



midtown
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**MIDTOWN REDEVELOPMENT AUTHORITY/
TIRZ#2
BOARD OF DIRECTORS MEETING
SEPTEMBER 28, 2023**



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

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

Notice is hereby given that the Board of Directors of the Midtown Redevelopment Authority (the "Authority") will hold a joint regular meeting, open to the public, with the Board of Directors of the Midtown Reinvestment Zone on **Thursday, September 28, 2023, 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. The public will be permitted to offer comments as provided on the agenda and as permitted by the presiding officer during the meeting.

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

AGENDA

1. Call to Order and Introduction of Guests.
2. Public Comment.
3. Agenda for the Midtown Reinvestment Zone:
 - a. Minutes for August 31, 2023.
4. Consent Agenda for the Authority:
 - a. Minutes for August 31, 2023.
 - b. Monthly financial reports for August 2023.
5. Financial Audit Report for Fiscal Year June 30, 2023

6. Midtown Affordable Housing Program:
 - a. Affordable Housing Operations Campus.
 - i. Change Orders.
 - b. Resolution Approving Grant Agreement with Heart of Houston Community Development Agreement.
 - c. Recommendation from CCPPI (Affordable Housing Consultant Advisory Group (AHCAG)) and Roberta F. Burroughs and Associates regarding a Grant Agreement with Trinity East Village Community Development Corporation and NHP Foundation to facilitate development of an approximately 148-unit apartment project.
 - d. Affordable Housing Report.
7. Midtown Capital Improvements Program:
 - a. Caroline Street Reconstruction
 - i. Change Orders
 - b. Brazos Street Bridge Landscape Improvements
 - i. Construction Management and Inspection Services Work Order
 - c. North Houston Highway Improvement Project (NHHIP) - Caroline/Wheeler Deck Park
8. 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).

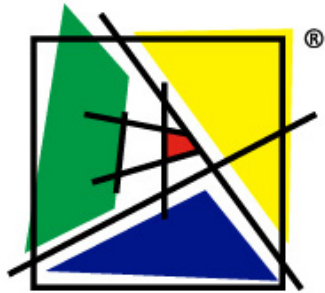
Upon entering into the executive session, the presiding officer shall announce which agenda items will be discussed.

9. 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 31, 2023

A regular meeting of the Board of Directors (the "Board") of Reinvestment Zone Number Two, City of Houston, Texas, was held in person at 410 Pierce Street, First Floor Conference Room, Houston, Texas 77002, on Thursday, August 31, 2023, 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 LaFlore
3	Michael Lewis	8	John Thomas
4	Michael F. Murphy	9	Zoe Middleton
5	Al Odom		

and all the above were present except Directors Odom, Murphy, Lewis and Thomas.

In attendance were Authority staff members: Matt Thibodeaux, Kandi Schramm, Marlon Marshall, Vernon Williams, David Thomas, Sally Adame, Amaris Salinas, Cynthia Alvarado, Jaime Giraldo and Jalisa Hurst; Peggy Foreman of Burney & Foreman; Barron Wallace and Mary Buzak of Bracewell LLP; Melissa Morton of The Morton Accounting Services; Carol Harrison of IDS Engineering; Sean Haley, Algenita Davis, Linda Mitchell, Bob Bradford, Kate Ranachan and Angie Gomez of CCPPI; Roberta Burroughs of Roberta F. Burroughs & Associates; Andrew Busker of City of Houston; Jeri Brooks of One World Strategy Group; John Mudd of HR Green; Clady Broussard of Houston Community College; Rachel Ray of Walter P. Moore; Jennifer Gribble of South Main Baptist Church; Zack Martin of MCMD, and Midtown residents, Scott Harbors and Theodore Andrews. Chair Goren called the meeting to order.

MINUTES FOR JUNE 29, 2023

Director Foster made a motion to approve the minutes of June 29, 2023. The motion was seconded by Director Middleton and carried by unanimous vote.

EXECUTIVE SESSION

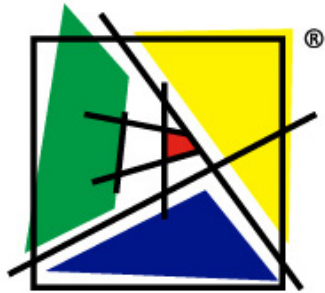
The Board did not enter a closed executive session.

ADJOURN

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

Camille Foster, Asst. Secretary

Date



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**AITHORITY
CONSENT AGENDA**

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

August 31, 2023

A regular 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, on Thursday, August 31, 2023, at 12:30 p.m. The meeting was open to the public. The roll was called of the duly appointed members of the Board, to-wit:

<u>Pos. #</u>	<u>Name</u>	<u>Pos. #</u>	<u>Name</u>
1	Camille Foster	6	Abe Goren
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In attendance were Authority staff members: Matt Thibodeaux, Kandi Schramm, Marlon Marshall, Vernon Williams, David Thomas, Sally Adame, Amaris Salinas, Cynthia Alvarado, Jaime Giraldo and Jalisa Hurst; Peggy Foreman of Burney & Foreman; Barron Wallace and Mary Buzak of Bracewell LLP; Melissa Morton of The Morton Accounting Services Carol Harrison of IDS Engineering; Sean Haley, Algenita Davis, Linda Mitchell, Bob Bradford, Kate Ranachan and Angie Gomez of CCPPI; Roberta Burroughs of Roberta F. Burroughs & Associates; Andrew Busker of City of Houston; Jeri Brooks of One World Strategy Group; John Mudd of HR Green; Clady Broussard of Houston Community College; Rachel Ray of Walter P. Moore; Jennifer Gribble of South Main Baptist Church; Zack Martin of MCMD, Theodore Andrews and Midtown resident, Scott Harbors.

Vice Chairman Abe Goren called the meeting to order.

PUBLIC COMMENTS

Jaime Giraldo, Midtown Management District Director of Public Safety, gave a brief description of his work with various entities to address safety issues related to the un-housed population in Midtown, including the HPD Homeless Outreach Team, S.E.A.L. Security Solutions, LLC, Precinct 7 Constable’s office, SEARCH Homeless Outreach Services and various law enforcement agencies in Midtown. He also reported on efforts to enhance safety at Authority owned properties. Mr. Giraldo invited the Board and members of the public to attend National Night Out on October 3, 2023 and Coffee with a Cop on October 4, 2023 hosted by Midtown Management District.

Paster David Punch of Greater Zion Church addressed the Board about work his church and affiliated organizations have been doing in the Third Ward area for the past twenty-one years. He stated that he is currently working on a Re-Ward Third Ward CDC proposal to construct new multi-family affordable housing units in the Third Ward area.

CONSENT AGENDA FOR THE AUTHORITY

Minutes for June 29, 2023.

Monthly financial reports for June and July 2023.

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

Investment Report for the Quarter Ending June 30, 2023.

Melissa Morton of The Morton Accounting Services presented the written Investment Report for the Quarter ending June 30, 2023 (the "2nd Quarter"). Ms. Morton reported that the average yield rate on all accounts for the 2nd Quarter was 2.26012% and the amount of interest earned for was \$311,289.00. Ms. Morton reported that approximately \$980,000.00 in interest was earned in FY 2023 for all four quarters. She noted that the Investment Report reflects the compliance of the Authority's investment portfolio with the Investment Policies of the Authority and the Investment provisions of the Public Funds Investment Act. Director Middleton made a motion to accept the Investment Report for the 2nd Quarter ending June 30, 2023, as reported. The motion was seconded by Director Fontaine and carried by unanimous vote.

AFFORDABLE HOUSING OPERATIONS CAMPUS

CHANGE ORDERS

Marlon Marshall reported that there were no change orders to be presented at this meeting.

TENANT IMPROVEMENTS (LEVEL 2 – PHASE II) - CONSTRUCTION CONTRACT

Mr. Marshall reminded the Board that the Authority had previously solicited and obtained Statements of Qualifications (SOQs) for construction of the interior build out of the remaining space (approximately 19,000 square feet) within One Emancipation Center. He stated that the Authority received three responses on June 22, 2023. At the June 29, 2023 Board meeting, the Board authorized the team to invite the 3 companies to respond to a subsequent Request for Proposals which will include proposed rates for construction services. He reported that the evaluation committee received and reviewed the responses to the Request for Proposals providing proposed rates for construction services. Mr. Marshall stated that the staff were recommending the selection of Harvey Builders to provide construction services for the interior buildout of 2,927 square feet on Level 2. Director Middleton made a motion to approve the recommendation of Harvey Builders for interior buildout of 2,927 square feet on Level 2. The motion was seconded by Director LaFlore and carried by unanimous vote.

RATIFICATION AND ACKNOWLEDGMENT OF EXECUTED PURCHASE AND SALE AGREEMENT FOR CERTAIN PROPERTIES GENERALLY LOCATED ALONG EMANCIPATION AVENUE BETWEEN TUAM STREET AND DENNIS STREET.

Barron Wallace of Bracewell LLP presented for ratification and acknowledgment the executed purchase and sale agreement with APV Redevelopment Corporation for the sale of certain properties owned by the Authority along the east and west sides of Emancipation Avenue between Tuam Street and Dennis Street for \$3,668,899. Director Fontaine made a motion to approve the ratification and acknowledgment of the executed purchase and sale agreement with APV Redevelopment Corporation for certain properties generally located along Emancipation Avenue between Tuam Street and Dennis Street. The motion was seconded by Director Foster and carried by unanimous vote.

RATIFICATION AND ACKNOWLEDGMENT OF ASSIGNMENT OF EXECUTED PURCHASE AND SALE AGREEMENT BY NEW HOPE HOUSING, INC. TO HOUSTON HOUSING AUTHORITY AND SUBSEQUENT CONVEYANCE OF CERTAIN PROPERTIES GENERALLY LOCATED ALONG CHACO AND GRAY STREETS TO HOUSTON HOUSING AUTHORITY FOR DEVELOPMENT OF AN AFFORDABLE SENIOR HOUSING PROJECT.

Peggy Foreman of Burney and Foreman presented for ratification and acknowledgment the assignment of executed purchase and sale agreement by New Hope Housing, Inc. to Houston Housing Authority and subsequent conveyance of certain properties generally located along Chaco and Gray Streets to Houston Housing Authority for development of an affordable senior housing project. Ms. Foreman presented background information about the senior housing project and stated that the document evidencing the assignment of the purchase and sales agreement was included in the Board Information Packet. Ms. Foreman stated that the assignment facilitated the financing structure for the project and that New Hope Housing, Inc. (or its affiliated entities) would be responsible for development and operation of the senior housing facility. Director Middleton made a motion to approve the ratification and acknowledgment of assignment of the executed purchase and sale agreement by New Hope Housing, Inc. to Houston Housing Authority and subsequent conveyance of certain properties generally located along Chaco and Gray Streets to Houston Housing Authority for development of an affordable senior housing project. The motion was seconded by Director Fontaine and carried by unanimous vote.

AFFORDABLE HOUSING REPORT

Algenita Davis with CCPPI presented the Affordable Housing Report. Ms. Davis reported that 47 parcels of property have been awarded to five developers: Boynton CDC, Change Happens, CR Design Build, LLC, Mors Development Partners Series LLC and Herbert Stroman Foundation, Inc. The affordable housing team is currently working with the City of Houston to secure a possible \$50,000.00 commitment for down payment assistance to help qualified homebuyers purchase these homes once completed. She reported that CCPPI, acting on behalf of the Authority, had previously issued an RFP for construction of single-family affordable homes on approximately 96 parcels of vacant land. She stated that 60 people attended a pre-submission zoom meeting to answer questions about the RFP. Ms. Davis reported that CCPPI received 11 responses seeking award of a total of 76 parcels of land. She stated that the responses are currently being reviewed and evaluated. Finally, Ms. Davis reported that the CCPPI team is working to schedule a meeting with Super Neighborhood #67 and the Authority.

MIDTOWN CAPITAL IMPROVEMENTS PROGRAM

CAROLINE STREET RECONSTRUCTION – ESPA CORP/KCI

Mr. Marshall reported that the design team will be meeting with City representatives to review pilot areas identified to implement proposed corrections to punch list items not addressed by TxDOT contractor. He reported the upcoming work would include the cathodic protection system testing. He further reported that Street Overlay projects on certain streets adjacent to Caroline Street have been completed.

CHANGE ORDERS

Mr. Marshall reported that Change Order #17 is for a credit in the amount of (-\$249,090.71) for a lighting package of material which was provided by the Authority rather than the contractor. Director Middleton made a motion to approve Change Order #17 a credit in the amount of (-\$249,090.71) for a lighting package of material which was provided by the Authority rather than the contractor. The motion was seconded by Director Foster and carried by unanimous vote.

BRAZOS STREET BRIDGE LANDSCAPE IMPROVEMENTS – DESIGN WORKSHOP

Mr. Marshall reported that the Brazos Street Bridge Landscape Improvements project will enhance the landscaped area around the Bagby/Elgin Streets intersection into green space adjacent to the Brazos Bridge facing Bagby Street. The scope of work includes tree planting, shrub and groundcover planting, site cleanup, irrigation, traffic control, and reinstallation of existing signage. This project is a partnership with Councilmember Abbie Kamin and the Courtlandt Place Civic Association; Councilmember Kamin's office has provided \$25,000 towards the project; Courtlandt Place will provide \$20,000 for the project.

CONSTRUCTION CONTRACT

Mr. Marshall reported the bids for the project received on August 4, 2023, were as follows: B&D Contractors for \$98,691.81; Earth First for \$66,000.00; Jerdon for \$99,977.77; and Landscape Art for \$113,317.78. He reported that staff along with design consultants examined the bids to verify bid packages were submitted in accordance with the terms and conditions of the bid documents. The team recommended that Earth First be selected with the bid of \$66,000.00. Director Foster made the motion to approve award of the contract to Earth First in the amount of \$66,000.00. The motion was seconded by Director Fontaine and carried by unanimous vote.

GRANT MANAGEMENT – THE GOODMAN CORPORATION

Bryan Brown with The Goodman Corporation reported on the pursuit of grant funding. He noted that the team reviewed crash data to determine where most accidents are happening in Midtown. He reported that Safe Streets projects will be a priority for grant funding.

DESIGN CONCEPT REVIEW WORK ORDER

Mr. Brown presented a Work Order from The Goodman Corporation in the amount of \$23,250.00 for Design Concept Review of Intake Forms, including projects from the Safety Study as well as Caroline and Cleburne Streets. Director Fontaine made a motion to approve the Work Order from The Goodman Corporation for Design Concept Review of Intake Forms in the amount of \$23,250.00. The motion was seconded by Director Middleton and carried by unanimous vote.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)
FY2023 COMMUNITY PROJECT GRANT INTERLOCAL AGREEMENT**

Mr. Marshall presented the Interlocal Agreement by and among the Authority, Old Spanish Trail/Alameda Corridors Redevelopment Authority and Greater Southeast Management District relating to a U.S. Department of Housing and Urban Development FY2023 Community Project Grant in the total amount of \$4,000,000.00. He stated that the 3 entities will share the funds to be used for construction of certain transportation and infrastructure safety projects in a defined area. The Authority will receive \$1,142,858 pursuant to the terms of the Interlocal Agreement. Director Middleton made a motion to approve the U.S. Department of Housing and Urban Development (HUD) FY2023 Community Project Grant Interlocal Agreement. The motion was seconded by Director Fontaine and carried by unanimous vote.

HUD FY2023 COMMUNITY PROJECT GRANT MANAGEMENT WORK ORDER

Mr. Marshall presented a Grant Management Work Order with The Goodman Corporation in the amount of \$50,009.00 for the management of the HUD FY2023 Community Project Grant. Director Middleton made a motion to approve HUD FY2023 Community Project Grant Management Work Order in the amount of \$50,009.00. The motion was seconded by Director Fontaine and carried by unanimous vote.

EXECUTIVE SESSION

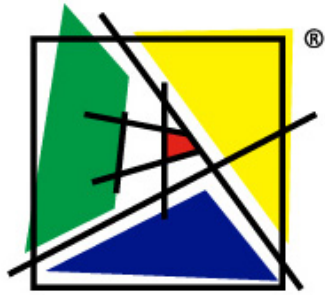
The Board did not enter into a closed executive session for this meeting.

ADJOURN

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

Camille Foster, Assistant. Secretary

Date



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FINANCIALS

Midtown Redevelopment Authority

Profit & Loss

July through August 2023

	Jul - Aug 23
Ordinary Income/Expense	
Income	
400000 · Revenue & Support	
400025 · Interest-Debt Service & Reserve	64,024.98
400026 · Interest-Other Bond Funds	20.56
400029 · Interest - Affordable Housing	23,243.47
400030 · Interest-Operating Funds	124,431.32
400031 · Interest Income	15,458.68
400040 · 3131 EMANCIPATION	57,166.88
400041 · Affordable Housing Apts Units	21,945.55
400042 · 402 & 410 Tenant Inome	29,476.25
	335,767.69
Total 400000 · Revenue & Support	335,767.69
40010 · Other Revenue	
400032 · Other Revenue	1.00
	1.00
Total 40010 · Other Revenue	1.00
400441 · Bagby Park Kiosk Lease	3,600.00
	3,600.00
Total Income	339,368.69
Gross Profit	339,368.69
Expense	
500000 · BOND FUND EXPENSES	
504000 · Projects & Expenses	
500015 · T-0222 Street Rehab	190.00
500412 · T-0239 Brazos St Recon	28,922.45
	29,112.45
Total 504000 · Projects & Expenses	29,112.45
Total 500000 · BOND FUND EXPENSES	29,112.45
510000 · INCREMENT PROJECTS/EXPENSE	
510008 · T-0220 Afford Housing Land Bnk	
510013 · T-0220 Affordable Housing Legal	7,931.25
510017 · T-0220 Drainage Fees	4,433.42
512001 · T-0220 Aff Hous Expense	401,700.29
512002 · Interest Expense	92,533.17
512003 · Operations Center	
5120037 · Tenant Improvements	253,254.75
512003 · Operations Center - Other	156,535.98
	409,790.73
Total 512003 · Operations Center	409,790.73
Total 510008 · T-0220 Afford Housing Land Bnk	916,388.86
510019 · T-0214 Caroline St	4,507.06
510024 · T-0204 Infrastruc/Street Lights	156.60
510040 · Developer Reimbursement	1,289,375.00
510041 · CIP Program Expenses	6,325.00
510044 · T-0236 Bagby Park	455.00
510045 · T-0224 HTC I - Bldg Maintenance	26,970.50
510046 · T-0221 Midtown Pk	35,493.07
510053 · T-0233 Midtown Garage	9,939.81
510096 · T-0207 Opr of Zone Prj Faciliti	23,984.49
510102 · HMAAC Interest Expense	4,192.95
510400 · Kiosk at Bagby Park	6,800.00
510534 · T-0225 Mobility & Pedest Imprv	33,168.03
510700 · Municipal Services Costs	776,632.00
	776,632.00

No assurance is provided on these financial statements

Midtown Redevelopment Authority

Profit & Loss

July through August 2023

	Jul - Aug 23
Total 510000 · INCREMENT PROJECTS/EXPENSE	3,134,388.37
510034 · FTA Phase IV McGowen	
550000 · General & Admin. Expense	
550002 · Contract Labor	8,125.28
550003 · Rent Expense	1,800.00
550004 · Salaries	11,920.43
550007 · Courier Service	-205.60
550008 · Office Supply & Expense	-3,866.32
550009 · Misc Exp	50,000.00
550010 · Telephone & Utilities	
5500117 · GAS	97.88
550110 · Cellular Service	143.05
550112 · MIDTOWN Website	950.00
550113 · Drainage fee	165.66
550010 · Telephone & Utilities - Other	-842.86
Total 550010 · Telephone & Utilities	513.73
550012 · Postage	301.50
550022 · Bank Charges & Fees	5,711.88
550023 · Trust Expenses	5,930.00
550025 · Professional Services	22,633.63
550026 · Accounting Consultants	18,774.71
550027 · Financial Audit	35,000.00
550028 · Legal Consultants	16,761.00
550030 · Planning Consultants	26,545.02
550031 · HTC Bldg Maintenance	6,433.32
550033 · Professional Fees/Other Consult	9,360.00
550034 · Equip Rent & Lease Expense	-3,837.04
550037 · Workman's Comp Insurance	736.07
550039 · Computers & Repairs & Maint	-5,089.61
550040 · Repair & Maintenance	1,902.01
550045 · Payroll Fees	3,786.42
Total 550000 · General & Admin. Expense	213,236.43
Total Expense	3,376,737.25
Net Ordinary Income	-3,037,368.56
Net Income	-3,037,368.56

No assurance is provided on these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of August 31, 2023

	<u>Aug 31, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
101001 · Wells Fargo Ope Acctg 64040	7,280,689.36
101002 · Infrastructure Projects 1731	963.20
101010 · WF Surplus Acct 63943	724,502.52
101020 · WF FTA Enhanced Path 63919	60.76
101030 · Wells Fargo 1094	314,547.24
102200 · Logic Operating Account	11,494,926.54
103200 · TexStar Operating Acct 1111	7,288.29
103600 · Wells Fargo Oper Inves 63901	739.10
103700 · WF Operating Saving 3215777180	45,328.93
104000 · Affordable Housing Accounts	4,103,018.73
105000 · Trustee Investments	
105001 · Pledge Revenue Fund 422885	26,686.19
105002 · Debt Service Fund	6,752,539.25
105003 · Reserve Fund 422897	7,574,683.89
105009 · Austin Park Maint. Fund 422919	3,710.90
107000 · BOND FUNDS	4,601.17
Total 105000 · Trustee Investments	<u>14,362,221.40</u>
Total Checking/Savings	38,334,286.07
Accounts Receivable	
130100 · Tax Increments Receivable	
103150 · City of Houston - Tax Increment	-3,913,126.33
103152 · Harris County Tax Increment	1,910,892.00
Total 130100 · Tax Increments Receivable	<u>-2,002,234.33</u>
170000 · Accounts Receivable	13,736,299.99
Total Accounts Receivable	<u>11,734,065.66</u>
Other Current Assets	
160050 · New Undeposited Funds	-19,172.00
170022 · AR Allowance - HTC Buildout	-338,285.67
Total Other Current Assets	<u>-357,457.67</u>
Total Current Assets	<u>49,710,894.06</u>
Fixed Assets	
150000 · Fixed Assets	
150010 · Office Furniture & Equipment	68,129.62
150011 · Accumulated Depreciation-Furn.	-28,644.36
150012 · 3300 Main st	5,000.00
150020 · Computer Equipment	32,057.11
150021 · Accumulated Depreciation-Comp.	-32,057.11
150040 · Land - JPI Park	736,911.00
150045 · Walgreens/Lui Park Land	141,000.00
150062 · Land - Houston Tech.Center I	798,053.89
150063 · Houston Tech Center I	2,676,862.62
150064 · Accm Deprec-Houston Tech Cntr I	-2,676,862.62
150065 · Land - HTC Phase II	697,219.00
150066 · Houston Tech Center II	2,816,117.96
150067 · Accum.Deprec. HTC Phase I	-2,405,434.48
150069 · Land - Bagby Park	1,318,870.15

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of August 31, 2023

	Aug 31, 23
150070 · BagbyPark	2,453,218.83
150071 · Accum.Deprec. BagbyPark	-1,652,635.01
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	-222,276.45
1500784 · Acc Depr Office Housng & Garage	-1,477,447.00
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	-2,541,538.60
150078C · Midtown Garage - Depreciable As - Other	23,104,895.00
Total 150078C · Midtown Garage - Depreciable As	20,563,356.40
150078D · Midtown Park - Depreciable Asse	
1500782 · Acc Depre Mldtown Park	-3,606,748.80
150078D · Midtown Park - Depreciable Asse - Other	19,094,553.00
Total 150078D · Midtown Park - Depreciable Asse	15,487,804.20
150078E · Land - Operations Center	1,999,033.00
150078F · Bagby Park	-174,965.00
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	29,095,076.00
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	-49,744.89
150082 · Option Fees	8,170.00
150803 · Affordable Housing Legal	104,930.05
150804 · Affordable Housing Misc	753,699.46
150805 · AFFORD HOUS GRANTS	126,750.28
150080 · Land (Resale) - Other	35,810,752.46
Total 150080 · Land (Resale)	36,754,557.36
150080A · Land Held for Resale	-4,665,384.77
150089 · Land HMAAC (Land)	1,206,150.00
150090 · HMAAC Property	918,850.00
150091 · Accum Depr HMAAC	-581,938.30
150100 · 2800 MAIN	317,069.93
150782A · Acc Depr Midtown Park Phase 2-3	-688,275.00
150000 · Fixed Assets - Other	-546,027.24
Total 150000 · Fixed Assets	118,357,136.33
Total Fixed Assets	118,357,136.33
Other Assets	
180000 · Travel Advance	307.96
180500 · Leases	
180510 · Lease Receivable	2,980,873.00
180530 · Deferred Inflow	-2,937,821.00
Total 180500 · Leases	43,052.00
Total Other Assets	43,359.96
TOTAL ASSETS	168,111,390.35

No assurance is provided no these financial statements

Midtown Redevelopment Authority

Balance Sheet

As of August 31, 2023

	Aug 31, 23
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	1,070,579.65
Other Current Liabilities	
200001 · Current Liabilities	
200005 · Accrued Expenses	170,218.65
201000 · Operating Account Liabilities	-3,432.48
201001 · MIDCORP Kios	-35,226.98
201002 · Due to MPC	15,850.00
202000 · Project Fund Liabilities	18,578.35
2021061 · Due from FWRA for AFLAC	-516.16
2022100 · Security Deposit - Office Rent	5,878.89
204000 · HMAAC NOTE - CURRENT	616,456.13
200001 · Current Liabilities - Other	13,800.00
Total 200001 · Current Liabilities	801,606.40
200CRI · CRI	3,000,000.00
2030112 · BBVA Taxable Loan	1,999,992.96
2030113 · BBVA LOAN TAX EXEMPT	4,370,875.11
205000 · Current Loan Liabilities	
2030114 · BBVA Taxable Loan Current	343,105.00
2030115 · BBVA Tax Exempt Loan Current	179,625.00
2103008 · CRI Current Camden	1,445,404.24
Total 205000 · Current Loan Liabilities	1,968,134.24
2103007 · Developer Advances Midtown Park	2,088,685.76
25000 · Retainage Payable	48,877.32
Total Other Current Liabilities	14,278,171.79
Total Current Liabilities	15,348,751.44
Long Term Liabilities	
210000 · Long Term Liabilities	
210047 · Bonds Payable Series '13	21,850,000.00
210048 · Current Portion Bonds Payable	4,060,000.00
210049 · Bond Payable Series '15	2,645,000.00
210050 · Bond Payable Series 2017	34,590,000.00
210053 · Accrued Bond Int 2015 series	210,923.93
210055 · Accrued Bond Interest 13 Series	1,107,794.15
210056 · Accrued Bond Interest Series 11	0.02
210058 · Series 2013 BOND PREMIUM	842,345.07
210059 · Series 2015 Bond Prem	134,385.12
210060 · Accrued Bond Interst 2020	121,325.04
210061 · Series 2017 Bond Premium	2,951,978.85
210062 · Accrued Bond Interest Series 17	453,467.64
210063 · Series 2020 Bond Premium	1,639,567.95
210064 · Bonds Payable Series 2020	7,880,000.00
210065 · Bonds Payable Series 2022	-200,000.00
210066 · Accrued Bond Interest 2022	-335,764.05

No assurance is provided no these financial statements

Midtown Redevelopment Authority
Balance Sheet
As of August 31, 2023

	<u>Aug 31, 23</u>
2103000 · LOANS	
2103003 · HMAAC LOAN REFINANCED	<u>-17,203.62</u>
Total 2103000 · LOANS	<u>-17,203.62</u>
Total 210000 · Long Term Liabilities	<u>77,933,820.10</u>
Total Long Term Liabilities	<u>77,933,820.10</u>
Total Liabilities	93,282,571.54
Equity	
1110 · Retained Earnings	77,866,187.37
Net Income	<u>-3,037,368.56</u>
Total Equity	<u>74,828,818.81</u>
TOTAL LIABILITIES & EQUITY	<u><u>168,111,390.35</u></u>

No assurance is provided no these financial statements

Midtown Redevelopment Authority
Wells Fargo Oper 64040 Disbursements

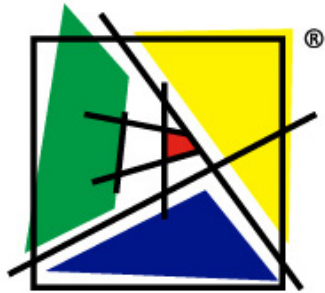
Aug 30 - Sept 22, 2023

Date	Num	Name	Memo	Credit
101001 · Wells Fargo Ope Acctg 64040				
08/30/2023		Pearl Residences at Midtown Owner L...	QuickBooks generated zero amount transaction for bill paym...	
08/31/2023	10888	One World Strategy Group, LLC	Public Relations	17,500.00
08/31/2023	10889	Caydon Houston Property LP	Development Advances- Tax Year 2021 Fist Installment	1,289,375.00
08/31/2023	10890	Jerdon Enterprises, L.P.	Professional Services Through March 31, 2023 Project 1174...	26,385.57
08/31/2023	10891	Medley	Monthly Retainers - August 2023	2,453.34
08/31/2023	10892	Midtown Parks Conservancy	2nd Contributions Installment for Management Fees June 20...	750,000.00
08/31/2023	10893	Midtown Scouts Square Property. LP	Contract Parking Spaces - 12	900.00
08/31/2023	10894	The Morton Accounting Services	July 2023 CPA Services	24,687.46
08/31/2023	10895	Angelika Northrup	Office Administration - August 21 - August 25, 2023	516.38
08/31/2023	10896	Melanie Rodriguez	Office Admin Support - August 21 - August 25, 2023	375.00
08/31/2023	10897	Walter P. Moore		28,652.65
09/06/2023	10898	Angelika Northrup	Office Administration - August 28 - September 1, 2023	618.75
09/06/2023	10899	Bee-Line Delivery Service, Inc.	550008	31.40
09/06/2023	10900	Carr Riggs & Ingram, LLC	FY23 AUDIT PROGRESS BILLING	35,000.00
09/06/2023	10901	Comcast	410 SERVICE Ste #355	258.61
09/06/2023	10902	Melanie Rodriguez	Office Admin Support - August 28 - August 31, 2023	225.00
09/06/2023	10903	Michelle Ashton	Communications Consultant - 08.19.23 - 09.01.23	30.00
09/06/2023	10904	One World Strategy Group, LLC	Public Affairs Contract 1 - July 2023	11,550.00
09/06/2023	10905	Staples Advantage	Office supplies	724.46
09/13/2023	10906	Angelika Northrup	Office Administration - September 4 - September 8, 2023	528.75
09/13/2023	10907	Comcast Business	402 & 410 SERVICE ACCT# 708743225	1,495.65
09/13/2023	10908	Melanie Rodriguez	Office Admin Support - Sept 4 - Sept 8, 2023	300.00
09/13/2023	10909	One World Strategy Group, LLC	Public Relations	16,550.00
09/13/2023	10910	Pitney Bowes Global Financial Service...	LEASE	163.20
09/13/2023	10911	The Goodman Corporation		13,105.00
09/13/2023	10912	Goode Systems & Consulting Inc		2,816.50
09/15/2023	ACH	Reliant Energy	410 PIERCE STREET - 75237956-0	5,181.90
09/15/2023	ACH	Reliant Energy	410 PIERCE STREET - 75237956-0	4,107.13
Total 101001 · Wells Fargo Ope Acctg 64040				2,233,531.75
TOTAL				2,233,531.75

Midtown Redevelopment Authority
Wells Fargo Aff Housing Disbursements

Aug 30 - Sept 22, 2023

Type	Date	Num	Name	Memo	Credit
Bill Pmt -Che...	09/15/2023	ACH	City of Houston - Water	155065	26.05
Bill Pmt -Che...	09/15/2023	ACH	City of Houston - Water	155065	23.93
Total 104021 · WF Afford Hous 3927					<u>187,173.86</u>
Total 104000 · Affordable Housing Accounts					<u>187,173.86</u>
TOTAL					<u><u>187,173.86</u></u>



midtown
H O U S T O N

FY 2023 FINANCIAL AUDIT REPORT



Midtown Redevelopment Authority

FINANCIAL STATEMENTS

June 30, 2023

DRAFT



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Midtown Redevelopment Authority
Houston, Texas

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, 2023, 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, 2023, 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 Auditors' 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.

Auditors' 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 auditors' 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 and the schedule of revenues, expenditures and change in fund balance – budget to actual 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 schedule of operating expenses and capital expenditures for the year ended June 30, 2023, the schedule of estimated project costs to actual costs for the period from December 29, 1995 (date of inception) through June 30, 2023, 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, 2023

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

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, 2023 and 2022. This discussion and analysis includes comparative data for the year ended June 30, 2023 with the year ended June 30, 2022 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 \$157,081,540. 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 \$286,543,928. The preliminary ad valorem tax value for tax year 2023 (collectible Fiscal Year 2024) of real property located within the Zone is \$3,208,904,046.

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 2023, the City of Houston (the City) received the tax year 2021 Pass-Through Funds for the Houston Independent School District, in an amount totaling \$6,006,700. Of the total amount, \$4,004,466 was dedicated to the educational set-aside component and the balance of the funds in the total amount of \$2,002,234 was placed in the Authority's Affordable Housing Increment Account.

The Authority continues the 2015 Management Agreement with the Midtown Improvement and Development Corporation (MIDCorp) d/b/a Midtown Parks Conservancy to operate, manage, maintain, and preserve certain park facilities, including Bagby Park, Midtown Park and the parking facilities constructed beneath Midtown Park. Maintenance and Operation, as a direct consequence of an expanding list of projects, particularly park and public space projects, the Zone must provide for operation of the Zone's existing and planned facilities in the near term and in years to come beyond the duration of the Zone. A certain amount of each capital line item may be transferred to a third party (Midtown Parks Conservancy) to perform maintenance and operations of Midtown capital projects, per the terms of Midtown's Project Plan.

As of June 30, 2023, the Caroline Street Project has incurred costs of over \$10 million. Of which, \$5.5 million was funded by a Texas Department of Transportation Grant. Caroline Street Project consists of roadway, infrastructure, bicycle, and streetscape enhancements between Pierce and Elgin. The project incorporates green stormwater infrastructure and environmentally friendly streetscape elements the same as installed on Bagby Street. The Caroline Street construction was substantially completed in July 2023.

La Calle opened for business at the kiosk in Bagby Park in August 2021 and was operational until January 25, 2023 when a fire damaged the kitchen and building. The construction on the kiosk is planned to begin in October 2023 and is expected to reopen in December 2023. Bagby Park is open and enjoyed by the surrounding residents, businesses and public while construction and repair is ongoing.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

Midtown Park, an award-winning 3-acre park includes the Camden Pavilion, Reliant Dog Park, water features, children's interactive play area with climbing art pieces, a berm with a mosaic art wall, and front plaza area featuring a public art installation in a cascading fountain. Currently, the installation of additional electrical infrastructure and site improvements to facilitate activation of Front 90 plaza area and construction of Front 90 improvements began in fiscal year 2023.

At the May 2017 Board meeting, a Grant Agreement with the Museum of Fine Arts, Houston was approved to fund an interactive fountain and reflecting pool, along with related waterline improvements, for a total amount not to exceed \$1,600,000. The Authority reimbursed the Museum of Fine Arts \$1,595,000 on October 27, 2022.

Planning and design of roadway reconstruction, infrastructure, and streetscape enhancements on the Brazos Street between St. Joseph and Elgin began in fiscal year 2023. This Greenroads project will incorporate Low Impact Development (LID) techniques, green stormwater infrastructure, and environmentally friendly streetscape elements similar to Bagby Street. A new bikeway is approved as part of the Houston Bike Plan and will be included in the project. The Authority spent \$280,000 towards this project in fiscal year 2023.

The Midtown Parks and Public Space Master Plan update aims to establish priorities and criteria to ensure that parks and public spaces continue to be the forefront of quality-of-life initiatives as Midtown Houston continues to grow. The plan is intended to assist Midtown Houston in updating their goals, strategies, and recommendations for their parks and public space and to develop recommendations for capital improvements to public space over the next five to 10 years. This update will focus not only on parks, but also on walkable and bikeable streetscapes that can provide comfortable connections throughout Midtown.

As part of the Authority's ongoing efforts to improve mobility infrastructure in a safe and effective manner in Midtown, the Safe Streets and Roads for All Plan is intended to create a comprehensive mobility safety plan for Midtown that aligns with the City's Vision Zero Plan. The goal is to reduce and ultimately eliminate traffic crashes resulting in serious injuries and fatalities in Midtown. The study's intention is to conduct an in-depth analysis of the outcomes generated by the City's Vision Zero Plan that focuses specifically on Midtown and create a strategic implementation plan for addressing mobility safety concerns across Midtown. Additionally, special attention will be paid to identifying future grant opportunities that can be leveraged by the Authority and its partners for future implementation opportunities.

The Authority's Affordable Housing Land Banking Program had, as of June 2019, acquired approximately 5,100,000 square feet of land in the Third Ward at an approximate cost of \$40.9 million. As part of its Affordable Housing Program, the Authority continues to make land available from property in its affordable housing land inventory to non-profit organizations and for-profit developers for the construction of affordable single-family homes and townhomes which have subsequently been sold to qualified homebuyers whose household income does not exceed 120% of median income for the area as determined by the Department of Housing and Urban Development. The Authority has engaged in development and purchase agreements with private for-profit and non-profit builders of various entities such as; Daggett Homes LLC, Mayberry Homes Inc., Agape Homes CDC, Cole-Klein Builders, LLC, Park Street Homes LLC, Lin Development Group LLC, - Houston Habitat for Humanity Inc. & CR Design Builders LLC - for the development of affordable single-family homes. In fiscal year 2022 the Board entered into a Grant Agreement with New Hope Housing, Inc. a non-profit corporation, for the development of a multi-family housing located at 0 Chaco Street and certain nearby properties. The project will consist of a multi-story structure, containing 1 and 2 bedrooms units for rental to low to moderate income rental households headed by persons 55 years of age or older and began construction on the project in late fiscal year 2023.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

The Authority continues its pursuit of strategic partnerships with not-for-profit corporations to create a comprehensive institution to accelerate the development of affordable housing and provide other social services to create a strong neighborhood and provide necessary resources to facilitate affordable housing development within the City. Since 2016, the Authority has engaged The Center for Civic and Public Policy Improvement (CCPPI) to create and implement a comprehensive plan for affordable housing in areas where Midtown owns property. Midtown has worked with CCPPI to complete a comprehensive plan and systematic approach to the provision of affordable housing on land purchased by the Authority for that purpose. In fiscal year 2022 the Authority completed construction of its Affordable Housing Operations Campus (the Campus) which consist of (i) a 5-story office building containing approximately 64,500 square feet to house office, supportive services and community (Commercial and not-for-profit) (The Operations Center); (ii) a 20-unit multi-family affordable housing development consisting of approximately 17,050 square feet; and (iii) a public parking garage consisting of approximately 83,000 square feet and containing approximately 200 parking spaces located at the intersection of Emancipation Avenue and Elgin Street. The Campus was completed in fiscal year 2022 and is currently open. During fiscal year 2023 build-out of lease space on floor 2, 4 and 5 were ongoing for an estimated amount of \$3,094,000. The build-out was considered substantially complete for these floors as of June 2023. Construction of the interior build-out of tenant improvements in The Operations Center will continue in fiscal year 2024.

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 Boards of the Authority and the OST/Alameda Corridors Redevelopment Authority approved a Purchase and Sale Agreement and a Lease Agreement between the Authority and OST/Alameda Corridors Redevelopment Authority providing for the conveyance and lease back of the public parking garage. OST/Alameda Corridors has agreed to pay an amount not to exceed \$6 million for the purchase of the garage. The Purchase and Sale Agreement between OST/Alameda Corridors and the Authority was executed in February 2021 which required a down payment of \$3 million towards the purchase of the garage. The purchase was completed in fiscal year 2023 with the balance of \$3,000,000 paid.

In fiscal year 2023, the Authority continued to work under the Amended 2017 Municipal Service Cost Agreement with the City and remitted approximately \$777,000 to the City in July 2022 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, clean-up and trash/debris removal, and public safety education and coordination services. The Authority spent approximately \$70,000 in the homeless outreach program during fiscal year 2023.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

The Ion District Economic Development Agreement with the Rice Management Company (RMC) 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 including a parking garage. In addition, RMC and Midtown expect to collaborate in a process to identify certain opportunities to induce the redevelopment of other areas within the Midtown Zone. The Authority approved an Agreement with RMC regarding their construction and installation of the Ion District and the associated Public Infrastructure and Improvements that will significantly contribute to the economic improvement and development of the Midtown Zone. Over a period of years, it is anticipated that approximately one billion dollars may be invested in the Ion District. Midtown paid \$392,714 in March 2023 as the first payment of The Ion District Economic Development Agreement.

Additionally, the Authority made a second payment on the Development Agreement with The Pearl Residences by the Morgan Group and Caydon Houston Property LLC in the amount of \$529,491 and \$1,289,375, respectively in fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

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:

	2023	2022
Assets		
Cash, cash equivalents and investments	\$ 43,047,000	\$ 43,306,000
Tax increment receivables	13,101,000	1,911,000
Other receivables	1,156,000	215,000
Lease receivable	6,150,000	2,981,000
Property held for resale	34,340,000	43,558,000
Capital assets, net	83,451,000	89,303,000
Total assets	\$ 181,245,000	\$ 181,274,000
Liabilities		
Current liabilities	\$ 5,749,000	\$ 5,801,000
Loans and bonds payable – current	6,744,000	6,643,000
Loans and bonds payable – long-term	80,477,000	93,781,000
Total liabilities	92,970,000	106,225,000
Deferred inflow of resources	6,006,000	2,938,000
Net position		
Net investment in capital assets	68,923,000	65,676,000
Restricted	57,713,000	61,470,000
Unrestricted deficit	(44,367,000)	(55,035,000)
Total net position	\$ 82,269,000	\$ 72,111,000

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.

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:

	2023	2022
Houston Community College System (HCCS)	\$ -	\$ 1,911,000
City of Houston (City)	13,101,000	-
Total tax increment receivables	\$ 13,101,000	\$ 1,911,000

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

The Authority received tax increments outstanding at June 30, 2023 in September 2023. The Authority received tax increments outstanding at June 30, 2022 in September 2022.

Other receivables include amounts due from other entities under memos of understanding for reimbursement of shared services, the Houston Technology Center (HTC) and from the City of Houston related to interest earned by the City on tax increments for fiscal year 2016 through 2023.

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 \$6,150,000 and \$6,006,000, respectively, were included in the Statement of Financial Position as of June 30, 2023 compared to approximately \$2,981,000 and \$2,938,000, respectively, as of June 30, 2022. The increase was the result of various leases entered into during fiscal year 2023 net of current year payments received.

Property held for resale relates to the Authority's affordable housing land assemblage program. During fiscal year 2023, the Authority sold 39 properties with a cost of approximately \$9.2 million.

The decrease in capital assets, net, primarily relates to the sale of the Operations Center garage (\$6.5 million) offset by costs incurred during fiscal year 2023 in the construction of certain tenant improvements on the Operations Center (\$3.1 million).

The Authority's total long-term debt had a net decrease in fiscal year 2023 of approximately \$13.2 million as a result of repayments of loans and bonds (\$12.4 million), and amortization of bond premium (\$546,000).

See Capital Assets and Debt Administration for more information related to the Authority's capital asset and long-term debt activities.

The net decrease in current liabilities relates primarily to the finalized sale of the Operations Center garage which resulted in the application of the \$3 million deposit on contract recorded in prior year, decrease in interest payable as a result of the refunding bond issued and the increase in accounts payable and retainage payable due to ongoing construction of certain tenant improvements on the Operations Center.

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, 2023 and 2022, the Authority has an unrestricted deficit of \$44.4 million and \$55 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 \$13.1 million and \$13 million at June 30, 2023 and 2022, respectively; net position restricted for affordable housing in the amount of \$44.6 million and \$47.3 million at June 30, 2023 and 2022, respectively; and net position restricted for capital projects in the amount of \$4.5 thousands and \$1.2 million at June 30, 2023 and 2022, respectively. The majority of the Authority's net position restricted for affordable housing is invested in land held for resale totaling \$34.3 million and \$43.6 million at June 30, 2023 and 2022, respectively.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

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:

	2023	2022
Revenues		
Tax increments	\$ 28,494,000	\$ 27,021,000
Lease revenue	723,000	474,000
Investment and other revenues (expenses)	1,989,000	(160,000)
Total revenues	31,206,000	27,335,000
Expenses		
Current	5,709,000	5,150,000
Debt service	3,504,000	4,204,000
Capital outlay	11,835,000	11,314,000
Total expenses	21,048,000	20,668,000
Change in net position	10,158,000	6,667,000
Net position - beginning of year	72,111,000	65,444,000
Net position - end of year	\$ 82,269,000	\$ 72,111,000

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. Tax increments continue to increase each year as the overall appraised value of properties within the Zone increase.

Fiscal year 2023 other revenues (expenses) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements, interest earned by the City on tax increments for fiscal year 2016 through 2023, and insurance proceeds from the fire at the kiosk in Bagby Park and other minor insurance claims. These were offset by losses recorded on affordable housing properties sold to third parties during the year. Fiscal year 2022 other revenues (expenses) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements offset by losses recorded on affordable housing properties granted to third parties during the year and bad debt expense related to the HTC's receivable outstanding as of June 30, 2022 for which an allowance was established in 2022 due to uncertainty of collectability. Lease revenue in 2023 and 2022 relates to lease of office spaces and various apartments units at the Operations Center, lease of a kiosk in Bagby Park and lease of office space in the HTC Building.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

Capital projects funded from loan and bond proceeds and tax increments totaled 42% and 51% of total expenses in fiscal year 2023 and 2022, respectively. More detailed information about the Authority's capital projects is presented in the supplementary information – Schedule of Operating Expenses and Capital Expenditures.

GOVERNMENTAL FUNDS

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$73.5 million, which is approximately \$9.7 million less than the prior fiscal year. Approximately 47% of the fund balance, or \$34.3 million, is invested in property held by the Authority which is being held for resale and is considered non-spendable. Approximately 5% of the fund balances, or \$3.5 million, is committed or restricted by bonds to various capital projects and development and grant agreements entered into by the Authority. Approximately 16% of the fund balances, or \$11.4 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. The remainder of the fund balance is restricted to indicate that it is committed to pay debt service (approximately \$14.2 million) and to affordable housing (approximately \$9.8 million).

CAPITAL ASSETS

As of June 30, 2023, the Authority had approximately \$83.5 million, net of accumulated depreciation, invested in a broad range of capital assets including land, land improvements, buildings and furniture, equipment and donated works of art.

During 2023, 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.

DEBT ADMINISTRATION

In October 2022, the Authority issued Tax Increment Contract Revenue Refunding Bonds, Series 2022 (Series 2022) in the aggregate principal amount of \$22,510,000. Proceeds from the Series 2022 bonds were used for the purpose of refunding Series 2013 bonds in order to achieve debt service savings; and paying costs of issuance.

As of June 30, 2023 and 2022, the Authority has four series of Tax Increment Contract Revenue Bonds totaling \$71,410,000 and \$74,660,000, respectively. A debt service reserve fund in the amount of \$7,151,147 has been established based on an amount equivalent to the estimated annual debt service with the inclusion of Series 2015, 2017, 2020 and 2022 bonds.

Total loans outstanding at June 30, 2023 and 2022 were \$11,086,000 and \$19,649,000, 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.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2023 budget was not yet approved by the City for the Authority. The Authority continued to operate under its approved budget for fiscal year 2022 pursuant to Section VI of the Tri-Party Agreement between the City, the Authority and the Zone. Actual tax increments recorded by the Authority will be less than budgeted revenues each year because the Authority's adopted budget is based on gross tax increments. Included in the pending City's approval budget for fiscal year 2023 was approximately \$6.1 million of tax increments for educational facilities and \$731,000 for administrative fees which are budgeted as other interfund transfers. These funds are withheld by the City and paid directly to the City or paid back to HISD.

FUTURE PROJECTS

The Authority is continuing its efforts with The Goodman Corporation to solicit grants from the Federal Transit Administration, The Texas Commission on the Arts, the City of Houston's Art Initiative Program, Houston Galveston Area Council and Texas Department of Transportation to facilitate the implementation of the capital improvements for large scale public right of way infrastructure, green space improvements, transit-oriented development and works of art.

Mobility & Pedestrian Enhancements consists of implementation of Safe Streets and Roads to improve safety and prevent roadway deaths and serious injuries for all roadway users within the Midtown Zone. Midtown conducted a community outreach survey to help identify unsafe locations for pedestrians, cyclists, and drivers within the Midtown Zone. The outcome of the survey will be used to develop safety-oriented projects in alignment with City's Vision Zero Plan to include improvements to intersections, bicycle facilities, pedestrian access, access management, and other mobility related safety elements beginning in fiscal year 2024.

The development of I59/69 Cap Parks at street level above the Midtown segment of Interstate 59/69 reconstruction is included in the North Houston Highway Improvement Project. The planning and conceptual design for the expanded Caroline/Wheeler Cap Park will continue in fiscal year 2024.

In partnership with the City of Houston, the Authority is using the analysis provided by the City's updated pavement condition information to prioritize phases for asphalt overlays of local streets in the Midtown Zone and proposing to begin construction in fiscal year 2024.

Midtown along with its consultants is planning and designing the Southeast Neighborhood Streets roadway, infrastructure, and pedestrian improvements to the local neighborhood streets. The project will incorporate improvements to alleviate drainage issues in areas south of Baldwin Park.

As part of the Safe Sidewalk Program repair and replacement of damaged and missing sidewalks and accessibility ramps is anticipated to continue in fiscal year 2024 throughout the Zone.

Planning and development of concepts for eligible pedestrian-transit-bicycle improvements within ½ mile of the Wheeler Street corridor to improve pedestrian access to transit facilities will begin in fiscal year 2024.

Elizabeth Baldwin Park's new renovations will include playground upgrades and additions to provide additional play experiences for children to learn and practice developmental skills. Electrical infrastructure will be installed to better facilitate future park programming, and new perimeter lighting will improve visibility into the park.

Midtown Redevelopment Authority Management's Discussion and Analysis (Unaudited)

As of the date hereof, the Authority's fiscal year 2023 budget has not been approved by the City Council of the City; therefore, the Authority will continue to operate under its approved budget for fiscal year 2022 pursuant to Section VI of the Tri-Party Agreement between the City, the Authority and the Zone, which states "In the event that the Zone Board or the City Council fails or refuses to approve the proposed Budget of the Authority for the ensuing year by July 1 of that year, the Authority may continue to operate on the Budget for the previous fiscal year for a period not to exceed twelve (12) months." When approved, the fiscal year 2023 budget will include the design and implementation of capital improvement projects, affordable housing projects, administration costs and the Municipal Service Fee. For fiscal years 2023 the City has requested, and the Authority has budgeted for, a Municipal Service Fee for incremental service to the City of Houston in the amount of \$781,263.

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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.

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Midtown Redevelopment Authority Governmental Funds Balance Sheet and Statement of Net Position

June 30, 2023

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets								
Cash and cash equivalents	\$ 15,979,012	\$ 961	\$ -	\$ 2,563,646	\$ 2,314,787	\$ 20,858,406	\$ -	\$ 20,858,406
Investments	12,595,661	-	4,571	2,217,740	7,370,732	22,188,704	-	22,188,704
Tax increment receivables	13,100,660	-	-	-	-	13,100,660	-	13,100,660
Other receivables, net	1,156,446	-	-	-	-	1,156,446	-	1,156,446
Lease receivable	625,855	-	-	5,524,027	-	6,149,882	-	6,149,882
Due to/from other funds	(22,388,252)	11,957,983	-	5,926,373	4,503,896	-	-	-
Property held for resale	-	-	-	34,340,080	-	34,340,080	-	34,340,080
Capital assets, net	-	-	-	-	-	-	83,450,545	83,450,545
Total assets	\$ 21,069,382	\$ 11,958,944	\$ 4,571	\$ 50,571,866	\$ 14,189,415	\$ 97,794,178	\$ 83,450,545	\$ 181,244,723
Liabilities								
Accounts payable	\$ 1,248,756	\$ 2,686,685	\$ -	\$ 593,645	\$ -	\$ 4,529,086	\$ (283,171)	\$ 4,245,915
Interest payable	-	-	-	-	-	-	1,345,032	1,345,032
Retainage payable	-	-	-	-	-	-	157,521	157,521
Loans payable								
Due within one year	-	-	-	-	-	-	2,759,283	2,759,283
Due after one year	-	-	-	-	-	-	8,326,526	8,326,526
Bonds payable								
Due within one year	-	-	-	-	-	-	3,985,000	3,985,000
Due after one year	-	-	-	-	-	-	72,150,932	72,150,932
Total liabilities	1,248,756	2,686,685	-	593,645	-	4,529,086	88,441,123	92,970,209
Deferred inflows of resources								
Deferred tax increment revenue	13,100,660	-	-	-	-	13,100,660	(13,100,660)	-
Interest on tax increments	693,800	-	-	-	-	693,800	(693,800)	-
Lease revenue	607,906	-	-	5,397,828	-	6,005,734	-	6,005,734
Total deferred inflows of resources	14,402,366	-	-	5,397,828	-	19,800,194	(13,794,460)	6,005,734

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

**Midtown Redevelopment Authority
Governmental Funds Balance Sheet and
Statement of Net Position (Continued)**

June 30, 2023

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Fund balances								
Nonspendable	\$ 17,949	\$ -	\$ -	\$ 34,466,279	\$ -	\$ 34,484,228	\$ (34,484,228)	
Restricted	931,250	-	4,571	9,791,921	14,189,415	24,917,157	(24,917,157)	
Committed	103,556	2,282,801	-	322,193	-	2,708,550	(2,708,550)	
Assigned	4,365,505	6,989,458	-	-	-	11,354,963	(11,354,963)	
Total fund balances	5,418,260	9,272,259	4,571	44,580,393	14,189,415	73,464,898	(73,464,898)	
Total liabilities, deferred inflows of resources and fund balances	\$ 21,069,382	\$ 11,958,944	\$ 4,571	\$ 50,571,866	\$ 14,189,415	\$ 97,794,178	\$ -	
Net position								
Net investment in capital assets							\$ 68,923,471	\$ 68,923,471
Restricted								
Debt service							13,127,554	13,127,554
Affordable housing							44,580,393	44,580,393
Capital expenditures							4,571	4,571
Unrestricted (accumulated deficit)							(44,367,209)	(44,367,209)
Total net position							\$ 82,268,780	\$ 82,268,780

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

**Midtown Redevelopment Authority
Governmental Funds Balance Sheet and
Statement of Net Position (Continued)**

June 30, 2023

Total fund balance of governmental funds	\$ 73,464,898
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	83,450,545
Other revenues are not available for current period expenditures therefore are deferred in the funds	13,100,660
Interest on tax increments are not available for current period expenditures and therefore are deferred in the funds	693,800
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(157,521)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(11,085,809)
Tax increment revenue bonds and related interest are not due and payable in the current period and therefore are not reported in the funds	(77,197,793)
Net position of governmental activities	\$ 82,268,780

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

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

For the year ended June 30, 2023

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues								
Tax increments	\$ 4,443,347	\$ -	\$ -	\$ 5,262,781	\$ 7,598,203	\$ 17,304,331	\$ 11,189,768	\$ 28,494,099
Investment income	703,399	-	6,240	166,090	270,144	1,145,873	-	1,145,873
Lease revenue	328,393	-	-	394,499	-	722,892	-	722,892
Other revenues (expenses)	838,924	-	-	-	-	838,924	4,401	843,325
Total revenues	6,314,063	-	6,240	5,823,370	7,868,347	20,012,020	11,194,169	31,206,189
Expenditures/expenses								
Current								
Administration and support	2,749,733	-	-	158,024	-	2,907,757	-	2,907,757
Municipal services cost agreement	846,632	-	-	-	-	846,632	-	846,632
Depreciation	-	-	-	-	-	-	2,501,125	2,501,125
Amortization of bond premium	-	-	-	-	-	-	(546,303)	(546,303)
Capital outlay	-	7,740,834	-	7,446,269	-	15,187,103	(3,352,476)	11,834,627
Debt service								
Principal payments	99,085	-	1,445,404	7,019,020	3,835,000	12,398,509	(12,398,509)	-
Interest charges	27,456	-	348,427	481,473	3,213,283	4,070,639	(777,917)	3,292,722
Cost of bond issuance and other charges	-	-	-	-	499,989	499,989	-	499,989
Gain on refunding	-	-	-	-	-	-	(288,448)	(288,448)
Total expenditures/expenses	3,722,906	7,740,834	1,793,831	15,104,786	7,548,272	35,910,629	(14,862,528)	21,048,101
Excess (deficiency) of revenues over expenditures	2,591,157	(7,740,834)	(1,787,591)	(9,281,416)	320,075	(15,898,609)	15,898,609	
Other financing sources (uses)								
Issuance of refunding bonds	-	-	-	-	22,510,000	22,510,000	(22,510,000)	-
Payment to refunded bond escrow agent	-	-	-	-	(22,314,786)	(22,314,786)	22,314,786	-
Proceeds from sale of capital assets	-	-	-	6,000,000	-	6,000,000	(6,000,000)	-
Internal transfers	(4,197,018)	4,138,131	603,563	591,539	(1,136,215)	-	-	-
Total other financing sources (uses)	(4,197,018)	4,138,131	603,563	6,591,539	(941,001)	6,195,214	(6,195,214)	
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(1,605,861)	(3,602,703)	(1,184,028)	(2,689,877)	(620,926)	(9,703,395)	9,703,395	
Change in net position							10,158,088	10,158,088
Fund balances/net position								
Beginning of year	7,024,121	12,874,962	1,188,599	47,270,270	14,810,341	83,168,293	(11,057,601)	72,110,692
End of year	\$ 5,418,260	\$ 9,272,259	\$ 4,571	\$ 44,580,393	\$ 14,189,415	\$ 73,464,898	\$ 8,803,882	\$ 82,268,780

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

Midtown Redevelopment Authority
Governmental Funds Revenues, Expenditures and
Changes in Fund Balances and Statement of Activities
(Continued)

For the year ended June 30, 2023

Change in total fund balance of governmental funds	\$ (9,703,395)
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	3,190,494
Depreciation expense	(2,501,125)
In the statement of activities, only the gain/loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.	
	(6,541,467)
The issuance of long-term debt provides current financial resources in the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Issuance of refunding bonds, net of payments to escrow agent and related gain	93,234
Repayment of bond and loan principal	12,398,509
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	
	546,303
Other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Tax increments	11,189,768
Interest on tax increments	693,800
Some expenses reported in the Statement of Activities are not reported as expenditures in the governmental funds as the related revenue were deferred	
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	
	791,967
Change in net position of governmental activities	\$ 10,158,088

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: DESCRIPTION OF ORGANIZATION

Midtown Redevelopment Authority (the Authority) is a public not-for-profit 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these basic financial statements represent all the funds of the 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.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary funds and fiduciary component units have not been included in the government-wide financial statements.

Under the government-wide financial statements, net position is classified into three components as follows:

Net investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings.

Restricted - This component of net position consists of that on which constraints have been placed through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.

Unrestricted - This component of net position consists of that which does not meet the definition of "Restricted" or "Net Investment in Capital Assets".

Fund Financial Statements

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

Fund Accounting

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The funds the Authority uses are described below:

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

Infrastructure and Project Fund – The infrastructure and project fund accounts for the construction of Authority capital projects from tax increments.

Capital Projects Fund - The capital projects fund accounts for the construction of Authority projects funded with bond proceeds.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Debt Service Fund - 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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority has classified properties held for resale as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

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

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

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

Unassigned – This classification includes the residual fund balance for the General Fund.

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increments and Participation Agreements

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.

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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Affordable Housing

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.

Cash, Cash Equivalents and Investments

Cash and cash equivalents and investments consist of demand and time deposits, money market investments in U.S. Government Securities, and funds maintained in public funds investment pools.

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. TexSTAR and LOGIC use amortized cost to value portfolio assets and follow the criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for use of amortized cost and do not place any limitations or restrictions such as notice periods or maximum transaction amounts on withdrawals.

Receivables

Receivables, except for lease receivables, consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities and major funds include tax increment receivables and related interests and expense reimbursements under executed agreements. The Authority estimates and records an allowance for doubtful accounts based on prior experience. As of June 30, 2023, the Authority believes all receivables are fully collectible except for approximately \$338,000 and accordingly an allowance has been recorded.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Authority's lease receivable is 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 or proportionate share of building's operating costs. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. 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.

Interfund Transfers

Interfund receivable and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables 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.

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

In the government-wide financial statements, capital assets are valued at cost, except for donated assets that are recorded at their acquisition value at the date of donation in accordance with GASB 72, *Fair Value Measurement and Application*.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: building and improvements, 20 to 50 years; equipment, 3 to 5 years and works of art, 3 to 25 years.

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt and Related Premiums, Discounts, and Issuance Costs

Debt consists of tax increment contract revenue bonds, loans with financial institutions, and a loan with a developer.

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed as incurred.

In governmental fund financial statements, bond premiums, discounts and any debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt issuance expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include tax increment revenue, interest on tax increments and lease revenue.

Federal Income Tax

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

Use of Estimates

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 3: AUTHORIZED INVESTMENTS

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.

Note 4: DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2023, the carrying amount of the Authority's deposits was \$20,858,406 and the bank balances totaled \$22,238,619. The Authority's deposits in excess of FDIC insurance totaling \$6,026,384 were adequately collateralized. Cash deposits totaling \$15,711,601, which approximate fair value, represent money market investments in U.S. Government Securities. In addition, the Authority held \$22,188,704 in investment pools at June 30, 2023, which mature in less than one year and are recorded at amortized cost.

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 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.

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 fund is rated AAAM by Standard and Poor's and maintains 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 the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

Midtown Redevelopment Authority Notes to Financial Statements

Note 5: RESTRICTED ASSETS

Certain amounts of cash, cash equivalents and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted assets at June 30, 2023 are as follows:

	Cash and Cash Equivalents	Investments	Total
Trustee funds			
Debt service	\$ 2,314,787	\$ -	\$ 2,314,787
Debt service reserve fund	-	7,370,732	7,370,732
Project fund	-	4,571	4,571
Debt service - Affordable housing	1,004,018	-	1,004,018
Total trustee funds	3,318,805	7,375,303	10,694,108
Enabling legislation			
Affordable housing	1,559,628	2,217,740	3,777,368
Total restricted assets	\$ 4,878,433	\$ 9,593,043	\$ 14,471,476

Note 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022	Additions	Reclassifications	Disposals	Balance at June 30, 2023
Non-depreciable assets					
Land and improvements	\$ 14,944,931	\$ 111	\$ -	\$ (996,979)	\$ 13,948,063
Construction in process	458,573	3,148,575	(3,607,148)	-	-
Depreciable assets					
Works of art	1,137,027	-	-	-	1,137,027
Buildings and improvements	86,291,433	-	3,607,148	(5,927,539)	83,971,042
Equipment	58,378	41,808	-	-	100,186
Total capital assets	102,890,342	3,190,494	-	(6,924,518)	99,156,318
Less: accumulated depreciation	(13,587,699)	(2,501,125)	-	383,051	(15,705,773)
Government activities - capital assets, net	\$ 89,302,643	\$ 689,369	\$ -	\$ (6,541,467)	\$ 83,450,545

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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 7: LOANS PAYABLE

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

Balance at July 1, 2022	\$ 19,649,318
Additions	-
Retirements	(8,563,509)
<hr/>	
Balance at June 30, 2023	\$ 11,085,809
<hr/>	
Current portion, long-term debt	\$ 2,759,283
<hr/>	

In November 2013, and amended in March 2017, the Authority entered into a Development Agreement with 2800 Main, L.L.C. (the Developer) for reimbursement of up to \$19 million of eligible project costs related to the Garage Structure for Midtown Park. Commencement of construction began in April 2015 and completion of the project was in December 2017. During the period from the commencement of construction through completion, interest on each developer advance accrued at an interest rate of 4% per annum from the date of the advance and was payable on January 1 and July 1 in accordance with the terms of the agreement. Upon completion of the Garage Structure (December 2017), reimbursement to the Developer began on October 1 of the year following completion and is payable over a period of 13 years. However, as significant principal payments have been made by the Authority, the loan is expected to be paid off in October 2025. The interest rate increased to 7% per annum after the date of completion until full repayment is made on the advance. As of June 30, 2023, the outstanding balance on the loan totaled \$3,534,090.

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, 2023, the outstanding balance on the loan totaled \$616,149.

In July 2019, the Authority entered into a \$14 million tax-exempt and taxable loan agreement with a bank to partially fund the construction of the Operations Center. The \$4.79 million tax-exempt loan, as amended in July 2020, bears interest at 79% of LIBOR plus 0.86% per annum and requires quarterly interest payments from October 1, 2019 until July 1, 2022 and quarterly principal and interest payments thereafter until maturity totaling \$75,000, if fully funded by end of loan advance period, as defined in the agreement. The \$9.21 million taxable loan, as amended in July 2020, bears interest at LIBOR plus 1.09% per annum and requires quarterly interest payments from October 1, 2019 until July 1, 2022 and quarterly principal and interest payments thereafter until maturity totaling \$100,000, if fully funded by end of loan advance period, as defined in the agreement. The loan matures on July 15, 2024. This loan agreement required the creation of a loan pledged revenue fund consisting of the estimated debt service due on the loans for the following twelve month period and the estimated amount of unused fees for the following twelve month period. At June 30, 2023, the loan pledged revenue fund totaled \$1,004,018. At June 30, 2023, the combined outstanding balance on the loan totaled \$6,935,570.

Midtown Redevelopment Authority
Notes to Financial Statements

Note 7: LOANS PAYABLE (Continued)

Future minimum payments as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,759,283	\$ 625,208	\$ 3,384,491
2025	7,680,974	159,129	7,840,103
2026	645,552	51,303	696,855
Total	\$ 11,085,809	\$ 835,640	\$ 11,921,449

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS

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

Balance at July 1, 2022	\$ 74,660,000
Additions	22,510,000
Retirements	(25,760,000)
Balance at June 30, 2023	\$ 71,410,000
Current portion, long-term debt	\$ 3,985,000

Tax Increment Revenue Bonds at June 30, 2023 consist of the following:

Date Series Issued	Outstanding Balance
2015	\$ 5,180,000
2017	35,255,000
2020	8,565,000
2022	22,410,000
Total principal payable	71,410,000
Unamortized premium and discount, net	4,725,932
Total bonds payable	\$ 76,135,932

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

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 as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,535,000	\$ 259,000	\$ 2,794,000
2025	2,645,000	132,250	2,777,250
Total	\$ 5,180,000	\$ 391,250	\$ 5,571,250

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.

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
2024	\$ 665,000	\$ 1,729,375	\$ 2,394,375
2025	695,000	1,696,125	2,391,125
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
2029-2033	2,545,000	7,581,125	10,126,125
2034-2038	29,200,000	4,522,250	33,722,250
Total	\$ 35,255,000	\$ 20,364,500	\$ 55,619,500

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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

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
2024	\$ 685,000	\$ 387,800	\$ 1,072,800
2025	715,000	353,550	1,068,550
2026	755,000	317,800	1,072,800
2027	790,000	280,050	1,070,050
2028	830,000	240,550	1,070,550
2029-2033	4,790,000	566,800	5,356,800
Total	\$ 8,565,000	\$ 2,146,550	\$ 10,711,550

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.

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
2024	\$ 100,000	\$ 677,093	\$ 777,093
2025	235,000	675,919	910,919
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
2029-2033	14,405,000	1,332,669	15,737,669
Total	\$ 22,410,000	\$ 4,459,539	\$ 26,869,539

Midtown Redevelopment Authority Notes to Financial Statements

Note 9: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2023, 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	\$ -	\$ -	\$ -	\$ 34,340,080	\$ -	\$ 34,340,080
Leases	17,949	-	-	126,199	-	144,148
Restricted for						
Capital projects	931,250	-	4,571	-	-	935,821
Affordable housing	-	-	-	9,791,921	-	9,791,921
Debt service	-	-	-	-	14,189,415	14,189,415
Committed to						
Affordable housing	-	-	-	322,193	-	322,193
Loan payments	103,556	-	-	-	-	103,556
Streetscapes and gateways	-	594,484	-	-	-	594,484
Parks	-	174,195	-	-	-	174,195
Developer and grant agreements	-	1,514,122	-	-	-	1,514,122
Assigned to						
FY 2024 CIP plan and budget	4,365,505	6,989,458	-	-	-	11,354,963
Total fund balances	\$ 5,418,260	\$ 9,272,259	\$ 4,571	\$ 44,580,393	\$ 14,189,415	\$ 73,464,898

Note 10: TAX INCREMENT SUMMARY

The Authority's tax increment revenue for the year ended June 30, 2023, as reflected in the Statement of Activities was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 13,790,168	\$ (689,508)	\$ 13,100,660
Houston Independent School District (Tax Year 2021 Set Aside)	6,006,700	(4,004,466)	2,002,234
Houston Independent School District	13,769,353	(2,382,015)	11,387,338
Houston Community College System (Tax Year 2022)	2,028,867	(25,000)	2,003,867
Total tax increments	\$ 35,595,088	\$ (7,100,989)	\$ 28,494,099

Midtown Redevelopment Authority Notes to Financial Statements

Note 10: TAX INCREMENT SUMMARY (Continued)

The Authority's tax increment revenue for the year ended June 30, 2023, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
Houston Independent School District (Tax Year 2021 Set Aside)	\$ 6,006,700	\$ (4,004,466)	\$ 2,002,234
Houston Independent School District	13,769,353	(2,382,015)	11,387,338
Houston Community College System (Tax Year 2021)	1,935,892	(25,000)	1,910,892
Houston Community College System (Tax Year 2022)	2,028,867	(25,000)	2,003,867
Total tax increments	\$ 23,740,812	\$ (6,436,481)	\$ 17,304,331

Note 11: LEASE REVENUE

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 two tenants under operating leases which are non-cancellable and terminate no later than November 2028 with an option to extend to no later than November 2038. The leases call for monthly payments (fixed payments) that range from \$13,089 to \$22,799 with certain leases subject to annual escalations. Certain provisions of the leases provide for payment of proportionate share of building's operating costs (variable non-lease component).

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 2025 with an option to extend through June 2029. 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 breakingpoint (variable lease payment), as defined in the lease agreement.

Midtown Redevelopment Authority
Notes to Financial Statements

Note 11: LEASE REVENUE (Continued)

For the year ended June 30, 2023, payments are as follows:

	Fixed Payment	Interest Revenue	Variable Payment	Total
Operations Center: Office Space	\$ 93,625	\$ 66,186	\$ 56,423	\$ 216,234
HTC Building: Office Space	54,341	10,891	-	65,232
Bagby Park: Kiosk	36,700	6,500	78,550	121,750
	<u>\$ 184,666</u>	<u>\$ 83,577</u>	<u>\$ 134,973</u>	<u>\$ 403,216</u>

Lease receivable activity for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023
Operations Center: Office Space	\$ 2,679,050	\$ 2,938,602	\$ (93,625)	\$ 5,524,027
HTC Building: Office Space	-	415,073	(54,341)	360,732
Bagby Park: Kiosk	301,823	-	(36,700)	265,123
	<u>\$ 2,980,873</u>	<u>\$ 3,353,675</u>	<u>\$ (184,666)</u>	<u>\$ 6,149,882</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
2024	\$ 804,973	\$ 212,659	\$ 1,017,632
2025	404,516	176,948	581,464
2026	396,938	161,393	558,331
2027	397,425	147,147	544,572
2028	450,415	132,237	582,652
2029-2033	2,257,912	419,696	2,677,608
2034-2038	1,333,344	90,287	1,423,631
2039	104,359	656	105,015
	<u>\$ 6,149,882</u>	<u>\$ 1,341,023</u>	<u>\$ 7,490,905</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 \$319,676 for the year ended June 30, 2023.

Midtown Redevelopment Authority Notes to Financial Statements

Note 12: RISK MANAGEMENT

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

Note 13: RELATED PARTIES

The Authority has an administrative contract with the District whereby the Authority provides administrative and management services to the District (see Note 14). The District and the Authority share the same Executive Director. The Authority provided services to the District amounting to approximately \$581,000 for the year ended June 30, 2023. At June 30, 2023, approximately \$345,000 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 \$608,000 for the year ended June 30, 2023 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 14).

Note 14: COMMITMENTS AND CONTINGENCIES

Houston Museum of African American Culture

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 \$1.1 million. 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 14: 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, 2032. The total proceeds of \$6 million were recorded as other financing sources in the accompanying fund financial statements.

Effective April 2021, the Authority, as owner, and CCPPI, 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 (CCPPI) 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 CCPPI 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. In consideration of the services to be performed by CCPPI, the Authority will pay \$714,500 in fiscal year 2024.

Midtown Redevelopment Authority Notes to Financial Statements

Note 14: 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. The third payment of approximately \$466,000 will be paid in November 2023 and has been included in accounts payable as of June 30, 2023 in the accompanying financial statements.

“The Midtown” Development Agreement

In 2018, the Authority entered into a Development Agreement with Caydon Houston Property, LP. (Caydon) for reimbursement of up to \$5.2 million of eligible project costs related to the underground duct bank infrastructure and certain public infrastructure and improvements in connection with “The Midtown” development. Reimbursement to Caydon will occur over 8 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 Midtown” development project was completed in December 2019 and the maintenance agreement was executed in August 2021, the reimbursement related to the “The Midtown” project commenced in fiscal year 2022 with a payment of \$1,656,715 following by a second payment of \$1,289,375 in fiscal year 2023. Subsequent annual reimbursement from available tax increment are due by November 1 of each year during the term of 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. Subsequent annual reimbursement from available tax increment are due by November 1 of each year through December 31, 2044. The other public infrastructure and improvements, including the parking garage, are still under construction as of June 30, 2023.

Midtown Redevelopment Authority Notes to Financial Statements

Note 14: COMMITMENTS AND CONTINGENCIES (Continued)

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 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.

**Required Supplementary Information
and
Supplementary Information**

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Midtown Redevelopment Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget to Actual – All Funds (Unaudited)

For the year ended June 30, 2023

	Original and Final Budgeted Amounts *	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 56,826,258	\$ 83,168,293	\$ 26,342,035
Resources			
Incremental property tax revenue	34,194,337	23,740,811	(10,453,526)
Grant proceeds	3,000,000	6,000,000	3,000,000
Proceeds from refunding bonds, net	-	195,214	195,214
Proceeds from land sale	6,000,000	-	(6,000,000)
Miscellaneous revenue	535,000	1,561,816	1,026,816
Other interest income	325,000	1,145,873	820,873
Total available resources	100,880,595	115,812,007	14,931,412
Expenses			
Maintenance and operations	1,869,950	2,749,733	879,783
Project costs and capital expenditures	42,193,661	13,150,173	(29,043,488)
Developer/project reimbursements	2,455,572	2,194,954	(260,618)
Special projects as determined by the COH	500,000	-	(500,000)
Debt service	9,264,608	16,969,137	7,704,529
Other interfund transfers:			-
HISD educational facilities	6,076,001	6,361,480	285,479
Municipal services - public safety	781,263	776,632	(4,631)
Municipal services - quality of life	492,737	70,000	(422,737)
Administrative fees	731,363	75,000	(656,363)
Total expenses	64,365,155	42,347,109	(22,018,046)
Budgetary fund balance - end of year	\$ 36,515,440	\$ 73,464,898	\$ 36,949,458

* Budgeted amounts are based on the 2023 budget approved by the Authority's board of directors that was submitted to the City for approval.

Midtown Redevelopment Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget to Actual – All Funds (Unaudited) (Continued)

For the year ended June 30, 2023

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

Sources/inflows of resources

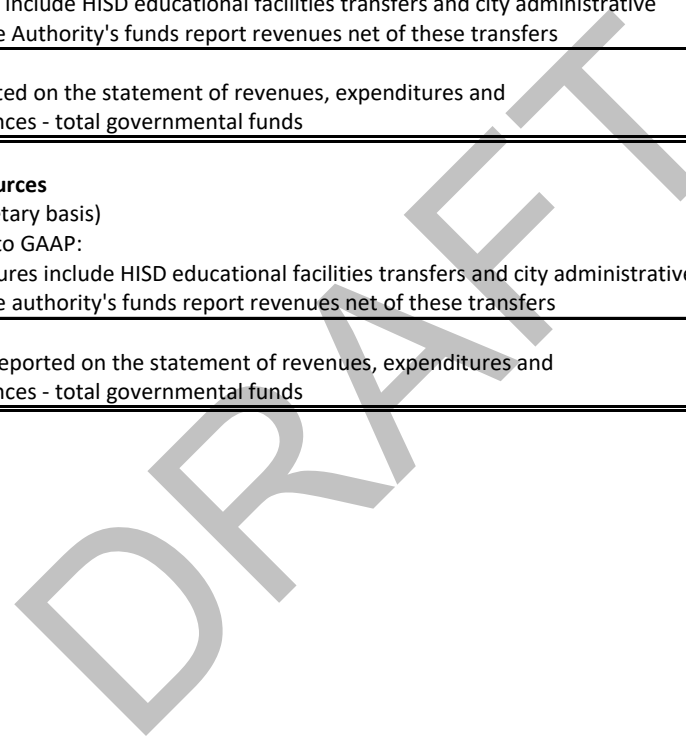
Actual amounts (budgetary basis)	\$ 115,812,007
differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(83,168,293)
Issuance of tax increment revenue and refunding bonds, net of refunding, are reported as other financing sources (uses)	(195,214)
Proceeds from sale of capital assets is reported in the funds as other financing sources	(6,000,000)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(6,436,480)

Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 20,012,020
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 42,347,109
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	(6,436,480)

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 35,910,629
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Midtown Redevelopment Authority Schedule of Operating Expenses and Capital Expenditures

For the year ended June 30, 2023

Management Consulting Services	Vendor	Budget *	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)		\$ 486,650	\$ 388,819	\$ 97,831
Office Expenses	n/a	270,000	524,620	(254,620)
Midtown Management District	n/a	495,000	580,984	(85,984)
Fourth Ward Redevelopment Authority	n/a	40,000	25,488	14,512
Insurance	Hartford Fire Insurance Company, United National Insurance Agency	214,000	751,221	(537,221)
Accounting	Bookkeeper The Morton Accounting Services	85,000	7,978	77,022
Accounting		-	119,256	(119,256)
Auditor - Financial	Carr, Riggs & Ingram, LLC Hilltop Securities Inc., Masterson Advisors, LLC,	41,000	41,250	(250)
Bond Services/Trustee	Bank of New York Mellon	43,000	20,231	22,769
Total Administration and Overhead		1,674,650	2,459,847	(785,197)
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP, Burney & Foreman	90,000	228,794	(138,794)
Engineering consultants	IDS Engineering Group	95,000	61,092	33,908
Construction Audits		10,300	-	10,300
Total Program and Project Consultants		195,300	289,886	(94,586)
Total Management Consulting Services		\$ 1,869,950	\$ 2,749,733	\$ (879,783)
Capital Expenditures				
T-0207 Operating of Zone and Project Facilities Construction/maintenance	MIDCorp	\$ 1,000,000	\$ 1,931,807	\$ (931,807)
Total Operating of Zone and Project Facilities		1,000,000	1,931,807	(931,807)
T-0210 Main Street Enhancements		450,130	-	450,130

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

For the year ended June 30, 2023

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0203 Entry Portals	Design Workshop, Inc.	\$ 305,300	\$ 61,628	\$ 243,672
T-0204 Enhanced Street Lights	COH	155,000	153	154,847
T-0206 South East Neighborhood Street Reconstruction		750,300	-	750,300
T-0214 Caroline Streets @ HCCS (Elgin to Holman)	COH, KCI, J. Kru Land Services, LLC, TLC Engineering, Inc.	305,836	146,249	159,587
T-0225 Mobility and Pedestrian Improvements				
Planning		750,000	-	750,000
Construction	The Goodman Corporation	500,000	95,583	404,417
Design	Walter P. Moore	250,000	84,311	165,689
Other	The Goodman Corporation	5,300	137,498	(132,198)
Total Mobility and Pedestrian Improvements		1,505,300	317,392	1,187,908
T-0220 Affordable Housing:				
Design		500,000	-	500,000
Construction	Vergel Gay & Associates, Smith & Company Architects, Inc., Kirksey Architecture, LLC, Martin Construction, Arch-Con Corporation, D.E. Harvey Builders	3,360,000	4,094,202	(734,202)
Utilities/Drainage		20,000	-	20,000
Other professionals	Various	3,030,000	3,510,091	(480,091)
Build-Out		3,500,000	-	3,500,000
CCPPI		1,429,000	-	1,429,000
Maintenance		1,222,134	-	1,222,134
BBVA Loan		7,102,311	-	7,102,311
Total Affordable Housing		20,163,445	7,604,293	12,559,152
T-0221 Midtown Park:				
Planning		75,000	-	75,000
Design	Jerdon Enterprises, L.P.	1,225,000	237,470	987,530
Construction and management	Millis, Williams Scotsman, Inc.	2,700,000	69,195	2,630,805
Other	Walter P. Moore, Wulfe & Co.	10,300	48,809	(38,509)
Total Midtown Park		4,010,300	355,474	3,654,826
T-0222 Street Overlay Program		1,750,000	-	1,750,000
T-0223 Safe Sidewalk Program		620,100	-	620,100
T-0224 HTC Building Maintenance	Various	300,150	251,710	48,440
T-0230 Wheeler SL Pedestrian Enhancements		675,600	-	675,600
T-0232 Public and Cultural Facilities	Museum of Fine Arts Houston	1,700,000	1,595,000	105,000

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

For the year ended June 30, 2023

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
<hr/>				
T-0233 Parking Garage - Midtown Park				
Planning		\$ 50,000	\$ -	\$ 50,000
Construction and management		1,250,000	-	1,250,000
Design	Walter P. Moore	250,000	7,771	242,229
Other	Bracewell LLP	20,500	41,306	(20,806)
<hr/>				
Total Parking Garage - Midtown Park		1,570,500	49,077	1,521,423
<hr/>				
T-0234 Parks and Open Spaces				
Planning		750,000	-	750,000
	Design Workshop, Inc. MIDCORP, OJB, Walter P. Moore			
Design	Lion Heart, Middleton Brown L.L.C., BEGA North America	400,000	120,467	279,533
Construction		1,500,000	237,186	1,262,814
Other		25,300	-	25,300
<hr/>				
Total Parks and Open Spaces		2,675,300	357,653	2,317,647
T-0235 Public Art		255,300	-	255,300
T-0236 Bagby Park		35,500	-	35,500
T-0239 Brazos Street Reconstruction				
Planning		250,000	-	250,000
Design	Walter P. Moore	1,350,000	279,678	1,070,322
Other		20,100	-	20,100
<hr/>				
Total Brazos Street Reconstruction		1,620,100	279,678	1,340,422
T-0247 I59/69 CAP Park		1,790,500	-	1,790,500
T-0248 Tuam Street		520,000	-	520,000
T-0249 Pearl Market Place	Pearl Residences	-	512,865	(512,865)
T-0299 Concrete Panel Replacement Program		35,000	-	35,000
Caydon Developer Agreement	Caydon Houston Property LP	-	1,289,375	(1,289,375)
Rice-Ion Developer Agreement	William Marsh Rice U	-	392,714	(392,714)
General CIP:				
Other Consultants	Bryan Ross	-	350	(350)
Other Consultants	Equi-Tax, Inc.	-	6,000	(6,000)
Other Consultants	A.O. Phillis & Associates	-	11,020	(11,020)
Other Consultants	OJB	-	88,320	(88,320)
Other Professional Services	Various	-	94,369	(94,369)
<hr/>				
Total General CIP		-	200,059	(200,059)
<hr/>				
Total Capital Expenditures		\$ 42,193,661	\$ 15,345,127	\$ 26,848,534

* Budgeted amounts are based on the 2022 budget approved by the Authority's board of directors that was submitted to the City for approval.

Midtown Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period December 29, 1995 (Date of Inception) through June 30, 2023

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2022	Actual Expenditures for the Year Ended June 30, 2023 (c)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2023	Variance to Budget
Non-Educational Project Costs					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	\$ 164,063,856	\$ 41,702,865	\$ 1,033,205	\$ 42,736,070	\$ 121,327,786
Streetscape and gateways	70,773,654	41,454,380	776,686	42,231,066	28,542,588
Public infrastructure	77,000,000	47,836,933	3,460,933	51,297,866	25,702,134
Total infrastructure improvements	311,837,510	130,994,178	5,270,824	136,265,002	175,572,508
Other project costs:					
Real property assembly	25,533,106	15,576,704	529,770	16,106,474	9,426,632
Professional services	11,966,225	7,956,434	200,059	8,156,493	3,809,732
Historic preservation	10,139,992	139,992	-	139,992	10,000,000
Parks and recreational facilities	53,903,004	30,216,953	713,127	30,930,080	22,972,924
Safety and security infrastructure	1,576,282	-	-	-	1,576,282
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	16,633,276	4,409,321	1,622,456	6,031,777	10,601,499
Total other project costs	124,145,841	58,299,404	3,065,412	61,364,816	62,781,025
Affordable housing	294,840,659	142,945,068	8,115,457	151,060,525	143,780,134
Financing costs (b)	95,507,011	73,563,540	2,976,031	76,539,571	18,967,440
Zone administration	50,286,136	18,693,849	1,853,375	20,547,224	29,738,912
Educational Project Costs					
Education project costs	83,770,000	78,649,883	6,361,480	85,011,363	(1,241,363)
Total project plan	\$ 960,387,157	\$ 503,145,922	\$ 27,642,579	\$ 530,788,501	\$ 429,598,656

(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, 2023, does not include the repayment of bond and note principal payments in the amount of \$12,398,509.

(c) Expenditures are reported on the accrual basis.

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

June 30, 2023

Total Value

Purchased properties - affordable housing:

	\$	
MRA 001	-	
MRA 002	500,569	
MRA 003	587,183	
MRA 004	52,051	
MRA 005	-	
MRA 006	30,750	
MRA 007	34,161	
MRA 008	36,702	
MRA 009	40,483	
MRA 010	92,021	
MRA 011	-	
MRA 012	-	
MRA 013	39,880	
MRA 014	51,445	
MRA 015	22,845	
MRA 016	73,528	
MRA 017	49,169	
MRA 018	79,183	
MRA 019	552,914	
MRA 020	40,955	
MRA 021	175,742	
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	59,338	
MRA 041	51,960	

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

<i>June 30, 2023</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	39,205
MRA 049	44,898
MRA 050	-
MRA 051	25,944
MRA 052	49,606
MRA 053	46,881
MRA 054	45,794
MRA 055	43,748
MRA 056	-
MRA 057	51,615
MRA 058	-
MRA 059	60,907
MRA 060	52,078
MRA 061	75,904
MRA 062	59,985
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	274,309
MRA 078	46,584
MRA 079	58,276
MRA 081	51,573
MRA 082	63,895
MRA 086	135,064
MRA 087	41,963
MRA 088	75,056
MRA 089	-
MRA 090	73,286
MRA 091	57,086

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

<i>June 30, 2023</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	54,628
MRA 101	63,538
MRA 102	51,881
MRA 103	49,211
MRA 104	68,243
MRA 105	-
MRA 106	-
MRA 107	124,476
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, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 135	\$ 55,705
MRA 136	-
MRA 137	-
MRA 138	109,315
MRA 139	50,731
MRA 140	54,715
MRA 141	61,890
MRA 142	41,441
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	31,213
MRA 161	-
MRA 162	314,592
MRA 163	47,430
MRA 164	49,580
MRA 165	42,545
MRA 166	53,570
MRA 167	58,518
MRA 168	128,835
MRA 169	214,131
MRA 170	104,375
MRA 171	62,375
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, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 177	\$ -
MRA 178	53,003
MRA 179	-
MRA 180	98,491
MRA 181	36,610
MRA 182	-
MRA 183	-
MRA 184	48,407
MRA 185	37,907
MRA 186	-
MRA 187	43,125
MRA 188	61,635
MRA 189	-
MRA 190	42,203
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	43,105
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	48,297
MRA 222	110,019
MRA 223	-
MRA 224	41,072
MRA 225	-
MRA 226	61,725
MRA 227	58,150
MRA 228	-

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

<i>June 30, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 229	\$ -
MRA 230	34,177
MRA 231	48,553
MRA 232	58,532
MRA 233	-
MRA 234	48,532
MRA 235	-
MRA 236	156,107
MRA 237	113,557
MRA 238	57,450
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	47,030
MRA 248	53,572
MRA 249	58,572
MRA 250	51,072
MRA 251	409,461
MRA 252	51,072
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	35,072
MRA 261	53,572
MRA 262	164,771
MRA 263	298,007
MRA 264	53,572
MRA 265	-
MRA 266	38,447
MRA 267	48,142
MRA 268	56,052
MRA 269	63,897

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

<i>June 30, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 270	\$ 50,472
MRA 271	311,464
MRA 272	59,022
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	88,722
MRA 284	-
MRA 285	-
MRA 286	50,622
MRA 287	-
MRA 288	59,035
MRA 289	36,902
MRA 290	56,938
MRA 291	92,664
MRA 292	112,688
MRA 293	-
MRA 294	-
MRA 295	55,625
MRA 296	63,424
MRA 297	56,872
MRA 298	27,547
MRA 299	-
MRA 300	42,940
MRA 301	40,863
MRA 302	53,125
MRA 303	-
MRA 304	-
MRA 305	-
MRA 306	90,922
MRA 307	-
MRA 308	129,598
MRA 309	63,668
MRA 310	139,793

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

<i>June 30, 2023</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	61,418
MRA 331	57,382
MRA 332	47,618
MRA 333	182,963
MRA 334	48,038
MRA 335	56,959
MRA336	-
MRA 337	-
MRA 338	56,518
MRA 339	53,334
MRA 340	50,713
MRA 341	57,563
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, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 352	\$ 63,168
MRA 353	63,113
MRA 354	-
MRA 355	51,163
MRA 356	67,363
MRA 366	51,113
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	50,452
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	70,001
MRA 395	66,926
MRA 396	65,938
MRA 397	22,901
MRA 398	-
MRA 399	74,538
MRA 400	74,713
MRA 401	228,478

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

<i>June 30, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 402	\$ -
MRA 403	1,122,556
MRA 404	113,257
MRA 405	102,038
MRA 406	52,351
MRA 407	32,091
MRA 408	75,463
MRA 409	91,888
MRA 410	186,257
MRA 411	-
MRA 412	66,963
MRA 413	-
MRA 414	823,813
MRA 415	139,578
MRA 416	-
MRA 417	77,068
MRA 418	89,071
MRA 419	79,393
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	78,476
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, 2023</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 439	\$ 2,035,977
MRA 440	76,163
MRA 441	154,038
MRA 442	77,725
MRA 443	-
MRA 444	77,726
MRA 445	99,354
MRA 446	-
MRA 447	-
MRA 448	62,700
MRA 449	105,000
MRA 450	60,000
MRA 451	67,710
MRA 452	75,000
MRA 453	32,055
MRA 454	105,000
MRA 455	105,000
MRA 456	297,399
MRA 457	390,048
MRA 458	344,324
MRA 459	-
MRA 460	54,407
MRA 461	-
MRA 462	106,157
MRA 463	54,403
MRA 464	-
MRA 465	260,417
MRA 466	213,157
MRA 467	79,782
MRA 468	54,157
MRA 469	79,677
MRA 470	54,157
MRA 471	100,077
MRA 472	54,407
MRA 473	54,407
MRA 474	64,657
MRA 475	-

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

<i>June 30, 2023</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
<hr/>	
Total Purchased Properties - Affordable Housing	34,096,614
Costs associated with pending properties and other general costs not allocated to specific properties	243,466
<hr/>	
Total land held for resale - affordable housing	\$ 34,340,080
<hr/>	

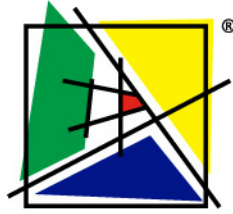
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**Midtown Redevelopment Authority
Schedule of Capital Assets**

June 30, 2023

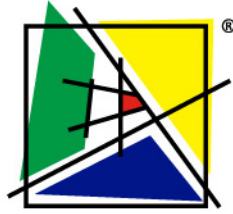
Property	Net Book Value
Houston Technology Center	\$ 1,947,063
JPI Park Land	736,911
Bagby Park	2,998,102
Operations Center	26,256,592
Walgreens/Lui Park Land	141,000
Houston Museum of African American Culture	1,543,058
Midtown Park Land and Improvements	49,827,819
Total capital assets	\$ 83,450,545

DRAFT



midtown
HOUSTON

**MIDTOWN AFFORDABLE HOUSING
PROGRAM**



midtown
HOUSTON

**MIDTOWN AFFORDABLE
HOUSING CAMPUS CHANGE
ORDERS**

CHANGE ORDER

AIA Document G701

Prime Contract Change Order

Project: One Emancipation 2 & 5
3131 Emancipation Avenue
Houston, Texas 77004

Change Order Number: 003
Date: 7/10/2023
Architect's Project Number: 2020240

To Contractor: D.E. Harvey Builders
3663 Briarpark Drive, Suite 101
Houston, Texas 77042

Contract Date:
Contract For: Construction
Project Number: 01-06073

The Contract is changed as follows:

PCO #	Description	Consolidated Cost
009	Credit AV Installation	(21,454.27)
010	Change Door 230A Hdw	6,228.69
Total Amount:		(\$15,225.58)

The original **Contract Sum** was \$ 1,587,983.00
The net change by previously authorized Change Orders \$ 2,455.44
The **Contract Sum** prior to this Change Order was \$ 1,590,438.44
The **Contract Sum** will **Decrease** by this Change Order in the amount of (\$15,225.58)
The new **Contract Sum** including this Change Order will be \$ 1,575,212.86
The Contract Time will **not be changed** by 0 days
The date of Substantial Completion as of the date of this Change Order, therefore, is


NOTE: The Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price that have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

ARCHITECT
Kirksey Architecture
6909 Portwest Drive
Houston, Texas 77024

CONTRACTOR
D.E. Harvey Builders
3663 Briarpark Drive, Suite 101
Houston, Texas 77042

OWNER
Midtown Redevelopment Authority
410 Pierce, #355
Houston, Texas 77002

BY (Signature)

BY (Signature) 
Stephen Driver

BY (Signature)

(Print Name)

(Print Name)
Sr. Vice President

(Print Name)

(Title)

(Title)
July 26, 2023

(Title)

DATE

DATE

DATE

D.E. Harvey Builders
 3663 Briarpark Drive, Suite 101
 Houston, Texas 77042

PCO#010 - 0
 Phone: +17137838710
 Fax:

Potential Change Order

Project: One Emancipation 2 & 5 3131 Emancipation Avenue Houston, Texas 77004	Date: 7/21/2023 Project Number: 01-06073 Arch Project Number: 2020240	
To: Midtown Redevelopment Authority 410 Pierce, #355 Houston, Texas 77002	PCO # Revision #: 010 - 0 Prime Contract Number: 01-06073	

Title: Change Door 230A Hdw
Description: CE #020 - Change Door 230A Hdw
 This is to change the hardware on door 230A from non locking as called for in KA submittal response to locking per client request.

Reference:

#	Cost Code	Description	Type	Amount
1	08-400 - GLASS	Change Door and HDW to Locking	Subcontract	\$ 5,686.00
Subtotal:				\$5,686.00
General Conditions: 5.00% Includes Cost Type (7)				\$ 284.30
Insurance: 0.80% Includes Cost Type (7)				\$ 47.76
Fee: 3.50% Includes Cost Type (7)				\$ 210.63
Grand Total:				\$6,228.69

Time:
 The Contract time will be changed by: 0 days
 Pricing VOID if not approved by: 8/4/2023

Clarifications/Qualifications:

Attachments: [Lakeview.pdf](#)

Prepared By: Hunter Smith
 D.E. Harvey Builders

Approved By: _____
 Midtown Redevelopment Authority

Title: Assistant Project Manager
 Date: 07/21/2023

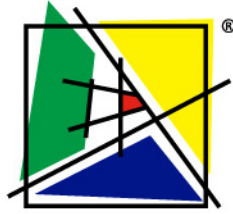
Title: _____
 Date: _____

Approved By: _____
 Kirksey Architecture

Approved By: _____

Title: _____
 Date: _____

Title: _____
 Date: _____



midtown
HOUSTON

**RESOLUTION BETWEEN
MRA AND HEART OF
HOUSTON COMMUNITY
DEVELOPMENT, INC**

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

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

1. The Board convened in regular session on the 31st day of August, 2023, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of said Board, to-wit:

- | | | |
|---|-------------------|------------------------------|
| 1 | Camille Foster | Director/Assistant Secretary |
| 2 | Terence Fontaine | Director |
| 3 | Michael Lewis | Director |
| 4 | Michael F. Murphy | Director |
| 5 | Al Odom | Director/Chair |
| 6 | Abe S. Goren | Director/Vice Chair |
| 7 | Deanea LeFlore | Director |
| 8 | John Thomas | Director |
| 9 | Zoe Middleton | Director |

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

RESOLUTION AUTHORIZING THE MIDTOWN REDEVELOPMENT AUTHORITY (THE “AUTHORITY”) OR ITS AGENT TO ENTER INTO A GRANT AGREEMENT WITH HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC.; PROVIDING FOR THE CONVEYANCE AND DEVELOPMENT OF CERTAIN PROPERTIES IN ACCORDANCE WITH THE TERMS OF SUCH AGREEMENT; AND AUTHORIZING THE AUTHORITY OR ITS AGENT TO TAKE ALL NECESSARY ACTIONS REGARDING SAME

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

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Vernon's Texas Codes Annotated, Chapter 551, Government Code.

SIGNED this _____, 2023.

Assistant Secretary, Midtown Redevelopment
Authority

RESOLUTION AUTHORIZING THE MIDTOWN REDEVELOPMENT AUTHORITY (THE “AUTHORITY”) OR ITS AGENT TO ENTER INTO A GRANT AGREEMENT WITH HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC.; PROVIDING FOR THE CONVEYANCE AND DEVELOPMENT OF CERTAIN PROPERTIES IN ACCORDANCE WITH THE TERMS OF SUCH AGREEMENT; AND AUTHORIZING THE AUTHORITY OR ITS AGENT TO TAKE ALL NECESSARY ACTIONS REGARDING SAME

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

WHEREAS, by Resolution No. 95-96, adopted on June 28, 1995, the City authorized the creation of the Midtown Redevelopment Authority (the “Authority”) to aid, assist and act on behalf of the City in the performance of the City’s governmental and proprietary functions with respect to the common good and general welfare of Midtown and neighboring areas as described in Ordinance No. 94-1345; and

WHEREAS, the City, the Midtown Zone and the Authority have entered into that certain amended and restated Agreement dated June 7, 2000, and approved as Ordinance No. 2000-494 (the “Tri-Party Agreement”), pursuant to which the City delegated to the 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, construction and improvement of infrastructure in the Midtown Zone, and provide affordable housing, in accordance with, and subject to the limitations set forth in, the Tri-Party Agreement and Project and Financing Plan; and

WHEREAS, the Authority’s Board of Directors (the “Board”) has determined that it is in the best interest of the Midtown Zone and the Authority to acquire tracts of land in certain nearby neighborhoods to be developed as affordable housing and to commit certain available tax increment or bond proceeds received for this purpose; and

WHEREAS, the Authority has previously acquired certain parcels of land in the Southeast area of the City for such purpose, and now desires to enter into a grant agreement (the “Grant Agreement”), between and among the Authority, the Zone and Heart of Houston Community Development Corporation, Inc. (the “Grantee”), substantially in the form attached hereto as **Exhibit A**, in order to convey certain of such parcels of land to the Grantee to be developed as affordable housing; and

WHEREAS, pursuant to the Grant Agreement, the Authority will grant and convey to the Grantee certain tracts of vacant land identified in Exhibit D to the attached Grant Agreement (herein, the “Grant Properties”) in order to provide decent, safe, sanitary and affordable housing for low income persons; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to enter into the Grant Agreement and to convey the Grant Properties to the Grantee for the purposes described herein and in the Grant Agreement, and the Board desires hereby to approve the Grant Agreement and such actions;

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Midtown Redevelopment Authority:

1. That the Board adopts the findings and recitations set out in the preamble to this Resolution and finds them to be true and correct.
2. That the Board hereby approves and authorizes the execution of the Grant Agreement substantially in the form attached hereto as Exhibit A, and the Unimproved Property Contract and Special Warranty Deed substantially in the forms attached to the Grant Agreement as Exhibits B and C, respectively. Further, the Board hereby authorizes the Board officers and the Executive Director or his agent with delegated authority to make such changes, additions, deletions or modifications of the Grant Agreement, any Unimproved Property Contract(s), and any Special Warranty Deed(s) as may be necessary, *provided* any such changes, additions, deletions or modifications are not materially inconsistent with the purpose, intent and general substantive parameters of the Grant Agreement, any Unimproved Property Contract(s), and Special Warranty Deed(s) as attached.
3. That the Board hereby approves and authorizes the grant and subsequent conveyance of the Grant Properties for a consideration of \$10.00, which is less than the fair market value of such Grant Properties.
4. That the Board hereby further authorizes the officers of the Board, the Executive Director, and Authority staff and consultants to take all steps necessary to finalize, execute and carry out the terms of the Grant Agreement, including the payment of any associated costs and legal fees, and to execute any certificates, receipts, affidavits and necessary related agreements pertaining to the Grant Agreement and the conveyances described therein.

PASSED AND APPROVED this 31st day of August, 2023.

Al Odom
Chair, Midtown Redevelopment Authority

ATTEST:

Camille Foster
Assistant Secretary, Midtown Redevelopment Authority

EXHIBIT A

Form of Grant Agreement

(See Attached)

GRANT AGREEMENT

By and Among

MIDTOWN REDEVELOPMENT AUTHORITY

and

REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS

and

HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC.

_____, 2023

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GRANT AGREEMENT

This Grant Agreement (the “Agreement”), effective as of _____, 2023, is made by and among REINVESTMENT ZONE NUMBER TWO, CITY OF HOUSTON, TEXAS (the “Zone”), a tax increment reinvestment zone created by the City of Houston, Texas in accordance with Chapter 311, Texas Tax Code, MIDTOWN REDEVELOPMENT AUTHORITY (the “Grantor” or “Authority”), a public not for profit local government corporation created and organized under the provisions of Chapter 431, Texas Transportation Code, and HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC. (the “Grantee or Developer”), a Texas non-profit corporation created and organized under the laws of the State of Texas (each a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, by Ordinance No. 94-1345, the City Council of the City of Houston, Texas (the “City”), created the Zone in the City pursuant to Chapter 311, Texas Tax Code, as amended (the “Act”), approved a preliminary project plan and preliminary financing plan, and appointed its Board of Directors; and

WHEREAS, by Resolution No. 95-96, the City authorized the creation of the Authority to aid, assist and act on behalf of the City in the performance of the City’s governmental and proprietary functions with respect to the common good and general welfare of the Zone and neighboring areas; and

WHEREAS, the City, the Zone and the Authority have entered into that certain Amended Agreement dated June 7, 2000, and approved pursuant to Ordinance No. 2000-0494 (as amended, the “Midtown Agreement”), pursuant to which the City delegated to the Authority the power to administer the Zone including, but not limited to, the power to use certain tax increment revenues dedicated to providing affordable housing pursuant to Section III(H) thereof; and

WHEREAS, Section 311.011(f) of the Act provides that the Zone’s project plan must provide that at least one-third of the tax increment of the Zone (the “Affordable Housing Tax Increment(s)”) be used to provide affordable housing during the term of the Zone, and pursuant to Section III(H) of the Midtown Agreement shall be expended in a manner consistent with the City’s then current affordable housing policy; and

WHEREAS, the Authority has assembled land for development of Affordable Housing; and

WHEREAS, the Authority owns certain unimproved real property more particularly identified by street address and/or Harris County Appraisal District account number in **Exhibit D** attached hereto and incorporated herein by reference, which is located within the boundaries of the City of Houston, Harris County, Texas; and

WHEREAS, the Authority seeks to facilitate the development of such land as Affordable Housing by entering into this Agreement with Grantee as part of a pilot project, and model for

future projects, designed to expand the supply of safe, sanitary and affordable housing for low income persons within the City; and

WHEREAS, to stimulate the development of affordable housing, the Grantee has requested that the Authority grant up to eleven (11) parcel(s) of real property within the City at no cost (except for required closing costs) to Grantee in order to provide for construction of safe, sanitary and affordable housing for low income persons; and

WHEREAS, the Authority has determined that the Project (as defined herein) is consistent with the City's current affordable housing policy; and

WHEREAS, the Authority, the Zone and the Grantee desire to enter into this Grant Agreement to grant certain land previously acquired through the use of Affordable Housing Tax Increment to Grantee for the purposes described herein and subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and benefits to the City, the Zone, the Authority and the Grantee, it is hereby agreed as follows:

ARTICLE I DEFINITIONS

Section 1.01. Defined Terms. Unless a particular word or phrase is otherwise defined or the context otherwise requires, capitalized words and phrases used in this Agreement shall have the following meanings:

"Affordable Housing" is defined in the Special Warranty Deed attached hereto as **Exhibit C**.

"Authority" means Midtown Redevelopment Authority, a public not for profit local government corporation created and organized under provisions of Chapter 431, Texas Transportation Code.

"Authority's Representative" means the Executive Director of the Authority or any agent designated in writing by the Executive Director.

"Conflict of Interest" means any known instance in which a member of the Zone, Authority or Grantee Board may receive a pecuniary benefit meeting the definition of a conflict of interest under the Authority's conflict of interest policy.

"Deed" means any one of up to eleven (11) special warranty deeds executed by the Authority conveying the Property to the Grantee with the restrictive covenants contained thereon, and which shall be substantially in the form attached as **Exhibit C** of this Agreement.

"Executive Director" shall mean the person serving as the Executive Director of the Authority or any agent designated in writing by the Executive Director.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Person**” for purposes of this Agreement means an individual, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, and any other legal entity.

“**Project**” means the development of affordable single family housing on the Property by the Grantee, as described in Article III hereof.

“**Property**” means the parcel(s) of real property identified in **Exhibit D**, which have been previously acquired by the Authority and are eligible to be conveyed to the Grantee hereunder.

“**Property Grant**” means the grant of land approved by this Agreement and evidenced by the execution of the Deed conveying such Property to the Grantor

“**Qualified Homebuyer(s)**” means those purchasers that meet the requirements to purchase the single family residences to be developed under this Agreement, more particularly defined in **Exhibit C**.

“**Restrictive Covenants**” means the Declaration of Land Use Restrictions (Restrictive Covenants) in the form attached hereto as **Exhibit E** to this Agreement to be executed by Grantee and to be recorded at closing immediately prior to recordation of the Deed, which covenants require Developer and its successors and assigns to comply with certain occupancy and use restrictions for the duration of the Affordability Period, as therein defined, which shall run concurrently with the affordability period in the Deed.

“**Single Family Residential Use**” means a detached structure designed for use as a dwelling unit for one and only one family, but expressly excluding manufactured homes and mobile homes.

“**Term**” shall be as defined in Section 8.14.

Section 1.02. Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definition 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 II GENERAL REPRESENTATIONS

Section 2.01. Representations of the Zone. The Zone hereby represents to the Grantee that as of the date hereof:

(a) The Zone 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 Zone has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, will

not violate any applicable judgment, order, law or regulation, 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 the Zone under any agreement or instrument to which the Zone is a party or by which the Zone or its assets may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the Zone and, constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms.

(d) The execution, delivery and performance of this Agreement by the Zone does not require the consent or approval of any person which has not been obtained.

Section 2.02. Representations of the Authority. The Authority hereby represents to the Grantee that as of the date hereof:

(a) The 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 Authority has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, will not violate any applicable judgment, order, law or regulation, 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 the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected.

(c) This Agreement has been duly authorized, executed and delivered by the Authority and, constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms.

(d) The execution, delivery and performance of this Agreement by the Authority does not require the consent or approval of any person which has not been obtained.

Section 2.03. Representations of the Grantee. The Grantee hereby represents to the Authority and Zone that as of the date hereof:

(a) The Grantee is duly authorized, created and existing in good standing under the laws of the State of Texas, is duly qualified to do business in the State or wherever necessary to carry on the operations contemplated by this Agreement.

(b) The Grantee has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement and the Deed, and the Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Grantee, enforceable in accordance with its terms.

(c) The Grantee has obtained or will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction and will provide supervision of all phases of construction of the Project.

(d) The Grantee intends to use the Property in a manner consistent with this Agreement and related Affordable Housing requirements.

(e) The Grantee shall complete the Project and shall pay or cause to be paid all costs and expenses associated with the Project. The Grantee has sufficient capital to perform its obligations under this Agreement or will have sufficient capital to perform its obligations under this Agreement at the time it needs such capital.

ARTICLE III THE PROJECT

Section 3.01. General Purpose.

(a) The Authority has entered into this Agreement relating to the Project in reliance upon the representations, warranties, covenants and agreements of the Grantee contained herein, and in reliance upon the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the completion of the Project and upon the performance by the Grantee of its obligations hereunder, as of the date hereof and the date of completion.

(b) The Project shall consist of the design, construction, assembly, installation and implementation of no fewer than eleven (11) affordable single-family residences, consistent with the approved specifications (the "Project Specifications").

(c) Grantee shall prepare or cause to be prepared Project Specifications and submit them for approval to the Authority's Representative. The Authority's Representative shall promptly approve, reject, or make comments or queries to the Project Specifications. The Project Specifications approved by the Authority's Representative shall be the Project Specifications and shall be attached to this Agreement as **Exhibit A** and incorporated as if fully set forth herein.

(d) Grantee covenants and agrees that:

(i) the Project shall be completed in substantial compliance with the Project Specifications, as modified from time to time in accordance with Section 3.02 herein,

(ii) the Property shall be used solely to develop and construct eleven (11) single family residences thereon,

(iii) all single family residences developed on the Property shall qualify as Affordable Housing at all times for a term of not less than the Affordability Period as defined in the Deed.

(iv) upon request by the Executive Director, Grantee shall provide the Authority with sufficient and complete financial data, as well as any other information, regarding the Project.

(v) upon completion of construction of the single family residences contemplated hereunder, the Grantee shall cause such single family residences to be sold to Qualified Homebuyers for not more than \$249,500 each (exclusive of land cost) or such other amount as the Executive Director may designate in writing.

(vi) Grantee shall sell the single family residences constructed on the Property only to Qualified Homebuyers as provided herein, and use customary documentation, in form and substance acceptable to the Authority, to evidence each such transaction, including but not limited to (i) a Homebuyer Note and Homebuyer Deed of Trust (as defined in the Grantee's Developer Agreement with the City) and (ii) a Deferred Payment Forgivable Promissory Note and Subordinate Lien Deed of Trust for the benefit of the Authority, to secure the performance of the Qualified Homebuyer's obligations with respect to such single family residences.

(e) Certain terms and conditions of this Section 3.01 shall be deemed "covenants running with the land" and shall bind Grantee as the owner of the Property, and its successors and assigns as the owner or owner(s) of all or any portion of the Property, as further described in Section 4.01 hereof and in the Deed.

Section 3.02. Modification of the Project. The Project and Project Specifications may be altered or amended by the Grantee upon written notice to the Authority and subsequent approval by the Executive Director of the proposed alterations or amendments; provided, however, that such proposed alterations or amendments shall be consistent with the then current City policy for affordable housing, and approved in writing by the Authority. Any such alterations or amendments shall be incorporated herein and, in the case of Project Specifications, substituted and attached hereto as **Exhibit A**.

Section 3.03. Completion of Project. The Project shall reach completion no later than the date that is 240 days from the date of acquisition of the Property (the "Completion Date") all subject to force majeure. Upon written request by the Grantee, the Executive Director, in his sole discretion, may extend the Completion Date for an additional period not to exceed 120 days. To be effective, any such extension must be in writing and signed by the Executive Director. The Project will not be deemed complete until the Authority has received all necessary documentation from the Grantee evidencing completion as described herein, and the Executive Director provides written confirmation that the Authority deems the Project completed.

ARTICLE IV CONVEYANCE, FINANCING AND FUNDING

Section 4.01. Conveyance of the Property. The Authority agrees to grant the Property to Grantee in order to facilitate the provision of decent, safe, sanitary and affordable housing for low income persons. The Authority agrees to execute and record a deed, substantially similar to the Deed attached hereto as **Exhibit C**, in the Harris County Clerk's Records, subject to the terms and

conditions set forth in an Unimproved Property Contract to be entered into by the Grantee and the Authority substantially in the form attached hereto as **Exhibit B**. The Parties agree that the Executive Director shall have the sole right to determine when to enter into such Unimproved Property Contract with Grantee.

Section 4.02. Funding for the Project. The Parties agree that Grantee shall be solely responsible for securing any and all funding and financing necessary to purchase the Property and complete construction of the Project in accordance with the terms of this Agreement. Upon request therefor, Grantee shall provide evidence satisfactory to the Authority of sufficient funding to complete the Project. The Authority shall have no obligation to provide any funds for any purpose in connection with the design and construction of the Project.

ARTICLE V COVENANTS OF THE GRANTEE REGARDING THE PROJECT

Section 5.01. Conflict of Interest. The Grantee has disclosed all Conflicts of Interest. The Authority reserves the right to deny the Property Grant due to a potential or existing Conflict of Interest disclosed at the execution of this Agreement or at any time throughout the Term of this Agreement.

Section 5.02. Additional Covenants of Grantee. The Grantee covenants to the Authority that:

(a) the Grantee shall provide the Authority with all reports reasonably requested by the Authority;

(b) any marketing, public awareness campaigns or signage related to the Project shall recognize the Authority's contributions in a prominent manner and, in the case of written materials, the Authority's name shall be in text no smaller than one-half (1/2) of the size of the Grantee's name and of an equal size as that if any other Project participants being recognized. All such marketing materials, public awareness campaigns or signage, including social media postings, shall be provided to Grantor for review and comment at least forty-eight (48) hours in advance of publication or distribution of same;

(c) the Grantor shall have the right to release information regarding the Project to any public media outlet. Grantee hereby grants Grantor permission to use any and all information and details (not marked confidential) contained in this Agreement or otherwise provided to Grantor for press releases, public awareness, public reporting, and/or public announcements. Grantee agrees to provide Grantor with an advance copy of any press release, public reporting, and/or public announcements regarding the Project for review and comment at least forty-eight (48) hours prior to release of same.

(d) any expenses related to the Project shall be recorded and physically maintained separately and distinctly from the expenses related to the general operations of the Grantee;

(e) the Project shall be completed and the Grantee shall pay all costs associated with the Project; and

(f) the Property shall at all times be maintained in a clean, safe and sanitary condition. The covenant to maintain the Property includes the removal of debris, trash, illegal occupiers or squatters, and unsightly landscaping conditions.

ARTICLE VI DEFAULT

Section 6.01. Events of Default. Each of the following shall constitute an Event of Default by the Grantee under this Agreement, if such events are not cured to the satisfaction of the Authority after written notice of the occurrence of such event and if Grantee does not commence a cure within 30 days of such written notice and does not thereafter diligently prosecute it to completion:

(a) Grantee fails to take title to the Property as contemplated under this Agreement, within 120 days, unless such time period is extended by the Executive Director;

(b) Grantee fails to complete construction of any one or more of the single family residences within the time requirements set forth in Section 3.03;

(c) Grantee fails to complete the Project in substantial compliance with the Project Specifications and any such deviation, alteration or amendment has not received written approval by the Authority pursuant to Section 3.02.

(d) Grantee is in default under any other agreement related to the Project, as default is defined in such agreement and the Grantee has not notified the Authority of the default within ten days of the default occurring;

(e) Grantee fails to comply with the covenants relating to Single Family Residential Use and Affordable Housing further detailed in Section 3.01 and in the Deed.

(f) Grantee fails to comply with the covenants detailed throughout this Agreement.

(g) Grantee becomes insolvent, is dissolved, or a voluntary or involuntary action in bankruptcy is filed by or against the Grantee.

Section 6.02. Remedies Upon Event of Default.

(a) Upon the occurrence of an Event of Default by the Authority and if such default remains uncured for a period of 30 days after the first occurrence of the Event of Default, in addition to the other rights given to the Grantee under this Agreement, the Grantee may terminate this Agreement or enforce specific performance.

(b) Upon the occurrence of an Event of Default by the Grantee and if such default remains uncured for a period of 30 days after the first occurrence of the Event of Default, in addition to the other rights given the Authority under this Agreement, the Authority may enforce specific performance of this Agreement, seek, actual damages incurred for any such default, terminate this Agreement, and/or enforce any other remedies under the Deed. If the Authority

elects to exercise its right to terminate this Agreement upon the occurrence of an Event of Default, it shall have no further obligation after the date of such termination to convey the Property to the Grantee.

ARTICLE VII INDEMNIFICATION AND RELEASE

Section 7.01. Indemnification.

(a) TO THE FULLEST EXTENT PERMITTED BY LAW, GRANTEE AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE AUTHORITY, THE CITY, THE ZONE, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, ELECTED AND APPOINTED OFFICIALS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, DEMANDS, CLAIMS, SUITS, CAUSES OF ACTION, LIABILITIES, COSTS, FINES, SETTLEMENTS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, EXPERT FEES, INTEREST EXPENSES AND ATTORNEY'S FEES) (COLLECTIVELY "LOSSES"), WHETHER ARISING IN EQUITY, AT COMMON LAW, OR BY STATUTE, INCLUDING WITHOUT LIMITATION (I) THE TEXAS DECEPTIVE TRADE PRACTICES ACT OR SIMILAR STATUTES OF OTHER JURISDICTIONS, (II) THE LAW OF CONTRACTS, (III) THE LAW OF TORTS (INCLUDING WITHOUT LIMITATION NEGLIGENCE AND STRICT LIABILITY WITHOUT REGARD TO FAULT) OR (IV) THE LAW OF PROPERTY, OF EVERY KIND OR CHARACTER (INCLUDING WITHOUT LIMITATION, LOSSES FOR PERSONAL INJURY (INCLUDING WITHOUT LIMITATION EMOTIONAL DISTRESS), REAL OR PERSONAL PROPERTY DAMAGE (INCLUDING WITHOUT LIMITATION CITY PROPERTY), OR ECONOMIC LOSS) ARISING IN FAVOR OF OR BROUGHT BY (I) ANY OF GRANTEE'S EMPLOYEES, AGENTS, SUBCONTRACTORS, SUB-SUBCONTRACTORS, SUPPLIERS, MATERIALMEN OR REPRESENTATIVES, OR BY (II) ANY GOVERNMENTAL AUTHORITY OR BY (III) ANY OTHER THIRD PARTY CLAIMANT, (COLLECTIVELY, "INDEMNITORS") BASED UPON, IN CONNECTION WITH, RELATING TO OR ARISING OUT OF GRANTEE'S (OR ANY OF ITS CONTRACTORS', SUB-SUBCONTRACTORS', SUPPLIERS', MATERIALMENS', EMPLOYEES', OR ANY OTHER PERSON DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM OR FOR WHOSE ACTIONS THEY MAY BE LIABLE) ACTIONS OR INACTIONS UNDER THIS AGREEMENT, THE WORK, ANY BREACH OF WARRANTY MADE HEREIN BY GRANTEE, ANY FAILURE TO COMPLY WITH ANY REQUIREMENT OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY INDEMNITOR'S FAILURE TO COMPLY WITH ANY APPLICABLE LAW, ANY LIENS OR ENCUMBRANCES ON THE WORK, THE PROJECT OR THE AUTHORITY'S PROPERTY ARISING OUT OF THE WORK, OR ANY INFRINGEMENT OF ANY INTELLECTUAL PROPERTY ARISING OUT OF THE WORK, AND EVEN IF DUE IN PART TO ANY INDEMNIFIED PARTY'S NEGLIGENCE OR OTHER FAULT, BREACH OF CONTRACT OR WARRANTY, VIOLATION OF STATUTE, INCLUDING WITHOUT

LIMITATION THE TEXAS DECEPTIVE TRADE PRACTICES ACT, OR STRICT LIABILITY WITHOUT REGARD TO FAULT.

(b) To the fullest extent permitted by law, in cases where a third party claimant's damages are caused in part by the negligence of one or more Indemnified Parties, Grantee's indemnification obligations under this ARTICLE VII shall extend to the first \$500,000.00 per occurrence of such claimant's damages.

(c) For the purposes of this ARTICLE VII, "*third party claimants*" means all parties other than Grantee or the Authority. For example, but not by way of limitation, "*third party claimants*" includes all Indemnitors (other than Grantee) as well as the City and the Zone. Grantee's indemnity obligations set forth in this ARTICLE VII shall survive the expiration or termination of this Agreement.

(d) Grantee's obligations pursuant to this ARTICLE VII shall apply regardless of the amount of insurance coverage held by Grantee, including without limitation any such coverage under any worker's compensation act, disability act, or other act or law which would limit the amount or type of damages, compensation, or benefits payable by or for Grantee, and shall not be limited by any insurance carried or provided by Grantee in accordance with this Agreement or otherwise. Grantee's obligations under this ARTICLE VII shall not be construed to negate, abridge or reduce other rights or obligations of defense or indemnity that would otherwise exist as to a party or person described in this ARTICLE VII. Grantee shall include provisions in its subcontract agreements which obligate each subcontractor to Grantee to the same extent that Grantee is obligated to the Indemnified Parties pursuant to this ARTICLE VII.

Section 7.02. Release. Grantee hereby releases the Indemnified Parties, and shall cause its Contractors, subcontractors and sub-subcontractors to release the Indemnified Parties, from all liability for injury, death, damage, or loss to persons or property sustained in connection with or incidental to performance of the Work, and EVEN IF SUCH INJURY, DEATH, DAMAGE OR LOSS IS CAUSED BY, RESULTS FROM OR ARISES OUT OF ANY INDEMNIFIED PARTY'S SOLE OR CONCURRENT NEGLIGENCE OR OTHER FAULT, BREACH OF CONTRACT OR WARRANTY, VIOLATION OF STATUTE OR STRICT LIABILITY WITHOUT REGARD TO FAULT.

Section 7.03. Other Indemnities. Other provisions in this Agreement containing indemnities shall be deemed to be cumulative of and to operate independently of the indemnities provided above such that all indemnities provided in this Agreement shall be construed to grant indemnity to the Indemnified Parties to the fullest and broadest extent possible.

**ARTICLE VIII
GENERAL**

Section 8.01. Inspections, Audits. The Grantee agrees to use commercially reasonable efforts during the term of this Agreement to keep such operating records as may be required by the City, the Authority, or by state and federal law or regulation. The Grantee shall allow the Authority reasonable access to documents and records in the Grantee's possession, custody or control relating to the Project that the Authority deems necessary to assist the Authority in determining the

Grantee's compliance with this Agreement. Grantee shall allow the Authority reasonable access to the Project to conduct visual inspections of the Project. All inspections will be made only after giving the Grantee notice at least 24 hours in advance thereof.

Section 8.02. The Grantee Operations and Employees. All personnel supplied or used by the Grantee in the performance of this Agreement shall be deemed contractors or subcontractors of the Grantee and will not be considered employees, agents, contractors or subcontractors of the Authority for any purpose whatsoever. The Grantee shall be solely responsible for the compensation of all such contractors and subcontractors.

Section 8.03. Dispute Resolution.

(a) In the event of any claim, dispute or controversy arising out of or relating to this Agreement (whether such claim, dispute or controversy is allegedly extra-contractual in nature, whether such claim, dispute or controversy arises under the law of torts, contracts, property, or otherwise, or at law or in equity, or under state or federal laws, or by statute or common law, or seeks damages or any other relief) which the Parties have been unable to settle or agree upon within a period of thirty (30) days after the dispute or disagreement arises, each Party shall nominate a senior officer of its management to meet at a mutually agreed time and place not later than forty-five (45) days after the dispute or disagreement has arisen to attempt to resolve such dispute or disagreement. Should a resolution of such dispute or disagreement not be obtained within fifteen (15) days after the meeting of senior officers for such purpose, either Party may then by written notice to the other submit the dispute to non-binding mediation in accordance with this Section.

(b) In the event that the Parties are unable to resolve any disputes in accordance with Section 8.03(a), either Party may, by written notice to the other submit the dispute to non-binding mediation before a mutually agreed-upon mediator. If the Parties are unable to agree upon a mediator within twenty (20) days after the written notice of submission to mediation, the American Arbitration Association shall be empowered to appoint a qualified mediator. If the dispute is technical in nature, the mediator appointed by the American Arbitration Association shall be qualified by at least ten (10) years' experience in construction, engineering, and/or architecture. 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. Participation in non-binding mediation in accordance with this Section shall be a condition precedent to Grantee having the right to file any legal or equitable action against the Authority.

(c) Subject to Grantee's obligation to comply with the requirements of the foregoing subsections as a condition precedent to Grantee having any right to file any legal or equitable action against the Authority, for purposes of all legal or equitable proceedings arising out of, relating to or connected with this Agreement, Grantee hereby agrees that this Agreement is performable in whole or in part in Houston, Harris County, Texas and hereby submits to the jurisdiction of the state courts within Harris County, and agrees that such jurisdiction shall

be exclusive with respect to any such proceeding filed by Grantee. Grantee hereby irrevocably waives any claim which it may now or hereafter have that any such proceeding brought in any state court in Harris County has been brought in an inconvenient forum. With respect to any proceeding filed by the Authority, Grantee hereby expressly, clearly and unequivocally agrees that the Authority 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. Grantee hereby irrevocably waives its right to remove any such proceeding to any federal court should the Authority choose to bring any proceeding in any state court of Texas.

(d) Grantee shall, or shall cause a third party to, carry on the work on the Project in order to adhere to the requirement of Section 3.03 of this Agreement during all disputes or disagreements with the Authority. Work on the Project shall not be delayed or postponed pending resolution of any disputes or disagreements, except as the Authority and Grantee may otherwise agree in writing.

Section 8.04. Personal Liability of Public Officials. To the extent permitted by State law, no director, officer, employee or agent of the Authority or the City shall be personally responsible for any liability arising under or growing out of this Agreement.

Section 8.05. Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

Grantee: Heart of Houston Community Development Corporation,
Inc.
3451 Palm Street
Houston, Texas 77004
Attention: President

Authority: Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002-8722
Attention: Executive Director

with a copy to:

Barron F. Wallace
Bracewell LLP
711 Louisiana, Suite 2300
Houston, Texas 77002

and

Peggy Foreman

Burney & Foreman
5445 Almeda, Suite 400
Houston, Texas 77004

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 or facsimile 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 the Zone, the Authority or the Grantee, as the case may be.

Section 8.06. Amendments. This Agreement may be amended, supplemented and/or modified only in a writing signed by representatives of each Party and upon ratification thereof by the Board of Directors of the Authority.

Section 8.07. Waivers. No waiver of any provision of this Agreement shall be of any force or effect unless such waiver is in writing, expressly stating to be a waiver of a specified provision of this Agreement and signed by the Party to be bound thereby. Either Party's waiver of any breach or failure to enforce any of the provisions of this Agreement, at any time, shall not in any way limit or waive that Party's right thereafter to enforce or compel strict compliance with this Agreement or any portion or provision or right under this Agreement.

Section 8.08. 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.

Section 8.09. Successors and Assigns. All covenants and agreements by or on behalf of the Authority and the Zone contained in this Agreement shall bind their successors and assigns and shall inure to the benefit of the Grantee and its successors and assigns. The Grantee may **not** assign its rights and obligations under this Agreement or any interest herein, without the prior written consent of the Authority. If any rights and/or obligations are assigned, any such assignee must specifically assume all of the obligations of the Grantee hereunder. If such assignment of the obligations by the Grantee hereunder is effective, the Grantee shall be deemed released from such obligations. If any assignment of the obligations by the Grantee hereunder is deemed ineffective or invalid, the Grantee shall remain liable hereunder.

Section 8.10. 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.

Section 8.11. Construction/Governing Law. 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.

Section 8.12. Waiver of Consequential Damages. Grantee waives any and all claims it may now or hereafter have against the Authority or the Zone for consequential, special, incidental or indirect losses or damages arising out of or relating to this Agreement or the Project, WHETHER ARISING UNDER THE LAW OF CONTRACTS, TORTS (INCLUDING WITHOUT LIMITATION, NEGLIGENCE OF EVERY KIND AND STRICT LIABILITY WITHOUT REGARD TO FAULT) OR PROPERTY OR AT COMMON LAW OR IN EQUITY, VIOLATION OF STATUTE (INCLUDING WITHOUT LIMITATION, THE TEXAS DECEPTIVE TRADE PRACTICES ACT OR SIMILAR STATUTE OR ANY OTHER JURISDICTION) OR OTHERWISE. Furthermore, this waiver includes, but is not limited to, damages incurred by Grantee for principal office expenses including without limitation the compensation of personnel stationed there, for losses of financing, business, reputation, and loss of profit. This waiver is applicable, without limitation, to all consequential, special, incidental or indirect losses or damages arising out of any termination pursuant to Article VI.

Section 8.13. 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.**

Section 8.14. Term. This Agreement shall be in force and effect from the date of execution hereof for a term expiring the first day in which the Zone is no longer in existence.

Section 8.15. Memorandum of Agreement. The parties agree that they will, at the request of any party, promptly execute an instrument in recordable form constituting a memorandum of this Agreement, which shall be filed for record in the Office of the County Clerk of Harris County, Texas, solely to give record notice of the existence of this Agreement. No such memorandum shall in any way vary, modify or supersede this Agreement.

Section 8.16. 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.

Section 8.17. Survivability. Notwithstanding any termination or expiration of this Agreement, the obligations of the Grantee which are intended by their nature to survive such expiration or termination, including without limitation those set forth in ARTICLE VII (INDEMNIFICATION AND RELEASE); Section 8.07 (Waivers); Section 8.08 (Invalidity); Section 8.12 (Waiver of Consequential Damages); and this Section 8.17 of this Agreement, shall survive for the maximum duration of time allowed by law.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the _____ day of _____, 2023.

**MIDTOWN REDEVELOPMENT
AUTHORITY**

**HEART OF HOUSTON COMMUNITY
DEVELOPMENT CORPORATION,
INC.**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

Exhibit A

*to
Grant Agreement*

Project Specifications

Heart of Houston Community Development Corporation, Inc. shall construct a total of eleven (11) single-family homes using a combination of three separate floor plans. Each of the eleven (11) single-family homes will have a minimum of three (3) bedrooms, at least two (2) bathrooms, and an attached 2-car garage. When complete, each of these eleven (11) homes shall have a gross living area of approximately 1,333 square feet to 1,518 square feet. Construction shall be in compliance with Plans and Specifications approved by the Midtown Redevelopment Authority.

Each single-family home will have the following design features: SEE ATTACHED.

Exterior Quality Features

- 30 Year Warranty Composition Shingles
- Brick Face & Cement Board Siding
- Concrete Driveway & Walkways
- Covered Concrete Rear Patio
- Covered Bricked Front Porch
- Custom Brick Detail
- Deadbolt Locks On All Exterior Doors
- Durable Steel Embossed Garage Door
- Engineered Post Tension Concrete Slab
- Exterior Front & Rear Lighting
- Front Landscape Package, and Sod at rear
- Mahogany Front Door

Interior Quality Features

- ½ Horsepower Garbage Disposal
- Alarm System (Pre-wire Only)
- Black or White Appliances (Range, Vent Hood, and Dishwasher)
- Brush Nickel Fixtures (Electrical & Hardware)
- Chrome Fixtures (Plumbing & Shower Door)
- Cable and Cat-5 Outlets (Per Plan)
- Fireplace I/A
- Carbon Monoxide Detector & smoke detectors
- Custom Millwork (Closets, Entry, Family)
- Dual Stainless Steel Kitchen Sink
- Finished Garage/Garage Door Opener (Pre-wire Only)
- Vinyl Plank Floors (Wet Areas)
- 12x12 Ceramic Tile Walls (Wet Areas)
- 30" Pre-Fabricated Cabinets
- Granite Countertops at Kitchen
- Garden Tub and Separate Shower In Master Bath
- Ceiling Fans (Family & Master).
- Ceiling fans blocked and wired at secondary bedrooms

Energy Saving Features

- All Energy Saving Gas Service
- Efficient 16 Seer Air Conditioning
- Digital Thermostat
- Energy Saving Water Heater
- Insulated HVAC Ducts
- R-13 Fiberglass Wall Insulation
- R-22 Fiberglass Ceiling Insulation
- R-38 Blown Insulation at flat ceilings
- Weather-tight Exterior Doors
- Vinyl Windows
- Polyseal & Baffles

Buyer Custom Selections

- Choice of Cabinet Color
- Choice of Carpet Color
- Choice of Designer Ceramic Tile Color
- Choice of Exterior Brick Color
- Choice of Exterior/Interior Paint Color
- Choice of Front Elevation I/A
- Choice of Kitchen Granite Counter Top
- Choice of Bathroom Cultured Marble Counter Top

Upgrade Options

- See Sales Consultant for Upgrade Options

Exhibit B
to
Grant Agreement

UNIMPROVED PROPERTY CONTRACT

1. **PARTIES:** The parties to this contract are MIDTOWN REDEVELOPMENT AUTHORITY, a Texas not-for-profit local government corporation or (Seller) and _____ (Buyer). Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.

2. **PROPERTY:** Lot _____, Block _____, Addition, City of Houston, County of Harris, Texas, known as _____ (address/zip code), or as described on **Exhibit A** attached hereto, and consisting of approximately _____ square feet, together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property). Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.

3. **SALES PRICE:**

- A. Cash portion of Sales Price payable by Buyer at closing \$ _____
- B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) \$ _____
- C. Sales Price (Sum of A and B) \$ _____
- D. The Sales Price will be adjusted based on the latest survey obtained under Paragraph 6C. The Sales Price is calculated on the basis of \$ _____ per square foot of total area. "Total area" means the total land area within the perimeter boundaries of the Property. If the Sales Price is adjusted by more than 5% of the stated Sales Price, either party may terminate this contract by providing written notice to the other party within 10 days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the Sales Price automatically will be made to the cash portion of the Sales Price payable by Buyer without the necessity of an amendment to this contract.

4. **FINANCING:** The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)

A. **THIRD PARTY FINANCING:** One or more third party mortgage loans in the total amount of \$ _____ (excluding any loan funding fee or mortgage insurance premium).

(1) **Property Approval:** If the Property does not satisfy the lenders' underwriting requirements for the loan(s) (including, but not limited to appraisal, insurability and lender required

Initialed for identification by Buyer _____ and Seller _____

repairs), Buyer may terminate this contract by giving notice to Seller prior to closing and the earnest money will be refunded to Buyer.

(2) Credit Approval: (Check one box only)

(a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Addendum for Credit Approval.

(b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.

B. ASSUMPTION: The assumption of the unpaid principal balance of one or more promissory notes described in the attached Texas Real Estate Commission (TREC) Loan Assumption Addendum.

C. SELLER FINANCING: A promissory note from Buyer to Seller of \$ n/a, secured by vendor's and deed of trust liens, and containing the terms and conditions described in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

5. **EARNEST MONEY:** Within 3 days after the Effective Date, Buyer must deliver \$ _____ as earnest money to Thomas Hartman as escrow agent, at Old Republic National Title Insurance Company, 1225 North Loop West, Suite 750, Houston, Texas 77008. Buyer shall deliver additional earnest money of \$ n/a to the escrow agent within n/a days after the Effective Date of this contract. If Buyer fails to deliver the earnest money within the time required, Seller may terminate this contract or exercise Seller's remedies under Paragraph 15, or both, by providing notice to Buyer before Buyer delivers earnest money. If the last day to deliver the earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the earnest money is extended until the end of the next day that is not a Saturday, Sunday, or legal holiday. **Time is of the essence for this paragraph.** References in this contract to the "Effective Date" shall mean and refer to the date the escrow agent receipts this contract after execution by all parties.

6. **TITLE POLICY AND SURVEY:**

A. TITLE POLICY: Seller shall furnish to Buyer at Seller's Buyer's expense an owner policy of title insurance (Title Policy) issued by Old Republic National Title Insurance Company (Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

(1) Easements, restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances and other matters of record (excluding prior conveyances of the surface estate) in the Official Public Records of Harris County, Texas, which are applicable to the Property.

(2) The standard printed exception for standby fees, taxes and assessments.

(3) Liens created as part of the financing described in Paragraph 4.

(4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.

- (5) Visible and apparent easements and other matters not appearing of record, but that are depicted on the survey of the Property and described in the Commitment (hereafter defined).
- (6) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
- (7) The standard printed exception as to marital rights.
- (8) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
- (9) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have this exception amended to read "shortages in area."
- (10) The exception or exclusion regarding minerals approved by the Texas Department of Insurance.
- B. COMMITMENT: Within 20 days after the Effective Date of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier. If the Commitment and Exception Documents are not delivered within the time required, Buyer may terminate this contract and the earnest money will be refunded to Buyer.
- C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (Check one box only)
- (1) Within 14 days after the Effective Date, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit) **If Seller fails to furnish the existing survey or affidavit within the time prescribed, or if the existing survey or affidavit is not acceptable to Title Company or Buyer's lender(s), Buyer shall obtain a new survey at Seller's Buyer's expense no later than 3 days prior to Closing Date.**
- (2) Within 30 days after the Effective Date, Buyer shall obtain a new survey at Buyer's expense; provided however, if the period of time for delivery of the Commitment and Exception Documents is extended pursuant to Paragraph 6.B., the period of time for obtaining the survey shall be extended for the same period of time. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.
- (3) Within n/a days after the Effective Date, Seller, at Seller's expense shall furnish a new survey to Buyer.

D. OBJECTIONS: Buyer may object in writing to (i) defects, exceptions, or encumbrances to title: disclosed on the survey other than items 6A(1) through (8) above; or disclosed in the Commitment other than items 6A(1) through (10) above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions or restrictions which prohibit or impair the following use or activity: development, use and occupancy of the Property for residential housing purposes.

Buyer must object the earlier of (i) the Closing Date or (ii) 10 days after Buyer receives the Commitment, Exception Documents, and the survey; provided however, if the Commitment, Exception Documents and survey are not delivered to Buyer until the Closing Date, the time for Buyer to object to the same will be automatically extended to 10 days after the Closing Date and the Closing Date will be extended for the period of time for such objections to be made and Seller's cure of such objections as provided below. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived by Buyer. Provided Seller is not obligated to incur any expense, Seller shall cure the timely objections of Buyer or any third party lender within 15 days after Seller receives the objections (Cure Period) and the Closing Date will be extended as necessary. If objections are not cured within the Cure Period, Buyer may, by delivering notice within 5 days after the end of the Cure Period: (i) terminate this contract and the earnest money will be refunded to Buyer; or (ii) waive the objections. If Buyer does not terminate within the time required, Buyer shall be deemed to have waived the objections. If the Commitment or Survey is revised or any new Exception Document(s) is delivered Buyer may object to any new matter revealed in the revised Commitment or Survey or new Exception Document(s) within the same time stated in this paragraph to make objections beginning when the revised Commitment, Survey, or Exception Document(s) is delivered to Buyer.

E. TITLE NOTICES:

(1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.

(2) MEMBERSHIP IN PROPERTY OWNERS' ASSOCIATION(S): The Property is is not subject to mandatory membership in a property owners' association(s). If the Property is subject to mandatory membership in a property owners' association(s), Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community identified in Paragraph 2 in which the Property is located, you are obligated to be a member of the property owners' association(s). Restrictive covenants governing the use and occupancy of the Property and all dedicatory instruments governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instruments may be obtained from the county clerk. **You are obligated to pay assessments to the property owners' association(s). The amount of the assessments is subject to change. Your failure to pay the assessments could result in enforcement of the association's lien on and the foreclosure of the Property.**

Section 207.003, Property Code, entitles an owner to receive copies of any document that governs the establishment, maintenance, or operation of a subdivision, including, but not limited to, restrictions, bylaws, rules and regulations, and a resale certificate from a property owners' association. A resale certificate contains information including, but not

limited to, statements specifying the amount and frequency of regular assessments and the style and cause number of lawsuits to which the property owners' association is a party, other than lawsuits relating to unpaid ad valorem taxes of an individual member of the association. These documents must be made available to you by the property owners' association or the association's agent on your request.

If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in a Property Owners' Association should be used.

- (3) **STATUTORY TAX DISTRICTS:** If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
- (4) **TIDE WATERS:** If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or required by the parties must be used.
- (5) **ANNEXATION:** If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.
- (6) **PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER:** Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (7) **PUBLIC IMPROVEMENT DISTRICTS:** If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the

assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.

- (8) TEXAS AGRICULTURAL DEVELOPMENT DISTRICT: The Property is is not located in a Texas Agricultural Development District. For additional information, contact the Texas Department of Agriculture.
- (9) TRANSFER FEES: If the Property is subject to a private transfer fee obligation, §5.205, Property Code requires Seller to notify Buyer as follows: The private transfer fee obligation may be governed by Chapter 5, Subchapter G of the Texas Property Code.

7. PROPERTY CONDITION:

A. ACCESS, INSPECTIONS AND UTILITIES: Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. The Property shall be restored substantially to its present condition after any such inspections, surveys or tests at Buyer's sole expense. **Buyer hereby indemnifies and holds Seller harmless from any claims, costs, expenses, attorney's fees, bodily injuries, accidents or damage and shall repair any physical damage, to or on the Property caused by Buyer or Buyer's inspections, tests or surveys. Buyer's covenants pursuant to this Section 7.A. shall survive the Closing or any termination of this contract.**

NOTICE: Buyer should determine the availability of utilities to the Property suitable to satisfy Buyer's needs.

B. ACCEPTANCE OF PROPERTY CONDITION: (Check one box only)

- (1) Buyer accepts the Property in its present condition.
- (2) Buyer accepts the Property in its present condition provided Seller, at Seller's expense, shall complete the following specific repairs and treatments: _____
_____. (Do not insert general phrases, such as "subject to inspections," that do not identify specific repairs.)

NOTICE TO BUYER AND SELLER: Buyer's agreement to accept the Property in its present condition under Paragraph 7B (1) or (2) does not preclude Buyer from inspecting the Property under Paragraph 7A, from negotiating repairs or treatments in a subsequent amendment, or from terminating this contract during the Option Period, if any.

C. COMPLETION OF REPAIRS: Unless otherwise agreed in writing, Seller shall not complete any repairs prior to the Closing Date. All required permits must be obtained, and repairs and treatments, if any, must be performed by persons who are licensed to provide such repairs or treatments or, if no license is required by law, are commercially engaged in the trade of providing such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs and treatments will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs and treatments prior to the Closing Date, Buyer may exercise remedies under Paragraph 15 or extend the Closing Date up to 15 days, if necessary, for Seller to complete repairs and treatments.

D. ENVIRONMENTAL MATTERS: Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a

threatened or endangered species or its habitat may affect Buyer's intended use of the Property. During the Option Period, Buyer and Buyer's agents shall have access to the Property to conduct such tests, assessments and inspections as Buyer deems necessary with respect to environmental matters.

- E. **SELLER'S DISCLOSURES:** Except as otherwise disclosed in this contract, Seller has no knowledge of the following:
- (1) any flooding of the Property which has had a material adverse effect on the use of the Property;
 - (2) any pending or threatened litigation, condemnation, or special assessment affecting the Property.
 - (3) any environmental hazards that materially and adversely affect the Property;
 - (4) any dumpsite, landfill, or underground tanks or containers now or previously located on the Property;
 - (5) any wetlands, as defined by federal or state law or regulation, affecting the Property; or
 - (6) any threatened or endangered species or their habitat affecting the Property.

Seller's knowledge shall mean the current actual knowledge of Matt Thibodeaux, Seller's Executive Director, after performing reasonable inspections of Seller's files regarding the Property, but with no further inspections, investigations or inquiries.

8. **BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements. NONE

9. **CLOSING:**

- A. The closing of the sale will be on or before 60 days after the Effective Date, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later (Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.
- B. At closing:
- (1) Buyer shall execute and cause Title Company to record the Declaration of Land Use Restrictions (Restrictive Covenants) attached hereto as **Exhibit C** immediately prior to recordation of the Special Warranty Deed attached hereto as **Exhibit B**.
 - (2) Seller shall execute and deliver a special warranty deed conveying title to the Property to Buyer substantially in the form and content substantially similar to the Special Warranty Deed attached hereto as **Exhibit B** and furnish tax statements or certificates showing no delinquent taxes on the Property.
 - (3) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
 - (4) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents reasonably required for the closing of the

sale and the issuance of the Title Policy and any documents required or described in Paragraph 11. Special Provisions.

- (5) There shall be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing the payment of any loans assumed by Buyer, and assumed loans will not be in default.
- (6) If the Property is subject to a lease which will be assumed by Buyer, Seller shall (i) deliver to Buyer the lease(s) and the move-in condition form signed by the tenant, if any, and (ii) transfer security deposits (as defined under §92.102, Property Code), if any, to Buyer. In such an event, Buyer shall deliver to the tenant a signed statement acknowledging that the Buyer has received the security deposit and is responsible for the return of the security deposit, and specifying the exact dollar amount of the security deposit.

10. POSSESSION: Seller shall deliver to Buyer possession of the Property in its present or required condition upon closing and funding.

11. SPECIAL PROVISIONS:

A. Within 14 days after the Effective Date, Seller shall deliver to Buyer copies of the following items, to the extent that the items are in Seller's possession or are readily available to Seller: (1) all leases pertaining to the Property, including all modifications thereto; (2) all licenses and permits related to the Property; (3) utility capacity letters from the Property's water and sewer service provider; (4) all previous environmental assessments or studies; and (5) all surveys and plats of the Property.

B. The Property, and any improvements constructed on the Property, shall (i) be solely used to provide Affordable Housing for a period of not less than the Affordability Period as defined in the Form of Special Warranty Deed attached hereto as Exhibit B and (ii) comply with the Project Specifications, attached to the Form of Special Warranty Deed as Appendix B. The restrictions contained in (i) and (ii) of this sub-paragraph B, (collectively the "Restrictions") shall run with the Property, shall be binding on the Buyer, its successors and assigns for the term of the Restrictions, and shall inure to the benefit of the Seller, its successors and assigns for the term of the Restrictions.

C. Buyer may not assign this contract without the written consent of Seller.

D. Buyer, at Buyer's expense, may conduct a Phase I environmental assessment of the Property and any other tests, inspections or assessments related to environmental matters of the Property (collectively, the Phase I) during the Option Period and as provided in Paragraphs 7.A and 7.D. If Buyer gives Seller written notice of termination of this contract based on matters disclosed in the Phase I or other environmental tests, inspections or assessments of the Property, Buyer shall provide Seller with a copy of the Phase I with the written notice of termination.

E. NOTWITHSTANDING ANY OTHER PROVISION TO THE CONTRARY HEREIN, BUYER SHALL PAY ALL CLOSING COSTS.

12. SETTLEMENT AND OTHER EXPENSES:

A. The following expenses must be paid at or prior to closing:

(1) Expenses payable by Seller (Seller's Expenses):

(a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; and other expenses payable by Seller under this contract.

(b) Seller shall also pay an amount not to exceed \$ n/a to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Land Board or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.

(2) Expenses payable by Buyer (Buyer's Expenses): Appraisal fees; loan application fees; adjusted origination charges; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; owner title policy and any endorsements or modifications thereto, loan title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; escrow fees; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; repair inspection; underwriting fee; wire transfer fee; expenses incident to any loan; Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender; and other expenses payable by Buyer under this contract.

B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Land Board or other governmental loan program regulations.

13. PRORATIONS AND ROLLBACK TAXES:

A. PRORATIONS: Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year. Obligations imposed by this paragraph will survive closing.

B. ROLLBACK TAXES: If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Seller's change in use of the Property prior to closing or denial of a special use valuation on the Property claimed by Seller results in Assessments for periods prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

14. CASUALTY LOSS: If any part of the Property is damaged or destroyed by fire or other casualty after the Effective Date of this contract, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer or (b) accept the Property in its damaged condition without reduction to the Sales Price.

- 15. DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default after the expiration of 10 days' notice and opportunity to cure, and Seller then may (a) seek such relief as may be provided at law or in equity or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract, Seller will be in default after the expiration of 10 days' notice and opportunity to cure, and Buyer then may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract.
- 16. MEDIATION:** It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion will be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.
- 17. ATTORNEY'S FEES:** A Buyer, Seller, Listing Broker, Other Broker, or escrow agent who prevails in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding.
- 18. ESCROW:**
- A. **ESCROW:** The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. **EXPENSES:** At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may: (i) require a written release of liability of the escrow agent from all parties (ii) require payment of unpaid expenses incurred on behalf of a party, and (iii) only deduct from the earnest money the amount of unpaid expenses incurred on behalf of the party receiving the earnest money.
- C. **DEMAND:** Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money.
- D. **NOTICES:** Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.
- 19. REPRESENTATIONS:** All covenants, representations and warranties in this contract survive closing. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back-up offers.

20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by the Internal Revenue Code and regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.

21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by facsimile or electronic transmission as follows and to the attorney representing each party, if any, designated in Paragraph 25:

To Buyer at:

To Seller at:

410 Pierce St., Suite 355
Houston, Texas 77002

Telephone: () _____

Telephone: (713) 526-7577 _____

Facsimile () _____

Facsimile: (713) 526-7519 _____

E-mail: _____

Email: kschramm@midtownhouston.com

22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (check all applicable boxes):

- Third Party Financing Addendum for Credit Approval
- Seller Financing Addendum
- Addendum for Property Subject to Mandatory Membership in a Property Owners' Association
- Buyer's Temporary Residential Lease
- Seller's Temporary Residential Lease
- Addendum for Reservation of Oil, Gas and Other Minerals
- Addendum for "Back-Up" Contract
- Addendum for Coastal Area Property
- Addendum Concerning Right to Terminate Due to Lender's Appraisal
- Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum
- Addendum for Property Located Seaward of the Gulf Intracoastal Waterway
- Addendum for Sale of Other Property by Buyer
- Other (list): Declaration of Land Use Restrictions (Restrictive Covenants) and Form of Special Warranty Deed.

23. TERMINATION OPTION: For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$100.00 (Option Fee) within 3 days after the Effective Date, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller

(Address of Property)

within 15 days after the Effective Date of this contract (Option Period). Notices under this paragraph must be given by 5:00 p.m. (local time where the Property is located) by the date specified. If no dollar amount is stated as the option Fee or if Buyer fails to pay the Option Fee to Seller within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination under this Paragraph 23 within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee will will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

24. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts this offer by 5:00 p.m. Central Standard Time on _____, the offer will lapse and become null and void.

25. CONSULT AN ATTORNEY: TREC rules prohibit real estate licensees from giving legal advice. READ THIS CONTRACT CAREFULLY. If you do not understand the effect of this contract, consult an attorney BEFORE signing.

Buyer's Attorney is:

Telephone: () _____

Facsimile () _____

E-mail: _____

Seller's Attorney is:

Mary Buzak
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002

Telephone (713) 221-1153 _____

Facsimile: _____

Email: mary.buzak@bracewell.com _____

EXECUTED the _____ day of _____, 20____.
(BROKER: FILL IN DATE OF FINAL ACCEPTANCE.)

BUYER:

By: _____

Name: _____

Title: _____

SELLER:

Midtown Redevelopment Authority

By: _____

Name: _____

Title: _____

(Address of Property)

BROKER INFORMATION

Other Broker Firm _____ License No. _____

Represents Buyer only as Buyer's agent
 Seller as Listing Broker's subagent

Listing Broker Firm _____ License No. _____

Represents Seller and Buyer as an intermediary
 Seller only as Seller's agent

Licensed Supervisor of Associate _____ Telephone _____

Licensed Supervisor of Listing Associate _____ Telephone _____

Associate _____ Telephone _____

Listing Associate _____ Telephone _____

Other Broker's Address _____ Facsimile _____

Listing Broker's Office Address _____ Facsimile _____

City _____ State _____ Zip _____

City _____ State _____ Zip _____

Associate Email Address _____

Listing Associate's Email Address _____

Selling Associate Telephone _____

Selling Associate's Office Address Facsimile _____

City _____ State _____ Zip _____

Selling Associate's Email Address _____

Listing Broker has agreed to pay Other Broker ____% of the total sales price when the Listing Broker's fee is received. Escrow Agent is authorized and directed to pay other Broker from Listing Broker's fee at closing.

CONTRACT AND EARNEST MONEY RECEIPT

Receipt of Contract and \$ _____ Earnest Money in the form of _____ is acknowledged.

Title Company: Old Republic National Title Insurance Company

Date: _____

By: _____
Thomas Hartman, Escrow Agent/Officer

Email Address: _____

Address: 1225 North Loop West, Suite 750

Telephone: 713-766-7192

Houston Texas 77008
City State Zip

Facsimile: 713-583-7930

Initialed for identification by Buyer _____ and Seller _____

Exhibit A

to

Unimproved Property Contract

Property Description

[See attached Exhibit D to the Grant Agreement]

Exhibit B

to

Unimproved Property Contract

Form of Special Warranty Deed

[See attached Exhibit C to the Grant Agreement]

Exhibit C

to

Unimproved Property Contract

Declaration of Land Use Restrictions (Restrictive Covenants)

[See attached Exhibit E to the Grant Agreement]

Exhibit C
to
Grant Agreement

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

THAT MIDTOWN REDEVELOPMENT AUTHORITY, a public not for profit local government corporation ("**Grantor**"), for and in consideration of the sum of TEN AND NO/100THS DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD, and CONVEYED and by these presents does GRANT, BARGAIN, SELL, AND CONVEY unto HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC., a non-profit corporation created and organized under the laws of the State of Texas ("**Grantee or Developer**"), whose address is 3451 Palm Street, Houston, Texas 77004, that certain tract or parcel of land in Harris County, Texas, more particularly described in **Appendix A** attached hereto and incorporated herein by this reference, together with all improvements thereon and all rights and interests appurtenant thereto (such land, improvements, rights and interests are hereinafter collectively referred to as the "**Property**").

This Special Warranty Deed and the conveyance hereinabove set forth is executed by Grantor and accepted by Grantee subject to all matters of record in the office of the County Clerk of Harris County, Texas, and all matters that a true and correct on-the-ground survey of the Property would reveal, to the extent the same are validly existing and applicable to the Property (hereinafter referred to collectively as the "**Permitted Encumbrances**").

RESTRICTION TO AFFORDABLE HOUSING USE

1. **Definitions.** Unless a particular word or phrase is otherwise defined or the context otherwise requires, capitalized words and phrases used in this Special Warranty Deed shall have the following meanings:

 "Affordable Housing" means

- (i) housing that is for purchase by a family if the housing has an initial purchase price that does not exceed ninety-five (95%) percent of the median purchase price for the type of single family housing (1 to 4 family residence, condominium unit, cooperative unit, combination manufactured home and

lot, or manufactured home lot) for the City of Houston as determined by the Department of Housing and Urban Development (“HUD”) and has an estimated appraised value at acquisition, if standard, or after any repair needed to meet property standards set out in 24 CFR 92.251, that does not exceed ninety-five (95%) percent of the median purchase price described above;

- (ii) housing that is the principal residence of an owner whose family qualifies as a Very Low or Low Income Family at the time of purchase; and
- (iii) housing in which a Qualified Homebuyer is paying no more than thirty percent (30%) of gross income for housing costs, including utilities, at the time of purchase; and
- (iv) housing that is subject, for the Affordability Period, to restrictions or recapture provisions as provided in the Restrictions herein.

“Affordability Period” means the minimum period of time during which a Qualified Homebuyer must own and occupy a particular single-family residence built on the Property (“Affordable Housing Unit”) as his/her principal residence, which period shall be:

- (i) twenty (20) years for Property receiving assistance under this Agreement, provided, however, that if the Qualified Homebuyer receives federal HOME Program assistance in an amount over \$40,000.00, then the Affordability Period shall be fifteen (15) years; unless,
- (ii) the Zone is no longer in existence, in which case, the period shall end the first day that the Zone is no longer in existence.

“Low Income Family” means a family whose annual income exceeds 50% but does not exceed 80% of the median income for the area, as determined by the Secretary of HUD, with adjustments for smaller and larger families.

“Qualified Homebuyer” means:

- (i) a Very Low Income Family; or
- (ii) a Low Income Family.

“Very Low Income Family” means a family whose annual income does not exceed 50% of the median income for the area, as determined by the Secretary of HUD, with adjustments for smaller and larger families.

“Zone” means Reinvestment Zone Number Two, City of Houston, Texas, a tax increment reinvestment zone created by the City of Houston, Texas in accordance with Chapter 311, Texas Tax Code.

2. Restrictions. As a material portion of the consideration for this Special Warranty Deed and the conveyance hereinabove set forth, this Special Warranty Deed is executed by Grantor

and accepted by Grantee subject to the following restrictions (the “**Restrictions**”), which are hereby adopted and established for, imposed upon and made applicable to the Property:

(a) The Property, and any improvements constructed on the Property, shall (i) be used exclusively to provide Affordable Housing for a period of not less than the Affordability Period as defined in this Special Warranty Deed, (ii) be owned and occupied by a Qualified Homebuyer at all times during the Affordability Period, (iii) not be used as a rental house, lodging house, rooming house, hotel, “bed and breakfast,” listed on AIRBNB or other similar listing services for short-term or long-term lease or rental or for any commercial, business or professional purpose, and (iv) comply with the Project Specifications, attached hereto as **Appendix B**.

(b) Any holder of a first lien deed of trust on any portion of the Property owned by a Qualified Homebuyer (a “First Lien Deed of Trust”), shall provide Grantor with: (i) 30 days written notice prior to pursuing remedies and/or foreclosure pursuant to its First Lien Deed of Trust; (ii) the opportunity to cure any defaults under the subject First Lien Deed of Trust; and/or (iii) the right and opportunity to purchase the indebtedness secured by the subject First Lien Deed of Trust and all liens securing the same including the subject First Lien Deed of Trust.

The Restrictions shall run with the Property, shall be binding on Grantee, its successors and assigns for the term of the Restrictions, and shall inure to the benefit of Grantor, its successors and assigns for the term of the Restrictions.

3. Covenants Running with the Land. All of the agreements, conditions, and restrictions contained in this Special Warranty Deed shall be deemed covenants running with the land and shall inure to the benefit of Grantee as the owner of the Property and each successor owner of any of the Property and the Grantor and its successors and assigns (the “Benefitted Party(ies)”).

4. Reconveyance Right. If at any time during the Affordability Period, the Property is not being used in compliance with the Restrictions and if Grantee, after being given written notice of such noncompliance, does not exercise its right to reacquire the property and reconvey it to a new Qualified Homebuyer, Grantor reserves and shall have the right (the “Reconveyance Right”), but not the obligation, to require Grantee or its successors and assigns to reconvey the Property (together with all improvements thereon and appurtenances thereto) to Grantor. Closing upon such reconveyance transaction shall be completed within 30 days from the date of Grantor’s notice to Grantee or its successors and assigns of its election to exercise its Reconveyance Right. The Property shall be reconveyed by Grantee or its successors and assigns free and clear of any and all monetary liens and any other exceptions to title other than the Permitted Encumbrances and such other encumbrances to title that are reasonably acceptable to Grantor. This Reconveyance Right shall automatically terminate upon the expiration of the term of the Restrictions. This Reconveyance Right shall be subordinate to the rights of any holder of a First Lien Deed of Trust on the Property provided such holder of a First Lien Deed of Trust, shall provide Grantor with: (i) 30 days written notice prior to pursuing remedies and/or foreclosure pursuant to its First Lien Deed of Trust; (ii) the opportunity to cure any defaults under the subject First Lien Deed of Trust; and (iii) the right and opportunity to purchase the indebtedness secured by the subject First Lien Deed of Trust and all liens securing the same including the subject First Lien Deed of Trust prior to the day of foreclosure.

5. Recapture Upon Sale During the Affordability Period. If at any time during the Affordability Period, the Grantee or its successors and assigns enters into a contract to sell or otherwise transfers the Property (together with all improvements thereon and appurtenances thereto) either voluntarily or involuntarily to a third party other than a Qualified Homebuyer (the "Third Party Purchaser"), Grantor shall recapture from the available net proceeds of such sale an amount equal to _____ **DOLLARS AND NO/100 (\$ _____)** (the "Recapture Amount"). Within 14 business days of receipt of the Recapture Amount, Grantor shall release the Restrictions imposed hereunder. The obligations established under this Special Warranty Deed shall be secured by a Promissory Note and Subordinate Lien Deed of Trust for the benefit of the Grantor. Available net proceeds are the funds remaining after payment of any superior liens and any closing costs.

6. Right of First Refusal. If, at any time during the Affordability Period (as defined herein) the Grantee or its successors and assigns desires to sell the Property (together with all improvements thereon and appurtenances thereto) to a Third Party Purchaser (as defined herein), Grantee or its successors and assigns shall deliver to the Grantor, at the address provided in Section 12 hereof (or such organization's then current address), written notice specifying the sales price and other relevant terms and conditions of the proposed sale. The Grantor shall have thirty (30) days to notify Grantee or its successors and assigns whether Grantor will exercise its option to purchase the Property at fair market value and under the same terms and conditions, provided that Grantor's offer may include non-material terms and conditions which do not cause any delay or expense to Grantee or its successors and assigns. If Grantor delivers written notice to Grantee or its successors and assigns within such thirty (30) day period that Grantor elects to exercise its option, then Grantee or its successors and assigns shall sell the Property to Grantor at the specified sales price and under the conditions specified by Grantor. If Grantor fails to deliver written notice to Grantee or its successors and assigns within such thirty (30) day period, then Grantor shall be deemed to have elected not to exercise its right of first refusal. The foregoing process shall apply only with respect to Grantor's right of first refusal to buy the Property, and shall not constitute approval of any sale of all or a portion of the Property to any third party for any purpose. Grantee or its successors and assigns shall be bound by the terms and conditions of this Right of First Refusal for each and every new, bona fide offer received by Grantee to purchase all or any part of the property. Notices required by this Section shall be given in accordance with the provisions of Section 12 hereof.

7. Attorneys' Fees. In the event any party or parties shall institute any action or proceeding, excluding any arbitration proceeding, against the other party or parties relating to the provisions of the Restrictions set forth in this Special Warranty Deed, or any default hereunder, then, and in that event, the non-prevailing party or parties in such action or proceeding shall reimburse the prevailing party or parties for the reasonable expenses of attorneys' fees and disbursements incurred in connection with such action or proceeding.

8. Governing Law. The Restrictions shall be governed by and construed in accordance with the laws of the State of Texas.

9. Injunctive Relief. In the event of any violation or threatened violation by any person of any of the terms, restrictions, or conditions of this Special Warranty Deed, any of the

Benefitted Parties shall have the right to seek an injunction to enjoin such violation or threatened violation in a court of competent jurisdiction.

10. Waiver of Default. No waiver of any violation of the Restrictions shall be implied from any omission by any Benefitted Party to take any action in respect of such violation if such violation continues or is repeated. No express waiver of any violation shall affect any violation or cover any period of time other than the violation and period of time specified in such express waiver. One or more waivers of any violation of any term contained in this shall not be deemed to be a waiver of any subsequent violation of the same term contained in the Restrictions. The consent or approval by any party to or of any act or request by any other party requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any subsequent similar acts or requests. The rights and remedies given to any party by the Restrictions shall be deemed to be cumulative and no one of such rights and remedies shall be exclusive of any of the others, or of any other right or remedy at law or in equity, which any such party might otherwise have by virtue of a violation under the Restrictions, and the exercise of one such right or remedy by any such party shall not impair such party's standing to exercise any other right or remedy.

11. Amendments. The Restrictions may be amended or modified only by a written instrument executed by all of the then owners of the Property, their respective Mortgagees, if any, and the Grantor. Except as otherwise provided herein, any termination of the Restrictions will require the prior written consent of all owners of the Property, their respective Mortgagees, if any, and the Grantor. Each of such owners will provide the name and address of applicable Mortgagees upon receipt of a written request therefor from any owner seeking to amend the Restrictions. As used in the Restrictions, the term "Mortgagee" means the trustee and beneficiary under a Mortgage, and the term "Mortgage" means any deed of trust encumbering all or any portion of the Property.

12. Notices. All notices, demands and other communications hereunder shall be in writing and shall be deemed sufficiently given for all purposes when delivered personally, when sent by certified or registered mail, postage prepaid, return receipt requested or by private courier service, in each case, with the address as indicated below; provided that any such notices, demands or other communications shall be deemed effective only upon receipt. Each party may, by written notice given to the other party, designate any other address or addresses to which notices, demands and other communications to them shall be sent as contemplated in this Special Warranty Deed. Until otherwise so provided, by the respective parties, all notices, demands and communications to each of them shall be addressed as follows:

GRANTOR:

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002
Attn: Executive Director

GRANTEE:

Heart of Houston Community Development Corporation, Inc.
3451 Palm Street
Houston, Texas 77004
Attention: President

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, and its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the title to the Property unto the said Grantee, its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, BY, THROUGH, OR UNDER GRANTOR, BUT NOT OTHERWISE subject to the Permitted Encumbrances, the Restrictions and the matters herein stated.

[Execution Page to Follow]

EXECUTED this the ____ day of _____, 20__.

“GRANTOR”

MIDTOWN REDEVELOPMENT
AUTHORITY, a public not for profit local
government corporation

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of _____,
20__, by _____, _____ of MIDTOWN
REDEVELOPMENT AUTHORITY, a public not for profit local government corporation, on
behalf of said entity.

Notary Public in and for the State of Texas

[SEAL]

Grantee's Acceptance of Special Warranty Deed

Grantee accepts this Special Warranty Deed and consents to its form and substance. Grantee expressly agrees to the terms and conditions set forth herein and acknowledges that it has read and accepts the obligations imposed on it by the terms hereof. Grantee further acknowledges that the provisions of this Special Warranty Deed are binding on and inure to the benefit of Grantor and Grantee and their respective heirs, successors and assigns.

EXECUTED this ____ day of _____, 20__.

“GRANTEE”

HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC., a Texas non-profit corporation

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ____ day of _____, 20__, by _____, _____ of Heart of Houston Community Development Corporation, Inc., a Texas non-profit corporation, on behalf of said entity.

Notary Public in and for the State of Texas

[SEAL]

Appendix A
to
Special Warranty Deed

Property Description

Appendix B
to
Special Warranty Deed

Developer shall construct eleven (11) single-family homes on the Property, each with a minimum of three (3) bedrooms, two (2) bathrooms, and an attached 2-car garage. When complete, each home shall have a gross living area ranging from approximately 1,333 square feet to 1,518 square feet, and each home shall be constructed on a lot size of approximately 5,000 square feet after replatting.

Construction shall be in compliance with Project Specifications approved by the Authority. The time for Completion of the Project is 240 days from the date that the Developer has obtained from the City all permits, licenses and land use approvals (including approval of the plat and plans) required for the construction of the Project, which time period may be extended by the Executive Director upon written request of the Developer, as further provided in Section 3.03 of this Agreement.

The maximum sales price for each of the three floor plans is \$249,500.

Each single-family home will have the following design features: SEE ATTACHED.

Exterior Quality Features

- 30 Year Warranty Composition Shingles
- Brick Face & Cement Board Siding
- Concrete Driveway & Walkways
- Covered Concrete Rear Patio
- Covered Bricked Front Porch
- Custom Brick Detail
- Deadbolt Locks On All Exterior Doors
- Durable Steel Embossed Garage Door
- Engineered Post Tension Concrete Slab
- Exterior Front & Rear Lighting
- Front Landscape Package, and Sod at rear
- Mahogany Front Door

Interior Quality Features

- ½ Horsepower Garbage Disposal
- Alarm System (Pre-wire Only)
- Black or White Appliances (Range, Vent Hood, and Dishwasher)
- Brush Nickel Fixtures (Electrical & Hardware)
- Chrome Fixtures (Plumbing & Shower Door)
- Cable and Cat-5 Outlets (Per Plan)
- Fireplace I/A
- Carbon Monoxide Detector & smoke detectors
- Custom Millwork (Closets, Entry, Family)
- Dual Stainless Steel Kitchen Sink
- Finished Garage/Garage Door Opener (Pre-wire Only)
- Vinyl Plank Floors (Wet Areas)
- 12x12 Ceramic Tile Walls (Wet Areas)
- 30" Pre-Fabricated Cabinets
- Granite Countertops at Kitchen
- Garden Tub and Separate Shower In Master Bath
- Ceiling Fans (Family & Master).
- Ceiling fans blocked and wired at secondary bedrooms

Energy Saving Features

- All Energy Saving Gas Service
- Efficient 16 Seer Air Conditioning
- Digital Thermostat
- Energy Saving Water Heater
- Insulated HVAC Ducts
- R-13 Fiberglass Wall Insulation
- R-22 Fiberglass Ceiling Insulation
- R-38 Blown Insulation at flat ceilings
- Weather-tight Exterior Doors
- Vinyl Windows
- Polyseal & Baffles

Buyer Custom Selections

- Choice of Cabinet Color
- Choice of Carpet Color
- Choice of Designer Ceramic Tile Color
- Choice of Exterior Brick Color
- Choice of Exterior/Interior Paint Color
- Choice of Front Elevation I/A
- Choice of Kitchen Granite Counter Top
- Choice of Bathroom Cultured Marble Counter Top

Upgrade Options

- See Sales Consultant for Upgrade Options

Exhibit D
to
Grant Agreement

Property Identification List

HCAD #	Address
0372290000005	3002 McGowen, Houston, Texas 77004
0372290000004	0 McGowen, Houston, Texas 77004
0372300000004	3028 McGowen, Houston, Texas 77004
0372270000009	3037 McGowen, Houston, Texas 77004
0372310000005	3102 McGowen, Houston, Texas 77004
0372310000004	3104 McGowen, Houston, Texas 77004
0372310000006	3101 Dennis, Houston, Texas 77004
0372380000004	3106 Dennis, Houston, Texas 77004
0372400000009	3015 Drew, Houston, Texas 77004
0372410000008	3005 Tuam, Houston, Texas 77021
Unknown	5046 Madalyn, Houston, Texas 77021

Exhibit E
to
Grant Agreement

Declaration of Land Use Restrictions (Restrictive Covenants)

DECLARATION OF LAND USE RESTRICTIONS (RESTRICTIVE COVENANTS)

This **DECLARATION OF LAND USE RESTRICTIONS (RESTRICTIVE COVENANTS)** ("Restrictive Covenants") is executed this ____ day of _____, 20__, by the **HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC.** ("Developer"), a Texas nonprofit corporation.

RECITALS

Developer holds fee title to the land described on Exhibit A attached hereto and incorporated herein by reference, together with any improvements located thereon (said land and improvements are hereinafter collectively referred to as the "Property").

Pursuant to a certain Developer Agreement (CHDO Single-Family Home Development Program) ("Agreement") by and between the City of Houston ("City") and the Developer, dated effective as of _____, the City will provide financing to Developer for the acquisition of and rehabilitation and/or construction of improvements on the Property, subject to the terms and conditions of the Agreement (the "Loan"). As a condition to the Loan, the Developer has agreed to comply with certain development, occupancy, sale and resale restrictions with respect to the Property which are designed to promote its use for Affordable Housing, for the Affordability Period, and the Developer has executed this Declaration to further evidence Developer 's agreement to comply with such restrictions.

ARTICLE I

Definitions

Section 1.1 General. Capitalized terms used in this Declaration shall have, unless the context clearly requires otherwise, the meanings specified in this Article I. Certain additional terms may be defined elsewhere in this Declaration. Terms used and not otherwise defined herein shall have the meanings given them in the Agreement.

"Affordability Period" means the period which commences upon Project Completion and is determined without regard to the term of the City Loan. The term of the Affordability Period is based on the amount of CHDO Funds provided and is based on the following, in compliance with the safe harbor provisions of 24 C.F.R. § 92.254:

HOMEOWNERSHIP ASSISTANCE (PER UNIT)	Affordability Period (years)

Per unit amount of CHDO funds under \$15,000	five (5)
Per unit amount of CHDO funds \$15,000 to \$40,000	ten (10)
Per unit amount of CHDO funds over \$40,000	fifteen (15)

A notice regarding the Affordability Period for the Property is expected to be filed at the time of Project Completion.

"Affordable Housing" means:

- (i) Housing that is the principal residence of an owner whose family qualifies as a Low Moderate Middle Income Family or a Very Low Income Family (as determined by HUD regulations) at the time of purchase; and
- (ii) Housing that is subject, for the Term, to restrictions as provided in the Restrictive Covenants.

"Applicable Law" means all federal, state, county and local laws, statutes, regulations, codes, ordinances and rules which are applicable to the Developer, Eligible CHDO Buyer, their successors and assigns, their business or the Work (defined below), whether or not expressly set forth or referenced in this Declaration.

"City Attorney" means the City Attorney of the City of Houston, the Legal Department of the City of Houston, or any other person that the City Attorney may designate.

"Declaration" or **"Restrictive Covenants"** shall mean this Declaration of Land Use Restrictions (Restrictive Covenants), as it may be from time to time amended.

"Developer" means _____.

"Director" shall mean the Director of the City's Housing and Community Development Department or any other person that the Director may designate.

"Eligible CHDO Buyer" shall mean a Low Income Qualified Homebuyer.

"Fair Market Value" shall mean the fair market value of the Property as established by an appraisal in a form approved by the Director, which shall be dated no more than 60 days prior to the date of the agreement providing for the sale of such Property for the Final CHDO Eligible Use.

"Final CHDO Eligible Use" shall mean the rehabilitation and/or construction of improvements on the Property and the sale of such Property, upon completion of the rehabilitation and/or construction of improvements, as single family Affordable Housing primary residence to Eligible CHDO Buyer which qualify for, and receive, an CHDO Homebuyer Subsidy (as defined in the Agreement) and execute CHDO Homebuyer Documents (as defined the Agreement) in connection with the purchase of the Property.

"Homebuyer Documents" shall have the meaning set forth in the Agreement.

"HUD" shall mean the United States Department of Housing and Urban Development, or any successor agency or entity duly constituted and empowered under federal law to carry out the functions, duties and responsibilities of HUD.

"Loan" shall have the meaning set forth in the Recitals.

"Low Income Family" shall mean families and individuals whose annual income do not exceed 80% of the median income in the area in which the project, or the applicable property, is located, as determined by HUD, with adjustment for family size.

"Low Income Qualified Homebuyers" shall mean families and individuals whose annual income do not exceed 80% of the median income in the area in which the project, or the applicable property, is located, as determined by HUD, with adjustment for family size, and certified as such no more than 60 days prior to purchase of a Property.

"Mayor" shall mean the Mayor of the City of Houston, or any person that the Mayor may designate.

"Project Completion" shall mean that all necessary title transfer requirements and construction work have been performed; the project complies with the requirements of 24 C.F.R. Part 92 (including the property standards under 24 C.F.R. [§ 92.251](#)); the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered into the disbursement and information system established by HUD (also known as the "Integrated Disbursement and Information System" or "IDIS"), except that with respect to rental housing project completion, for the purposes of 24 C.F.R. § 92.502(d), project completion occurs upon completion of construction and before occupancy.

"Property" shall have the meaning set forth in the Recitals hereto.

"Term" means, with respect to all or any portion of the Property, the period commencing on the date of execution hereof and continuing until the earliest to occur of the following:

- (1) the date upon which the Property has been occupied as a primary residence by Eligible CHDO Households for the Affordability Period; or
- (2) the date upon which the Property is sold for the Final CHDO Eligible Use to an Eligible CHDO Buyer who takes occupancy of the Property as a primary residence and who executes the Homebuyer Documents satisfactory to the City.

"Work" shall mean the construction of improvements on the Property (defined below) by Developer and the sale thereof as Affordable Housing for Eligible CHDO Buyers.

"Work Completion" shall mean the date on which all of the following conditions have been satisfied:

- (i) fee title to the Property is in Developer;
- (ii) the Work has been completed to the satisfaction of the Director, and Developer has delivered to the City an Affidavit of Completion in form and substance acceptable to the Director;
- (iii) the Work in the Director's judgment complies with the requirements of the CHDO Program and HUD;
- (iv) the final draw on the Loan Proceeds (as defined in the Agreement) has been disbursed for the Work;
- (v) delivery to the City evidence satisfactory to the City, reflecting the full payment of, and executed final, unconditional lien waivers from, all contractors, subcontractors and others with respect to the Work;
- (vi) delivery of Certificates of Occupancy (or their equivalent) issued by all appropriate Governmental Authorities for all portions of the Property; and
- (vii) "Activity Completion Data" must be entered into DRGR System as prescribed by HUD.

Section 1.2 Generic Terms. Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this Article and/or the terms otherwise used in this Declaration their proper meanings.

ARTICLE II

Sale and Use of Property

Section 2.1 Development and Initial Sale of Property.

- (A) The Property has been acquired for rehabilitation and/or construction of improvements and sale to an Eligible CHDO Buyer for the Final CHDO Eligible Use. Prior to being transferred to its Final Eligible CHDO Use, the Property may not be used for any other purpose without the prior written consent of the Director, except that, in the event the Developer is unable to sell the Property, the Developer may request permission from the Director to rent or lease said Property to a Low Income Family.
- (B) Any sale or resale (if permitted by the City) of the Property during the Term is restricted to Eligible CHDO Buyer.
- (C) At all times during the Term, the Eligible CHDO Buyer must occupy the Property as its primary residence.

- (D) Developer is responsible for advising prospective Eligible CHDO Buyer that they will be required to occupy the Property as their primary residence during an Affordability Period which will be based on the CHDO Homebuyer Subsidy, and that if the Eligible CHDO Buyer sells the Property during the Affordability Period, the Eligible CHDO Buyer must repay the City in accordance with the Homebuyer Documents. In accordance with the Agreement, but no less than thirty (30) days prior to a proposed sale to an Eligible CHDO Buyer, Developer shall notify the City of the legal name and address of the proposed purchaser, and, if applicable, shall provide or cause to be provided to the City all documentation and other information necessary to determine the qualification of the proposed purchaser as an Eligible CHDO Buyer. At the Closing of the sale by Developer, Developer shall require that each Eligible CHDO Buyer execute the Homebuyer Documents, each of which shall be furnished by the City.
- (E) The covenants and restrictions of this Section 2.1 shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof until the end of the Term.

Section 2.2 Subsequent Sale of Property.

- (A) The Developer shall not sell or otherwise transfer the Property prior to the expiration of the Term without the prior written consent of the City. In the event of an unpermitted transfer, the Developer will be required to reimburse the City any Development Subsidy (as defined in the Agreement) paid prior to the transfer date. Compliance with this provision may be enforced by the City Attorney.
- (B) Reserved.
- (C) The covenants and restrictions of this Section 2.2 shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof until the end of the Term.

ARTICLE III

Administration

Section 3.1 Use of Certifying Entity. At its election and from time to time, the City, acting through the Director, may designate an appropriate entity ("Certifying Entity") to be responsible for (i) the processing of prospective purchasers' applications for consideration as Eligible CHDO Buyer, and (ii) the monitoring of Developer's development and sale of the Property in accordance with the Agreement and this Declaration.

Section 3.2 Examination of Incomes and Other Homebuyer Requirements.

- (A) The City or the Certifying Entity shall be responsible for determination of the annual income and family composition of Eligible CHDO Buyer.
- (B) As a condition to selling the Property, the Developer shall require the household head and such other household members as it designates to execute a City approved release and consent authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to the Developer and to City and/or the Certifying Entity such information as the Developer, City or Certifying Entity determines to be necessary. The Developer shall also require the household to submit directly documentation determined to be necessary. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a household's eligibility as a Eligible CHDO Buyer or Qualified Homebuyer, or for verifying related information. The use or disclosure of information obtained from a household or from another source pursuant to this release and consent shall be limited to purposes directly connected with administration of this Declaration.
- (C) The Developer shall not be deemed to be in violation of this Declaration if, in determining annual income and family composition of a prospective purchaser, the Developer has relied upon the certification of the City or the Certifying Entity that the prospective purchaser is an Eligible CHDO Buyer, or if (i) the Developer has relied in good faith upon information which is supplied to the Developer by the prospective purchaser, (ii) the Developer has no reason to believe such information is false, and (iii) the Developer shall have complied with all requirements of the City or the Certifying Entity with respect to verification of household income and family composition.
- (D) As a condition to selling the Property, the Developer shall require the household head and such other household members as it designates to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Borrower shall obtain a signed certification from each Eligible CHDO Buyer regarding his or her completion of the required homebuyer counseling, which certification shall be provided by Borrower to the City in connection with examination of the homebuyer's income under this Section.
- (E) The Developer shall ensure that, if the Eligible CHDO Buyer obtains a mortgage loan to purchase the Property, the lender providing such mortgage loan agrees to comply with the bank regulators' guidance for non-traditional mortgages, as set forth in the *Statement on Subprime Mortgage Lending* issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration.

Section 3.3 Certification by Developer. During the Term, on each anniversary of the date upon which this Declaration was first recorded in the Official Real Property

Records of Harris County, Texas, or upon such other annual date as City, in its discretion, upon reasonable notice to the Developer, shall establish, the Developer shall submit to City a certification, in a form prescribed by City, as to Developer's compliance with all of the terms and provisions of this Declaration as to any sales during such period by Developer.

Section 3.4 Maintenance of Documents. All applications, waiting lists, and income examinations relating to the Property shall at all times be kept separate and identifiable from any other business of the Developer which is unrelated to the Property, and shall be maintained, as required by City, in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of City and/or the Certifying Entity for such period of time as is required for retention of records pursuant to 24 C.F.R. 92.508(c).

Section 3.5 Compliance Review. City or the Certifying Entity may periodically monitor Developer's compliance with the requirements of this Declaration.

Section 3.6 Releases.

- (A) The City shall execute such documents as may be required to evidence release of the Property from the covenants and restrictions set forth in this Declaration upon the expiration of the Term.
- (B) If City shall have contracted with the Certifying Entity for the performance of its responsibilities hereunder, the Certifying Entity shall execute the appropriate release and/or modification to this Declaration in the name of City in accordance with the terms of subsection (A) of this Section and shall provide appropriate evidence to the Developer or an Eligible CHDO Buyer of its authorization so to act in the name of City.

ARTICLE IV

Enforcement and Remedies

Section 4.1 Remedies of City or the Certifying Entity.

- (A) During the Term, if Developer or an Eligible CHDO Buyer defaults in the performance of any of their respective obligations under this Declaration or breaches any covenant, agreement or restriction set forth herein, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by City or the Certifying Entity (or for an extended period approved in writing by City or the Certifying Entity, if the default or breach stated in such notice can be corrected, but not within such 60-day period, unless the breaching party does not commence such correction or commences such correction within such 60-day period but thereafter does not diligently pursue the same to completion within such extended period), City or the Certifying Entity shall be entitled to apply to

any court having jurisdiction of the subject matter for specific performance of this Declaration, for an injunction against any violation of this Declaration, for the appointment of a receiver to take over and operate the Property (or such portion of the Property as is then owned by the breaching party) in accordance with the terms of this Declaration, or for such other relief as may be appropriate, it being acknowledged that the beneficiaries of the breaching party's obligations hereunder cannot be adequately compensated by monetary damages in the event of default by the breaching party. City or the Certifying Entity shall be entitled to its reasonable attorneys' fees in any such judicial action in which City or the Certifying Entity shall prevail.

- (B) In addition to the foregoing, if a Eligible CHDO Buyer ceases to own and occupy the Property as his or her principal place of residence during the Term, the Director shall be entitled to declare the Homebuyer Note fully due and payable, provided that the payment of the Homebuyer Note shall not release the Eligible CHDO Buyer of its obligations here under if the Eligible CHDO Buyer continues to own the Property.
- (C) Each right, power and remedy of City or the Certifying Entity provided for in this Declaration now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by City or the Certifying Entity of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by City or the Certifying Entity of any or all such other rights, powers or remedies.

Section 4.2 Remedies of Other Parties. The development and occupancy requirements set forth in this Declaration also shall inure to the benefit of, and may be judicially enforced against Developer by any affected Eligible CHDO Buyer. Any such party that prevails in any such judicial action shall be entitled to its reasonable attorneys' fees.

Section 4.3 Avoidance of Sale. Any purported sale of the Property, which is not carried out fully in compliance with the requirements of this Declaration shall be void and without effect, and City or the Certifying Entity shall be empowered to seek a judicial declaration to such effect. Upon a judicial determination that any such purported sale is void, if the prior owner of such Property shall fail to re-occupy or manage such Property within thirty (30) days of such judicial determination, the City or the Certifying Entity may dispose of the Property for the benefit of the owner thereof, in accordance with the terms of this Declaration.

Section 4.4 Reliance Upon Information. In carrying out their obligations hereunder, any Developer or Eligible CHDO Buyer shall be entitled to rely upon

information provided by City or the Certifying Entity with respect to (i) income limits applicable to such Low Moderate Middle Income Qualified Homebuyers and/or Very Low Income Qualified Homebuyers, (ii) the method for calculating the incomes of such persons or families and (iii) the maximum purchase prices which may be charged to such persons or families pursuant to Section 2.1(A) of this Declaration.

ARTICLE V

Miscellaneous

Section 5.1 Notices. All notices required or permitted to be given under this Declaration must be in writing and will be deemed to have been duly given if delivered personally, sent by overnight mail through a nationally recognized courier, or mailed, postage prepaid, by registered or certified United States mail, return receipt requested. Unless a different time is specified by statute, notice shall be deemed delivered: (i) if in person, on the date delivered, (ii) if mailed, three (3) days after deposit in the U.S. mail, or (iii) if by overnight mail, one (1) day after deposit with the courier. Notice shall be delivered to the following addresses:

If to City: Housing and Community Development Department
City of Houston
Post Office Box 1562
Houston, Texas 77251-1562
Attention: Director

with copies to: Legal Department
City of Houston
Post Office Box 1562
Houston, Texas 77251-1562
Attention: City Attorney

If to Developer: Heart of Houston Community Development
Corporation, Inc.

Attention: _____

Any party may change its address for notice purposes by giving notice to the other parties in accordance with this Section.

Section 5.2 Governing Law. This Declaration shall be governed by and construed in accordance with applicable federal law and the laws of the State.

Section 5.3 Severability. This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any

person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 5.4 Binding Effect: Covenants Running with the Land. During the Term, this Declaration and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land and shall pass to and be binding upon any owner's heirs, personal representatives, assigns and successors in title to the Property or any portion thereof; provided, however, that upon expiration of the Affordability Period in accordance with the provisions hereof, said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If any portion of the Property is conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property. The Developer, at its cost and expense, shall cause this Declaration to be duly recorded or filed in such places, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of City or the Certifying Entity to enforce this Declaration.

Section 5.5 Section Titles. Section titles and the table of contents are for descriptive purposes only and shall not control or limit the meaning of this Declaration as set forth in the text.

IN WITNESS WHEREOF, the undersigned has affixed its signature as of the date first above written.

**HEART OF HOUSTON COMMUNITY
DEVELOPMENT CORPORATION, INC.,**
a Texas nonprofit corporation

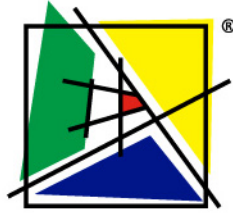
By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by _____, _____ of HEART OF HOUSTON COMMUNITY DEVELOPMENT CORPORATION, INC., a Texas nonprofit corporation.

Notary Public in and for the State of Texas

NOTARY SEAL



midtown
H O U S T O N

**TRINITY EAST VILLAGE
COMMUNITY**

MEMORANDUM

TO: Matt Thibodeaux, Midtown Redevelopment Authority Executive Director
Copy: Peggy Forman, MRA Legal Counsel

FROM: Affordable Housing Consultant Advisory Group (AHCAG)
CCPPI: Algenita Scott Davis, Joy Fitzgerald, Bob Bradford, Linda Larry-Mitchell, Zachery Martin and Roberta F. Burroughs and Associates: Roberta F. Burroughs

SUBJECT: Recommendation from AHCAG to Renew the March 26, 2019 Contract Between Trinity East Village Community (TEVCDC) and Midtown Redevelopment Authority (MRA) for the Award/Conveyance of Land to TEVCDC, specifically HCAD Number 01905 4001 0028, 2501 Tuam Street, HCAD Number 01905 4001 0013, 2701 St. Charles Street and HCAD Number 01905 4001 0015, 2703 St. Charles Street, for the Construction of a 250 Unit Multi-family Project, and Authorizing the Negotiation and Execution of Requisite Grant Agreements

DATE: September 19, 2023

The AHCAG recommends the award and conveyance of the following parcels requested by the Trinity East Community Village Development Corporation for purposes of facilitating the construction of its proposed 250-unit multi-family project:

HCAD # 01905 4001 0028	2501 Tuam	Lt 28 Blk 2	Binz and Settegast
HCAD #	2701 St Charles	Lt 13 Blk 2	Binz and Settegast
HCAD #	2703 St Charles	Lt 15 Blk 2	Binz and Settegast

TEVCDC, established by the historic Trinity East United Methodist Church, and the NHP Foundation propose to build up to 250 apartment homes for seniors and families on land Trinity East owns at Live Oak and McGowen Streets. These homes will help Third Ward residents facing displacement due to gentrification and the redevelopment of Cuney Homes remain in their neighborhood. To complete the site control for these units, the development team is seeking three lots above currently owned by the Midtown Redevelopment Authority (2501 Tuam, 2701 St Charles, and 2703 St Charles). As part of a 9% Low Income Housing Tax Credit application, TEVCDC previously had site control of these lots via an option to purchase with the Midtown Redevelopment Authority by Option Agreement dated March 26, 2019. However, the CDC was unable to proceed at that time. It has now collaborated with NHP Foundation, and the entities are now seeking a renewal of the original contract as the collaborative seeks 4% LIHTC and Harris County funding.

TEVCDC owns parcels to the north and east of the two St. Charles lots and the Tuam parcel, qualifying this request for the Adjacency Program which allows application by community developers and builders

that currently own property in the MRA target area and which MRA property, when included, will facilitate development of an affordable housing project.

The project, Trinity East Village Apartments, with 250 units has been designed to be built in two phases: 90 units for seniors on the northern half of the block fronting McGowen Street, and 160 units for families on the southern half of the block. To meet the community's varied housing needs, the units will serve households at a range of incomes, from 30% to 80% of the area median income.

The development will serve seniors and families at a range of incomes. Note the unit mix table below:

Senior Phase

Unit Type	30% AMI	50% AMI	60% AMI	80% AMI
One-Bedroom	4	23	20	8
Two-Bedroom	1	14	11	9

Multifamily Phase

Unit Type	30% AMI	50% AMI	60% AMI	80% AMI
One-Bedroom	5	45	26	24

A copy of the map of the property is below which shows ownership of the parcels needed for the project.

This recommendation is submitted for approval by the MRA Board.

Algenita



 Trinity East United Methodist Church

 Midtown Redevelopment

 Houston Land Bank

 Jordan Grove Missionary Baptist Church

 NHP Foundation

 Elraheb Karim



* Not a part of the proposed development



Trinity East Methodist Church

Site

McGowen St.

PHASE 1

PHASE 2

OTHER

St. Charles St.

Live Oak St.

Tuam St.

NAGLE ST

Emancipation Park

Emancipation Ave.





HCAD Parcel Viewer



Search

Home

Search By:

Search for:

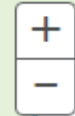
Search parcel using account number, address or owner name.

You can also interact directly click on parcels to get information.

See the Help document if you are just getting started.



Requested Parcels



Trinity East Village – Adjacency Project Application

Project Summary

Overview:

Trinity East United Methodist Church and the NHP Foundation propose to build apartment homes for seniors and families on land Trinity East owns on the block bordered by Live Oak, McGowen, and St Charles Streets. These homes will help Third Ward residents facing displacement due to gentrification and the redevelopment of Cuney Homes remain in their neighborhood. In order to complete the site control for these units, the development team is seeking 3 lots currently owned by the Midtown Redevelopment Authority (2501 Tuam, 2701 St Charles, and 2703 St Charles). As part of a 9% Low Income Housing Tax Credit application, the team previously had site control of these lots via an option to purchase with the Midtown Redevelopment Authority in 2019. With renewed interest in the project by Harris County, the Houston Housing Authority, and Rice Management Company, the development team is ready to make this project a reality in 2024 and is requesting that the option to purchase be renewed.

From the outset, the proposed development has received widespread support among Third Ward community groups and residents. Organizations from the Third Ward Super Neighborhood to the Emancipation Economic Development Council have expressed their support for the development.

The development is designed to be built in two phases: one phase for seniors and the other for families. To meet the community’s varied housing needs, the units will serve households at a range of incomes, from 30% to 80% of the area median income. Five percent of the units will be set aside for Permanent Supportive Housing. We intend to seek 4% Low Income Housing Tax Credits for the senior phase, in addition to funds available from Harris County. We will apply for tax exempt bond financing in the October 2023 lottery and begin construction immediately upon closing on the tax credit financing in 2024. For the family phase, we are discussing partnership opportunities with the Houston Housing Authority to submit the project for 9% Low Income Housing Tax Credits in March 2024.

Development Details:

The development was originally designed as four stories over structured parking, but based on feedback from local funders (Harris County and the Houston Housing Authority) we have designed the project to the available gap funds, proposing approximately 148 total units (72 senior units and 76 family units) in three to four stories of wood frame construction with surface parking. This switch to surface parking reduces the overall unit count but brings the total development cost in line with the funds available.

The buildings will include office and community space fronting and activating McGowen and St Charles streets. The upper floors will be serviced by elevators and will comply with federal accessibility requirements. The units will feature energy efficient appliances and in-unit washer/dryers.

Community amenities will include secure entry throughout the development, protected outdoor community space, and resident services tailored to the needs of the community.

The development will serve seniors and families at a range of incomes. See the unit mix tables below. Since the senior phase will use 4% tax credits and tax-exempt bonds, the unit mix below was chosen to meet the state bond priority 1b, to ensure the application is as competitive as possible for the limited bonds available.

Senior Phase

Unit Type	Units up to 30% AMI	30% Rent Limit	Units up to 60% AMI	60% Rent Limit
Studio	4	\$489	4	\$979
One-Bedroom	7	\$524	57	\$1,049

Family Phase

Unit Type	Units up to 30% AMI	30% Rent Limit	Units up to 50% AMI	50% Rent Limit	Units up to 60% AMI	60% Rent Limit	Units up to 80% AMI	80% Rent Limit
Studio	2	\$489	4	\$816	2	\$979	-	-
One-Bedroom	5	\$524	14	\$874	12	\$1,049	9	\$1,399
Two-Bedroom	2	\$629	11	\$1,048	5	\$1,258	6	\$1,678
Three-Bedroom	-	-	2	\$1,211	1	\$1,454	1	\$1,939

Proposed Funding Sources:

To achieve this vision, we are seeking 4% Low Income Housing Tax Credits and tax exempt bonds for the senior phase and 9% Low Income Housing Tax Credits for the family phase. As part of their community benefits agreement with the City of Houston, Rice Management Co. (RMC) could provide a low-interest, interest-only loan to the project as well. The project team has met with RMC's consultants on this effort multiple times and has received positive feedback that this project meets RMC's goals in deploying funds for affordable housing in the area. We are also applying for gap financing for the senior phase from Harris County via the Treasury ARPA Multifamily Acquisition Program. Under this program, Harris County intends to take ownership of all developments it funds through this solicitation to provide a long-term tax exemption for the properties. A partnership with the Houston Housing Authority for a 9% Low Income Housing Tax Credit application for the family units and enable Cuney Homes residents to relocate to affordable homes in the neighborhood. Additional gap funding will be sought from the Texas Department of Housing and Community Affairs' Multifamily Direct Loan program. Obtaining updated site control from the Midtown Redevelopment Authority for the lots at 2501 Tuam, and 2701 and 2703 St Charles is central to the project and Trinity East's vision of providing safe, sustainable housing for their lower income neighbors.

Senior Phase

Permanent Funding Sources	
Source	Amount
Tax Credit Equity (4% LIHTC)	\$10,513,169
Permanent Loan	\$1,909,957
Harris County	\$11,947,027
Total	\$24,370,153

Family Phase

Permanent Sources	
Source	Amount
Tax Credit Equity (9% LIHTC)	\$17,800,000
Permanent Loan	\$4,275,467
Subordinate Loan - Rice Management Co	\$2,500,000
Deferred Developer Fee	\$647,005
TDHCA MFDL	\$2,768,608
Total	\$27,991,080

Timeline:

Senior Phase: The team is seeking tax exempt bond financing in the October 2023 bond lottery and Harris County ARPA funding this fall. If awarded, we would begin construction immediately upon closing on the tax credit financing in 2024. We expect construction to be complete in 2026.

Family Phase: We intend to apply for 9% Low Income Housing Tax Credits in the 2024 round, with awards announced in July 2024. With a closing by the end of 2024, we would start construction in early 2025 with completion in late 2026 or early 2027.

About the Partners:

Trinity East United Methodist Church is one of Houston’s oldest Black Methodist churches. Trinity East holistically serves the Third Ward community, helping families with healthcare, food, utility bills, senior care, and outreach to people experiencing homelessness. Trinity East Village CDC (TEVCDC) is a faith-based community development corporation sponsored by Trinity East United Methodist Church under the leadership of Reverend Marilyn White, senior pastor. TEVCDC's mission is to acquire property in the Third Ward, raise critically needed funds to improve the neighborhood, and improve residents' quality of life. TEVCDC owns nearly two acres of land adjacent to their historic church on which they seek to build high quality affordable housing for Third Ward residents at risk of displacement due to rising housing costs. TEVCDC will act as co-developer and co-owner of the development, with a direct role in both developing and operating the community.

The NHP Foundation is honored to partner with TEVCDC as co-developer to help them achieve their vision for their site and their neighborhood. To do so, we will bring our experience as a nonprofit affordable housing developer, owner, and operator with nearly 10,000 units across 16 states, including 5 existing developments with another 2 under construction here in Houston (totaling over 1,400 units).

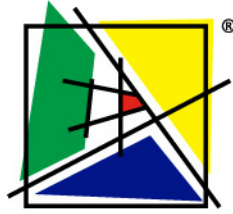
Requested Lots:

We are requesting the renewal of the option to purchase agreement for the following lots:

Address	HCAD No.	Lot	Block	Subdivision	Square Footage
2501 Tuam St	0190540010028	28	2	Binz & Settegast	5,000
2701 Saint Charles St	0190540010013	13	2	Binz & Settegast	6,250
2703 Saint Charles St	0190540010015	15	2	Binz & Settegast	6,250

Additional Site Control Information:

Trinity East United Methodist Church owns the majority of the lots on which the development is proposed to be built and has ground leased them to the Trinity East Village CDC. The NHP Foundation owns another lot, and we are seeking the renewal of an option to purchase three lots owned by the Houston Land Bank, which expired in 2021. This will complete our site control for the proposed development site. See the attached map for more details on lot ownership.



midtown
HOUSTON

**MIDTOWN CAPITAL IMPROVEMENTS
PROGRAM**

Capital Improvements Program

Caroline Street Reconstruction

- Design team awaiting response from City on review of pilot areas identified to implement proposed corrections to punch list items not addressed by TxDOT contractor.
- Cathodic protection system for new water line has been approved and accepted by the City.

Construction Contract Budget

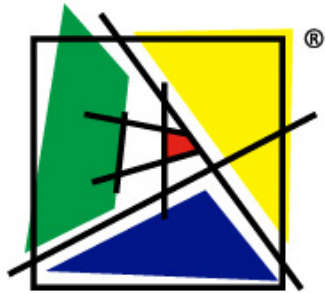
- Original Contract Amount: \$12,380,276.54
- Net Change Orders (including TxDOT fee): \$1,449,209.80
- Contract Amount to Date: \$13,829,486.34
- Change Order Time Adjustment Total – 173 days

Brazos Street Bridge Landscape Improvements

- The Brazos Street Bridge Landscape Improvements project will enhance the landscaped area at Bagby/Elgin intersection into green space adjacent to the Brazos Bridge facing Bagby Street. The scope of work includes tree planting, shrub and groundcover planting, site cleanup, irrigation, traffic control, and reinstallation of existing signage.
- The construction contract for the project has been awarded to Earth First Landscapes for \$66,000.00.
- The anticipated construction start is late October 2023.
- Construction Management and Inspection (CM&I) services proposal received from firm included in Pre-Qualified Group of CM&I firms.

NHHIP - Caroline/Wheeler Deck Park

- OJB Landscape Architecture has developed conceptual design for Caroline/Wheeler Deck Park for use in determining additional structural/infrastructure requirements for North Houston Highway Improvement Project (NHHIP).
- OJB and staff coordinated with TxDOT and their consultants (HNTB) to determine design feasibility and cost for additional structural/infrastructure requirements.
- Conceptual design presented to Mayor's NHHIP Steering Committee in June 2023.
- TxDOT project schedule requires decision by December 2023 for additional infrastructure to be included in final design.



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**BRAZOS STREET
BRIDGE LANDSCAPE
IMPROVEMENTS**



September 21, 2023

Marlon Marshall
Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, Texas 77002

**RE: Construction Management and Inspection Services
Brazos Street Bridge Landscape Improvements**

Dear Mr. Marshall:

1.0 INTRODUCTION & SCOPE OF SERVICES

Middleton Brown, L.L.C. appreciates the opportunity to present this proposal to provide construction management and inspection services for the above referenced project. Such services shall consist of the close, technical, on-site examination of the materials, structures, equipment and workmanship and methods used by the construction contractor to ensure that the project is constructed in compliance with the construction documents and according to good construction practices. Such services shall include but not be limited to, the following:

A. Provide on-site observation of the progress and quality of work for the construction contract. Advise the construction manager of any observed deviations from the construction documents in a timely manner so as to minimize delay in the progress of the work.

B. Inspect and observe the construction contractor's activities to verify that the work complies with the construction documents for the project. Notify the owner if the construction contractor's work is not in compliance with construction documents including all addendums and change orders and notify the owner of any failure of the construction contractor to take measures to place such work in compliance.

C. Inspect and observe the materials and equipment being incorporated into the work to assure that they are handled, stored and installed properly and adequately and are in compliance with the construction documents for the project.

D. Identify problems encountered in accomplishing the work and recommend the appropriate action to the Owner for resolution of problems to minimize impact on timely completion of the Project.

E. Attend and participate in meetings with the owner and the construction contractor(s).

F. Maintain a daily progress report to record work performed and significant job events.

G. Assemble and maintain notes, comments, sketches and supportive data relative to the project in order to confirm the contractor is has reflected what is constructed in the field into the construction records.

H. Verify the quantities contained in the construction contractor's pay request and make recommendations to the construction manager regarding payment of periodic and final requests for payment.

2.0 ESTIMATED PROJECT DURATION & BUDGET

Estimated Project Duration: 60 days. **Estimated Start Date Range:** 10/16/23 – 10/23/23
Estimated Daily Time on Site: 2 hours, approximately 10 hours per week, 104.2 hours
Budget: \$95/hour base pay at 104.2 hours = \$9,899.00

Services shall be billed at the end of the calendar month. Payment is due upon receipt of invoice but subject to Texas Prompt Payment Act.

4.0 CLOSING REMARKS

We appreciate the opportunity to present this construction project agreement and would be pleased to discuss the contents of this agreement with you at your convenience. Your approval of this agreement and your approval of our proceeding with the work may be indicated by your signing and dating below. We request that an executed copy be returned to Middleton Brown, L.L.C.

Submitted By:



**Don Middleton, President
Middleton Brown, LLC**

Accepted By:

**Marlon Marshall
Midtown Redevelopment Authority
Sr. Director of Engineering &
Strategic Development**