subcontractors, subconsultants or third parties under its direction and control but shall not assume control of or responsibility for the overall site safety. Construction contractors of Midtown, other than Consultant, have sole responsibility for providing materials, means, and methods of construction, for controlling their individual work areas and safety of said areas for all parties, and for taking appropriate steps to ensure the quality of their work and the safety of their employees and of others in connection with their performance of work or services provided under contracts with Midtown. The foregoing does not, however, relieve Consultant of its obligation to comply with the Standard of Care and otherwise properly perform its obligations under this Agreement and the Work Orders.

5.5. During performance of the Services, Consultant shall not, directly or indirectly, become involved in any relationship that presents a conflict of interest based upon information available to Consultant, or upon discovery thereof, allow such a conflict to continue. If Consultant believes that there is a possibility of a conflict of interest, prior to performance of Services, or at such time that Consultant discovers the potential for which there is a possibility of a conflict of interest, Consultant shall provide to Midtown any additional disclosures regarding the potential conflict. Consultant shall promptly provide to Midtown any facts or additional information regarding any possible conflict as Midtown may reasonably request, including that requested pursuant to Section 5.6 herein.

5.6. With respect to providing Services hereunder, Consultant shall (a) promptly disclose to Midtown any facts which might involve any reasonable possibility of a conflict of interest during the term of this Agreement; (b) complete any forms required by state law, including forms in accordance with Chapters 171 and 176, Texas Local Government Code; (c) ensure that each of Consultant’s contractors, subcontractors and subconsultants completes the required forms provided pursuant to clause (b) of this section, and provides a copy of the required forms to Midtown before such contractor, subcontractor or subconsultant performs any Services; (d)

comply with the “Good Faith Efforts” requirement defined and described in Midtown’s Minority and Women-owned Business Enterprises (“*M/WBE*”) policy, as set forth in Section 14.4; and (e) for projects funded in whole or in part by federal funds, comply with all federal requirements regarding Services performed for such projects, including those set forth in Attachment C.

5.7. If requested by Midtown, Consultant shall furnish to the director of Houston Public Works (the “*Public Works Director*”) copies of estimates and progress reports related to construction and necessary for the performance of Services as such estimates and reports are prepared and become available.

5.8. Consultant acknowledges and agrees that projects of Midtown may be subject to review and approval by the City of Houston. Accordingly, as and when requested by Midtown, Consultant shall submit information and cooperate with the City of Houston to the extent necessary to undergo such review or obtain such approval as part of the Services.

ARTICLE 6

AUDIT RIGHTS

Consultant and its contractors, subcontractors and subconsultants shall maintain records and books in accordance with generally accepted accounting principles and practices. For Services provided by Consultant under cost reimbursable, time and material or unit price Work Orders, during the period of this Agreement and for five (5) years thereafter, Consultant and its contractors, subcontractors and subconsultants shall maintain records of direct costs for which Midtown is charged. Midtown shall at all reasonable times have access to such records for the purpose of inspecting, auditing, verifying, or copying the same, or making extracts therefrom.

ARTICLE 7

OWNERSHIP OF INSTRUMENTS OF SERVICE AND TECHNOLOGY

7.1. All drawings, specifications, other documents prepared or furnished by the Consultant or its contractors, subcontractors, subconsultants or third parties under its direction and control pursuant to this Agreement, including those in electronic form, and copies thereof furnished by any of them and the architectural works (as defined by 17 U.S.C. 101) embodied thereby, are and shall remain Midtown’s property upon creation (collectively, “*Instruments of Service*”) provided, however, that Instruments of Service do not include pre-existing proprietary information of Consultant or its contractors, subcontractors, subconsultants or third parties under its direction and control (“*Consultant Proprietary Information*”). Consultant agrees to and does hereby assign, grant, transfer and convey to Midtown, its successors and assigns, Consultant’s entire right, title, interest and ownership in and to such Instruments of Service, including the right to secure copyright registration. Consultant confirms that Midtown and its successors and assigns shall own Consultant’s right, title and interest in and to, including the right to use, reproduce, distribute (whether by sale, rental, lease or lending, or by other transfer of ownership), to perform publicly, and to display, all such Instruments of Service, whether or not such Instruments of Service constitute a “work made for hire” as defined in 17 U.S.C. Section 201(b). In addition, the Consultant hereby grants Midtown a fully paid-up, royalty free, perpetual, assignable, non-

exclusive license to use, copy, modify, create derivative works from and distribute to third parties Consultant Proprietary Information in connection with Midtown's exercise of its rights in the Instruments of Service, operation, maintenance, repair, renovation, expansion, replacement and modification of projects of Midtown or otherwise in connection with property or projects in which Midtown has an interest (whether by Midtown or a third party). Notwithstanding anything in this Agreement to the contrary, if (a) Midtown uses the Instruments of Service for a project other than the project for which the Instruments of Service were prepared or furnished and without Consultant's involvement, and (b) Consultant has not consented to such use, then Midtown agrees to release Consultant and its contractors, subcontractors, subconsultants and third parties under its direction and control for any liability arising from such use; provided, however, that the foregoing release shall not apply in the event such lack of involvement is due to termination of Consultant for cause. Consultant shall obtain assignments, confirmations and licenses substantially similar to the provisions of this paragraph from all of its contractors, subcontractors, subconsultants and third parties under its direction and control. Instruments of Service are to be used by Consultant only with respect to the project in connection with which such Instruments of Service were created and are not to be used on any other project without Midtown's prior written consent. For the avoidance of doubt, Consultant and its contractors, subcontractors, subconsultants or third parties under its direction and control are not prohibited from using public standards or details on any other project. Consultant and its contractors, subcontractors, subconsultants or third parties under its direction and control are granted a limited, nonexclusive, non-transferable, revocable license during the term of their respective agreements under which each is obligated to perform Services to use and reproduce applicable portions of the Instruments of Service appropriate to and for use in the execution of Services. Submission or distribution to comply with official regulatory requirements or for other purposes in connection with Services is not to be construed as publication in derogation of Midtown's copyright or other reserved rights. Consultant shall deliver all copies of the Instruments of Service to Midtown upon the earliest to occur of Midtown's request, completion of Services in connection with which Instruments of Service were created, or termination of this Agreement, except that Consultant may keep one (1) record copy of all Instruments of Service for its files.

7.2. Consultant agrees that all information provided by Midtown in connection with Services ("**Confidential Information**") shall be considered and kept confidential, and shall not be reproduced, transmitted, used or disclosed by Consultant without the prior written consent of Midtown, except as may be necessary for Consultant to fulfill its obligations hereunder; provided, however, that such obligation to keep confidential such Confidential Information shall not apply to any information, or portion thereof, that:

- (i) was at the time of receipt by Consultant otherwise known by Consultant by proper means;
- (ii) has been published or is otherwise within the public domain, or is generally known to the public at the time of its disclosure to Consultant;
- (iii) subsequently is developed independently by Consultant by proper means, by a person having nothing to do with the performance of this Agreement and who did not learn about any such information as a result of Consultant being a Party to this Agreement;

(iv) becomes known or available to Consultant from a source other than Midtown that acquired it through proper means, which source is not under an obligation of confidentiality to Midtown, and without breach of this Agreement by Consultant or any other impropriety of Consultant;

(v) enters the public domain without breach of this Agreement by or other impropriety of Consultant;

(vi) becomes available to Consultant by inspection or analysis of products available in the market;

(vii) is disclosed with the prior written approval of Midtown;

(viii) was exchanged between Midtown and Consultant and ten years have subsequently elapsed since such exchange; or

(ix) is required to be disclosed pursuant to applicable law; provided that Consultant promptly notifies Midtown in writing of any proposed disclosure of Confidential Information pursuant to this subsection sufficiently in advance of such proposed disclosure such that Midtown may seek an appropriate protective order (and Consultant shall reasonably cooperate, at Midtown's expense, with any such effort) or waive any applicable confidentiality requirements hereunder.

7.3. Consultant shall not be liable for the inadvertent or accidental disclosure of Confidential Information, if such disclosure occurs despite the exercise of at least the same degree of care as Consultant normally takes to preserve and safeguard its own proprietary or confidential information, but in no event less than a commercially reasonable degree of care.

7.4. Consultant will advise Midtown of any patents, trademarks, copyrights or proprietary rights and any royalties, licenses, or other charges which Consultant knows or should know in the exercise of its Standard of Care that impacts any design provided by Consultant in connection with any Services, and obtain Midtown's prior written approval before proceeding with such Services. Consultant shall not perform patent searches or evaluation of claims, but will assist Midtown in this regard if requested, on the basis set forth herein. There will be no charge for Consultant's existing patents.

ARTICLE 8

INDEPENDENT CONTRACTOR RELATIONSHIP

In the performance of Services hereunder, Consultant shall be an independent contractor with the authority to control and direct the performance of the details of Services and its own means and methods, subject to compliance with this Agreement. Consultant shall not be considered a partner, joint venture, affiliate, agent or employee of Midtown and shall in no way have any authority to bind Midtown to any obligation. As an independent contractor, as between Consultant and Midtown, Consultant assumes full responsibility for the safety of all persons performing and property associated with Consultant's performance of the Services, and shall

supervise and control Consultant's agents, employees, contractors, subcontractors, subconsultants and any third parties under its direction and control.

ARTICLE 9

CORRECTION OF SERVICES

If Consultant fails to comply with the Standard of Care, in addition to such other rights and remedies as Midtown may have under this Agreement, at law or in equity, Consultant shall, without additional compensation, be responsible for the damages suffered or incurred by Midtown due to such failure by Consultant, and the costs, fees and expenses of correcting its Services, including but not limited to, when applicable:

- (a) The cost of correcting and replacing any affected design documents, including reproducible drawings;
- (b) The replacement cost of the contractor's work which is installed pursuant to and in accordance with documents for which Consultant is responsible under this Agreement or applicable Work Order containing errors or omissions in contravention of the Standard of Care; and
- (c) The additional costs of consultants to Midtown, if any, arising out of such defective Services.

In the event that Consultant is either not capable of performing the corrections or not capable of performing such corrections in time to meet Midtown's requirements, Midtown may have the Services performed and any defective Services corrected by a third party and Consultant shall reimburse Midtown for the fees, costs and expenses of such performance or correction or Midtown may offset such amount in accordance with this Agreement or otherwise in accordance with applicable law.

ARTICLE 10

INDEMNIFICATION BY CONSULTANT

TO THE MAXIMUM EXTENT ALLOWED BY LAW, CONSULTANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS MIDTOWN AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS, AND THE CITY OF HOUSTON AND ITS OFFICERS, ELECTED OFFICIALS, AGENTS, AND EMPLOYEES (COLLECTIVELY, THE "**INDEMNITEES**"), FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, INJURIES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION, SETTLEMENTS, LIABILITIES, COSTS, PENALTIES, FINES, FEES, JUDGMENTS AND EXPENSES (INCLUDING REASONABLE AND NECESSARY COURT COSTS, EXPERTS' FEES AND ATTORNEYS' FEES) (COLLECTIVELY, "**LOSSES**"), WHETHER ARISING IN EQUITY, AT COMMON LAW, OR BY STATUTE, INCLUDING THE TEXAS DECEPTIVE TRADE PRACTICES ACT (AS AMENDED) OR SIMILAR STATUTE OF OTHER JURISDICTIONS, OR UNDER THE LAW OF CONTRACTS, TORTS (INCLUDING NEGLIGENCE AND STRICT LIABILITY WITHOUT REGARD TO FAULT) OR PROPERTY, ARISING IN FAVOR OF OR BROUGHT

BY ANY OF CONSULTANT'S EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR BY ANY GOVERNMENTAL AGENCY OR BY ANY OTHER THIRD PARTY WHICH ARE:

- A. DUE TO THE VIOLATION OF ANY ORDINANCE, REGULATION, STATUTE, OR OTHER LEGAL REQUIREMENT IN THE PERFORMANCE OF THIS AGREEMENT, BY CONSULTANT, ITS EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR ANY OTHER ENTITY OVER WHICH CONSULTANT EXERCISES DIRECTION AND/OR CONTROL;
- B. TO THE EXTENT CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION IN VIOLATION OF CONSULTANT'S STANDARD OF CARE (WHETHER INTENTIONAL, NEGLIGENT OR OTHERWISE), BY CONSULTANT, ITS EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR ANY OTHER ENTITY OVER WHICH CONSULTANT EXERCISES DIRECTION AND/OR CONTROL;
- C. CAUSED BY OR RESULTING FROM ANY CLAIM ASSERTING INFRINGEMENT OR ALLEGED INFRINGEMENT OF A PATENT, TRADEMARK, COPYRIGHT, OR OTHER INTELLECTUAL PROPERTY RIGHT IN CONNECTION WITH THE INFORMATION FURNISHED BY OR THROUGH CONSULTANT, ITS EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR ANY OTHER ENTITY OVER WHICH THE CONSULTANT EXERCISES DIRECTION AND/OR CONTROL;
- D. DUE TO THE FAILURE OF CONSULTANT, ITS EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR ANY OTHER ENTITY OVER WHICH CONSULTANT EXERCISES DIRECTION AND/OR CONTROL TO PAY ITS CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, OR SUBCONSULTANTS AMOUNTS DUE FOR SERVICES PROVIDED IN CONNECTION WITH THIS AGREEMENT; OR
- E. OTHERWISE ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OF THE SERVICES UNDER THIS AGREEMENT, INCLUDING SUCH LOSSES ATTRIBUTABLE TO BODILY INJURY, SICKNESS, DISEASE, OR DEATH, OR TO INJURY TO OR DESTRUCTION OF TANGIBLE PROPERTY, INCLUDING LOSS OF USE RESULTING THEREFROM, BUT ONLY TO THE EXTENT SUCH LOSSES ARE CAUSED BY, ARISE FROM OR RESULT FROM ANY ACTS OR OMISSIONS OF CONSULTANT (WHETHER INTENTIONAL, NEGLIGENT OR OTHERWISE), ITS EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, SUBCONSULTANTS, OR REPRESENTATIVES, OR

ANY OTHER ENTITY OVER WHICH CONSULTANT EXERCISES
DIRECTION AND/OR CONTROL.

The indemnification obligations of Consultant under this Article 10 shall not be construed to negate, abridge, or reduce other rights or obligation of indemnity which would otherwise exist as to a party or person described in this Article 10. The presence or absence of any insurance relating to or otherwise affecting this Agreement, the Services, the Instruments of Service, or the Consultant's actions or inactions shall not be construed as a limitation upon the duties and obligations of the Consultant as provided in this Article 10.

ARTICLE 11

LIMITATION OF LIABILITY

11.1. Except for Consultant's obligations pursuant to Article 10, neither Party hereto, nor its affiliates, its contractors, subcontractors, subconsultants, or vendors of any tier, shall be liable to the other Party or its affiliates for any loss of profit, loss of revenue, loss of use or for any other indirect, consequential or special damages, WHETHER ARISING OUT OF OR BASED UPON THE OTHER'S BREACH OF CONTRACT OR OTHERWISE UNDER THE LAW OF CONTRACTS, TORTS (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OF EVERY KIND AND STRICT LIABILITY, WITHOUT REGARD TO FAULT), OR THE LAW OF PROPERTY, OR AT COMMON LAW OR IN EQUITY, VIOLATION OF STATUTE, OR OTHERWISE, provided that this waiver shall not apply to:

- (i) the other's gross negligence, willful or intentional misconduct, or fraud or misrepresentation;
- (ii) damages specifically contemplated in this Agreement; or
- (iii) damages recoverable from any insurance procured by the other.

11.2. For purposes of this Article, an "**affiliate**" of a Party includes any parent, subsidiary or affiliated corporation, partnership or other legal entity, and its and their officers, agents, employees and insurers.

ARTICLE 12

INSURANCE

Consultant shall, at all times during the performance of Services pursuant to Work Orders issued under this Agreement and through the expiration of the last correction period set forth in Article 9, provide insurance coverage, with companies lawfully authorized to do business in Texas, in at least the amounts and types described in Attachment D. Consultant shall require its contractors, subcontractors and subconsultants of any tier to maintain similar insurance during this period. Such insurance is to be provided at the sole cost of Consultant and all contractors, subcontractors and subconsultants of any tier. In the event any requirement of Attachment D or this Article 12 is less stringent upon Consultant or its contractors, subcontractors and subconsultants of any tier than those which are required pursuant to any agreement between the

City of Houston and Midtown, upon notification by Midtown to Consultant of such requirement, then Consultant agrees to comply and to cause its contractors, subcontractors and subconsultants of any tier to comply with and cause compliance with any more stringent requirements set forth therein.

ARTICLE 13

CHANGES; TERMINATION FOR CONVENIENCE; TERMINATION FOR CAUSE; UNFORESEEN SITE CONDITIONS

13.1. Midtown may, at any time and from time to time, make written changes to Work Orders in the form of modifications, supplements, additions, or omissions. In the event Consultant believes that such modifications, supplements, additions, or omissions will entitle Consultant to an adjustment in time or compensation for performance, Consultant shall notify Midtown in writing before commencing such modifications, supplements, additions, or omissions. Such notification shall include a statement of the proposed schedule and cost adjustment for such modifications, supplements, additions, or omissions. In the event that Midtown agrees, in its sole discretion, that Consultant is entitled to an adjustment, Midtown shall issue a written change order setting forth the agreed upon equitable adjustment to the Work Order to reflect the change in compensation and schedule, which change order shall be effective upon execution by Consultant. If Consultant commences such modifications, supplements, additions, or omissions without first notifying Midtown as required herein and obtaining such change order and Midtown does not subsequently agree to an adjustment for such modifications, supplements, additions, or omissions in writing, Consultant does so at its own risk and Midtown shall not be required to pay or otherwise be liable for any costs or expenses associated with such modifications, supplements, additions, or omissions and Consultant will not be entitled to any compensation or schedule adjustment. Furthermore, if any such modifications, supplements, additions, or omissions are required due to Consultant's errors, omissions, failure to comply with this Agreement or Work Order or other fault, Consultant shall provide such modifications, supplements, additions, or omissions at its own cost and expense and without any adjustment to the schedule.

13.2. Midtown may for convenience terminate this Agreement, any Work Order issued under this Agreement, or Consultant's right to perform Services under this Agreement or any Work Order, in whole or in part, at any time by giving thirty (30) days' written notice of such termination. Upon receipt of such notice Consultant shall:

- (i) stop work on the date and to the extent specified in such notice, and
- (ii) take such further action regarding termination of the Services as Midtown may reasonably direct.

In the event of such termination, Midtown shall have the right but not the obligation to assume all obligations, commitments, and claims that Consultant may have in good faith undertaken or incurred in connection with the Services terminated, and Midtown shall pay Consultant for Services properly performed to date of termination and for reasonable costs of closing out such Services. Upon termination, Consultant may invoice Midtown for all Services performed by Consultant prior to the time of termination which have not previously been compensated. Payment

of this final invoice is subject to the agreement of Midtown and is due and payable within thirty (30) days after receipt by Midtown or within fifteen (15) days after the monthly meeting of the Board of Directors where such amount is approved, whichever is later.

13.3. This Agreement or any Work Order may be suspended by Midtown, in whole or in part, upon notice to Consultant, specifying which portion of the Services are to be suspended and the effective date of such suspension. Consultant shall continue to diligently perform any remaining Services that are not suspended. Upon resumption of the Services, Consultant may seek a change order pursuant to Section 13.1 to equitably adjust Consultant's compensation and time for performance as a result of such a suspension; provided, however, that no adjustment shall be made to the extent: (i) that performance is, was or would have been so suspended, delayed or interrupted by another cause for which Consultant is responsible or otherwise for a delay not caused by Midtown; or (ii) that an equitable adjustment is made or denied under another provision of this Agreement or applicable Work Order. Moreover, adjustments made in the cost of and time for performance shall be limited to the increase or decrease in the cost and time of performance directly attributable to such suspension and subject to the approval of Midtown.

13.4. This Agreement or any Work Order may be terminated by either Party in the event that the other Party fails to perform in accordance with this Agreement or such Work Order and the breaching Party does not cure such failure within ten (10) days after receipt of written notice describing such failure. In the event that Midtown terminates this Agreement or any Work Order for cause, no compensation for such Work Order will be due Consultant until final completion of the then ongoing Services and payment of any such compensation will be subject to Midtown's right to offset all damages and costs associated with finally completing such Services.

13.5. The payments due Consultant for termination and suspension as set forth in this Article 13 shall be Midtown's only obligation and liability to Consultant by reason of such termination or suspension. Consultant shall not be entitled to any additional amounts for anticipated profits or unperformed Services. All amounts payable shall be subject to Midtown's rights to offset and audit.

ARTICLE 14

ASSIGNMENT AND SUBCONTRACTING

14.1. Consultant shall not assign or transfer (by operation of law or otherwise) any right or interest in this Agreement or any Work Order without Midtown's prior written consent. For purposes of this Article 14, a merger is considered a transfer. Any purported assignment by the Consultant in violation of this provision shall be void. Midtown may assign its rights and obligations under and interest in this Agreement, in whole or in part, without the consent of the Consultant.

14.2. The Parties respectively bind themselves, their partners, successors, permitted assigns and legal representatives to the other Party hereto and to partners, successors, permitted assigns and legal representatives of such other Party in respect of all covenants, agreements and obligations contained herein.

14.3. Consultant shall not utilize any contractor, subcontractor or subconsultant without prior written approval by Midtown. The qualifications of Consultant's contractors, subcontractors and subconsultants shall be subject to Midtown's review and approval. All agreements between the Consultant and its contractors, subcontractors and subconsultants shall be subject to the requirements of (and such agreements shall expressly so state) this Agreement and applicable Work Orders. Consultant shall be fully responsible for the timely and proper performance of Services by its contractors, subcontractors and subconsultants to the same extent as if all such Services were performed by the Consultant's personnel. All costs of Services performed by such contractors, subcontractors and subconsultants are included in the compensation due Consultant for such Services and shall be paid by the Consultant. Midtown shall have no responsibility for payment of the Consultant's contractors, subcontractors and subconsultants.

14.4. It is Midtown's policy to ensure that M/WBEs have full opportunity to compete for and participate in Midtown contracts. Consultant will be required to comply with the City of Houston's M/WBE Program as set forth in Chapter 15, Article V of the City of Houston Code of Ordinances. Consultant will be required to make good faith efforts to award subcontracts and supply agreements in at least 30% of the value of each applicable Work Order (as provided herein) to certified M/WBEs. Consultant acknowledges that it has reviewed the requirements for good faith efforts on file with the City of Houston's Office of Business Opportunity ("**OBO**"), available at <http://www.houstontx.gov/obo/docsandforms/goodfaithefforts.pdf>, and will comply with these requirements. Midtown's M/WBE program is a goal-oriented program, requiring contractors who receive contracts from Midtown to use good faith efforts to utilize certified M/WBE businesses. For purposes of this Agreement, the program applies to all Work Orders over \$50,000, except Work Orders funded in whole or in part by federal funds, unless otherwise prohibited by applicable law or expressly exempted by Midtown. To participate, a business must be certified as an M/WBE by an agency or organization whose certification is recognized by Midtown. Midtown recognizes certification by the following governmental and private agencies: the City of Houston's OBO, the Houston Minority Supplier Development Council, or the Women Business Enterprise Alliance. Midtown has the right to revoke acceptance of a business as a certified business and to conduct certification reviews.

ARTICLE 15

CONSULTANT REPRESENTATIVE/CONSULTANT TEAM

15.1. Consultant shall designate an individual to serve as its representative and provide Midtown with written notice of such individual prior to performing any Services. Any consent, approval, decision or determination hereunder by such representative shall be binding on Consultant. Consultant shall have the right, from time to time, to change such representative to another equally or better qualified individual, but only with Midtown's prior written consent, by giving Midtown written notice of Consultant's intent to do so.

15.2. Consultant is obligated to employ the personnel, contractors, subcontractors and subconsultants for performance of the Services as originally proposed. Requests for replacements of the original personnel, contractors, subcontractors or subconsultants shall be submitted in writing to Midtown. Changes must be approved in writing by Midtown, who shall carefully

consider the qualifications and status of the proposed replacement personnel, contractors, subcontractors or subconsultants.

ARTICLE 16

SEVERABILITY AND REFORMATION

The invalidity, illegality, or unenforceability of any provision of this Agreement or any Work Order, or the occurrence of any event rendering any portion or provision of this Agreement or any Work Order void, shall in no way affect the validity or enforceability of any other portion or provision of this Agreement or Work Orders. If any provision of this Agreement or any Work Order or any portion of this Agreement or any Work Order is deemed unenforceable or void, then such provision or portion thereof shall be deemed severed from this Agreement or such Work Order and the balance of this Agreement or Work Order shall remain in full force and effect. The parties further agree that this Agreement and any Work Order shall be construed to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent the entire Agreement or Work Order from being void should a provision which is the essence of this Agreement or applicable Work Order be determined to be invalid, illegal, unenforceable or void.

ARTICLE 17

CONSTRUCTION

If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa. The terms “include,” “includes” or “including” shall mean “including without limitation.” The words “hereof,” “hereto,” “hereby,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear. The headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

ARTICLE 18

ENTIRE AGREEMENT

This Agreement and Work Orders issued under it contain the full and complete understanding of the Parties pertaining their subject matter and supersede any and all prior and contemporaneous representations, negotiations, statements, agreements or understandings between the parties, whether written or oral. Neither party has relied on any such representations, negotiations, statements, agreements or understandings. This Agreement and Work Orders may be modified only in writing, signed by both Parties.

ARTICLE 19

NO THIRD PARTY BENEFICIARY

There are no third party beneficiaries of this Agreement and no third party may rely upon any obligation herein or upon the findings of any report produced hereby. Further, this Agreement does not create or confer any legal claim or cause of action in favor of any party not a signatory to this Agreement and the obligations and legal duties imposed on any party by this Agreement are owed exclusively to the other party or parties and are not owed to any party not a signatory to this Agreement.

ARTICLE 20

GOVERNING LAW

This Agreement and Work Orders, and its and their construction and any disputes arising out of, connected with or relating to this Agreement or Work Orders shall be governed by the laws of the State of Texas, without regard to its conflicts of law principles.

ARTICLE 21

COMPLIANCE WITH STATE LAWS

21.1. Consultant hereby certifies that Consultant is not delinquent in a tax owed the State of Texas under Chapter 171, Texas Tax Code.

21.2. For purposes of compliance with Section 2252.152, Texas Government Code, as amended, Consultant hereby represents and warrants that, at the time of this Agreement, neither Consultant nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Consultant, is a company listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201, Texas Government Code.

21.3. Consultant will provide a completed and notarized Form 1295 generated by the Texas Ethics Commission's electronic filing application in accordance with the provisions of Section 2252.908, Texas Government Code, as amended, and the rules promulgated by the Texas Ethics Commission ("**Form 1295**"), in connection with entry into this Agreement. Upon receipt of Consultant's Form 1295, Midtown agrees to acknowledge Consultant's Form 1295 through its electronic filing application. Midtown and Consultant understand and agree that, with the exception of information identifying Consultant and the contract identification number, Midtown is not responsible for the information contained in Consultant's Form 1295 and Midtown has not verified such information.

ARTICLE 22

DISPUTE RESOLUTION; VENUE; JURISDICTION

22.1. In the event of any claim, dispute or controversy arising out of or relating to the implementation of or performance of this Agreement or any Work Order (whether such claim,

dispute or controversy is allegedly extra-contractual in nature, whether such claim, dispute or controversy arises under the law of tort, contract, property, or otherwise, or at law or in equity, or under state or federal laws, or by statute or common law, for damages or any other relief) (all of which are referred to herein as “*Disputes*”) which Midtown and Consultant have been unable to resolve within thirty (30) days after such Dispute arises, a senior representative of Consultant shall meet with the Executive Director of Midtown at a mutually agreed upon time and place not later than forty-five (45) days after such Dispute arises to attempt to resolve such Dispute. In the event such representatives are unable to resolve any such Dispute within fifteen (15) days after such meeting, either Party may, by written notice to the other, submit such Dispute to non-binding mediation before a mutually agreeable mediator. If the Parties are unable to agree upon a mediator within twenty (20) days after such written notice of submission to mediation, the American Arbitration Association shall be empowered to appoint a qualified mediator. The mediation shall be conducted within thirty (30) days of the selection or appointment of the mediator, as applicable. The Parties shall share the mediator’s fee and any filing fees equally. The mediation shall be held at a mutually agreeable location in Houston, Texas. If the Parties are unable to agree upon a location, the mediation shall be held at the offices of the American Arbitration Association in Houston, Texas. The mediation requirement in this section shall not operate to prevent Midtown from filing a lawsuit and/or claim in the event that Midtown reasonably believes such lawsuit and/or claim is necessary to protect its rights in any respect, including but not limited to preserving limitations or preventing irreparable harm to its interests.

22.2. Subject to Consultant’s obligation to comply with the requirements of the foregoing Section 22.1, for purposes of all legal or equitable proceedings arising out of, relating to or connected with this Agreement or any Work Order, Consultant hereby agrees that this Agreement and all Work Orders are performable in whole or in part in Houston, Harris County, Texas, and hereby submits to the jurisdiction of the state courts within Houston, Harris County, Texas, and agrees that such jurisdiction shall be exclusive with respect to any such proceeding filed by Consultant. For the avoidance of doubt Consultant hereby expressly, clearly and unequivocally agrees that Midtown has the right to choose the forum in which any legal or equitable proceeding arising out of, relating to or connected with this Agreement shall be heard; and, having so agreed, Consultant hereby irrevocably waives its right to remove any such proceeding to any federal court should Midtown choose to bring any proceeding in any state court of Texas. Furthermore, to the fullest extent permitted by law, Consultant hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any proceeding arising out of, relating to or connected with this Agreement in any state court in Houston, Harris County, Texas. Finally, Consultant hereby irrevocably waives any claim which it may now or hereafter have that any such proceeding brought in any state court in Houston, Harris County, Texas, has been brought in an inconvenient forum.

22.3. If Consultant brings any claim against Midtown and Consultant does not prevail with respect thereto, Consultant shall be liable for all reasonable and necessary attorneys’ fees incurred by Midtown as a result thereof.

ARTICLE 23

RIGHTS AND REMEDIES

23.1. Duties and obligations imposed by this Agreement and the Work Order and rights and remedies available thereunder shall be in addition to and not a limitation of duties, obligations, rights and remedies otherwise imposed or available by law, except where a remedy is agreed to be sole and exclusive in this Agreement or applicable Work Order.

23.2. Failure of either Party to insist on the strict performance of any of the requirements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any obligation hereunder or to exercise any right or remedy occurring as a result of any default or failure of performance. Furthermore, no action or failure to act by Midtown shall constitute a waiver of any right or duty afforded to Midtown under this Agreement or otherwise by law, nor shall any such action or failure to act constitute approval of or acquiescence in any breach thereunder. Any claim by the Consultant that the terms of conditions of this Agreement or any Work Order have been changed or waived must be evidenced by an agreement in writing approved and signed by Midtown.

23.3. Any acceptance or approval by Midtown shall not constitute nor be deemed to be a release of responsibility or liability of Consultant or its contractors, subcontractors and subconsultants for the accuracy, competency and completeness of any Services, nor shall acceptance or approval be deemed to be an assumption of such responsibility or liability by Midtown for any defect, error or omission in any Services. Whenever used in this Agreement or any Work Order, "approval," "approve," "approved," "consent" or "consented" shall not include any implied or imputed approval or consent.

ARTICLE 24

NOTICE

All notices, requests or consents provided for or required to be given hereunder must be in writing and will be deemed given if personally delivered, or mailed by certified mail, return receipt requested, or nationally recognized overnight delivery service (with proof of receipt) to the following addresses (or any other address that a Party may designate by written notice to the other Party):

If to Midtown:	Midtown Redevelopment Authority 410 Pierce Street Suite 355 Houston, TX 77002 Attention: Matthias Thibodeaux
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If to Consultant: Arup US, Inc.
10370 Richmond Avenue, Suite 475
Houston, Texas 77042
Attention: Christoph Gisel

If delivered personally, notice will be deemed received upon delivery. If delivered by certified mail, notice will be deemed received upon the earlier of actual receipt or five (5) business days after the date of deposit in the United States mail. If delivered by a nationally recognized overnight delivery service, notice will be deemed received the first business day after the date of deposit with the delivery service.

ARTICLE 25

COUNTERPARTS

This Agreement may be executed and delivered (including by facsimile transmission or electronic signature) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party, it being understood that both Parties need not sign the same counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the day and year of the last signature written below.

Consultant:

Midtown:

MIDTOWN REDEVELOPMENT
AUTHORITY

By: _____

Printed Name and Title

Date: _____

By: _____

Printed Name and Title

Date: _____

DRAFT

ATTACHMENT A

Compensation terms for Services:

A.1. COMPENSATION BASED ON COST

(a) PERSONNEL COSTS

FOR SERVICES ON TIME AND MATERIALS BASIS

<u>Staff Category</u>	<u>Hourly Rate</u>
Principal	\$430-\$535
Associate Principal	\$325-\$455
Associate	\$290-\$350
Senior Engineer/Consultant II	\$275-\$310
Senior Engineer/Consultant I	\$210-\$305
Engineer/Consultant III	\$185-\$240
Engineer/Consultant II	\$175-\$215
Engineer/Consultant I	\$155-\$200
BIM Manager	\$275
Senior BIM Technician	\$210
BIM Technician	\$175
Senior Project Controls	\$290
Project Controls	\$185
Project Administration	\$130

(b) ALL OTHER EXPENSES

Reimbursable expenses will be invoiced at the actual cost, which will not exceed the reasonable cost for such expense, and will be limited to those costs incurred by the Consultant and its contractors, subcontractors and subconsultants of any tier in performing the Services as follows:

1. Subject to Midtown's approval, actual and reasonable travel and subsistence expenses for out-of-town travel in the discharge of duties in connection with the Services, provided that the daily travel rates shall not exceed those set forth above. Consultant shall use commercially reasonable efforts to obtain the lowest available cost for such travel and expenses, including but not limited to coach class air travel. For travel solely by automobile, mileage will be reimbursed at the IRS Standard Mileage Rate in effect at the time of travel for business miles.
2. Costs of postage including the cost of air express mail and delivery services directly required by the Services.

3. Fees paid on behalf of Midtown for securing approvals of governmental authorities having jurisdiction over a project, if directly required by the Services.

4. Costs of additional insurance coverage or limits, including professional liability insurance, when requested by Midtown in amounts in excess of the requirements of Attachment D of this Agreement.

5. An estimate of Consultant's reimbursable expenses will be set forth in each Work Order; provided, however, that Consultant shall provide notice to Midtown when the total of its reimbursable expenses are 75% of such estimate for each project along with a revised estimate of the total reimbursable expenses for the Work Order and each project included therein.

Non-reimbursable expenses are included within the fees for the Services and include expenses incurred by the Consultant and its contractors, subcontractors and subconsultants of any tier as follows:

1. Costs of all transportation and subsistence expenses within (i) the metropolitan area of the Consultant and its contractors, subcontractors and subconsultants of any tier, and (ii) the metropolitan area of any project.

2. All local postage.

3. All telephone communications, internet services, e-mail transmissions, and facsimile transmissions.

4. All photocopying required either in support of the Services or to communicate with contractor, Midtown, and all other consultants and sub-consultants to Midtown or the Consultant of any tier.

5. Costs of all materials, photographic production, computer time, data processing and similar expenses incurred in support of the Services.

6. Any other costs in excess of the fees paid by Midtown unless approved in advance and in writing by Midtown.

A.2. LUMP SUM COMPENSATION (STIPULATED SUM FEE)

Unless a particular Work Order expressly states otherwise, Midtown will compensate Consultant on the basis of a mutually agreed lump sum price for the scope of work specified in the Work Order. Midtown may ask Consultant for a cost estimate for the scope of work prior to issuing the Work Order. The cost estimate will include a summary breakdown showing the labor hours and cost, contractor, subcontractor and subconsultant costs, and other direct costs included in the estimate. Rates to be used in preparing the estimate will be as specified in Section A.1(a) above. Consultant will submit and Midtown will pay monthly invoices based on the mutually agreed percentage of the project completed, or according to the mutually agreed schedule of payment by design phase if such schedule is expressly included in a Work Order.

[End of Attachment A]

DRAFT

ATTACHMENT B**Form of Work Order**

WORK ORDER NO. _____

This Work Order No. ____ (this "Work Order") is issued subject to and is governed by that certain Professional Services Agreement between Midtown and Consultant dated as of _____, 20__ (the "PSA").

Work Order Date: _____

Consultant: _____

Type of Compensation: Cost Plus, Time & Materials, Firm Fixed Price, Lump Sum (Circle and set forth price if Firm Fixed Price or Lump Sum)

Compensation: _____

Location of Services: _____

Description of Services: _____

Schedule Requirements: Commencement of Services: _____

Completion of Services: _____

Midtown:MIDTOWN REDEVELOPMENT
AUTHORITY

By: _____

Printed Name and Title

Date: _____

Consultant:

ARUP US, INC.

By: _____

Printed Name and Title

Date: _____

[End of Attachment B]

ATTACHMENT C

Federal Transit Administration Required Clauses and Related Provisions

This Attachment C shall only apply to Work Orders funded in whole or in part by federal funds.

For purposes of Attachment C, the term “Contractor” or “Respondent” shall mean Consultant and the term “Owner” shall mean Midtown.

Contractor is bound to Midtown to the same extent that Midtown is bound as recipient to the FTA pursuant to the clauses contained in Attachment C.

As such, Contractor agrees to comply with the statutory schemes and requirements set forth or referred to in this Attachment C to the extent each applies to the Contractor or the Services or any other obligations of Contractor pursuant to this Agreement. Without limiting the generality of the foregoing, Contractor agrees to submit all certifications as required by this Attachment C.

Moreover, to the extent that Midtown is required to ensure that the Contractor and any entity under its control comply with any requirement set forth or referred to in this Attachment C, the Contractor is itself responsible to ensure its own compliance with each thereof as well as to ensure the compliance with each thereof by all such entities under its control.

Further, to the extent that Midtown is required to give Contractor notice pursuant to any of the requirements set forth or referred to in this Attachment C, Contractor agrees that the inclusion of the requirements contained or referred in this Attachment C constitutes sufficient notice to discharge any such obligation of Midtown.

Finally, except to the extent required by law, Contractor agrees that Midtown’s obligations to the Contractor, and the Contractor’s rights in respect of Midtown, shall not be broadened or expanded pursuant to the inclusion of this Attachment C as part of this Agreement.

These federally required contract clauses are in accordance with FTA Circular 4220.1F, Third Party Contracting Guidance. The Respondent certifies to abide by the clauses below as part of this procurement. The Respondent must also complete the forms included in the Respondent/Contractor Pre-Award Certifications.

1. **FLY AMERICA** – Does not apply to this contract.
2. **BUY AMERICA** – Does not apply to this contract.
3. **CHARTER BUS and SCHOOL BUS REQUIREMENTS** – Does not apply to this contract.
4. **CARGO PREFERENCE REQUIREMENTS** – Does not apply to this contract.

5. **SEISMIC SAFETY REQUIREMENTS** – Does not apply to this contract.

6. **ENERGY CONSERVATION**

- a. As authorized by the State of Texas, the Texas State Energy Conservation Office (SECO) has adopted the most recent edition of the International Energy Conservation Code (IECC) without amendment for new buildings or additions only. The Respondent/Contractor shall design the facility in accordance with 2015 IECC.
- b. The Respondent/Contractor also agrees to include any applicable requirements in each subcontract involving construction of commercial buildings financed in whole or in part with Federal assistance provided by FTA.

7. **CLEAN WATER**

- a. The Respondent/Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. The Respondent/Contractor agrees to report each violation to the Owner and understands and agrees that the Owner will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.
- b. The Respondent/Contractor also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

8. **BUS TESTING** – Does not apply to this contract.

9. **PRE-AWARD and POST DELIVERY AUDIT REQUIREMENTS** – Does not apply to this contract.

10. **LOBBYING**

- a. Respondents/Contractors who apply for an award of \$100,000 or more shall file the Certification Regarding Lobbying, required by 49 C.F.R. Part 20, New Restrictions on Lobbying, with the Owner. Each subcontractor shall file the Certification Regarding Lobbying with the Respondent/Contractor that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352.
- b. The Respondent/Contractor and subcontractors shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from subcontractors to Respondent/Contractor to the Owner. The Respondent/Contractor agrees to include

these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

- c. The certification regarding Lobbying to be completed by the Respondent/Contractor and subcontractor(s) is provided herein (See Respondent/Contractor Pre-Award Certifications) under Certifications and Forms Section.

11. ACCESS TO RECORDS AND REPORTS

The following access to records requirements applies to this contract:

- a. The Owner is an FTA Recipient in accordance with 49 C.F.R. 18.36(i). The Respondent/Contractor agrees to provide the Owner, the FTA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Respondent/Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts, and transcriptions.
- b. The Respondent/Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
- c. The Respondent/Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Respondent/Contractor agrees to maintain same until the Owner, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 C.F.R. 18.39(i)(11).
- d. FTA does not require the inclusion of these requirements in subcontracts.

12. FEDERAL CHANGES

- a. The Respondent/Contractor shall at all times comply with all applicable FTA regulations, policies, procedures, and directives, including without limitation those listed directly or by reference in the Master Agreement between the Owner and FTA, as they may be amended or promulgated from time to time during the term of this contract. The Respondent/Contractor's failure to so comply shall constitute a material breach of this contract.
- b. The Respondent/Contractor also agrees to include any applicable requirements in each subcontract involving a federal change financed in whole or in part with Federal assistance provided by FTA.

13. BONDING REQUIREMENTS – Does not apply to this contract.

14. CLEAN AIR

- a. The Respondent/Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. The Respondent/Contractor agrees to report each violation to the Owner and understands and agrees that the Owner will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.
- b. The Respondent/Contractor also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.

15. RECYCLED PRODUCTS – Does not apply to this contract.

16. DAVIS-BACON and COPELAND ANTI-KICKBACK ACTS – Does not apply to this contract.

17. CONTRACT WORK HOURS and SAFETY STANDARDS ACT – Does not apply to this contract.

18. RESERVED

19. NO FEDERAL GOVERNMENT OBLIGATION TO THIRD PARTIES

- a. The Owner and the Respondent/Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to the Owner, the Respondent/Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying contract.
- b. The Respondent/Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

20. PROGRAM FRAUD and FALSE OR FRAUDULENT STATEMENTS AND RELATED ACTS

- a. The Respondent/Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, “Program Fraud Civil Remedies,” 49 C.F.R. Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Respondent/Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the

Respondent/Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Respondent/Contractor to the extent the Federal Government deems appropriate.

- b. The Respondent/Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the Respondent/Contractor, to the extent the Federal Government deems appropriate.
- c. The Respondent/Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

21. TERMINATION

The termination provisions of this Agreement are provided in Article 13 hereof.

22. GOVERNMENT-WIDE DEBARMENT AND SUSPENSION

- a. This contract is a covered transaction for purposes of 49 C.F.R. Part 29. As such, the Respondent/Contractor is required to verify that none of the Respondent/Contractor, its principals, as defined at 49 C.F.R. 29.995, or affiliates, as defined at 49 C.F.R. 29.905, are excluded or disqualified as defined at 49 C.F.R. 29.940 and 29.945.
- b. The Respondent/Contractor is required to comply with 49 C.F.R. 29, Subpart C and must include the requirement to comply with 49 C.F.R. 29, Subpart C in any lower tier covered transaction it enters into.
- c. The certification (**See Respondent/Contractor Pre-Award Certifications**) is a material representation of fact relied upon by the Owner. If it is later determined that the Respondent/Contractor knowingly rendered an erroneous certification, in addition to remedies available to the Owner, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The Respondent/Contractor agrees to comply with the requirements of 49 C.F.R. 29, Subpart C and Executive Order 12549 while this offer is valid and throughout the period of any contract that may arise from this offer.
- d. The Respondent/Contractor also agrees to include these requirements in each subcontract exceeding \$25,000 financed in whole or in part with Federal assistance provided by FTA.

23. **PRIVACY ACT** – Does not apply to this contract.

24. **CIVIL RIGHTS REQUIREMENTS**

The following requirements apply to the underlying contract:

- a. **Nondiscrimination** - In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132, and Federal transit law at 49 U.S.C. § 5332, the Respondent/Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, the Respondent/Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.
- b. **Equal Employment Opportunity** - The following requirements apply to the underlying contract:
 - i. **Race, Color, Creed, National Origin, Sex** - In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Respondent/Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor,” 41 C.F.R. Parts 60 et seq., (which implement Executive Order No. 11246, “Equal Employment Opportunity,” as amended by Executive Order No. 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Respondent/Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Respondent/Contractor agrees to comply with any implementing requirements FTA may issue.
 - ii. **Age** - In accordance with section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623 and Federal transit law at 49 U.S.C. § 5332, the Respondent/Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Respondent/Contractor agrees to comply with any implementing requirements FTA may issue.

iii. **Disabilities** - In accordance with section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Respondent/Contractor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities. In addition, the Respondent/Contractor agrees to comply with any implementing requirements FTA may issue.

c. The Respondent/Contractor also agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary, to identify the affected parties.

25. BREACHES AND DISPUTE RESOLUTION

The breach provisions of this Agreement are provided in Article 13 hereof, and the dispute resolution provisions of this Agreement are provided in Article 22 hereof.

26. PATENT AND DISPUTE RESOLUTION – Does not apply to this contract.

27. TRANSIT EMPLOYEE PROTECTIVE AGREEMENTS – Does not apply to this contract.

28. DISADVANTAGED BUSINESS ENTERPRISES

a. This contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs. The agency's overall goal for DBE participation is 12.5%. A separate contract goal has not been established.

b. The Respondent/Contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Respondent/Contractor shall carry out applicable requirements of 49 C.F.R. Part 26 in the award and administration of this DOT-assisted contract. Failure by the Respondent/Contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the Owner deems appropriate.

c. Respondents are required to document sufficient DBE participation to meet these goals or, alternatively, document adequate good faith efforts to do so, as provided for in 49 C.F.R. 26.53 (**See Respondent/Contractor Pre-Award Certifications**). Award of this contract is conditioned on submission of the following concurrent with and accompanying an initial proposal:

i. The names and addresses of subcontractors that will participate in the contract;

- ii. A description of the work that each subcontractor will perform;
 - iii. Whether the subcontractors are a DBE, non-DBE, or a Small Business Enterprise (SBE);
 - iv. The ethnic code, as described in the form;
 - v. The age of the firm;
 - vi. The annual gross receipts from the firm;
 - vii. The dollar amount of the participation of each DBE firm participating; and
 - viii. Written confirmation from the DBE subcontractor that it is participating in the contract as provided in the commitment made under (8) (**See Respondent/Contractor Pre-Award Certifications**).
- d. The Respondent/Contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than thirty (30) days from the receipt of each payment the prime contractor receives from the Owner. The Respondent/Contractor agrees further to return retainage payments to each subcontractor within thirty (30) days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the timeframe stated in this paragraph may occur only for good cause, as determined by the Owner, and following written approval of the Owner. This clause applies to both DBE and non-DBE subcontractors and shall be included in the contract between the Respondent/Contractor and any and all subcontractors.
 - e. The Respondent/Contractor must promptly notify the Owner, whenever a DBE subcontractor performing work related to this contract is terminated or fails to complete its work and must make good faith efforts to engage another DBE subcontractor to perform at least the same amount of work. The Respondent/Contractor may not terminate any DBE subcontractor and perform that work through its own forces or those of an affiliate without prior written consent of the Owner.
 - f. The Respondent/Contractor shall report DBE participation on a monthly basis on the Contractor Payment Report Form (**See Respondent/Contractor Pre-Award Certifications**).
 - g. The Owner encourages the Respondent/Contractor on DOT-assisted contract to make use of financial institution owned and controlled by socially and economically disadvantaged individuals. The Federal Reserve Statistical Release maintains a list of Minority-Owned Banks (<http://www.federalreserve.gov/releases/mob/>).

29. RESERVED

30. INCORPORATION OF FEDERAL TRANSIT ADMINISTRATION (FTA) TERMS

- a. The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in Best Practices Procurement and Lessons Learned Manual, Appendix A Federally Required and Other Model Contract Clauses, are hereby incorporated by reference. The following clauses apply to this contract.
 - i. Access to Records and Reports
 - ii. Clean Air Act and Federal Water Pollution Control Act
 - iii. Civil Rights Laws and Regulations
 - iv. Disadvantaged Business Enterprise (DBE)
 - v. Fly America
 - vi. Government-Wide Debarment and Suspension
 - vii. Lobbying Restrictions
 - viii. No Government Obligation to Third Parties
 - ix. Program Fraud and False or Fraudulent Statements and Related Acts
 - x. Termination
 - xi. Violation and Breach of Contract
- b. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any Owner requests which would cause the Owner to be in violation of the FTA terms and conditions.
- c. The Contractor also agrees to include any applicable requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA.

31. DRUG AND ALCOHOL TESTING – Does not apply to this contract.

32. AMERICANS WITH DISABILITIES ACT (ADA) ACCESSIBILITY

- a. ADA Accessibility ensures that all individuals regardless of disability are not excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- b. The Respondent/Contractor agrees to comply with 49 U.S.C. § 5301(d), which states the Federal policy that elderly individuals and individuals with disabilities have the same right as other individuals to use public transportation services and

facilities, and that special efforts shall be made in planning and designing those services and facilities to implement transportation accessibility rights for elderly individuals and individuals with disabilities.

- c. The Respondent/Contractor also agrees to comply with all applicable provisions of section 504 of the Rehabilitation Act of 1973, as amended, with 29 U.S.C. § 794, which prohibits discrimination on the basis of disability; with the Americans with Disabilities Act of 1990 (ADA), as amended, 42 U.S.C. §§ 12101 et seq., which requires that accessible facilities and services be made available to individuals with disabilities; and with the Architectural Barriers Act of 1968, as amended, 42 U.S.C. §§ 4151 et seq., which requires that buildings and public accommodations be accessible to individuals with disabilities; and with other laws and amendments thereto pertaining to access for individuals with disabilities that may be applicable.
- d. In addition, the Respondent/Contractor agrees to comply with applicable implementing Federal regulations any later amendments thereto, and agrees to follow applicable Federal directives except to the extent FTA approves otherwise in writing
- e. The Respondent/Contractor and all of its subcontractors shall adhere to any applicable ADA Accessibility requirements from the following:
 - i. 49 C.F.R. Part 27 – Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance, U.S. DOT regulation
 - ii. 49 C.F.R. Part 37 - Transportation Services for Individuals with Disabilities (ADA), U.S. DOT regulation
 - iii. 49 C.F.R. Part 38 and 36 C.F.R. Part 1192 – Americans with Disabilities Act (ADA) Accessibility Specifications for Transportation Vehicles, Joint U.S. Architectural and Transportation Barriers Compliance Board (U.S. ATBCB)/U.S. DOT regulation
 - iv. 28 C.F.R. Part 35 – Nondiscrimination on the Basis of Disability in State and Local Government Services, U.S. DOJ regulation
 - v. 28 C.F.R. Part 36 – Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities, U.S. DOJ regulation
 - vi. 41 C.F.R. Subpart 101-19 – Accommodations for the Physically Handicapped, U.S. General Services Administration (U.S. GSA) regulation”
 - vii. 29 C.F.R. Part 1630 – Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act, U.S. EEOC

- viii. 47 C.F.R. Part 64, Subpart F – Telecommunications Relay Services and Related Customer Premises Equipment for the Hearing and Speech Disabled, U.S. Federal Communications Commission regulation
- ix. 36 C.F.R. Part 1194 – Electronic and Information Technology Accessibility Standards, U.S. ATBCB regulation
- x. 49 C.F.R. Part 609 – Transportation for Elderly and Handicapped Persons, FTA regulation
- xi. Federal civil rights and nondiscrimination directives implementing the foregoing Federal laws and regulations, except to the extent the Federal Government determines otherwise in writing.

33. VETERAN'S PREFERENCE – Does not apply to this contract.

RESPONDENT/CONTRACTOR PRE-AWARD CERTIFICATIONS

This checklist will be used to ensure that all required procurement certifications listed within have been read, initialed, and signed by the Respondent/Contractor BEFORE the bid or proposal is submitted. All certifications listed below follow this checklist.

Respondent/Contractor's Initials: _____

- | | |
|---|-------|
| A. Lobbying Certification | _____ |
| B. Suspension and Debarment Certification | _____ |
| C. Respondent/Contractor Certification | _____ |
| D. DBE Subcontractor Certification | _____ |
| E. Contractor Payment Report Form | ===== |

I HEREBY ATTEST THAT THE PREVIOUS EXHIBIT TITLED, FEDERALLY REQUIRED CONTRACT CLAUSES, WAS READ AND MY INITIALS ABOVE INDICATE THAT EACH ITEM WAS PROPERLY PREPARED AND EXECUTED.

DATE: _____

SIGNATURE: _____

NAME / TITLE: _____

RESPONDENT/
CONTRACTOR _____

LOBBYING CERTIFICATION FORM

To be completed by the prime contractor and all subcontractors.

The Respondent/Contractor certifies that to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government-wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96). Note: Language in paragraph (2) herein has been modified in accordance with Section 10 of the Lobbying Disclosure Act of 1995 (P.L. 104-65, to be codified at 2 U.S.C. 1601, et seq.)]
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[Note: Pursuant to 31 U.S.C. § 1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to file or amend a required certification or disclosure form shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure or failure.]

The Respondent/Contractor/Subcontractor, _____, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Respondent/Contractor understands and agrees that the provisions of 31 U.S.C. A 3801, et seq., apply to this certification and disclosure, if any.

DATE: _____

SIGNATURE: _____

NAME / TITLE: _____

RESPONDENT/
CONTRACTOR _____

DRAFT

SUSPENSION AND DEBARMENT CERTIFICATION FORM**CERTIFICATION REGARDING DEBARMENT,
SUSPENSION, AND OTHER RESPONSIBILITY MATTERS****PRIMARY COVERED TRANSACTIONS**

To be completed by the prime contractor and all subcontractors.

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 13 C.F.R. Part 145. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

**(BEFORE COMPLETING CERTIFICATION,
READ INSTRUCTIONS ON NEXT PAGE)**

The prospective primary Respondent/Contractor certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

Where the prospective primary Respondent/Contractor is unable to certify to any of the statements in this certification, such prospective primary participant shall attach an explanation to this proposal.

DATE:

SIGNATURE:

NAME / TITLE:

RESPONDENT/CONTRACTOR

INSTRUCTIONS FOR CERTIFICATION

By signing and submitting this proposal, the Respondent/Contractor is providing the certification set out below.

1. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The Respondent/Contractor shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Owner's determination whether to enter into this transaction. However, failure of the Respondent/Contractor to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
2. The certification in this clause is a material representation of fact upon which reliance was placed when the Owner determined to enter into this transaction. If it is later determined that the Respondent/Contractor knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the Owner may terminate this transaction for cause or default.
3. The Respondent/Contractor shall provide immediate written notice to the Owner to which this proposal is submitted if at any time the Respondent/Contractor learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "bid," "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the Owner to which this proposal is submitted for assistance in obtaining a copy of those regulations (13 C.F.R. Part 145).
5. The Respondent/Contractor agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a subcontractor who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Owner entering into this transaction.
6. The Respondent/Contractor further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion- Lower Tier Covered Transactions," provided by the Owner entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a Respondent/Contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

8. Except for transactions authorized under paragraph 6 of these instructions, if a Respondent/Contractor in a covered transaction knowingly enters into a lower tier covered transaction with a subcontractor who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Owner may terminate this transaction for cause or default.
9. The Respondent/Contractor also agrees to include these requirements in each subcontract, or a lower tier covered transaction, exceeding \$25,000 financed in whole or in part with Federal assistance provided by FTA.

DRAFT

[illegible]

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Name of subcontract or	Address, Telephone # of DBE Firm (Including name of contact)	Description of Work, Service Provided	DBE, SBE or non-DBE	Ethnic Code	Gender Code	Age of Firm	Annual Gross Receipts	DBE % or \$ amount of Total Contract

The undersigned will enter into a formal agreement with DBE contractors for work listed in this schedule upon execution of a contract with the Owner. The Contractor agrees to the terms of this schedule by signing below and submitting the DBE SUBCONTRACTOR CERTIFICATION, as completed by the DBE subcontractor(s).

SIGNATURE

DATE

DBE SUBCONTRACTOR CERTIFICATION

NOTE: In accordance with 49 C.F.R. (Code of Federal Regulations) Part 26 and Board policy, DBE firms participating in the DBE Program must have "current" certification status with a TUCP Certifying Agency by the due date established for this RFP.

1. TO: (Respondent/Contractor): _____
2. The undersigned is either currently certified under the Texas Unified Certification Program (TUCP) as a DBE or will be at the time this solicitation is due.
3. The undersigned is prepared to perform the following described work and/or supply the material listed in connection with the above project (where applicable specify "supply" or "install" or both) _____

_____ and at the following price \$ _____ and/or _____ % of the total contract amount (should be the same \$ or % found on **RESPONDENT/CONTRACTOR CERTIFICATION**).
4. The DBE subcontractor should complete this section only if the DBE is subcontracting any portion of its subcontract.

With respect to the proposed subcontract described above, the undersigned DBE anticipates that _____ % of the dollar value of this subcontract will be sublet and/or awarded to other contractors. Any and all DBE subcontractors a DBE subcontractor uses must be listed on Form 1 and must also be DBE certified.

DATE: _____ DBE FIRM: _____

SIGNATURE: _____

PRINT NAME: _____

PHONE NUMBER: _____

DATE: _____ RESPONDENT/
CONTRACTOR _____

SIGNATURE: _____

PRINT NAME: _____

PHONE NUMBER: _____

**ATTACH COPY OF SUBCONTRACTOR'S
TEXAS UNIFIED CERTIFICATION PROGRAM CERTIFICATE**

DRAFT

CONTRACTOR PAYMENT REPORT FORM

This form is to be included with each pay application until final payment of the Contract has been made. This form has been included for reference only.

CONTRACTOR PAYMENT REPORT FORM							
Instructions: Contractors are required to complete and submit this report, as specified in the contract or as requested, until final payment of the contract has been made. Failure to comply with the DBE provisions may result in contract termination, or the suspension or debarment of the contractor from doing business with the Owner in the future in accordance with the procedures set forth in the DBE Program. This report must be submitted with each invoice. Instructions for completing this report can be found on the following page.							
1. Contract Number, if applicable	2. Invoice Number	3. Reporting Period From: To:		4. Contractor's Business Name	5. Contact Person	6. Address	
7. Telephone Number	8. Date of Contract Award	9. Schedule Date of Completion	10. Original Contract Amount	11. Current Contract Modifications	12. Total Amount Received to Date	13. Total Amount Owed	
			\$	\$	\$	\$	
14. Committed DBE %	15. Actual DBE Participation to date	16. Actual DBE % to Date					
	\$	#VALUE!					
17	18	19	20	21	22	23	24
Name of DBE Subcontractor	Description of Work	Amount of payments made during current invoice period	Date of payments made during current invoice period	Subcontract Dollars	Amount paid to date	Percent Paid to Date	Amount of this invoice allocated to DBE subcontractor
(Add rows to the table, as needed, to complete this section)							
By completing this form, the Contractor acknowledges the Owner's prompt payment policy, which requires the Contractor to pay all subcontractors within 30 days of receiving payment from the Owner.							
Signature		Date Signed		Name and Title of Individual Completing Report			

[End of Attachment C]

ATTACHMENT D

Insurance

(a) **Kinds of Claims:**

- (1) claims under workers' or workmen's compensation, disability benefit and other similar employee benefit acts which are applicable to Consultant's Services to be performed;
- (2) claims for damages because of bodily injury, occupational sickness or disease, or death of Consultant's employees;
- (3) claims for damages because of bodily injury, sickness or disease, or death of any person other than the Consultant's employees;
- (4) claims for damages insured by usual personal injury liability coverage which are sustained (i) by a person as a result of an offense directly or indirectly related to employment of such person by Consultant, or (ii) by another person;
- (5) claims for damages, other than to Consultant's work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- (6) claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; and
- (7) claims for professional negligence.

(b) **Policies and Minimum Limits of Liability**

<u>Kinds of Insurance:</u>	<u>Limits of Liability*:</u>
<p>A. Workers' Compensation Texas Operations</p> <p>Employer's Liability</p>	<p>Statutory</p> <p>Accident \$500,000 Each Accident Disease \$500,000 Each Employee Disease \$500,000 Policy Limit</p>
<p>B. Commercial General Liability Including, but not limited to:</p> <ol style="list-style-type: none"> 1. premises/operations 2. independent contractors' protective 3. products and completed operations 4. personal injury liability with employment exclusion deleted 5. contractual 	<p>\$1,000,000 General Aggregate \$1,000,000 Products/Completed Operations Aggregate \$1,000,000 Each Occurrence \$1,000,000 Personal and Advertising Injury \$500,000 Fire Damage Liability</p>

<u>Kinds of Insurance:</u>	<u>Limits of Liability*:</u>
C. Professional Liability	\$1,000,000 each occurrence & \$2,000,000 aggregate on a claims made basis covering errors and omissions of Consultant and its contractors, subcontractors and subconsultants
D. Business Automobile Liability including All Owned, Hired and Non-owned Automobiles.	\$1,000,000 Combined Single Limit Per Occurrence
E. Umbrella Liability	\$1,000,000 Per Occurrence \$4,000,000 Aggregate Bodily Injury and Property Damage

*Aggregate limits are per 12 month policy period unless otherwise indicated.

(c) **Additional Requirements**

(1) All required insurance shall be maintained with responsible insurance carriers acceptable to Midtown and lawfully authorized to issue insurance of the types and amounts set forth in Article 12 and this Attachment D and having a Best's Financial Strength Rating of at least A- and a Best's Financial Size Category of Class VII or better, according to the most current edition of Best's Key Rating Guide, Property-Casualty United States.

(2) All policies shall be in a form reasonably acceptable to Midtown and each policy must state that, to the extent commercially available, such policy may not expire or be cancelled, materially modified or nonrenewed unless the carrier therefor gives Midtown and the Public Works Director thirty (30) days advance written notice. When any required insurance, due to the attainment of a normal expiration date or renewal date, shall expire, Consultant shall, prior to such expiration, supply Midtown with certificates of insurance and amendatory riders or endorsements that clearly evidence the continuation of all coverage in the same manner, limits of protection, and scope of coverage as is required by this Agreement. Any renewal or replacement policies shall be in form and substance satisfactory to Midtown and written by carriers acceptable to Midtown. Consultant shall or, to the extent commercially reasonable, shall cause the applicable carrier or carriers to give written notice to the Public Works Director and Midtown within five days of the date on which total claims by any party against any insurance provided pursuant to Article 12 and this Attachment D reduce the aggregate amount of coverage below the amounts required by Article 12 and this Attachment D. In the alternative, a policy may contain an endorsement establishing a policy aggregate for each Work Order, subject to approval of such endorsement by Midtown.

(3) With respect to all policies required in Article 12 and this Attachment D, as soon as practicable upon execution of this Agreement, Consultant shall deposit with Midtown true and correct certificates thereof, accompanied by evidence satisfactory to Midtown of the payment of premiums and of the requirements of Article 12 and this Attachment D. Thereafter, certification of premium payments shall be deposited with Midtown not less than thirty (30) days before the expiration dates of the expiring policies or reduction of the stated dollar coverage of the face of

the policy. If requested to do so by Midtown, Consultant shall also furnish the originals or certified copies of the insurance policies for inspection.

(4) All policies of insurance and certificates issued pursuant to Article 12 and this Attachment D, with the exception of Professional Liability, and Workers' Compensation Insurance, shall name the Indemnitees as additional insureds.

(5) Inasmuch as Midtown and Consultant intend that all of Consultant's insured losses and liabilities fall upon Consultant's insurers, without recourse against Midtown, Consultant agrees to cause of all its policies of insurance required pursuant to Article 12 and this Attachment D to provide, if necessary by endorsement, that each such insurer fully waives subrogation against the Indemnitees.

(6) All insurance required pursuant to Article 12 and this Attachment D shall be primary in respect of any insurance maintained by Midtown or the City of Houston covering the same risk.

(7) If any policy required to be purchased pursuant to Article 12 and this Attachment D is subject to a deductible, self-insured retention or similar self-insurance mechanism which limits or otherwise reduces coverage, the deductible, self-insured retention or similar self-insurance mechanism shall be the sole responsibility of Consultant in the event of any loss and Consultant hereby waives any claim therefor against the Indemnitees.

(8) Moreover, Consultant hereby releases the Indemnitees from and waives all claims it may have against the Indemnitees to the extent any of such claims are covered by insurance required to be furnished by Consultant or any contractor, subcontractor or subconsultant hereunder, whether or not Consultant or such subconsultant actually obtains such insurance, and EVEN IF SUCH CLAIMS ARISE OUT OF, RELATE TO OR ARE BASED UPON AN INDEMNITEE'S OWN NEGLIGENCE OR OTHER TORTIOUS CONDUCT, BAD FAITH, ARBITRARY OR CAPRICIOUS CONDUCT, INEQUITABLE CONDUCT, BREACH OF CONTRACT OR OTHER FAULT, HOWEVER CHARACTERIZED, OR STRICT LIABILITY WITHOUT REGARD TO FAULT.

(9) Consultant shall require and cause its contractors, subcontractors and subconsultants to purchase and maintain the insurance policies set forth above with limits of liability commensurate with the amount of each such subcontract agreement. Consultant shall provide copies of insurance certificates for all such insurance to Midtown and the Public Works Director.

(10) If Consultant fails to procure or to maintain in force the insurance required by Article 12 and this Attachment D, Midtown may secure such insurance and the costs thereof shall be borne by Consultant. Consultant shall reimburse Midtown the cost of such insurance plus five percent (5%) administrative charge within ten (10) days after billing by Midtown. Any sum remaining unpaid fifteen (15) days after billing by Midtown shall bear interest at the rate of twelve percent (12%) per annum until paid by Consultant. CONSULTANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES AND EXPENSES (INCLUDING COURT COSTS,

COSTS OF DEFENSE AND ATTORNEYS' FEES), THAT ANY INDEMNITEE MAY INCUR AS A RESULT OF THE CONSULTANT'S FAILURE TO OBTAIN OR CAUSE TO BE OBTAINED THE SPECIFIC ENDORSEMENTS OR INSURANCE REQUIRED PURSUANT TO THIS AGREEMENT. Failure of any Indemnatee to identify any deficiency in the insurance forms provided shall not be construed as a waiver of the Consultant's obligation to maintain such insurance and to cause such insurance to be maintained.

(11) Consultant's compliance with the provisions of Article 12 and this Attachment D shall not be deemed to constitute a limitation of Consultant's liability with respect to claims covered by insurance provided pursuant to Article 12 and this Attachment D or in any way limit, modify or otherwise affect Consultant's obligations under this Agreement or otherwise. The insolvency, bankruptcy, or failure of any insurance company carrying insurance for Consultant or any contractor, subcontractor or subconsultant, or the failure of any insurance company to pay claims accruing shall not be held to waive any of the provisions of this Agreement.

(12) If requested by Midtown, Consultant shall furnish or shall cause to be furnished any such other insurance as Midtown may deem necessary for any Work Order or Orders and the cost thereof shall be charged to Midtown by appropriate modification of any such order(s).

[End of Attachment D]



midtown
HOUSTON

**MORGAN DEVELOPMENT
AGREEMENT - PEARL RESIDENCES**

DEVELOPMENT AGREEMENT

Between

MIDTOWN REDEVELOPMENT AUTHORITY

and

PEARL RESIDENCES AT MIDTOWN OWNER, LLC

Dated as of the Effective Date

TABLE OF CONTENTS

	Page
ARTICLE 1 GENERAL TERMS	
1.01 Definitions.....	3
1.02 Singular and Plural.....	8
ARTICLE 2 REPRESENTATIONS	
2.01 Representation of the Midtown Authority	8
2.02 Representations of Developer	9
ARTICLE 3 THE PROJECT	
3.01 The Project.....	10
3.02 Pearl Rosemont ROW Project	10
3.03 Additional Projects.....	10
3.04 Midtown's Right to Terminate.....	10
3.05 Developer's Right to Terminate.....	11
ARTICLE 4 DUTIES AND RESPONSIBILITIES OF DEVELOPER	
4.01 General Requirements.....	11
4.02 Post-Construction Obligations and Liabilities.....	14
ARTICLE 5 PROJECT FINANCING AND FUNDING	
5.01 Developer Advances	14
5.02 Information to be Provided by Developer	15
5.03 Reimbursement	15
5.04 Sale or Assignment	16
5.05 [Intentionally Deleted.]	17
5.06 Ineligible Project Costs	17
ARTICLE 6 DEFAULT AND REMEDIES	
6.01 Default by Developer	17
6.02 Remedies Upon Default by Developer	17
6.03 Default by Midtown	17
6.04 Remedies Upon Default by Midtown	18

6.05	Cumulative Remedies	18
6.06	Declaratory or Injunctive Relief	18
6.07	No Waivers	18
6.08	Effect of Termination.....	18
6.09	Court Proceedings.....	18
6.10	Damages.....	19

ARTICLE 7 GENERAL

7.01	Inspections, Audits.....	19
7.02	Developer Operations and Employees.....	19
7.03	Personal Liability of Public Officials	19
7.04	Notices	19
7.05	Amendments and Waivers	21
7.06	Invalidity.....	21
7.07	Successors and Assigns.....	21
7.08	Exhibits; Titles of Articles, Sections and Subsections.....	21
7.09	Construction.....	21
7.10	Entire Agreement.....	21
7.11	Term and Survival.....	21
7.12	Approval by the Parties.....	22
7.13	Waiver of Jury Trial.....	22
7.14	Recordation.....	22
7.15	Counterparts.....	22

Exhibit A - Pearl Residences at Midtown Development Property Description & Depiction
 Exhibit B-1 – Rosalie Street Improvements
 Exhibit B-2 – ROW Improvements
 Exhibit C – Insurance, Release and Indemnification Requirements
 Exhibit D – Form of Final Completion Certificate
 Exhibit E – Form of Certificate of Advance
 Exhibit F – Form of Final Certificate of Advance
 Exhibit G – Form of Maintenance Agreement

DEVELOPMENT AGREEMENT

This Development Agreement ("**Agreement**") is made as of the Effective Date (hereafter defined) by and among the MIDTOWN REDEVELOPMENT AUTHORITY ("**Midtown Authority**" or "**Midtown**"), a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995, acting by and through its governing body, the Board of Directors (the "**Midtown Board**") and acting on behalf of REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS ("**Midtown Zone**"), a tax increment reinvestment zone created by the City of Houston, Texas ("**City**") pursuant to Chapter 311 of the Texas Tax Code, as amended, acting by and through its governing body, the Board of Directors (the "**Midtown Zone Board**"), and PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company ("**Developer**").

RECITALS

By Ordinance No. 94-1345, the City Council of the City created the Midtown Zone pursuant to Chapter 311, Texas Tax Code, as amended, approved a preliminary Project Plan and preliminary Financing Plan, and appointed its Board of Directors.

By Resolution No. 95-96, adopted on June 28, 1995 by the City Council of the City, the City authorized the creation of the Midtown Authority to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to the common good and general welfare of the midtown area and neighboring areas as described in Ordinance No. 94-1345.

By Ordinance Nos. 95-1322, 1999-849 and 2009-1396, adopted on December 13, 1995, August 11, 1999 and December 29, 2009, respectively, the City Council of the City, approved the annexation of additional property into the boundaries of the Midtown Zone.

The City, the Midtown Zone and the Midtown Authority have entered into that certain Agreement dated March 15, 1996, and approved pursuant to Ordinance No. 96-389, as amended by Ordinance Nos. 97-1540, 98-301 and 2000-494 (as amended, the "**Midtown Agreement**"), pursuant to which the City delegated to the Midtown Authority the power and authority to administer the Midtown Zone including, but not limited to, the power to engage in activities relating to the acquisition and development of land, the construction and improvement of infrastructure in the Midtown Zone, entering into agreements with Developer and other builders in the Midtown Zone, and the issuance, sale or delivery of its bonds, notes or other obligations in accordance with and subject to the limitations set forth in the Midtown Agreement.

The Midtown Board and the Midtown Zone Board adopted a Project and Financing Plan (as amended, the "**Project Plan**") on May 2, 1997, which provides that the Midtown Authority, on behalf of the Midtown Zone, will undertake to make improvements in the Midtown Zone. The Midtown Board and the Midtown Zone Board submitted the Project Plan to the City Council of the City for approval and on May 28, 1997, and the City Council approved the Project Plan by Ordinance No. 97-600. The Midtown Board and the Midtown Zone Board previously submitted to the City amendments, clarifications and related updates to the Project Plan, which were

approved Ordinance No 97-1338 adopted on October 22, 1997, Ordinance No. 1999-850 adopted on August 11, 1999, Ordinance No. 2009-1395 adopted on December 29, 2009, Ordinance No. 2011-534 adopted on June 22, 2011 and by Ordinance No. 2013-638 adopted on July 10, 2013 (the “**Fifth Amendment**”).

The Texas Tax Code provides that the Midtown Zone may enter into agreements as the Midtown Zone Board considers necessary or convenient to implement the Project Plan and to achieve its purposes.

Developer owns a 1.89 acre tract, more or less, in the Midtown Zone located at 3120 Smith Street as described and depicted on Exhibit A on which Developer will develop a mixed use project to be known as “**Pearl Residences at Midtown**” with approximately 263 residential units above a 40,000 square foot Whole Foods Market (hereafter defined) grocery store with 2 levels of underground parking for Whole Foods Market (“**Pearl Residences at Midtown Development**”).

Developer anticipates that Whole Foods Market will employ in excess of 150 employees who will be eligible for Whole Foods Market benefits, subject to the number of work hours, including competitive starting wages in excess of the minimum wage, store discounts, low individual health insurance premiums and stock options. Additionally, Developer anticipates that Whole Foods Market will contribute to charitable causes and organizations within the Midtown Zone as it has done in the Westchase District and will generally contribute to the economic improvement and development of the Midtown Zone.

In connection with the Pearl Residences at Midtown Development, Developer (A) previously purchased from the City the portion of Rosalie Street that runs one block between Smith and Brazos Streets to consolidate property owned by Developer to the north and south of Rosalie Street into a single tract and relocated utilities installed within Rosalie Street (“**Rosalie Street Acquisition**”), and incurred acquisition, design, engineering and related costs as itemized in Exhibit B-1(a) (“**Rosalie Street Costs**”); and (B) plans to: 1) demolish Rosalie Street to enable the closure of the street and installation of landscaping and improvements as described in and with estimated costs set forth in Exhibit B-1(b) (“**Rosalie Street Improvements**”). Also in connection with the Pearl Residences at Midtown Development, Developer (1) previously incurred costs related to the planning, design and engineering of the ROW Improvements (hereafter defined) as itemized in Exhibit B-2(a) (the “**ROW Design Costs**”); and 2) plans to construct or install certain landscaping and public improvements in the public rights-of-way located along Elgin, Smith and Brazos Streets immediately adjacent to the Pearl Residences at Midtown Development as described in and with estimated costs set forth in Exhibit B-2(b) (“**ROW Improvements**”). The Rosalie Street Acquisition, Rosalie Street Improvements and ROW Improvements are collectively referred to herein as the “**Pearl Midtown ROW Project**.”

The Midtown Board has determined that it is in the best interest of the Midtown Authority to enter into this Agreement to further the efficient and effective implementation of certain aspects of the Project Plan to induce the development of the Pearl Residences at Midtown Development and Pearl Midtown ROW Project and for the economic benefits expected to be derived from the presence of Whole Foods Market within the Midtown Zone.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, Midtown, Developer contract and agree as follows:

ARTICLE 1 GENERAL TERMS

1.01 **Definitions.** The following terms have the following meanings:

“*Act*” shall mean the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended.

“*Affidavit of Completion*” shall mean an affidavit complying with Section 53.106, Texas Property Code, as amended, verifying the dates of Completion of construction of the Pearl Midtown Improvements.

“*Affiliate(s)*” shall mean, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the day-to-day management and policies of a Person, whether through the ownership of voting securities or membership interests, by status as a sole general partner under a limited partnership agreement, by appointment as sole manager under an LLC operating agreement, by fund management contract or other similar arrangement.

“*Applicable Law(s)*” shall mean the Charter of the City, all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders, writs, rulings, injunctions, interpretations, permits and requirements of any Governmental Authority that now or hereafter may be applicable to the Project or any aspect thereof, including the planning, designing, engineering, constructing, developing, maintaining, operating, managing and using the Project, including those relating to employees, building, health, safety and environmental matters and accessibility of public facilities.

“*Authority Obligations*” shall mean bonds, notes or other obligations now or hereafter issued by the Midtown Authority that are secured in whole or part by Contract Tax Increments.

“*Available Tax Increment*” shall mean Contract Tax Increments received annually by the Midtown Authority after the year following the Completion of the Pearl Residences at Midtown Development that are attributable to Pearl Residences at Midtown Development and any and all improvements thereon; provided, however, that the pledge of any amounts deemed to be Available Tax Increments are subordinate to and subject to: (1) the rights of any holders of Authority Obligations; and (2) reductions in the Contract Tax Increments received annually by the Midtown Authority of approximately one-third (1/3) for funds dedicated to the development of affordable housing within the City. The Available Tax Increment does not include: (a) reductions by the City in Contract Tax Increments paid annually to the Midtown Authority for administrative expenses of: (i) the City and the County in the amount of 5% of the annual Contract Tax Increments; (ii) the Houston Independent School District in the amount of \$25,000

annually; and (iii) the Houston Community College District in the amount of \$25,000 annually; and (b) reductions in the Contract Tax Increments resulting from a Taxing Unit no longer being obligated under its Participant Contract to pay Tax Increments to the City for the Midtown Zone.

“*Certificate of Advance*” shall mean a certificate(s) executed by Midtown and Developer substantially in the form set forth as Exhibit E.

“*City*” as defined in the preamble, is further defined as a municipal corporation and home-rule city of the State of Texas principally situated in Harris County, acting by and through its governing body, the City Council.

“*Claims*” shall mean costs, expenses (including reasonable attorneys’ fees, expenses and court costs), liabilities, damages, claims, actions, suits, causes of action, disputes, controversies, debts, losses or demands.

“*Commencement of Construction*” shall mean, with respect to the Pearl Midtown Improvements, that the Plans and Specifications have been finalized by Developer and approved by Midtown and that Developer has (i) obtained all necessary Governmental Authorizations; (ii) entered into the Construction Contract(s) with the General Contractor(s) and caused the General Contractor(s) to enter into such Subcontracts as may be appropriate or necessary to commence preparation of the Construction Site; and (iv) actually commenced mobilization, site groundbreaking or site grading work or demolitions, as needed, underground site work and foundation work for the Pearl Midtown Improvements.

“*Completion*” or “*Completed*” shall mean (i) with respect to the Pearl Midtown Improvements, the final completion of the design, development, construction, installation, equipping and all other aspects of such improvements, substantially in accordance with the Final Plans and Specifications, all Applicable Laws and all other requirements of this Agreement and all Governmental Authorizations with respect to the construction of the Work and use, operation and occupancy of the Pearl Midtown Improvements have been issued, and (ii) with respect to the Pearl Residences at Midtown Development, the final completion of Developer’s work with respect to the Pearl Residences at Midtown Development, as evidenced by a final certificate of occupancy issued by the City for the residential portion of the Pearl Residences at Midtown Development and a temporary certificate of occupancy issued by the City for the retail portion of the Pearl Residences at Midtown Development allowing Whole Foods Market to commence its tenant improvement work.

“*Construction Contract(s)*” shall mean that certain construction contract entered into by Developer and General Contractor(s) pursuant to Section 4.01(a) providing for the construction, equipping and installation of the Pearl Midtown Improvements, by the General Contractor under the management and supervision of Developer in accordance with the Final Plans and Specifications, all Applicable Laws and all other requirements of this Agreement.

“*Construction Site*” shall mean those portions of the Pearl Residences at Midtown Development site, which are impacted by the construction of the Pearl Midtown Improvements in accordance with the Construction Contract, the Final Plans and Specifications and this Agreement.

"Contract Tax Increments" shall mean Tax Increments from time to time required to be deposited by the Taxing Units into the Tax Increment Fund pursuant to the Act and payable to and actually received by the Midtown Authority from the City pursuant to the Midtown Agreement; provided however, for purposes of this Agreement the Tax Increment for the Houston Independent School District shall be deemed to be in the amount of \$303,333 for calendar years 2017 – 2026 (**"Deemed HISD Tax Increment"**) based on a minimum ad valorem tax valuation by the Harris County Appraisal District of \$70,000,000 for the Pearl Residences at Midtown Development following Completion. In the event that the ad valorem tax valuation by the Harris County Appraisal District of the Pearl Residences at Midtown Development following Completion is less than \$70,000,000 by virtue of Developer protest or otherwise, the Deemed HISD Tax Increment automatically shall be reduced proportionally.

"County" shall mean Harris County, Texas.

"Designated Agent" shall mean the Executive Director of Midtown or any other person designated in writing to act on behalf of Midtown by the Executive Director or the Midtown Board.

"Developer Advance(s)" shall mean collectively, any funds advanced by or on behalf of Developer pursuant to Section 5.01 of this Agreement for Project Costs.

"Development Standard" shall mean the standard for the Developer's performance of its obligations pursuant to this Agreement as set forth in Section 4.01(c).

"Documents" shall mean notes, manuals, pro formas, notebooks, plans, computations, databases, CD-Roms and diskettes, computer and other electronic files, tabulations, exhibits, reports, underlying data, charts, analyses, maps, letters, models, forms, photographs, all drawings and plans and other work product that Developer prepares, or coordinates the preparation of, in regard to the Work.

"Effective Date" shall mean [_____ 1, 2016.] *[To be inserted on conveyance of real property to Developer.]*

"Event of Default" shall mean with respect to Developer those events described in Section 6.01, and with respect to Midtown those events described in Section 6.03.

"Executive Director" shall mean the then current executive director of Midtown Authority.

"Final Certificate of Advances" shall mean a certificate executed by Developer substantially in the form set forth as Exhibit F.

"Final Completion Certificate" shall mean a certificate executed by Developer substantially in the form set forth as Exhibit D.

"Final Plans and Specifications" shall mean the Plans and Specifications prepared by Developer and approved by the Midtown for the construction and installation of the Pearl Midtown Improvements.

"General Contractor" shall mean the entity(ies) which enters into the Construction Contract(s) with Developer for the construction of the Pearl Midtown Improvements.

"Governmental Authority(ies)" shall mean any federal, state, local or foreign governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive, or any quasi-governmental authority, agency or entity (or a combination or permutation thereof), and any arbitrator to whom a dispute has been presented under Applicable Law.

"Governmental Authorizations" shall have the meaning set forth in Section 4.01(i).

"Insurance, Release and Indemnification Requirements" shall mean those insurance, release, indemnification and related requirements set forth in Exhibit C.

"Maintenance Agreement" shall have the meaning set forth in Section 4.02(b).

"Midtown Agreement" shall have the meaning set forth in the Recitals.

"MWDBE" shall mean minority and women-owned business enterprises.

"Official Records" shall mean the Official Public Records of Harris County, Texas.

"Outside Reimbursement Date" shall have the meaning set forth in Section 5.03.

"Participant Contract(s)" shall mean the Agreements between the Midtown Zone, the Midtown Authority, Houston Independent School District and Houston Community College and any other contracts, ordinances or orders heretofore or from time to time hereafter enacted or entered into between the Midtown Authority and Taxing Units, containing provisions with respect to the payment by Taxing Units of Tax Increments.

"Parties" or *"Party"* shall mean Midtown, the Zone and/or Developer, as applicable.

"Pearl Midtown Improvements" shall have the meaning set forth in Section 3.01.

"Pearl Midtown ROW Project" shall have the meaning set forth in the Recitals.

"Pearl Residences at Midtown Development" shall have the meaning set forth in the Recitals.

"Pearl Rosemont Developer" shall have the meaning set forth in Section 3.02.

"Pearl Rosemont Development Agreement" shall have the meaning set forth in Section 3.02.

"Pearl Rosemont ROW Project" shall have the meaning set forth in Section 3.02.

"Person" shall mean any natural person, corporation, company, partnership, business trust, Governmental Authority or other entity.

"Plans and Specifications" shall mean the designs, plans and specifications for the construction and installation of the Pearl Midtown Improvements.

"Project" shall mean the Pearl Midtown ROW Project.

"Project Costs" shall mean eligible "project costs" under the Act, as amended, relating to the Rosalie Street Costs, the ROW Design Costs and certain other costs of planning, designing, constructing and installing the Pearl Midtown Improvements in accordance with the Final Plans and Specifications and as described in Exhibit B-1 and Exhibit B-2.

"Project Plan" shall have the meaning set forth in the Recitals.

"Reimbursement" shall mean the amount to be paid by Midtown to Developer with respect to the actual Project Costs paid or incurred by Developer, which amount shall not exceed the lesser of \$3,800,000, the Project Costs for the Pearl Midtown ROW Project and the Available Tax Increment through the Outside Reimbursement Date, as further described in Section 5.03.

"Rosalie Street Acquisition" shall have the meaning set forth in the Recitals.

"Rosalie Street Costs" shall have the meaning set forth in the Recitals.

"Rosalie Street Improvements" shall have the meaning set forth in the Recitals and as further described in an Excel file and supporting information provided by Developer to Midtown on September 21, 2016.

"ROW Design Costs" shall have the meaning set forth in the Recitals.

"ROW Improvements" shall have the meaning set forth in the Recitals and as further described in an Excel file and supporting information provided by Developer to Midtown on September 21, 2016.

"Subcontractors" shall mean the subcontractors, suppliers, professionals and consultants engaged by General Contractor(s) as General Contractor(s) or Developer deem necessary for the design, engineering, development, construction and equipping of the Pearl Midtown Improvements, in accordance with the Construction Contract, the Final Plans and Specifications and this Agreement.

"Subcontracts" shall mean any and all contracts and agreements entered into by General Contractor in connection with the performance of any of its obligations under the Construction Contract relating to the design, engineering, development, construction and equipping of the Pearl Midtown Improvements. Each of the Subcontracts shall provide for insurance and indemnities in accordance with the Insurance, Release and Indemnification Requirements.

"Tax Increments" shall mean with respect to each Taxing Unit in each year, to the extent agreed to in each Participant Contract, the amount of funds paid to the City for the Midtown Zone.

"Taxing Unit" shall mean the City, the County, the Houston Community College, the Houston Independent School District and any other taxing unit that participates in the Midtown Zone.

"Term" shall have the meaning set forth in Section 7.11.

"Whole Foods Market" shall mean a grocery store featuring natural and organic foods comparable to or better than other presently existing Whole Foods markets, grocery stores and/or supermarkets in the Houston, Texas area as of the Effective Date, which is owned and operated by Whole Foods Market, Inc., a Texas Corporation, or an Affiliate of Whole Foods Market, Inc. The Parties acknowledge that the initial owner and operator of Whole Foods Market will be Whole Foods Market Rocky Mountain/Southwest, L.P., a Texas limited partnership, which is an Affiliate of Whole Foods Market, Inc.

"Work" shall mean: (1) all materials, systems, equipment, appliances and other installations becoming a part of the Pearl Midtown Improvements, pursuant to the Construction Contract and the Final Plans and Specifications; (2) all work, labor, services, supervision, coordination, transportation, utilities, storage and other services required to perform the obligations of Developer under this Agreement with regard to the development and construction of the Pearl Midtown Improvements; and (3) all consulting, design and engineering services for the design, development and construction of the Pearl Midtown Improvements.

1.02 **Singular and Plural.** Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa.

ARTICLE 2 REPRESENTATIONS

2.01 **Representation of the Midtown Authority.** The Midtown Authority hereby represents to Developer that as of the date hereof:

(a) The Midtown Authority is duly authorized, created and existing in good standing under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

(b) The Midtown Authority has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) has been duly authorized, will not violate any applicable judgment, order, law or regulation, and (ii) do not constitute a default under, or, except, as provided in this Agreement, result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Midtown Authority under any agreement or instrument to which the Midtown Authority is a party or by which the Midtown Authority or its assets may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the Midtown Authority, and, constitutes a legal, valid and binding obligation of the Midtown Authority, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights, and (ii) certain equitable remedies, including specific performance, may be unavailable.

2.02 **Representations of Developer.** Developer hereby represents to the Midtown Authority and the Midtown Zone that as of the date hereof:

(a) Developer is duly authorized, created and existing and in good standing under the laws of the State of Delaware and is duly registered to transact business in the State of Texas.

(b) Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof (i) have been duly authorized, and will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to Developer, and (ii) do not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of Developer under any agreement or instrument to which Developer is a party or by which Developer or its assets may be bound or affected.

(c) Developer has access to sufficient capital to perform its obligations under this Agreement.

(d) This Agreement has been duly authorized, executed and delivered, and constitutes a legal, valid and binding obligation of Developer, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights, and (ii) certain equitable remedies, including specific performance, may be unavailable.

(e) Developer is or will be the sole owner of the Pearl Residences at Midtown Development and plans and intends to design, develop and construct the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project. Developer acknowledges and agrees that the foregoing representation is a material inducement for Midtown to enter into this Agreement, and that Midtown's obligation to pay the Reimbursement is expressly conditioned upon Completion of the Pearl Residences at Midtown Development and Pearl Midtown ROW Project.

(f) All improvements to Rosalie Street completed by Developer or its agents or contractors prior to the Effective Date were completed in accordance with all Applicable Laws, and Midtown and Midtown's Designated Agent shall have the right to inspect such improvements. Accordingly, the Developer shall accommodate and cause the General Contractor(s) to accommodate Midtown's Designated Agent, after reasonably notice to

Developer, in conducting such site visits as Midtown deems necessary to inspect such improvements.

(g) Developer is an Affiliate of the Pearl Rosemont Developer.

ARTICLE 3 THE PROJECT

3.01 **The Project.** The Pearl Midtown ROW Project shall be and include: (a) the Rosalie Street Acquisition; and (b) the planning, engineering, design, construction, equipping and installation by Developer of the Rosalie Street Improvements and the ROW Improvements in accordance with the terms of this Agreement. The Rosalie Street Improvements and the ROW Improvements are in some instances together referred to in this Agreement as the “**Pearl Midtown Improvements.**” Midtown and Developer acknowledge and agree that the Rosalie Street Acquisition was completed prior to the Effective Date and the Rosalie Street Costs and the ROW Design Costs were incurred prior to the Effective Date.

3.02 **Pearl Rosemont ROW Project.** This Agreement is being executed contemporaneously with that certain Development Agreement between Midtown and Helena – Drew Holdings, LLC, an Affiliate of Developer (“**Pearl Rosemont Developer**”), regarding a 1.038 tract located within the Midtown Zone at 102 Dennis Street which will be developed as a 153 unit residential apartment project known as “Pearl Rosemont” (“**Pearl Rosemont Development Agreement**”). The Pearl Rosemont Development Agreement anticipates the completion of certain right-of-way improvements (“**Pearl Rosemont ROW Project**”) and the reimbursement by Midtown of certain project costs from Available Tax Increment in an amount which shall not exceed the lesser of \$1,400,000, the project costs and the Available Tax Increment, all as more fully described in the Pearl Rosemont Development Agreement. The total reimbursements by Midtown to Developer for the Pearl Midtown ROW Project and to the Pearl Rosemont Developer for the Pearl Rosemont ROW Project shall in no event exceed Five Million Two Hundred Thousand Dollars (\$5,200,000.00).

3.03 **Additional Projects.** This Agreement does not apply to any projects, proposed development, land acquisition or other development activities not specifically defined herein unless this Agreement is amended to provide for such additional projects.

3.04 **Midtown’s Right to Terminate.** Notwithstanding any other provision of this Agreement, Midtown, in its sole and absolute discretion, shall have the right, upon thirty (30) days’ prior written notice to Developer, to terminate this Agreement if: (a) Developer does not cause Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project on or before forty-two (42) months from the Effective Date; or (b) Whole Foods Market does not commence operations of a grocery store business in the retail portion of the Pearl Residences at Midtown Development on or before twelve (12) months following Completion of the Pearl Residences at Midtown Development; or (c) prior to the Outside Reimbursement Date, Whole Foods Market ceases to operate a grocery store business in the retail portion of the Pearl Residences at Midtown Development (excluding temporary cessations for remodeling, for rebuilding or repairs following a casualty or condemnation, or by reason of a force majeure event). Upon Midtown’s termination of this Agreement pursuant to this Section,

all rights and obligations of the Parties shall terminate and be of no further force or effect, except for any applicable Insurance, Release and Indemnifications Requirements and any provisions of this Agreement that contemplate performance after the expiration or termination of this Agreement and the obligations of the Parties not fully performed at the expiration or termination of this Agreement which shall not be deemed to be waived and shall survive termination of this Agreement.

3.05 **Developer's Right to Terminate.** Notwithstanding any other provision of this Agreement, Developer shall, in its sole and absolute discretion, have the right, upon thirty (30) days' prior written notice to Midtown, to terminate this Agreement if Developer does not cause Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project on or before forty-two (42) months from the Effective Date. Upon Developer's termination of this Agreement pursuant to this Section, all rights and obligations of the Parties shall terminate and be of no further force or effect, except for any applicable Insurance, Release and Indemnifications Requirements and any provisions of this Agreement that contemplate performance after the expiration or termination of this Agreement and the obligations of the Parties not fully performed at the expiration or termination of this Agreement which shall not be deemed to be waived and shall survive termination of this Agreement.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF DEVELOPER

4.01 **General Requirements.** With respect to the planning, engineering, design, construction, equipping and installation of the Pearl Midtown Improvements:

(a) **Construction Contract(s).** Developer shall enter into Construction Contract(s) with the General Contractor(s) providing for the construction and installation of Pearl Midtown Improvements. The Construction Contract(s) shall include, among other provisions: (i) dates for the Commencement of Construction and Completion of construction of the Pearl Midtown Improvements; (ii) insurance and indemnity provisions in accordance with the Insurance, Release and Indemnification Requirements; and (iii) industry standard warranties of all Work.

(b) **Construction of Pearl Midtown Improvements.** In consideration of the Reimbursement of actual Project Costs, Developer agrees to cause General Contractor(s) to construct and install the Pearl Midtown Improvements in accordance with the Final Plans and Specifications, this Agreement, the Construction Contract(s) and all Applicable Laws and to cause General Contractor(s) to provide and furnish all materials and services as and when required in connection with Pearl Midtown Improvements. Developer shall be responsible for obtaining all necessary permits and approvals from the City and other Governmental Authorities having jurisdiction of the Pearl Midtown Improvements, and shall provide supervision and construction management of all phases of construction of Pearl Midtown Improvements and periodic reports of such construction to Midtown upon reasonable request and cause the General Contractor(s) to perform all elements of this Agreement applicable to the construction of Pearl Midtown Improvements.

(c) **Compliance with Development Standard.** Developer shall perform its duties, responsibilities and obligations under this Agreement and shall cause the General Contractor(s) to perform its duties, responsibilities and obligations in a diligent and careful manner with the quality of services, skill, diligence, prudence and foresight at least equal to those performed and practiced by other developers nationally recognized as developers of projects of similar type, size and complexity to the Pearl Midtown Improvements (the “**Development Standard**”).

(d) **Compliance with Applicable Laws.** Developer shall comply and cause the General Contractor(s) to comply with all Applicable Laws in connection with performing its duties, responsibilities and obligations under this Agreement, including the planning, engineering, development and construction of the Pearl Midtown Improvements.

(e) **Participation of Disadvantaged Businesses.** As to hiring of consultants and professionals relating to services rendered during the development, construction and installation of the Pearl Midtown Improvements, Developer will make and cause the General Contractor(s) to make a good faith effort to comply with the City’s policy regarding the participation of Minority Business Enterprises and Women Business Enterprises as such policy may be in effect from time to time. Developer shall maintain records and provide Midtown with a written report in accordance with Section 4.02(d) and Section 5.02(f), showing (i) its subcontracts, supply agreements and support with and to disadvantaged business enterprises, and (ii) specific efforts to identify and award subcontracts, supply agreements, and support with and to MWDBEs.

(f) **Insurance, Release and Indemnification.** Developer agrees to obtain and maintain and/or cause the General Contractor(s) and the Subcontractors to obtain and maintain, as applicable, insurance and bonds in accordance with the Insurance, Release and Indemnification Requirements and to provide Midtown with proof of the required coverage, in form acceptable to Midtown in its sole discretion, prior to performing any Work on the Construction Site and as otherwise required by this Agreement. Developer further agrees to be bound by the provisions in the Insurance, Release and Indemnification Requirements regarding releases and indemnification which provisions shall survive the termination or expiration of this Agreement.

(g) **Cooperation.** Developer agrees that it will cooperate with Midtown and will provide all necessary information to the Designated Agent of Midtown and its consultants in connection with the Pearl Midtown ROW Project in order to assist the Midtown in complying with the Midtown Agreement, including without limitation the completion of the audits required therein.

(h) **Plans and Specifications for the Pearl Midtown Improvements.** Developer shall prepare or cause to be prepared the Plans and Specifications for the Pearl Midtown Improvements and submit the same to the Designated Agent of Midtown for approval. Midtown shall approve or reject the proposed Plans and Specifications within ten (10) business days of submission. In the event of the rejection of the Plans and Specifications, Midtown shall include specific reasons for such rejection in writing. Midtown and Developer each agree to exercise commercially reasonable efforts to promptly resolve any objections to the proposed

Plans and Specifications. On approval of the Plans and Specifications by Midtown, the same shall constitute the Final Plans and Specifications. Any modifications (other than corrective changes) to the Final Plans and Specifications shall be submitted to the Designated Agent of Midtown for approval. References in this Agreement to the Final Plans and Specifications shall mean and include any modifications approved by Midtown. For purposes hereof, "corrective changes" mean any necessary and reasonable changes required to correct defects or deficiencies in construction as originally contemplated by the Plans and Specifications, or as may be necessary to obtain required permits, inspections or approvals from Governmental Authorities.

(i) **Permits and Approvals.** Developer shall obtain and keep in full force and effect until the Completion of construction of the Pearl Midtown Improvements all permits, licenses and land use approvals and entitlements from the City and other Governmental Authorities required for the construction of the Pearl Midtown Improvements (the "**Governmental Authorizations**") and provide copies of the same to Midtown on request.

(j) **Engagement of Subcontractors.** Developer shall cause the General Contractor(s) to solicit Subcontracts with the Subcontractors for all services, supplies and equipment necessary for the construction of the Pearl Midtown Improvements in accordance with the Construction Contract(s), the Final Plans and Specifications and this Agreement.

(k) **Safety Precautions.** In connection with the demolition of any existing improvements on Construction Site and other preparation of the Construction Site and the construction of the Pearl Midtown Improvements, Developer shall cause the General Contractor(s) and the Subcontractors to take precautions for the safety of workers, employees and other persons in or about the Construction Site, which at a minimum meets the Development Standard and which in all cases is in compliance with Applicable Laws. Developer shall cause the General Contractor(s) and the Subcontractors, as appropriate, to take adequate precautions to protect all Work in place, materials and equipment to be incorporated therein (whether in storage on or off the Construction Site) and all other property at or adjoining the Construction Site against loss, damage and destruction.

(l) **Administrative and Financial Control.** Developer shall and shall cause the General Contractor(s), as applicable, to establish and implement appropriate administrative and financial controls and procedures for the developing, constructing, installing and equipping of the Pearl Midtown Improvements and perform management and development services during construction in accordance with the Development Standard and Construction Contract(s) including the maintenance of a complete and detailed set of financial books, records and accounts relating to the Project Costs and the Pearl Midtown Improvements. Upon at least five (5) days prior written notice, Midtown shall have access to such financial books, records and accounts relating to the Project Costs and the Pearl Midtown Improvements at all times during regular business hours, and Midtown and its representatives may inspect, duplicate and/or audit such financial records at Midtown's sole cost and expense.

(m) **Monitoring Progress of the Work.** Midtown shall have the right, but not a duty, to monitor the progress of the construction and installation of the Pearl Midtown Improvements. Accordingly, the Developer shall accommodate and cause the General Contractor(s) to accommodate Midtown's Designated Agent, after reasonably notice to

Developer, in conducting such site visits as may be necessary to verify that the Work is being carried out in accordance with the Final Plans and Specifications.

(n) **Records and Data.** Developer shall assemble and retain for a period of not less than two (2) years following the expiration of this Agreement or cause to be assembled and so retained, all Construction Contracts, Subcontracts, agreements and other records, data and Documents relative to the Work and the Pearl Midtown ROW Project as may be necessary to carry out the Developer's obligations hereunder, and such other records and data as are typically assembled and retained pursuant to the Development Standard.

4.02 **Post-Construction Obligations and Liabilities.** After the Completion of the Pearl Midtown Improvements in accordance with the terms of this Agreement, the Parties agree that:

(a) Developer shall be responsible for any Claims arising in connection with the construction of the Pearl Midtown Improvements pursuant to the Construction Contract(s) or Subcontracts; and

(b) Developer shall be responsible for all aspects of the management, operation and maintenance of the above ground Rosalie Street Improvements and the Pearl Midtown Improvements including, without limitation: (i) all maintenance, repairs and replacements of the infrastructure, improvements, equipment, landscaping and related irrigation and electrical systems which constitute the Pearl Midtown Improvements; and (ii) the payment of all associated utilities including water for irrigation purposes and charges for electric utilities, all in accordance with a maintenance agreement for the Pearl Midtown Improvements substantially in the form of Exhibit G (the "**Maintenance Agreement**"). The Maintenance Agreement for the Project shall be executed by Developer and delivered to Midtown for recording in the Official Public Records of Real Property of Harris County, Texas within ten (10) days of Completion of the Pearl Midtown Improvements. Except for the Reimbursement, neither Midtown nor the City shall be responsible for managing, operating, maintaining, repairing or replacing any of the Pearl Midtown Improvements or paying any recurring costs in connection with the same.

The provisions of this Section 4.02 and the covenants and agreements contained in the Maintenance Agreements shall survive the expiration or termination of the Agreement.

ARTICLE 5 PROJECT FINANCING AND FUNDING

5.01 **Developer Advances.** Prior to the Effective Date, Developer paid the Rosalie Street Costs and ROW Design Costs as the initial Developer Advance constituting a portion of the Project Costs. After the Effective Date, Developer shall advance, or cause to be advanced, sufficient funds as such become due for all additional Project Costs arising in connection with the Pearl Midtown ROW Project. Each Developer Advance shall be evidenced by Certificate of Advance completed, executed and delivered by Developer to Midtown's Designated Agent within thirty (30) days of each Developer Advance with the exception of the Certificate of Advance for the initial Developer Advance for the Rosalie Street Costs and ROW Design Costs

which shall be delivered to Midtown's Designated Agent on or before the Effective Date. In addition to payment of the Project Costs, Developer shall pay to Midtown's general counsel \$10,000.00 on or before the date of execution of this Agreement by Developer to compensate Midtown for legal costs incurred in connection with the preparation and negotiation of this Agreement.

5.02 **Information to be Provided by Developer.** Developer may submit a request for payment of the Reimbursement upon Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project. With such request for payment, Developer shall deliver to Midtown the following items:

- (a) a written request for payment;
- (b) a summary of all Project Costs incurred to-date;
- (c) a summary of all Developer Advances as of the date of the request for payment;
- (d) evidence that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full, together with executed and delivered releases of lien or customary affidavits executed by such contractors;
- (e) a certificate executed by an officer authorized to bind the Developer certifying that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full; and
- (f) evidence of MWDBE efforts.

5.03 **Reimbursement.** Upon Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project and execution and recordation of the Maintenance Agreement, Developer shall submit the Final Certificate of Advances certifying the amount of the actual Project Costs, and showing the schedule for payment of the Reimbursement over a period of nine (9) years. Midtown shall pay the Reimbursement from Available Tax Increment subject to the limitations in the following sentence, beginning November 1st in the year such Available Tax Increment is paid to Midtown following Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project and on November 1st of each year thereafter for a period of nine (9) years (the "**Outside Reimbursement Date**"). The total Reimbursement paid by Midtown for the Pearl Midtown ROW Project shall not exceed the lesser of \$3,800,000, the Project Costs and the Available Tax Increment for the Pearl Residences at Midtown Development through and including the Outside Reimbursement Date. Developer acknowledges that the Available Tax Increment for the Pearl Residences at Midtown Development through and including the Outside Reimbursement Date may be less than the actual Project Costs incurred by Developer. Developer further acknowledges that the total reimbursements by Midtown to Developer for the Pearl Midtown ROW Project and to the Pearl Rosemont Developer for the completion of and reimbursement for the Pearl Rosemont ROW Project shall in no event exceed Five Million Two Hundred Thousand Dollars (\$5,200,000.00).

5.04 Sale or Assignment. If prior to Completion of the Pearl Residences at Midtown Development and the Pearl Midtown ROW Project and the commencement of operations by Whole Foods Market of a grocery store business in the retail portion of the Pearl Residences at Midtown Development, Developer transfers or sells all or any portion of the Pearl Residences at Midtown Development to any entity other than an Affiliate without Midtown's prior written approval, then Midtown may terminate this Agreement, and upon such termination, Midtown shall have no obligation to pay the Reimbursement. Following Completion of the Pearl Residences at Midtown Development and Pearl Midtown ROW Project and the commencement of operations by Whole Foods Market of a grocery store business in the retail portion of the Pearl Residences at Midtown Development, Developer (or any successor owner of the Pearl Residences at Midtown Development) shall have the right, without Midtown's consent, (i) to transfer or sell the retail portion of the Pearl Residences at Midtown Development, provided that Developer retains title to the residential portion of the Pearl Residences at Midtown Development, such transfer or sale does not involve any assignment of this Agreement and/or the Maintenance Agreement and Developer gives written notice to Midtown of any such transfer or sale within thirty (30) days along with the name and contact information of the transferee, or (ii) to transfer or sell the entirety of the Pearl Residences at Midtown Development, or subsequent to a transfer or sale of the retail portion of the Pearl Residences at Midtown Development, to transfer or sell the residential portion of the Pearl Residences at Midtown Development (including a sale or transfer of any direct or indirect ownership interests in Developer or such successor owner), subject to the following conditions. Developer (or any successor owner of the Pearl Residences at Midtown Development) shall give Midtown written notice of any such sale or transfer under clause (ii) above within thirty (30) days of the occurrence of the same along with copies of the documents described in the following sentence. In connection with any such sale or transfer, Developer (or such successor owner) shall assign this Agreement and the Maintenance Agreement to a purchaser or transferee of the residential portion of the Pearl Residences at Midtown Development; provided, however, no assignment of this Agreement and/or the Maintenance Agreement shall be binding upon Midtown (and the transferor shall not be released from Developer's obligations under this Agreement and/or the Maintenance Agreement, as applicable) unless and until Midtown has received all of the following items: (a) a copy of the fully-executed assignment (which assignment shall include an assumption by the purchaser or transferee of all obligations of Developer under this Agreement and/or Maintenance Agreement, as applicable, to the extent accruing from and after the date of such assignment), (b) a copy of the assignment and assumption of the Maintenance Agreement recorded in the Official Public Records of Harris County, Texas, (c) a copy of the executed and recorded deed conveying the Pearl Residences at Midtown Development (or residential portion thereof) to the purchaser or transferee along with current contact information for the purchaser or transferee; and (d) a copy of an estoppel certificate, if any, obtained from Whole Foods Market in connection with such sale or transfer. Developer (or any successor owner of the residential portion of the Pearl Residences at Midtown Development) shall not be released from its obligations under this Agreement and the Maintenance Agreement accruing prior to the date of any such sale or transfer or after the date of any such sale or transfer if the foregoing conditions are not fully satisfied. The foregoing notwithstanding, Developer shall be entitled to collaterally assign its rights under this Agreement to a commercial bank or lender which provides financing for the construction of the Pearl Residences at Midtown Development provided that Developer provides

to Midtown a fully executed copy of any such collateral assignment and the name and contact information of the commercial bank or lender.

5.05 *[Intentionally Deleted.]*

5.06 **Ineligible Project Costs.** Developer hereby agrees to bear the risk that any of the Project Costs may be determined to be ineligible under the Act by the Attorney General of the State of Texas or a court of law with competent jurisdiction, and further agrees that Midtown will not be obligated to repay Developer for any such ineligible Project Costs. In the event all or a portion of the Project Costs is determined to be ineligible under the Act by the Attorney General of the State of Texas or a court of law with competent jurisdiction or is not included in the Project and Financing Plan during the term of this Agreement, the Reimbursement shall be reduced by the amount attributable to the ineligible component. If Midtown has already repaid the Developer for such ineligible Project Costs in accordance with the Agreement, the Parties hereby agree that (i) the amount repaid by Midtown for such ineligible Project Costs shall be offset against future repayments by Midtown, or (ii) in the event there are not future repayments to be made by Midtown, or such amounts are insufficient, Developer shall reimburse Midtown for such amount owed within thirty (30) days of receipt of an invoice from Midtown; provided however, that it is not the intent of the Parties hereto that this Section operate to deny reimbursement to Developer for any eligible Project Costs.

ARTICLE 6 DEFAULT AND REMEDIES

6.01 **Default by Developer.** Developer shall be in default hereunder (each an “Event of Default”) if: (a) Developer breaches or fails to perform any covenant, agreement or obligation made or undertaken by Developer hereunder and such breach or failure (i) is not cured within thirty (30) days after Developer receives written notice thereof from Midtown, or (ii) if not reasonably capable of being cured within such 30-day period, Developer fails to commence the cure thereof within such 30-day period or fails thereafter to diligently pursue such cure and complete the same as soon as is reasonably possible, but in no event later than sixty (60) days after the breach or failure; or (b) Developer shall file a petition under any section of the Federal Bankruptcy Code, or any similar state or federal law, or Developer shall make an assignment for the benefit of creditors or be adjudged bankrupt or insolvent.

6.02 **Remedies Upon Default by Developer.** Upon the occurrence of an Event of Default by Developer and while such remains uncured, Midtown may, upon thirty (30) days additional written notice to Developer, terminate this Agreement, or pursue any and all remedies available to it at law or in equity including, without limitation, damages (but excluding the remedy of specific performance, which is hereby expressly waived).

6.03 **Default by Midtown.** Midtown shall be in default hereunder (each an “Event of Default”) if: (a) Midtown breaches or fails to perform any covenant, agreement or obligation made or undertaken by Midtown hereunder and such breach or failure (i) is not cured within thirty (30) days after Midtown receives written notice of the occurrence thereof; or (ii) if not capable of being cured within such 30-day period, Midtown fails to commence to cure as soon as reasonably possible after Midtown receives such written notice or so commences to cure, or fails

thereafter to diligently pursue such cure and complete same as soon as is reasonably possible, but in no event later than sixty (60) days after the breach or failure; or (b) Midtown shall file a petition under any section of the Federal Bankruptcy Code, or any similar state or federal law, or Midtown shall make an assignment for the benefit of creditors or be adjudged bankrupt or insolvent.

6.04 **Remedies Upon Default by Midtown.** Upon the occurrence of an Event of Default by Midtown and while such remains uncured, Developer may, upon thirty (30) days additional written notice to Midtown, terminate this Agreement, or pursue any and all remedies available to it at law or in equity including, without limitation, damages (but excluding the remedy of specific performance, which is hereby expressly waived).

6.05 **Cumulative Remedies.** Except as otherwise provided in this Agreement, each right or remedy of the Parties provided for in this Agreement shall be cumulative of and shall be in addition to every other right or remedy of the Parties provided for in this Agreement, and, except as otherwise provided in this Agreement, the exercise or the beginning of the exercise by any Party of any one or more of the rights or remedies provided for in this Agreement shall not preclude the simultaneous or later exercise by any Party of any or all other rights or remedies provided for in this Agreement.

6.06 **Declaratory or Injunctive Relief.** In addition to the remedies set forth in this Agreement, the Parties shall be entitled to seek injunctive relief for any Event of Default of any other Party or declaratory relief with respect to any matter under this Agreement for which such remedy is available hereunder, at law or in equity.

6.07 **No Waivers.** No failure or delay of any Party in any one or more instances (a) in exercising any power, right or remedy under this Agreement, or (b) in insisting upon the strict performance by any other Party of such other Party's covenants, obligations or agreements under this Agreement shall operate as a waiver, discharge or invalidation thereof, nor shall any single or partial exercise of any such right, power or remedy or insistence on strict performance, or any abandonment or discontinuance of steps to enforce such a right, power or remedy or to enforce strict performance, preclude any other or future exercise thereof or insistence thereupon or the exercise of any other right, power or remedy. The covenants, obligations, and agreements of a defaulting and the rights and remedies of the other Parties upon a default shall continue and remain in full force and effect with respect to any subsequent breach, act or omission.

6.08 **Effect of Termination.** If Midtown or Developer elects to terminate this Agreement pursuant to the terms of this Agreement, this Agreement shall, on the effective date of such termination, terminate with respect to all future rights and obligations of performance hereunder by the Parties (except for the rights and obligations herein that expressly are to survive termination hereof). Termination of this Agreement shall not alter the then-existing Claims, if any, of any Party for breaches of this Agreement occurring prior to such termination, and the obligations of the Parties hereto with respect thereto shall survive termination.

6.09 **Court Proceedings.** Any suit, action or proceeding, which is permitted to be brought by a Party against any other Party arising out of or relating to this Agreement or any transaction contemplated hereby or any judgment entered by any court in respect thereof shall be

brought in any federal or state court located in the City, and each Party hereby submits to the nonexclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. To the extent that service of process by mail is permitted by Applicable Laws, each Party irrevocably consents to the service of process in any such suit, action or proceeding in such courts by the mailing of such process by registered or certified mail, postage prepaid, at its address for notice provided for pursuant to this Agreement. Each Party irrevocably agrees not to assert any objection that it may ever have to the laying of venue of any such suit, action or proceeding in any federal or state court located in the City or any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each Party agrees not to bring any action, suit or proceeding against the other Party arising out of or relating to this Agreement or any transaction contemplated hereby except in a federal or state court located in the City.

6.10 **Damages.** References in this Agreement to “damages” means and refers to actual, direct damages and not consequential, punitive or exemplary damages, and each Party agrees not to assert or pursue any claim for consequential, punitive or exemplary damages against the other Party.

ARTICLE 7 GENERAL

7.01 **Inspections, Audits.** Developer agrees to keep such records relating to the Project as may be reasonably required by Midtown. Developer shall allow Midtown and its Designated Agent upon at least five (5) days prior written notice reasonable access to the Construction Site for site inspections during and upon completion of construction of the Pearl Midtown Improvements and to documents and records in Developer’s possession, custody or control that Midtown deems necessary to assist Midtown in determining Developer’s compliance with this Agreement.

7.02 **Developer Operations and Employees.** All personnel supplied or used by Developer in the performance of this Agreement shall be deemed employees or subcontractors of Developer and will not be considered employees, agents or subcontractors of Midtown or the City for any purpose whatsoever. Developer shall be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all worker’s compensation benefits.

7.03 **Personal Liability of Public Officials.** To the extent permitted by State law, no director, officer, employee or agent of Midtown, and no officer, employee or agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement.

7.04 **Notices.** Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or personally delivered to an officer of the receiving party at the following addresses:

If to Midtown:

Reinvestment Zone Number Two
 City of Houston, Texas
 410 Pierce Street, Suite 355
 Houston, Texas 77002
 Attn: Chairman, Board of Directors
 EMAIL: mattt@houstonmidtown.com

Midtown Redevelopment Authority
 410 Pierce Street, Suite 355
 Houston, Texas 77002
 Attn: Executive Director
 EMAIL: mattt@houstonmidtown.com

with copies to:

Barron F. Wallace
 Bracewell LLP
 711 Louisiana Street, Suite 2300
 Houston, Texas 77002-2770
 EMAIL: Barron.Wallace@Bracewelllaw.com

If to Developer:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
 5606 South Rice Avenue
 Houston, Texas 77081
 Attn: J. Philip Morgan
 EMAIL: philip@morgangroup.com

With copies to:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
 5606 South Rice Avenue
 Houston, Texas 77081
 Attn: Rosalind M. McLeroy
 EMAIL: rosalindm@morgangroup.com

Each Party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when so mailed, any notice so sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, Midtown or Developer, as applicable.

7.05 **Amendments and Waivers.** Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by Midtown and Developer. No course of dealing on the part of Developer or Midtown, nor any failure or delay by Developer or Midtown with respect to exercising any right, power or privilege of Developer or Midtown under this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section.

7.06 **Invalidity.** In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

7.07 **Successors and Assigns.** All covenants and agreements by or on behalf of the Parties to this Agreement shall bind and inure to the benefit of their respective successors and assigns. Except as otherwise provided in Section 5.04, neither Party may sell, assign, hypothecate, pledge, encumber or otherwise transfer its rights and obligations under this Agreement or any interest herein or any interest of the assigning Party (whether by change of control, merger, reorganization, transfer of substantially all assets or otherwise) unless approved in writing by the non-assigning Party. Nothing in this Agreement shall be construed to give any Person (other than the Parties, the City and their respective permitted successors and assigns) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein or any standing or authority to enforce the terms and provisions hereof. No Person shall be a third-party beneficiary of this Agreement or have the right to enforce this Agreement or any provision hereof.

7.08 **Exhibits; Titles of Articles, Sections and Subsections.** The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the Parties and shall not be construed to have any effect or meaning as to the agreement between the Parties hereto. Any reference herein to a Section or Subsection shall be considered a reference to such Section or Subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

7.09 **Construction.** This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

7.10 **Entire Agreement.** This written agreement represents the final agreement between the Parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. There are no unwritten oral agreements between the Parties. All Exhibits attached hereto are incorporated herein by this reference for all purposes.

7.11 **Term and Survival.** Subject to earlier termination as provided herein, the term of this Agreement shall commence on the Effective Date and shall terminate as of the Outside Reimbursement Date. Notwithstanding the expiration of the Term or earlier termination of this Agreement, provisions of this Agreement and the Maintenance Agreements that contemplate

performance after the expiration or termination of this Agreement and the obligations of the Parties not fully performed at the expiration or termination of this Agreement shall not be deemed to be waived or merged into any documents executed prior to or on the expiration or termination of this Agreement, but shall survive the expiration or termination of this Agreement.

7.12 **Approval by the Parties.** Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the Parties, the Parties agree that such approval or consent shall not be unreasonably withheld or delayed.

7.13 **Waiver of Jury Trial.** The Parties covenant and agree not to elect a trial by jury with respect to any issue arising under this Agreement triable by a jury and waive any right to trial by jury to the extent that any such right shall not or hereafter exist.

7.14 **Recordation.** The Parties agree that, with the exception of documents described herein which must be recorded, neither this Agreement nor any memorandum or notice hereof shall be recorded without the consent of all Parties.

7.15 **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.


[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed as of the Effective Date.

**MIDTOWN REDEVELOPMENT
AUTHORITY**


By: 
Name: Robert Sellingsloh
Title: Chair, Board of Directors

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC, a Delaware limited liability
company**

By: 
Name: J. Philip Morgan
Title: Vice President

APPROVED:

**CHIEF DEVELOPMENT OFFICER OF THE
CITY OF HOUSTON, TEXAS**

By: 
Name: _____
Title: _____

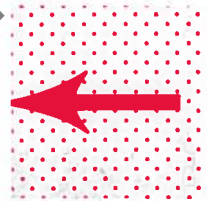


EXHIBIT A**Pearl Residences at Midtown Development Property Description and Depiction**

All of PEARL BRAZOS ROSALIE, a subdivision of 1.89 acres located in the Obedience Smith Survey, A-696, according to the plat thereof filed for record under Film Code No. 679338 of the Map Records of Harris County, Texas.

DRAFT

[illegible]

EXHIBIT B-1
Rosalie Street Improvements

Exhibit B-1(a) - Rosalie ROW / JRC - Incurred To Date

<u>Category</u>	<u>Invoiced Amount</u>
Street Closure (demo/removal)	\$0.00
Relocate Utilities CP Power, Gas /Low Voltage	\$0.00
Utility Abandonment	\$197,609.00
Public Sanitary	\$0.00
Offsite Utilities/Storm/Water	\$0.00
Concrete Paving	\$0.00
Curb & Gutter	\$0.00
Sidewalks	\$0.00
Pavers	\$0.00
Footings for Decorative Walls	\$0.00
Landscaping/Irrigation	\$0.00
Masonry for decorative walls on street	\$0.00
Bike Station Foundation and Power	\$0.00
Exterior Landscape Lights	\$0.00
Brazos Improvements	\$0.00
Rosalie ROW	\$796,306.00
Rosalie Letter of Credit	\$602.22
ROW Land Carry - Hold costs, taxes, insurance	\$0.00
Design - Civil, Landscape, Lighting and permitting	\$47,073.78
Variance / Reimbursement Renderings	\$0.00
Bike Racks	\$0.00
Public Art Mural	\$0.00
Flood Gate	\$0.00
Detention	\$0.00
Legal (excluding fees of Midtown's counsel)	\$0.00
Move Bus Shelter & Run Power Underground	\$0.00
Adjust Traffic Signal Box	\$0.00
Lighting Consultant	\$0.00
Carry Costs (taxes, insurance, interest)	\$0.00
Development Fee	\$0.00
General Conditions	\$0.00
Contingency	\$0.00
GC Fee	\$0.00

\$1,041,591.00

Exhibit B-1 (b) - Rosalie ROW / JRC - To Be Incurred

<u>Category</u>	<u>Estimated Left to Draw</u>
Street Closure (demo/removal)	\$ 87,500.00
Relocate Utilities CP Power, Gas /Low Voltage	\$0.00
Utility Abandonment	\$ 66,355.00
Public Sanitary	\$ -
Offsite Utilities/Storm/Water	\$ -
Concrete Paving	\$ -
Curb & Gutter	\$ -
Sidewalks	\$ -
Pavers	\$ -
Footings for Decorative Walls	\$ -
Landscaping/Irrigation	\$ -
Masonry for decorative walls on street	\$ -
Bike Station Foundation and Power	\$ -
Exterior Landscape Lights	\$ -
Brazos Improvements	\$ -
Rosalie ROW	\$ 15,365.00
Rosalie Letter of Credit	\$ (602.22)
ROW Land Carry - Hold costs, taxes, insurance	\$ -
Design - Civil, Landscape, Lighting and permitting	\$10,283.71
Variance / Reimbursement Renderings	\$ -
Bike Racks	\$ -
Public Art Mural	\$ -
Flood Gate	\$ -
Detention	\$ -
Legal (excluding fees of Midtown's counsel)	\$ 5,000.00
Move Bus Shelter & Run Power Underground	\$ -
Adjust Traffic Signal Box	\$ -
Lighting Consultant	\$ -
Carry Costs (taxes, insurance, interest)	\$ -
Development Fee	\$42,000.00
General Conditions	\$20,000.00
Contingency	\$ -
GC Fee	\$23,541.08

\$269,442.57

EXHIBIT B-2
ROW Improvements

**Exhibit B-2(a) - Pearl Whole Foods ROW Improvements -
Incurred to Date**

<u>Category</u>	<u>Invoiced Amount</u>
Street Closure (demo/removal)	\$0.00
Relocate Utilities CP Power, Gas /Low Voltage	\$110,017.53
Utility Abandonment	\$0.00
Public Sanitary	\$0.00
Offsite Utilities/Storm/Water	\$0.00
Concrete Paving	\$0.00
Curb & Gutter	\$0.00
Sidewalks	\$0.00
Pavers	\$0.00
Footings for Decorative Walls	\$0.00
Landscaping/Irrigation	\$4,546.50
Masonry for decorative walls on street	\$0.00
Bike Station Foundation and Power	\$0.00
Exterior Landscape Lights	\$0.00
Brazos Improvements	\$0.00
Rosalie ROW	\$0.00
Rosalie Letter of Credit	\$0.00
ROW Land Carry - Hold costs, taxes, insurance.	\$0.00
Design - Civil, Landscape, Lighting and permitting	\$150,350.88
Variance / Reimbursement Renderings	\$32,143.27
Bike Racks	\$0.00
Public Art Mural	\$0.00
Flood Gate	\$0.00
Detention	\$0.00
Legal (excluding fees of Midtown's counsel)	\$30,000.00
Move Bus Shelter & Run Power Underground	\$0.00
Adjust Traffic Signal Box	\$0.00
Lighting Consultant	\$8,624.81
Carry Costs (taxes, insurance, interest)	\$0.00
Development Fee	\$42,978.15
General Conditions	\$0.00
Contingency	\$0.00
GC Fee	\$27,353.29

\$406,014.43

**Exhibit B-2(b) - Pearl Whole Foods ROW Improvements -
To Be Incurred**

<u>Category</u>	<u>Estimated Left to Draw</u>
Street Closure (demo/removal)	\$-- --
Relocate Utilities CP Power, Gas /Low Voltage	\$407,351.47
Utility Abandonment	\$-- --
Public Sanitary	\$70,650.00
Offsite Utilities/Storm/Water	\$168,097.00
Concrete Paving	\$50,000.00
Curb & Gutter	\$75,000.00
Sidewalks	\$85,000.00
Pavers	\$80,000.00
Footings for Decorative Walls	\$50,000.00
Landscaping/Irrigation	\$195,453.50
Masonry for decorative walls on street	\$50,000.00
Bike Station Foundation and Power	\$14,000.00
Exterior Landscape Lights	\$85,000.00
Brazos Improvements	\$263,903.20
Rosalie ROW	\$-- --
Rosalie Letter of Credit	\$-- --
ROW Land Carry - Hold costs, taxes, insurance	\$-- --
Design - Civil, Landscape, Lighting and permitting	\$9,649.13
Variance / Reimbursement Renderings	\$0.00
Bike Racks	\$5,000.00
Public Art Mural	\$20,000.00
Flood Gate	\$-- --
Detention	\$-- --
Legal (excluding fees of Midtown's counsel)	\$-- --
Move Bus Shelter & Run Power Underground	\$25,000.00
Adjust Traffic Signal Box	\$7,500.00
Lighting Consultant	\$6,375.19
Carry Costs (taxes, insurance, interest)	\$-- --
Development Fee	\$30,249.85
General Conditions	\$200,000.00
Contingency	\$100,000.00
GC Fee	\$84,722.66

\$2,082,952.00

EXHIBIT C

Insurance, Release and Indemnification Requirements

1.01 Insurance. With no intent to limit Developer's or General Contractor's liability or obligation for indemnification, insurance or bond requirements pursuant to the Construction Contract or any other contractor's liability or obligation for indemnification, Developer shall provide and require that each contractor providing work or service on the Pearl Midtown Improvements provide and maintain certain insurance in full force and effect at all times during the construction of the Pearl Midtown Improvements and shall require that the City, the Midtown Authority, and the Midtown Zone are named as additional insureds under such insurance policies. The issuer of each policy shall have a certificate of authority to transact insurance business in Texas or a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition *Best's Key Rating Guide, Property-Casualty United States*.

The insurance, at a minimum, must include the following coverages and limits of liability:

<u>Coverage</u>	<u>Limit of Liability</u>
Worker's Compensation	Statutory for Workers Compensation
Employer's Liability	Bodily Injury \$1,000,000
Comprehensive Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Combine limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate
Automobile Liability Insurance (for automobiles used by the contractor in the course of its performance under this Agreement including employer's non-owned and hired auto coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage (for professional service contract only)	\$500,000 per occurrence and \$1,000,000 aggregate
Payment, Performance and Maintenance Bonds in accordance with Section 1.01(L) below	

Defense costs are excluded from the face amount of the policies. Aggregate limits are per twelve (12) month policy periods unless otherwise indicated.

If the amount of any contract awarded by Developer to construct the Project shall exceed \$1,000,000, Developer shall contract with the contractor to maintain Commercial General Liability coverage for at least twice the combined minimum limits specified above.

(A) Form of Policies. The Midtown Authority Board may reasonably approve the form of the insurance policies or request endorsements to such insurance policies, but nothing the Midtown Authority Board does or fails to do relieves Developer of its obligation to provide the required insurance coverage under this Agreement. The Midtown Authority Board's actions or inactions do not waive the Midtown Zone's or Authority's rights under this Agreement.

(B) Issuers of Policies. The issuer of each policy shall have a certificate of authority to transact insurance business in Texas or a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition *Best's Key Rating Guide, Property-Casualty United States*.

(C) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the Midtown Authority, the Midtown Zone and the City (and its officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacements.

(D) Deductibles. Developer shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the Midtown Authority or Zone, its officers, agents, or employees.

(E) Cancellation. Each policy must state that it may not be canceled, materially modified, or nonrenewed unless the insurance company gives the Midtown Authority 30 days' advance written notice. To the extent feasible under Developer's blanket insurance policy, Developer shall (and shall contract with each contractor to) give written notice to the Midtown Authority within fifteen (15) days of the date on which total claims by any party against such person reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular Project or location subject to this Agreement.

(F) Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Midtown Authority, its officers, agents, or employees.

(G) Primary Insurance Endorsement. Each policy, except Workers' Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured with respect to claims arising under this Agreement.

(H) Liability for Premium. Developer shall pay (or shall contract with contractors to pay) all insurance premiums for coverage required by this section, and the Midtown Authority or Zone shall not be obligated to pay any premiums.

(I) General Contractors and Subcontractors. Notwithstanding the other provisions of this section, the amount of coverage contracted to be provided by general contractors and subcontractors shall be commensurate with the amount of the applicable general contract or subcontract, but in no case less than \$500,000 per occurrence. Developer shall provide (or shall contract with general contractors and subcontractors to provide) copies of insurance certificates to the Midtown Authority.

(J) Proof of Insurance. Promptly after the execution of this Agreement and from time to time during the term of this Agreement at the request of the Midtown Authority, Developer shall furnish the Midtown Authority with certificates of insurance maintained by Developer in accordance with this section along with an affidavit from Developer confirming that the certificates accurately reflect the insurance coverage maintained. If requested in writing by the Midtown Authority, Developer shall furnish the Director of Planning of the City with certified copies of the relevant provisions of Developer's actual insurance policies. If Developer does not comply with the requirements of this section, the Midtown Authority, at its sole discretion, may (1) suspend performance by the Midtown Authority and begin procedures to terminate this Agreement for default or (2) purchase the required insurance with Authority or Zone funds and deduct the cost of the premiums from amounts due to Developer under this Agreement. The Midtown Authority shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

(K) Other Insurance. If requested by the Midtown Authority, Developer shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Developer's operations under this Agreement.

(L) Bonds. Developer shall provide to Midtown prior to the Commencement of Construction the following: (1) statutory payment bond pursuant to Chapter 2253 of the Texas Government Code; (2) statutory performance bond pursuant to Chapter 2253 of the Texas Government Code; and (3) one year maintenance bond. Each of the foregoing bonds shall be: (a) issued by a surety acceptable to Midtown; (b) in a form acceptable to Midtown; (c) in the amount of 100% of the GMP of the Construction Contract; and (d) name Midtown and the City as the obligees.

1.02 Indemnification and Release. DEVELOPER SHALL DEFEND, INDEMNIFY, AND HOLD THE MIDTOWN AUTHORITY, THE MIDTOWN ZONE AND THE CITY, THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY, THE "INDEMNIFIED PERSONS") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO DEVELOPER'S PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

(A) DEVELOPER'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY, "DEVELOPER'S") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(B) THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT; AND

(C) THE INDEMNIFIED PERSONS' AND DEVELOPER'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER DEVELOPER IS IMMUNE FROM LIABILITY OR NOT.

DEVELOPER SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THIS AGREEMENT TERMINATES.

DEVELOPER SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSION OF DEVELOPER, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

Notwithstanding any other provision of these Insurance, Release and Indemnification Requirements or other provisions of this Agreement, (1) Developer's indemnification of all Indemnified Persons is limited to \$1,000,000 in the aggregate; and (2) Developer shall not be obligated to indemnify any Indemnified Person for the Indemnified Person's sole negligence; and (3) Developer shall not be obligated to indemnify any Indemnified Persons to the extent that any claims which might otherwise be subject to indemnification hereunder resulted, in whole or in part, from the gross negligence, recklessness or intentional act or omission of any Indemnified Person or Persons.

If an Indemnified Person or Developer receives notice of any claim or circumstance which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 10 days. The notice must include a description of the indemnification event in reasonable detail, the basis on which indemnification may be due, and the anticipated amount of the indemnified loss. This notice shall not estop or prevent an Indemnified Person from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If an Indemnified Person does not provide this notice within the 10 day period, it does not waive any right to indemnification except to the extent that Developer is prejudiced, suffers loss, or incurs expense because of the delay.

Developer's insurance company shall assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the Indemnified Person. Developer shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Developer shall advise the Indemnified Person as to whether or not it will defend the claim. If Developer does not assume the defense,

the Indemnified Person shall assume and control the defense, and all defense expenses incurred by it shall constitute an indemnification loss.

If Developer's insurance company elects to defend a claim, the Indemnified Person may retain separate counsel at the sole cost and expense of such Indemnified Person to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Developer may settle the claim without the consent or agreement of the Indemnified Person, unless the settlement (i) would result in injunctive relief or other equitable remedies or otherwise require the Indemnified Person to comply with restrictions or limitations that adversely affect the Indemnified Person, (ii) would require the Indemnified Person to pay amounts that Developer does not fund in full, or (iii) would not result in the Indemnified Person's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

DEVELOPER RELEASES EACH INDEMNIFIED PERSON FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSON'S CONCURRENT NEGLIGENCE AND/OR THE INDEMNIFIED PERSON'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, BUT NOT SUCH INDEMNIFIED PERSON'S SOLE NEGLIGENCE OR FROM ANY DAMAGE OR LOSS TO THE EXTENT RESULTING FROM THE GROSS NEGLIGENCE, RECKLESSNESS OR INTENTIONAL ACT OR OMISSION OF THE INDEMNIFIED PERSON.

DEVELOPER SHALL REQUIRE ALL CONTRACTORS ENGAGED BY IT TO CONSTRUCT THE PEARL MIDTOWN IMPROVEMENTS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE INDEMNIFIED PERSONS TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE OF AND INDEMNITY TO THE INDEMNIFIED PERSONS HEREUNDER.

1.03 Release. DEVELOPER SHALL ALSO REQUIRE THAT ALL GENERAL CONTRACTORS INDEMNIFY THE CITY, THE MIDTOWN AUTHORITY, AND THE MIDTOWN ZONE AND THEIR RESPECTIVE OFFICIALS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITIES ARISING OUT OF SUCH CONTRACTOR'S WORK AND ACTIVITY RELATED TO THE PEARL MIDTOWN IMPROVEMENTS TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE OF AND INDEMNITY TO THE INDEMNIFIED PERSONS HEREUNDER.

EXHIBIT D**Form of Final Completion Certificate***Name*

Director of Public Works and Engineering

City of Houston

Address

Reference: Completion of Pearl Midtown ROW Project

I hereby certify that to the best of my knowledge, the Pearl Midtown Improvements have been completed substantially in accordance with the Final Plans and Specifications. The term "Final Plans and Specifications" shall have the meaning ascribed to the same in that certain Development Agreement dated _____, 2016 by and among Midtown Redevelopment Authority and PEARL RESIDENCES AT MIDTOWN OWNER, LLC. The final construction costs of the Pearl Midtown ROW Project are \$ _____ as indicated in the attached summary.

Very truly yours,

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC**

By: _____

By: _____

Name: _____

Title: _____

EXHIBIT E**Form of Certificate of Advance**

This Certificate is issued under that certain Development Agreement (the “**Development Agreement**”) by and between the Midtown Redevelopment Authority (the “**Authority**”) and PEARL RESIDENCES AT MIDTOWN OWNER, LLC (“**Developer**”) dated _____, 2016. Capitalized terms used in this Certificate shall have the meaning provided for in the Development Agreement.

This Certificate evidences the Developer advances under the Development Agreement in the amount of \$ _____ for the construction of the Pearl Midtown ROW Project [describe the nature of the work completed.]

By Developer’s execution of this Certificate, Developer represents that (i) the undersigned has the due corporate authority to execute this Certificate, and (ii) it has made the expenditures and completed the work described in this Certificate. Copies of the relevant invoices and other appropriate documentation are attached to this Certificate.

By the Authority’s execution of this Certificate, the Authority represents that (i) the undersigned has due corporate authority to execute this Certificate and obligate the Authority to reimburse the Developer Advance described herein in accordance with the Development Agreement, and (ii) it approves the expenditures and work described in this Certificate and the matters set forth in this Certificate.

AGREED TO this _____ day of _____, _____.

**MIDTOWN REDEVELOPMENT
AUTHORITY**

By: _____
Name: _____
Title: _____

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC**

By:

By: _____
Name: _____
Title: _____

EXHIBIT F**Form of Final Certificate of Advance**

This Certificate is issued under that certain Development Agreement (the “**Development Agreement**”) by and between the Midtown Redevelopment Authority (the “**Authority**”) and PEARL RESIDENCES AT MIDTOWN OWNER, LLC (“**Developer**”) dated _____, 20____. Capitalized terms used in this Certificate shall have the meaning provided for in the Development Agreement.

This Certificate evidences a total and final tabulation of the Developer advances under the Development Agreement in the amount of \$ _____ for the construction of the Pearl Midtown ROW Project.

By Developer’s execution of this Certificate, Developer represents that (i) the undersigned has the due corporate authority to execute this Certificate, and (ii) it has made the expenditures and completed the work described in this Certificate. Copies of the relevant invoices and other appropriate documentation are attached to this Certificate.

By the Authority’s execution of this Certificate, the Authority represents that (i) the undersigned has due corporate authority to execute this Certificate and obligate the Authority to reimburse the Developer Advances described herein in accordance with the Development Agreement, and (ii) it approves the expenditures and work described in this Certificate and the matters set forth in this Certificate.

Both the Developer and the Authority agree that the total Reimbursement shall be paid in nine (9) annual installments, with the portion of the Reimbursement for the total of the Developer Advances being the amount of the Available Tax Increment for each such year, subject to the limitations in Section 5.03 of the Agreement, as follows:

<i>[Year 1</i>	<i>[Available Tax Increment]</i>
<i>Year 2</i>	<i>[Available Tax Increment]</i>
<i>Year 3</i>	<i>[Available Tax Increment]</i>
<i>Year 4</i>	<i>[Available Tax Increment]</i>
<i>Year 5</i>	<i>[Available Tax Increment]</i>
<i>Year 6</i>	<i>[Available Tax Increment]</i>
<i>Year 7</i>	<i>[Available Tax Increment]</i>
<i>Year 8</i>	<i>[Available Tax Increment]</i>
<i>Year 9</i>	<i>[Available Tax Increment]</i>

AGREED TO this _____ day of _____, _____.

**MIDTOWN REDEVELOPMENT
AUTHORITY**

By: _____
Name: _____
Title: _____

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC**

By: _____
Name: _____
Title: _____

DRAFT

EXHIBIT G**Form of Maintenance Agreement****MAINTENANCE COVENANTS**

These **MAINTENANCE COVENANTS** ("**Covenants**") are made by **PEARL RESIDENCES AT MIDTOWN OWNER, LLC**, a Texas limited liability company ("**Owner**") to and for the benefit of the **MIDTOWN REDEVELOPMENT AUTHORITY**, a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995 ("**Midtown**"), acting by and through its governing body, the Board of Directors and acting on behalf of the **REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS**, a tax increment investment zone created by the City of Houston, Texas pursuant to Chapter 311 of the Texas Tax Code ("**Midtown Zone**").

RECITALS

A. Owner owns certain real property located at 3120 Smith Street, Houston, Harris County, Texas and described on Exhibit A attached hereto and incorporated herein ("**Property**") on which Owner has developed a mixed use project to be known as "Pearl Midtown Residences" consisting of residential apartment units and a Whole Foods Market grocery store with underground parking ("**Project**").

B. Midtown and Owner entered into that certain Development Agreement dated 2016 regarding certain right of way improvements for the Project ("**Development Agreement**").

C. Pursuant to the Development Agreement, Owner has planned, designed, constructed, equipped and installed certain sidewalks, walkways, curbs, gutters, pavers, decorative walls, public art, landscaping, lighting, trash receptacles, benches, bike racks, electrical and irrigation systems and related facilities along the portion of the Property located adjacent to the Project and the adjoining public rights-of-way for Smith Street, Elgin Street and Brazos Street ("**ROW Improvements**"), and Midtown has agreed to reimburse Owner for certain costs for the ROW Improvements

D. In consideration of the covenants and agreements of Midtown pursuant to the Development Agreement, Owner has agreed to manage, operate and maintain the ROW Improvements for the Term (as hereinafter defined) and execute and record these Covenants.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the Development Agreement and these Covenants, Owner hereby agrees and declares that the Property and each part thereof shall be subject to the following terms, covenants and restrictions.

1. **Maintenance of ROW Improvements.** Owner covenants and agrees, at its sole cost and expense, to maintain in good condition and working order at all times the ROW

Improvements. Owner's maintenance obligations shall include, without limitation: (a) the maintenance, repair, upkeep and replacement of all components of the ROW Improvements including all (i) concrete, stone, crushed stone, gravel, brick pavers or other materials used for sidewalks or walkways, (ii) sidewalks, walkways, driveways and curbs, (iii) ground cover, grass, trees, shrubbery and other landscaping vegetation and materials, (iv) trash receptacles, benches, bike racks and lamp posts, (v) irrigation and electrical, tree lighting systems and other decorative lighting and (vi) public art; (b) the timely payment of all utility charges for irrigation and electrical systems related to the ROW Improvements including all tree and decorative lighting; and (c) the removal of trash and debris on or about the ROW Improvements. Owner shall replace any damaged, destroyed or stolen components of the ROW Improvements with materials of comparable quality and quantity to the quality and quantity of the materials originally installed as components of the ROW Improvements.

2. **Default and Remedies.** In the event Owner does not perform its maintenance obligations hereunder and, if such default remains uncured for a period of sixty (60) days after notice thereof is given in accordance with Section 5 (or in the event of a casualty or other loss requiring restoration or replacement of the ROW Improvements such longer period as may be reasonably necessary for Owner to perform such maintenance obligations), Midtown, at its option, may pursue specific performance of the Owner's obligations hereunder, cause such maintenance obligations to be performed and recover from Owner the cost of same or pursue any other remedy available at law or in equity. Owner shall pay such costs within thirty (30) days of receipt of a written statement of costs from Midtown, accompanied by contractor invoices, paid receipts, or other reasonable documentation to substantiate the amount set forth in such statement. The amount of any such statement that is not timely paid by Owner shall accrue interest at the lesser of twelve percent (12%) or highest rate allowed by law.

3. **Covenants Run with the Land; Successors and Assigns.** The terms, covenants, and agreements set forth in these Covenants shall run with the Property and each portion thereof and shall be binding on all parties having any right, title or interest in or to the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, and be enforceable by, Midtown or the Midtown Zone and their respective successors and assigns. As used herein, the term "Owner" shall mean the Owner, and the Owner's successors and assigns holding title to the Property or any portion thereof. In the event at any time more than one party holds title to the Property or any portion thereof, then, such parties shall be jointly and severally liable for the maintenance obligations herein set forth and such parties shall jointly exercise any rights of the Owner hereunder. Any party constituting the Owner that ceases to hold title to the Property or any portion thereof shall be deemed released from the obligations of the Owner under these Covenants to the extent such obligations arise from and after the date such party ceases to hold title to the Property or any portion thereof provided that an assignment and assumption agreement (which includes an assumption by purchaser or transferee of all of Owner's obligations under these Covenants to the extent accruing from and after the date of such assignment) is executed by the former Owner and successor Owner and recorded in the Official Public Records of Harris County, Texas, and fully executed and recorded copies of such assignment and assumption agreement and the deed to the successor Owner is provided to Midtown with current contact information for the successor Owner. The Owner has (or may in the future) establish a condominium board (the "Project Condominium Board") with authority

to manage, maintain and operate the ROW Improvements for the benefit of the owners and occupants of the Project. Midtown expressly consents to the delegation of the Owner's obligations under this Agreement to the Project Condominium Board and agrees that performance by the Project Condominium Board shall be deemed performance by the Owner; provided however, in such event the Owner shall not be released from its obligations under these Covenants.

4. **Term.** Unless terminated earlier by Midtown or its successors or assigns, the term of these Covenants shall be the later to occur of (a) December 31, 2040; and (b) the termination of the Midtown Zone.

5. **Notices.** Any notice sent under these Covenants shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or sent by nationally recognized overnight courier for next business day delivery, or personally delivered to the receiving party at the following addresses:

If to Midtown:

Reinvestment Zone Number Two
City of Houston, Texas
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Chairman, Board of Directors
Email: mattt@houstonmidtown.com

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Executive Director
Email: mattt@houstonmidtown.com

with copies to:

Barron F. Wallace
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770
Email: Barron.Wallace@Bracewelllaw.com

If to Owner:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
5606 South Rice Avenue
Houston, Texas 77081
Attn: J. Philip Morgan

Email: philip@morgangroup.com

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
 5606 South Rice Avenue
 Houston, Texas 77081
 Attn: Rosalind M. McLeroy
 Email: rosalindm@morgangroup.com

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when deposited with the U.S. Postal Service, sent by certified mail, return receipt requested, postage prepaid; any communication sent by nationally recognized overnight courier shall be deemed given (1) business day following deposit; and any communication delivered in person shall be deemed to be given when receipted for by, or actually received by Midtown or Owner, as the case may be.

6. **Invalidity.** If any provision of these Covenants is held to be illegal, invalid or unenforceable under the present or future laws, the legality, validity and enforceability of the remaining provisions of these Covenants will not be affected thereby.

7. **Governing Law.** These Covenants shall be governed by and construed in accordance with the laws of the State of Texas.

8. **Construction.** The parties acknowledge that the parties and their counsel have reviewed these Covenants and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these Covenants.

9. **Counterparts.** These Covenants may be executed in multiple counterparts, each of which shall be deemed an original.

10. **No Third Party Beneficiaries.** The Owner and Midtown acknowledge and agree that, except as expressly set forth herein, there are no intended third party beneficiaries of these Covenants or of any of the right and privileges conferred herein.

11. **Amendments.** These Covenants may be amended, supplemented, restated or otherwise modified only by a written instrument executed by Owner and Midtown or their respective successors and assigns.

12. **Entire Agreement.** These Covenants and the Development Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior written and oral agreements and understandings with respect to such subject matter.

[Signatures on Following Page]

These Covenants are executed to be effective as of the ____ day of _____,
_____.

OWNER

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC.**

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS

COUNTY OF HARRIS

§
§
§

This instrument was acknowledged before me on this ____ day of _____,
_____, by _____, _____ of PEARL
RESIDENCES AT MIDTOWN OWNER, LLC, a Texas limited liability company, on behalf of
said company.

Notary Public, State of Texas

AUTHORITY**MIDTOWN REDEVELOPMENT AUTHORITY**

By: _____

Name: _____

Title: _____

STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of _____, _____, by _____, the _____ of Midtown Redevelopment Authority, a public non-profit local government corporation created pursuant to Chapter 431, Texas Transportation Code, on behalf of said corporation.

Notary Public, State of Texas

My Commission Expires: _____

EXHIBIT A**Description of Property**

[To be inserted.]

DRAFT

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

This First Amendment to Development Agreement (this “**Amendment**”) is made as of _____, 2020 by and among MIDTOWN REDEVELOPMENT AUTHORITY (“**Midtown Authority**” or “**Midtown**”), a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995, acting by and through its governing body, the Board of Directors (the “**Midtown Board**”), and acting on behalf of REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS (“**Midtown Zone**”), a tax increment reinvestment zone created by the City of Houston, Texas (the “**City**”) pursuant to Chapter 311 of the Texas Tax Code, as amended, acting by and through its governing body, the Board of Directors (the “**Midtown Zone Board**”), and PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company (“**Developer**”).

RECITALS

A. Developer and Midtown Authority entered into that certain Development Agreement dated January 11, 2017 (the “**Agreement**”) with respect to real property currently owned by Developer located at 3120 Smith Street, Houston, Harris County, Texas as more particularly described on Exhibit A attached hereto and incorporated herein (the “**Property**”). All capitalized terms not otherwise expressly defined herein will have the meanings ascribed to them in the Agreement.

B. Developer intends, pursuant to Section 5.04 of the Agreement, to convey to Pearl Marketplace at Midtown Owner, LLC, a Delaware limited liability company (“**Retail Owner**”), an Affiliate of Developer, the retail portion of the Property as more particularly described on Exhibit B attached hereto and incorporated herein (the “**Retail Unit**”). Developer will continue to own the remainder of the Property described on Exhibit C attached hereto and incorporated herein (the “**Residential Unit**”).

C. In connection with the conveyance of the Retail Unit, Developer and Midtown Authority desire to amend the Agreement to clarify the rights and obligations with respect to the Pearl Midtown ROW Project and the Reimbursement and to establish the process for determining the Available Tax Increment, among other things, pursuant to the terms and conditions set forth herein.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Amendment, Midtown and Developer contract and agree as follows:

1. Assignment. Midtown acknowledges that Developer, pursuant to Section 5.04 of the Agreement, has conveyed or will convey the Retail Unit to Retail Owner. The Retail Owner’s contact information is as follows: 3000 Richmond Street, Houston, Texas 77098, Attn: Philip

Morgan (713-361-7241; philip@morgangroup.com) and Rosalind M. McLeroy (713-361-7227; rosalindm@morgangroup.com).

2. Reimbursement. For purposes of clarity, despite the conveyance of the Retail Unit from Developer to Retail Owner, Developer (and its permitted successors and assigns with respect to the Residential Unit only) shall remain the only party entitled to receive the Reimbursement pursuant to the Agreement. Retail Owner and any subsequent owner of the Retail Unit shall have no rights with respect to the Reimbursement.

3. Determination of Available Tax Increment. The Available Tax Increment shall be based upon the established certified appraised value of the Property through the Harris County Appraisal Review Board process (the “**Certified Value**”). Developer may contest, in good faith and in accordance with applicable law, the Certified Value by filing a routine protest or lawsuit of the Certified Value with the applicable authority (the “**Tax Protest**”). The Tax Protest shall not relieve (i) Developer of its obligation to timely pay all taxes applicable to the Property in full or (ii) Midtown of its obligation to timely pay the Reimbursement based upon then-available Certified Value.

If the Tax Protest results in a reduction of the appraised value of the Property (the “**Final Value**”) and Developer actually receives a reimbursement for any overpayment by Developer of the taxes for the Property, Developer will promptly disclose the Final Value to Midtown and the Available Tax Increment and Reimbursement for the year in question shall be recalculated based upon the Final Value and, if necessary, the subsequent Reimbursement to be paid by Midtown shall be reduced accordingly; provided that, if a reduction is necessary after the Outside Reimbursement Date (and, as such, Midtown is no longer obligated to pay the Reimbursement), Developer shall pay to Midtown the amount of any reduction.

Developer’s books and records pertinent to the Final Value that may be disclosed by Developer which are not subject to privilege or confidentiality provisions will be open to inspection by Midtown or its representative upon reasonable notice. All such books and records may be transmitted in electronic form.

4. Lender Assignment. The last sentence of Section 5.04 in the Agreement is hereby deleted and replaced with the following: “The foregoing notwithstanding, Developer shall be entitled to collaterally assign its rights under this Agreement to a commercial bank or lender which provides financing to Developer secured by a first lien on the Residential Unit (as defined in that certain Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk’s File No. RP-2017-15223) provided that Developer provides to Midtown Authority a fully-executed copy of any such collateral assignment and the name and contact information of the commercial bank or lender.”

5. Developer Notice Address. In the Developer's notice addresses in Section 7.04 of the Agreement, "5606 South Rice Avenue, Houston, Texas 77081" is hereby deleted and replaced with "3000 Richmond Avenue, Houston, Texas 77098" in both instances.

6. Maintenance Agreement. **Exhibit G** attached to the Agreement is hereby deleted in its entirety and replaced with **Exhibit G** attached hereto and made a part hereof.

7. Entire Agreement. The Agreement and this Amendment represent the final agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto. There are no unwritten oral agreements between the parties hereto.

8. Counterparts. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; Signatures follow.]

IN WITNESS WHEREOF, Midtown and Developer have caused this Amendment to be duly executed as of the date first written above.

MIDTOWN:

**MIDTOWN REDEVELOPMENT
AUTHORITY**

By: 

Name: Al Odom

Title: Chair, Board of Directors

DEVELOPER:

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC, a Delaware limited liability
company**

By: 

J. Philip Morgan, Vice President

APPROVED:

**CHIEF DEVELOPMENT OFFICER OF THE
CITY OF HOUSTON, TEXAS**

By: _____

Name: _____

Title: _____

EXHIBIT A**Legal Description of Property**

All of Pearl Brazos Rosalie, a subdivision of 1.89 acres located in the Obedience Smith Survey A-696, according to the plat recorded at Film Code No. 679338 of the Harris County Map Records.

DRAFT

EXHIBIT B**Legal Description of Retail Unit**

That certain Retail Unit, together with the Limited Common Elements appurtenant to the Retail Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

DRAFT

EXHIBIT C**Legal Description of Residential Unit**

That certain Residential Unit, together with the Limited Common Elements appurtenant to the Residential Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

DRAFT

EXHIBIT G

Form of Maintenance Agreement

MAINTENANCE COVENANTS

These **MAINTENANCE COVENANTS** (“Covenants”) are made by **PEARL RESIDENCES AT MIDTOWN OWNER, LLC**, a Delaware limited liability company (“**Owner**”), to and for the benefit of the **MIDTOWN REDEVELOPMENT AUTHORITY**, a public non-profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and authorized and approved by the City under Resolution No. 95-96 adopted on June 28, 1995 (“**Midtown**”), acting by and through its governing body, the Board of Directors and acting on behalf of the **REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS**, a tax increment investment zone created by the City of Houston, Texas pursuant to Chapter 311 of the Texas Tax Code (“**Midtown Zone**”).

RECITALS

A. Owner owns certain real property located at 3120 Smith Street, Houston, Harris County, Texas and described on Exhibit A attached hereto and incorporated herein (“**Property**”) on which Owner has developed a mixed use project known as “Pearl Marketplace at Midtown” consisting of residential apartment units and a Whole Foods Market grocery store with underground parking (“**Project**”).

B. Owner has conveyed or will convey to Pearl Marketplace at Midtown Owner, LLC, a Delaware limited liability company, an affiliate of Owner, the retail portion of the Property as more particularly described on Exhibit B attached hereto and incorporated herein (the “**Retail Unit**”). Owner will continue to own the remainder of the Property as described on Exhibit C attached hereto and incorporated herein (the “**Residential Unit**”).

C. Midtown and Owner entered into that certain Development Agreement dated January 11, 2017, as amended, regarding certain right of way improvements for the Project (“**Development Agreement**”).

D. Pursuant to the Development Agreement, Owner has planned, designed, constructed, equipped and installed certain sidewalks, walkways, curbs, gutters, pavers, decorative walls, public art, landscaping, lighting, trash receptacles, benches, bike racks, electrical and irrigation systems and related facilities along the portion of the Property located adjacent to the Project and the adjoining public rights-of-way for Smith Street, Elgin Street and Brazos Street (“**ROW Improvements**”), and Midtown has agreed to reimburse Owner for certain costs for the ROW Improvements.

E. In consideration of the covenants and agreements of Midtown pursuant to the Development Agreement, Owner has agreed to manage, operate and maintain the ROW Improvements for the Term (as hereinafter defined) and execute and record these Covenants.

COVENANTS

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the Development Agreement and these Covenants, Owner hereby agrees and declares that the Property and each part thereof shall be subject to the following terms, covenants and restrictions.

1. **Maintenance of ROW Improvements.** Owner covenants and agrees, at its sole cost and expense, to maintain in good condition and working order at all times the ROW Improvements. Owner's maintenance obligations shall include, without limitation: (a) the maintenance, repair, upkeep and replacement of all components of the ROW Improvements including all (i) concrete, stone, crushed stone, gravel, brick pavers or other materials used for sidewalks or walkways, (ii) sidewalks, walkways, driveways and curbs, (iii) ground cover, grass, trees, shrubbery and other landscaping vegetation and materials, (iv) trash receptacles, benches, bike racks and lamp posts, (v) irrigation and electrical, tree lighting systems and other decorative lighting and (vi) public art; (b) the timely payment of all utility charges for irrigation and electrical systems related to the ROW Improvements including all tree and decorative lighting; and (c) the removal of trash and debris on or about the ROW Improvements. Owner shall replace any damaged, destroyed or stolen components of the ROW Improvements with materials of comparable quality and quantity to the quality and quantity of the materials originally installed as components of the ROW Improvements.

2. **Default and Remedies.** In the event Owner does not perform its maintenance obligations hereunder and, if such default remains uncured for a period of sixty (60) days after notice thereof is given in accordance with Section 5 (or in the event of a casualty or other loss requiring restoration or replacement of the ROW Improvements such longer period as may be reasonably necessary for Owner to perform such maintenance obligations), Midtown, at its option, may pursue specific performance of the Owner's obligations hereunder, cause such maintenance obligations to be performed and recover from Owner the cost of same or pursue any other remedy available at law or in equity. Owner shall pay such costs within thirty (30) days of receipt of a written statement of costs from Midtown, accompanied by contractor invoices, paid receipts, or other reasonable documentation to substantiate the amount set forth in such statement. The amount of any such statement that is not timely paid by Owner shall accrue interest at the lesser of twelve percent (12%) or highest rate allowed by law.

3. **Covenants Run with the Land; Successors and Assigns.** The terms, covenants, and agreements set forth in these Covenants shall run with the Residential Unit and each portion thereof (but not the Retail Unit) and shall be binding on all parties having any right, title or interest in or to the Residential Unit or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, and be enforceable by, Midtown or the Midtown Zone and their respective successors and assigns. As used herein, the term "Owner" shall mean the Owner, and the Owner's successors and assigns holding title to the Residential Unit or any portion thereof (but not the Retail Unit). In the event at any time more than one party holds title to the Residential Unit or any portion thereof, then, such parties shall be jointly and severally liable for the maintenance obligations herein set forth and such parties shall jointly exercise any rights of the Owner hereunder. Any party constituting the Owner that ceases to hold title to the Residential Unit or any portion thereof shall be deemed released from the obligations of the Owner under these Covenants to the extent such obligations arise from and after the date such party ceases to hold title to the Property or any portion thereof provided that an assignment and assumption agreement (which includes an assumption by purchaser or transferee of all of Owner's obligations under these

Covenants to the extent accruing from and after the date of such assignment) is executed by the former Owner and successor Owner and recorded in the Official Public Records of Harris County, Texas, and fully executed and recorded copies of such assignment and assumption agreement and the deed to the successor Owner is provided to Midtown with current contact information for the successor Owner. The Owner has (or may in the future) establish a condominium board (the "**Project Condominium Board**") with authority to manage, maintain and operate the ROW Improvements for the benefit of the owners and occupants of the Project. Midtown expressly consents to the delegation of the Owner's obligations under this Agreement to the Project Condominium Board and agrees that performance by the Project Condominium Board shall be deemed performance by the Owner; provided however, in such event the Owner shall not be released from its obligations under these Covenants.

4. **Term.** Unless terminated earlier by Midtown or its successors or assigns, the term of these Covenants shall be the later to occur of (a) December 31, 2040; and (b) the termination of the Midtown Zone.

5. **Notices.** Any notice sent under these Covenants shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or sent by nationally recognized overnight courier for next business day delivery, or personally delivered to the receiving party at the following addresses:

If to Midtown:

Reinvestment Zone Number Two
City of Houston, Texas
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Chairman, Board of Directors
Email: mattt@houstonmidtown.com

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Executive Director
Email: mattt@houstonmidtown.com

with copies to:

Barron F. Wallace
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770
Email: Barron.Wallace@Bracewellllaw.com

If to Owner:

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: J. Philip Morgan
Email: philip@morgangroup.com

PEARL RESIDENCES AT MIDTOWN OWNER, LLC
3000 Richmond Avenue
Houston, Texas 77098
Attn: Rosalind M. McLeroy
Email: rosalindm@morgangroup.com

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when deposited with the U.S. Postal Service, sent by certified mail, return receipt requested, postage prepaid; any communication sent by nationally recognized overnight courier shall be deemed given (1) business day following deposit; and any communication delivered in person shall be deemed to be given when receipted for by, or actually received by Midtown or Owner, as the case may be.

6. **Invalidity.** If any provision of these Covenants is held to be illegal, invalid or unenforceable under the present or future laws, the legality, validity and enforceability of the remaining provisions of these Covenants will not be affected thereby.

7. **Governing Law.** These Covenants shall be governed by and construed in accordance with the laws of the State of Texas.

8. **Construction.** The parties acknowledge that the parties and their counsel have reviewed these Covenants and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of these Covenants.

9. **Counterparts.** These Covenants may be executed in multiple counterparts, each of which shall be deemed an original.

10. **No Third Party Beneficiaries.** The Owner and Midtown acknowledge and agree that, except as expressly set forth herein, there are no intended third party beneficiaries of these Covenants or of any of the right and privileges conferred herein.

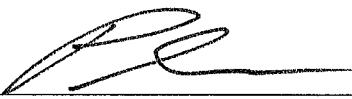
11. **Amendments.** These Covenants may be amended, supplemented, restated or otherwise modified only by a written instrument executed by Owner and Midtown or their respective successors and assigns.

12. **Entire Agreement.** These Covenants and the Development Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior written and oral agreements and understandings with respect to such subject matter.

These Covenants are executed to be effective as of _____, 2020.

OWNER:

**PEARL RESIDENCES AT MIDTOWN
OWNER, LLC,**
a Delaware limited liability company

By: 
J. Philip Morgan, Vice President

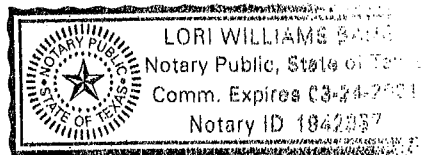
THE STATE OF TEXAS


COUNTY OF HARRIS

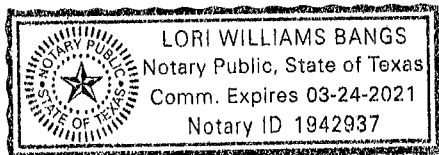
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This instrument was acknowledged before me on this 10th day of February, 2020 by J. Philip Morgan, Vice President of PEARL RESIDENCES AT MIDTOWN OWNER, LLC, a Delaware limited liability company, on behalf of said company.

SEAL:




Notary Public, State of Texas



AUTHORITY

MIDTOWN REDEVELOPMENT AUTHORITY,
a public non-profit local government corporation

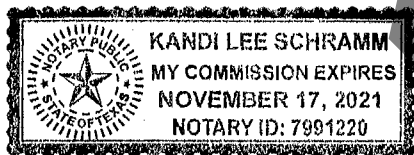
By: Name: Al OdomTitle: Chair

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 30th day of Jan,
2020, by Al Odom, the Chair of Midtown
Redevelopment Authority, a public non-profit local government corporation created pursuant to
Chapter 431, Texas Transportation Code, on behalf of said corporation.

SEAL:




Notary Public, State of Texas

EXHIBIT A**Legal Description of Property**

All of Pearl Brazos Rosalie, a subdivision of 1.89 acres located in the Obedience Smith Survey A-696, according to the plat recorded at Film Code No. 679338 of the Harris County Map Records.

DRAFT

EXHIBIT B**Legal Description of Retail Unit**

That certain Retail Unit, together with the Limited Common Elements appurtenant to the Retail Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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EXHIBIT C**Legal Description of Residential Unit**

That certain Residential Unit, together with the Limited Common Elements appurtenant to the Residential Unit, of PEARL RESIDENCES AT MIDTOWN CONDOMINIUMS, a Condominium regime in the City of Houston, Harris County, Texas, according to the Condominium Declaration filed for record in Book 215, Page 975 of the Condominium Records of Harris County, Texas and under Harris County Clerk's File No. RP-2017-15223.

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