Midtown Redevelopment Authority

FINANCIAL STATEMENTS

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Midtown Redevelopment Authority
Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority), a component of the City of Houston, Texas, as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison – all funds, schedule of operating expenses and capital expenditures for the year ended June 30, 2024, the schedule of estimated project costs to actual costs for the period from December 29, 1995 (date of inception) through June 30, 2024, 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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
September 26, 2024

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, 2024 and 2023. This discussion and analysis includes comparative data for the year ended June 30, 2024 with the year ended June 30, 2023 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 2024 (collectible Fiscal Year 2025) of real property located within the Zone is $3,293,474,053.

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 2024, the City of Houston (the City) received the tax year 2022 Pass-Through Funds for the Houston Independent School District, in an amount totaling $6,979,916. Of the total amount, $4,653,278 was dedicated to the educational set-aside component and the balance of the funds in the total amount of $2,326,638 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 (MPC) 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 in 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 (MPC) to perform maintenance and operations of Midtown capital projects, per the terms of Midtown's Project Plan.

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 began in October 2023 and the kiosk was reopened in December 2023. La Calle and Bagby Park are open and being enjoyed by residents, businesses and public.

Planning and design of roadway reconstruction, infrastructure, and streetscape enhancements on Brazos Street between St. Joseph and Elgin began in fiscal year 2023. This 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 $232,279 towards this project in fiscal year 2024.

The Brazos Street Bridge Landscape Improvements project enhances 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 provided $25,000 towards the project, and Courtlandt Place will provide $20,000 for the project. The construction contract was awarded to Earth First in the amount of $66,000.

An Interlocal Agreement was executed by the Authority, Old Spanish Trail/Almeda Corridors Redevelopment Authority and Greater Southeast Management District relating to a U.S. Department of Housing and Urban Development (HUD) fiscal year 2023 Community Project Grant in the total amount of $4,000,000. The three entities will share the funds to be used for construction of certain transportation and infrastructure safety.

The Authority Board approved a planning agreement with Lionheart Places, LLC, to provide services related to implementation of the North Midtown Urban Redevelopment Plan, for a fee not to exceed $48,500.

In a partnership with the City, the Authority funded mill and asphalt overlay project was completed in fiscal year 2024. The project improved pavement conditions on portions of Berry Street, Dennis Street, Drew Street, Stuart Street, Anita Street, Francis Street, Hadley Street, McIlhenny Street and Rosalie Street in Midtown. Additionally, the Authority completed a Sidewalk Assessment Report to document current conditions and recommend improvements to sidewalks in Midtown. The report will be used to develop a phased implementation plan for future sidewalk repairs in the Zone. The Authority spent $263,824 towards Mobility and Pedestrian projects in fiscal year 2024.

The Authority funded the construction of bicycle and pedestrian improvements to be included in the City's 72-inch waterline project along Tuam, Fannin, and Holman Street in Midtown. The improvements will implement Houston Bike Plan recommendations along Tuam Street, and curb extensions at intersections will shorten crossing distance to improve pedestrian safety. The Authority spent $716,665 in fiscal year 2024 for the Tuam Street improvements.

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 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. In fiscal year 2024, the Board entered into a Purchase 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-bedroom units for rental by low to moderate income rental households headed by persons 55 years of age.

The Authority awarded 47 parcels of property to five developers: Boynton CDC, Change Happens CDC, CR Design Build, LLC, Mors Development Partners Series LLC, and Herbert Stroman Foundation, Inc. to construct single family affordable homes. During fiscal year 2024 the Authority entered into a Grant Agreement with MORS Development Partners, Series LLC who will construct 7 single-family homes on the property and The Herbert Stroman Foundation for conveyance of four (4) tracts of land. The qualified homebuyers who purchase these affordable homes are eligible to receive up to $50,000 from the City in down payment assistance.

Additionally, during fiscal year 2024 the Authority approved development of 48 single-family affordable homes on Authority owned lots with the following developers: Lin Development, LLC, Changes Happens CDC, Houston Habitat for Humanity, Inc., Fifth Ward Community Redevelopment Corporation, Epic Homes, LLC and Titanium Builders, LLC. Of the 48 lots, Houston Habitat for Humanity, Inc. was approved for the conveyance of seventeen (17) lots for development of single-family affordable homes for sale to qualified homebuyers; Changes Happens CDC was approved for the conveyance of ten (10) lots for development of single-family affordable homes for sale to qualified homebuyers; Lin Development Group LLC for the conveyance of three (3) lots for development of single-family affordable homes for sale to qualified homebuyers; Fifth Ward Community Redevelopment Corporation for the conveyance of five (5) lots for development of single-family affordable homes for sale to qualified homebuyers; Titanium Builders L.L.C. for development of six (6) affordable single-family residences using two floor plans and Epic Homes, LLC will construct seven (7) affordable homes on six lots.

The Board approved the Authority to enter into and complete a 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 in the amount of $3,668,899; Series 33 of K & T Trinity for 2314 Alabama in the amount of $375,000 and Asset Preservation, Inc for 3502 Emancipation & 0 Calhoun in the amount of $969,000. 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 floors 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 agreement is currently month to month and subject to further negotiations for a longer term.

In fiscal year 2024 the Authority continued to work under the Amended 2017 Municipal Service Cost Agreement with the City and remitted approximately $659,504 to the City in July 2023 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 Ion District Economic Development Agreement with the Rice Management Company (RMC or Rice) and the Authority relates to the development of The Ion District on approximately 16 acres of land in the southern portion of the Midtown Zone. The innovation district development includes an approximately 300,000 square feet innovation hub (The Ion) and has a public realm, mixed-use development with community spaces of plazas, educational/cultural spaces, a parking garage, restaurant and retail spaces, walkways and gardens on multiple blocks of property located in the southern portion of the Midtown Zone and is generally situated between Isabella Street to the North, Ruth Street to the West, Wheeler Avenue to the South and Austin Street to the East. As part of the agreement, RMC plans to construct and install certain public infrastructure and improvements which will significantly contribute to the economic improvement and development of the Midtown Zone. The construction of the initial phase of public improvements and the parking garage are completed. Midtown paid $331,582 in March 2024 as payment of The Ion District Economic Development Agreement.

Additionally, the Authority made an additional payment on the Development Agreement with The Pearl Residences by the Morgan Group and Caydon Houston Property LLC in the amount of $565,063 and $1,553,227, respectively in fiscal year 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All the current year's revenues and expenses are accounted for in this statement, regardless of when cash is received or paid.

The fund financial statements report information about the Authority on the modified accrual basis, which only accounts for revenues that are measurable and available within the current period or soon enough thereafter to pay liabilities of the current period. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Authority has five governmental funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

	2024	2023 (Restated)
Assets		
Cash, cash equivalents and investments	**$ 37,449,000**	$ 43,047,000
Tax increment receivables	**24,791,000**	13,101,000
Other receivables, net	**371,000**	1,156,000
Lease receivable	**6,316,000**	6,150,000
Property held for resale	**28,196,000**	34,025,000
Capital assets, net	**138,291,000**	83,451,000
Total assets	**$ 235,414,000**	$ 180,930,000
Liabilities		
Current liabilities	**3,890,000**	5,749,000
Other long-term liabilities	**37,762,000**	-
Loans and bonds payable – current	**6,255,000**	6,744,000
Loans and bonds payable – long-term	**68,081,000**	80,477,000
Total liabilities	**115,988,000**	92,970,000
Deferred inflow of resources	**5,787,000**	6,006,000
Net position		
Net investment in capital assets	**92,301,000**	68,923,000
Restricted	**49,832,000**	57,713,000
Unrestricted deficit	**(28,494,000)**	(44,682,000)
Total net position	**$ 113,639,000**	$ 81,954,000

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:

	2024	2023
City of Houston (City)	**$ 12,358,000**	$ 13,101,000
Houston Community College System (HCCS)	**1,987,000**	-
Houston Independent School District (HISD)	**10,446,000**	-
Total tax increment receivables	**$ 24,791,000**	$ 13,101,000

The Authority is expecting to receive tax increments outstanding at June 30, 2024 in October 2024. The Authority received tax increments outstanding at June 30, 2023 in September 2023.

In 2024 and 2023, other receivables include amounts due from other entities under memos of understanding for reimbursement of shared services. In 2023, other receivables also included amounts due from 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 $6,316,000 and $5,787,000, respectively, were included in the Statement of Financial Position as of June 30, 2024 compared to approximately $6,150,000 and $6,006,000, respectively, as of June 30, 2023. The change was the result of various leases entered into during fiscal year 2024 net of current year payments received.

Property held for resale relates to the Authority's affordable housing land assemblage program. During fiscal year 2024, the Authority sold/granted 24 properties with a cost of approximately $5.8 million.

The increase in capital assets, net, primarily relates to the conveyance of a parking garage from developer Rice of $56.9 million, in addition to costs incurred during fiscal year 2024 in the construction of certain tenant improvements on the Operations Center (approximately $741,000), offset by depreciation expense of approximately $2.8 million.

The conveyance of a parking garage from developer Rice also resulted in the recognition of a long-term liability of $34.3 million to recognize the obligation to return the asset back to Rice in December 2043 at the expected carrying value on that date, and $3.4 million in unearned revenue related to the consideration paid upfront by Rice for the right to operate the parking garage for a period through December 2043.

The Authority's total long-term debt had a net decrease in fiscal year 2024 of approximately $12.8 million as a result of repayments of loans and bonds ($12.4 million), and amortization of bond premium ($423,000).

The net decrease in current liabilities relates primarily to a decrease in developer reimbursements accrued of approximately $966,000 due to timing of payments and invoices, as well as a decrease of approximately $780,000 related to the annual municipal services fee to the City, which was paid after year-end in fiscal year 2023, and before year-end in fiscal year 2024.

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, 2024 and 2023, the Authority has an unrestricted deficit of $28.5 million and $44.7 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 $12.9 million and $13.1 million at June 30, 2024 and 2023, respectively; net position restricted for affordable housing in the amount of $37.0 million and $44.6 million at June 30, 2024 and 2023, respectively; and net position restricted for capital projects in the amount of $4.8 thousands and $4.6 thousands at June 30, 2024 and 2023, respectively. The majority of the Authority's net position restricted for affordable housing is invested in land held for resale totaling $28.2 million and $34 million at June 30, 2024 and 2023, respectively.

Statement of Activities

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

	2024	2023 (Restated)
Revenues		
Tax increments	**$ 27,117,000**	$ 28,494,000
Lease revenue	**1,529,000**	723,000
Capital grants and contributions	**22,570,000**	-
Investment and other revenues (losses)	**1,886,000**	1,674,000
Total revenues	**53,102,000**	30,891,000
Expenses		
Current	**6,497,000**	5,709,000
Interest on debt service	**3,812,000**	3,504,000
Capital outlay on behalf of the City of Houston	**11,108,000**	11,835,000
Total expenses	**21,417,000**	21,048,000
Change in net position	**31,685,000**	9,843,000
Net position - beginning of year, as restated	**81,954,000**	72,111,000
Net position - end of year	**$113,639,000**	$ 81,954,000

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.

Fiscal year 2024 other revenues (expenses) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements, as well as $700,000 received by the Authority to fund a public art project. These were offset primarily by losses recorded on affordable housing properties sold to third parties during the year. Additionally, in fiscal year 2024, the Authority received a capital contribution of $22.6 million related to the parking garage conveyed from developer Rice noted above, representing the difference between the acquisition value of the garage and the liability to return the garage to Rice, valued at the expected carrying amount of the garage at December 31, 2043. 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 a fire at the Kiosk in Bagby Park and other minor insurance claims. These were offset by losses recorded on affordable housing properties granted to third parties during the year. Lease revenue in 2024 and 2023 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.

Capital outlay on behalf of the City of Houston funded from loan and bond proceeds and tax increments totaled 52% and 56% of total expenses in fiscal year 2024 and 2023, respectively. More detailed information about the Authority's capital outlays is presented in the supplementary information – Schedule of Operating and Capital Expenditures.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

General Fund

At the end of the current fiscal year, the Authority's general fund reported an ending fund balance of approximately $5.7 million, which is approximately $235 thousand more than the prior fiscal year. Approximately 0.5% of the fund balance, or $28,000, is related to leases and is considered nonspendable. Approximately 28% of the fund balances, or $1.6 million, is restricted to various capital projects. Approximately 2%, or $108,000, of the fund balance is committed to pay debt service. Approximately 70% of the fund balance, or $3.9 million, is assigned or available for spending at the government's discretion provided expenditures are allowable by the Authority's project plan and other legal authorities.

Infrastructure and Project Fund

At the end of the current fiscal year, the Authority's infrastructure and project fund reported an ending fund balance of approximately $3.8 million, which is approximately $5.5 million less than the prior fiscal year. Approximately 12% of the fund balance, or $469 thousand, is committed to various capital projects and developer and grant agreements entered into by the Authority. Approximately 88% of the fund balance, or $3.3 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.

Capital Projects Fund

At the end of the current fiscal year, the Authority's capital projects fund reported an ending fund balance of approximately $4.8 thousand, which is similar to the prior fiscal year. The entirety of the fund balance is restricted for capital projects.

Affordable Housing Fund

At the end of the current fiscal year, the Authority's affordable housing fund reported an ending fund balance of approximately $37.0 million, which is approximately $7.3 million less than the prior fiscal year. Approximately 76% of the fund balance, or $28.2 milllion, is related to properties owned for purposes of building affordable housing and is considered nonspendable. Approximately 1%, or $0.5 million, is related to leases and is also considered nonspendable. Approximately 23% of the fund balance, or $8.3 million, is committed or restricted to affordable housing expenditures.

Debt Service Fund

At the end of the current fiscal year, the Authority's debt service fund reported an ending fund balance of approximately $14.3 million, which is approximately $0.1 million higher than the prior fiscal year. The entirety of the fund balance is restricted for debt service payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2024 budget for the Authority has not yet been approved by the Board. The Authority continued to operate under its approved budget for fiscal year 2023 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. The Authority only receives, and records, amounts available for the Authority's operations. Tax increments used for educational facilities, affordable housing and City administrative fees are withheld by the City and paid directly to the City or paid back to HISD.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2024, the Authority had approximately $138.3 million, net of accumulated depreciation, invested in a broad range of capital assets including land, land improvements, buildings and furniture, equipment, donated works of art and a conveyed structure.

During 2024, the Authority continued with the construction of certain tenant improvements at the Operations Center. Additionally, the Authority was conveyed a parking garage from a developer. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

Debt Administration

As of June 30, 2024 and 2023, the Authority has four series of Tax Increment Contract Revenue Bonds totaling $67,425,000 and $71,410,000, respectively. A debt service reserve fund in the amount of $7,151,147 is required 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, 2024 and 2023 were $2,608,000 and $11,086,000, respectively.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

In considering the budget for the 2025 fiscal year, the Board of Directors took into account the areas outlined in the 5 year Capital Improvement Plan, as well as estimated increases in property values which will result in increases to the annual increment.

FUTURE PROJECTS

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 planning and implementation of projects to improve safety and prevent roadway deaths and serious injuries for all roadway users within the Midtown Zone. Midtown has been awarded Highway Safety Improvement Program (HSIP) grants in the amount of $813,875 to implement mobility related safety elements to Pierce Street and McGowen Street beginning in fiscal year 2025 .

As part of the development of Cap Parks at street level above the Midtown segment of Interstate 59/69 reconstruction included in the TxDOT North Houston Highway Improvement Project (NHHIP), Midtown will continue coordination efforts with TxDOT and the City on the conceptual design for Caroline/Wheeler Cap Park to determine design feasibility and cost for additional structural/infrastructure requirements. The planning and conceptual design for the expanded Caroline/Wheeler Cap Park will continue in fiscal year 2025.

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 continue construction in fiscal year 2025.

Midtown along with its consultants are planning 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 throughout the Zone in fiscal year 2025
Planning and development of concepts for eligible pedestrian-transit-bicycle improvements within one-half mile of the Wheeler Street corridor to improve pedestrian access to transit facilities will continue in fiscal year 2025.

Midtown with continue work with its real estate consultants on the implementation of the North Midtown Urban Redevelopment Plan recommendations to more actively engage the real estate community in development opportunities in Midtown. In fiscal year 2025, workshops with developers will be held to identify barriers, increase awareness of existing programs, and develop concepts for new incentives to encourage development in Midtown.

* * * * *

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

		Primary Government
June 30, 2024		Governmental Activities
Assets		
Cash and cash equivalents	$	4,792,452
Investments		17,018,124
Tax increment receivables		24,790,842
Other receivables		371,222
Restricted assets		
Cash and cash equivalents		5,769,991
Investments		9,868,412
Lease receivable		6,316,208
Property held for resale		28,196,093
Capital assets, net		138,290,774
Total assets		235,414,118
Liabilities		
Accounts payable		2,267,471
Interest payable		1,557,147
Retainage payable		65,518
Unearned revenue		3,432,681
Other long-term liabilities		34,329,667
Loans payable		
Due within one year		1,965,090
Due after one year		643,282
Bonds payable		
Due within one year		4,290,000
Due after one year		67,437,883
Total liabilities		115,988,739
Deferred Inflows of Resources		
Lease revenue		5,787,158
Total deferred inflows of resources		5,787,158
Net Position		
Net investment in capital assets		92,300,210
Restricted for		
Debt service		12,871,915
Affordable housing		36,954,688
Capital expenditures		4,828
Unrestricted (accumulated deficit)		(28,493,420)
Total net position	$	113,638,221

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

Midtown Redevelopment Authority
Statement of Activities

For the year ended June 30, 2024		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities					
General government	$ 21,416,967	$ 1,958,413	$ 700,000	$ 22,570,333	$ 3,811,779
Total primary government	21,416,967	1,958,413	700,000	22,570,333	3,811,779
General revenues					
Tax increments					27,117,480
Investment income					1,645,291
Other revenues (losses)					(890,527)
Total general revenues					27,872,244
Change in net position					31,684,023
Net position, beginning of year, as previously reported					82,268,780
Accounting changes and error corrections (see Note 2)					(314,582)
Net position, beginning of year, as restated					81,954,198
Net position, end of year					$ 113,638,221

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

June 30, 2024	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 3,914,064	$ 878,388	$ -	$ -	$ -	$ 4,792,452
Investments	17,018,124	-	-	-	-	17,018,124
Tax increment receivables	24,790,842	-	-	-	-	24,790,842
Other receivables, net	371,222	-	-	-	-	371,222
Restricted assets						
Cash and cash equivalents	-	-	-	4,021,722	1,748,269	5,769,991
Investments	-	-	4,828	2,342,550	7,521,034	9,868,412
Lease receivable	496,822	-	-	5,819,386	-	6,316,208
Due to/from other funds	(10,938,756)	3,582,430	-	2,326,638	5,029,688	-
Property held for resale	-	-	-	28,196,093	-	28,196,093
Total assets	$ 35,652,318	$ 4,460,818	$ 4,828	$ 42,706,389	$ 14,298,991	$ 97,123,344
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ 1,306,700	$ 657,534	$ -	$ 433,308	$ -	$ 2,397,542
Unearned revenue	3,432,681	-	-	-	-	3,432,681
Total liabilities	4,739,381	657,534	-	433,308	-	5,830,223
Deferred inflows of resources						
Deferred tax increment revenue	24,790,842	-	-	-	-	24,790,842
Lease revenue	468,765	-	-	5,318,393	-	5,787,158
Total deferred inflows of resources	25,259,607	-	-	5,318,393	-	30,578,000
Fund balances						
Nonspendable	28,057	-	-	28,697,086	-	28,725,143
Restricted	1,581,250	-	4,828	8,196,924	14,298,991	24,081,993
Committed	107,775	469,426	-	60,678	-	637,879
Assigned	3,936,248	3,333,858	-	-	-	7,270,106
Total fund balances	5,653,330	3,803,284	4,828	36,954,688	14,298,991	60,715,121
Total liabilities, deferred inflows of resources and fund balances	$ 35,652,318	$ 4,460,818	$ 4,828	$ 42,706,389	$ 14,298,991	$ 97,123,344

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

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

June 30, 2024		
Total fund balance of governmental funds	$	60,715,121
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities, including conveyed assets, are not financial resources and therefore are not reported in the funds		138,290,774
Tax increment revenues are not available for current period expenditures therefore are deferred in the funds		24,790,842
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds		64,553
Long-term liabilities, including those related to public-private partnership arrangements, are not due and payable in the current period and therefore are not reported in the funds		(110,223,069)
Net position of governmental activities	$	113,638,221

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

For the year ended June 30, 2024	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total Governmental Funds
Revenues						
Tax increments	$ 12,707,383	$ -	$ -	$ 2,326,638	$ 393,277	$ 15,427,298
Investment income	1,036,316	-	257	183,342	425,376	1,645,291
Lease revenue	267,197	-	-	1,262,113	-	1,529,310
Other revenues (expenses)	2,164,307	-	-	(1,170,964)	-	993,343
Total revenues	16,175,203	-	257	2,601,129	818,653	19,595,242
Expenditures						
Current						
Administration and support	3,302,215	-	-	133,666	-	3,435,881
Municipal services cost agreement	659,504	-	-	-	-	659,504
Capital outlay	-	6,967,614	-	4,905,330	-	11,872,944
Debt service						
Principal payments	96,463	-	1,445,404	6,935,570	3,985,000	12,462,437
Interest charges	30,077	-	233,003	283,324	3,053,267	3,599,671
Total expenditures	4,088,259	6,967,614	1,678,407	12,257,890	7,038,267	32,030,437
Excess (deficiency) of revenues over (under) expenditures	12,086,944	(6,967,614)	(1,678,150)	(9,656,761)	(6,219,614)	(12,435,195)
Other Financing Sources (Uses)						
Internal transfers	(11,851,874)	1,498,639	1,678,407	2,345,638	6,329,190	-
Net other financing sources (uses)	(11,851,874)	1,498,639	1,678,407	2,345,638	6,329,190	-
Net change in fund balances	235,070	(5,468,975)	257	(7,311,123)	109,576	(12,435,195)
Fund balances, beginning of year, as previously reported	5,418,260	9,272,259	4,571	44,580,393	14,189,415	73,464,898
Accounting changes and error corrections (see Note 2)	-	-	-	(314,582)	-	(314,582)
Fund balances, beginning of year, as restated	5,418,260	9,272,259	4,571	44,265,811	14,189,415	73,150,316
Fund balances, end of year	$ 5,653,330	$ 3,803,284	$ 4,828	$ 36,954,688	$ 14,298,991	$ 60,715,121

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

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

For the year ended June 30, 2024	
Change in total fund balance of governmental funds	$ (12,435,195)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital additions (total capital outlays of $11,872,944 less capital outlays on behalf of the City of Houston of $11,108,456), excluding conveyed assets	764,619
Depreciation expense, including depreciation expense related to the conveyed asset	(2,824,389)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	12,462,437
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	423,049
Tax increment revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	11,629,215
Capital grants and contributions in the statement of activities, representing a conveyed asset of $56,900,000 less related long-term liability of $34,329,667, do not provide current financial resources and therefore, are not reported as revenues in the funds	22,570,333
Interest on tax increments was reported as revenue in the governmental funds in the current year but reported as revenue in governmental activities in the previous year	(693,800)
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	(212,246)
Change in net position of governmental activities	$ 31,684,023

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

City of Houston Reinvestment Zone Number Two

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

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

Budgetary Information

Budgetary Basis of Accounting

The Board adopted an unappropriated budget for the combined governmental funds of the Authority for the year ended June 30, 2023. The budget was submitted to and approved by the City. The fiscal year 2024 budget for the Authority was not yet approved by the Board or the City. The Authority continued to operate under its approved budget for fiscal year 2023 pursuant to Section VI of the Tri-Party Agreement between the City, the Authority and the Zone. As the budget is not legally adopted for the general fund, as defined by GASB, the budgetary comparison schedule is presented as supplementary information.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

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

Investments

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

Investments for the Authority meet all the specified criteria in GASBSC Section I50: Investments to qualify to elect to measure their investments at amortized cost. Accordingly, the value of the Authority's position in the pool is equal to the value of the pooled shares.

Receivables and Payables

Tax Increment receivables – Amounts due from the Authority are recorded in the general fund for annual tax increments not collected before year-end. As of June 30, 2024, the Authority believes all tax increment receivables are fully collectible, and, accordingly, no allowance has been created.

Other receivables – Amounts due from the from other entities under memos of understanding are recorded in the general fund for reimbursement of shared services not collected before year-end. As of June 30, 2024, the Authority believes all other receivables are fully collectible, and, accordingly, no allowance has been created.

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

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

Interfund Activities and Transactions

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets

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

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

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

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

Property Held for Resale

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

Capital Assets

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Public-Private Partnership Arrangements

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority had no deferred outflows as of June 30, 2024.

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

Long-Term Obligations

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Net Position and Fund Balance

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Revenues and Expenditures/Expenses

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

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 26, 2024. See Note 9 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Implemented Accounting Pronouncements

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. See Note 2 for relevant disclosures.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts on RSI or SI due to implementation of this standard.

Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board has issued a statement that will become effective in future years. This statement is as follow:

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosure*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement apply to the financial statements of all state and local governments, and is effective for fiscal years beginning after June 15, 2024.

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

Note 2: ERROR CORRECTION

The Authority’s fiscal year 2024 financial statements reflect the correction of an error in previously issued financial statements. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of the nature and effect on amounts reported in the financial statements.

Note 2: ERROR CORRECTION (Continued)

During fiscal year 2024, it was determined that the grant of an affordable housing property, resulting in a loss of $314,582, had been completed during fiscal year 2023 but was not recorded until fiscal year 2024. To correct this error, the beginning fund balance of the affordable housing fund, as previously reported, has been decreased as noted in the table below. In addition, beginning net position for governmental activities as previously reported has also decreased by the same amount as noted in the table below.

	Governmental Activities	Affordable Housing Fund
Beginning net position/fund balance, as previously reported	$ 82,268,780	$ 44,580,393
Correction of an error	(314,582)	(314,582)
Beginning net position/fund balance, as restated	$ 81,954,198	$ 44,265,811

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of June 30, 2024, the carrying amount of the Authority's deposits totaled $10,562,443 and the bank balances totaled $11,040,849. The amount in excess of federal deposit insurance of $6,618,353 was fully collateralized by securities held by the pledging financial institution. Custodial credit risk for deposits with financial institutions is the risk that in the event of the failure of a depository financial institution the Authority may not be able to recover deposits. The Authority's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits.

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

Investments that are obligations of or guaranteed by the U.S. Government do not require disclosure of credit quality. The Authority's investment in the TexSTAR and LOGIC funds are rated AAAm by Standard and Poor's and maintain a weighted average maturity of 60 days or less, with a maximum weighted average maturity of 13 months for any individual security. The Authority considers the investments in TexSTAR and LOGIC to have maturities of less than one year due to the fact the share position can unusually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value. As of June 30, 2024, the Authority held deposits of $19,355,678 in LOGIC and $7,530,858 in TexSTAR.

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Under GASBC Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transactions amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Authority's access to 100 percent of their account value in either external investment pool.

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

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

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

Certain amounts of deposits and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted amounts at June 30, 2024 are as follows:

	Cash and Cash Equivalents	Investments	Total
Trustee funds			
Debt service	$ 1,748,269	$ -	$ 1,748,269
Debt service reserve fund	-	7,521,034	7,521,034
Project fund	-	4,828	4,828
Total trustee funds	1,748,269	7,525,862	9,274,131
Enabling legislation			
Affordable housing	4,021,722	2,342,550	6,364,272
Total restricted assets	$ 5,769,991	$ 9,868,412	$ 15,638,403

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended June 30, 2024:

For the year ended June 30, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land and improvements	$ 13,948,063	$ -	$ -	$ 13,948,063
Construction in process	-	710,243	-	710,243
Capital assets, being depreciated				
Works of art	1,137,027	-	-	1,137,027
Buildings and improvements, including conveyed asset	83,971,041	56,923,477	-	140,894,518
Equipment	100,186	30,899	-	131,085
Total capital assets	99,156,317	57,664,619	-	156,820,936
Less: accumulated depreciation	(15,705,773)	(2,824,389)	-	(18,530,162)
Governmental activities - capital assets, net	$ 83,450,544	$ 54,840,230	$ -	$ 138,290,774

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

Long-Term Debt and Liabilities

Development Agreement

During the current fiscal year, the Authority was conveyed a garage from a developer which they are required to return to the developer on December 31, 2043. See Note 9 for further details regarding this long-term liability.

Loans Payable

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, 2024, the outstanding balance on the loan totaled $2,088,686.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Loans Payable (Continued)

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, 2024, the outstanding balance on the loan totaled $519,686.

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

Balance at July 1, 2023	$ 11,085,809
Additions	-
Retirements	(8,477,437)
Balance at June 30, 2024	$ 2,608,372
Current portion, long-term debt	$ 1,965,090

Future minimum payments as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,965,090	$ 165,236	$ 2,130,326
2026	643,282	51,303	694,585
Total	$ 2,608,372	$ 216,539	$ 2,824,911

Tax Increment Contract Revenue Bonds

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

The 2015 Bonds mature serially January 1, in each year 2016 through 2025. The 2015 Bonds are callable in whole or in part any date beginning January 1, 2025 at par.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Tax Increment Contract Revenue Bonds (Continued)

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
2025	$ 2,645,000	$ 132,250	$ 2,777,250
Total	$ 2,645,000	$ 132,250	$ 2,777,250

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
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	470,000	1,553,875	2,023,875
2030-2034	7,360,000	7,487,250	14,847,250
2035-2038	23,915,000	3,062,250	26,977,250
Total	$ 34,590,000	$ 18,635,125	$ 53,225,125

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.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

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
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	870,000	199,050	1,069,050
2030-2033	3,920,000	367,750	4,287,750
Total	$ 7,880,000	$ 1,758,750	$ 9,638,750

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
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	2,715,000	436,423	3,151,423
2030-2033	11,690,000	896,246	12,586,246
Total	$ 22,310,000	$ 3,782,446	$ 26,092,446

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Tax Increment Contract Revenue Bonds (Continued)

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

Balance at July 1, 2023	$ 71,410,000
Additions	-
Retirements	(3,985,000)
Balance at June 30, 2024	$ 67,425,000
Current portion, long-term debt	$ 4,290,000

Tax Increment Revenue Bonds at June 30, 2024 consist of the following:

Date Series Issued	Outstanding Balance
2015	$ 2,645,000
2017	34,590,000
2020	7,880,000
2022	22,310,000
Total principal payable	67,425,000
Unamortized premium and discount, net	4,302,883
Total bonds payable	$ 71,727,883

Note 4: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2024, 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	$ -	$ -	$ -	$ 28,196,093	$ -	$ 28,196,093
Leases	28,057	-	-	500,993	-	529,050
Restricted for						
Capital projects	1,581,250	-	4,828	-	-	1,586,078
Affordable housing	-	-	-	8,196,924	-	8,196,924
Debt service	-	-	-	-	14,298,991	14,298,991
Committed to						
Affordable housing	-	-	-	60,678	-	60,678
Loan payments	107,775	-	-	-	-	107,775
Streetscapes and gateways	-	380,874	-	-	-	380,874
Parks	-	83,552	-	-	-	83,552
Developer and grant agreements	-	5,000	-	-	-	5,000
Assigned to						
FY 2025 CIP plan and budget	3,936,248	3,333,858	-	-	-	7,270,106
Total fund balances	$ 5,653,330	$ 3,803,284	$ 4,828	$ 36,954,688	$ 14,298,991	$ 60,715,121

Note 5: TAX INCREMENTS

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

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

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

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

Note 5: TAX INCREMENTS (Continued)

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.

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.

The Authority's tax increment revenues, net of transfers, for the year ended June 30, 2024, as reflected in the Statement of Activities was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	$ 13,007,982	$ (650,399)	$ 12,357,583
Houston Independent School District (Tax Year 2022 Set Aside)	6,979,916	(4,653,278)	2,326,638
Houston Independent School District	12,203,677	(1,757,528)	10,446,149
Houston Community College System	2,012,110	(25,000)	1,987,110
Total tax increments	$ 34,203,685	$ (7,086,205)	$ 27,117,480

The Authority's tax increment revenues, net of transfers, for the year ended June 30, 2024, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston (Tax Year 2022)	$ 13,790,168	$ (689,508)	$ 13,100,660
Houston Independent School District (Tax Year 2022 Set Aside)	6,979,916	(4,653,278)	2,326,638
Total tax increments	$ 20,770,084	$ (5,342,786)	$ 15,427,298

Note 6: LEASE REVENUE

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

Operations Center: Office Space

The Authority leases office space to four tenants under operating leases which are non-cancellable and terminate no later than March 2029 with an option to extend to no later than November 2038. The leases call for monthly payments (fixed payments) that range from $2,263 to $22,799 with certain leases subject to annual escalations. Certain provisions of the leases provide for payment of a proportionate share of building's operating costs (variable non-lease component).

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 break-even point (variable lease payment), as defined in the lease agreement.

For the year ended June 30, 2024, payments are as follows:

	Fixed Payment	Interest Revenue	Variable Payment	Total
Operations Center: Office Space	$ 506,474	$ 206,054	$ 391,986	$ 1,104,514
HTC Building: Office Space	96,998	16,352	9,299	122,649
Bagby Park: Kiosk	42,144	5,642	-	47,786
	$ 645,616	$ 228,048	$ 401,285	$ 1,274,949

Note 6: LEASE REVENUE (Continued)

Lease receivable activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Reductions	Ending Balance
Operations Center: Office Space	$ 5,524,027	$ 436,551	$ (141,192)	$ 5,819,386
HTC Building: Office Space	360,732	-	(90,273)	270,459
Bagby Park: Kiosk	265,123	-	(38,760)	226,363
	$ 6,149,882	$ 436,551	$ (270,225)	$ 6,316,208

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

For the years ending June 30,	Principal	Interest	Total
2025	$ 1,240,420	$ 218,284	$ 1,458,704
2026	443,370	166,958	610,328
2027	447,047	150,446	597,493
2028	502,867	133,116	635,983
2029	463,066	114,714	577,780
2030-2034	2,219,896	400,924	2,620,820
2035-2039	999,542	58,727	1,058,269
	$ 6,316,208	$ 1,243,169	$ 7,559,377

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 $254,361 for the year ended June 30, 2024.

Note 7: RISK MANAGEMENT

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

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

Note 7: RISK MANAGEMENT (Continued)

The commercial insurance carried is a claims incurred policy for which the Authority is covered for claims originating against the Authority during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Authority has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended June 30, 2024.

Note 8: RELATED PARTIES

The Authority has an administrative contract with the Midtown Management District (the District) whereby the Authority provides administrative and management services to the District (see Note 9). The District and the Authority share the same Executive Director. The Authority provided services to the District amounting to approximately $633,000 for the year ended June 30, 2024. At June 30, 2024, approximately $328,000 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 $677,000 for the year ended June 30, 2024 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 9). At June 30, 2024, approximately $54,000 was due to the Authority under this contract and is included in accounts payable in the accompanying basic financial statements.

Note 9: COMMITMENTS AND CONTINGENCIES

Houston Museum of African American Culture (HMAAC)

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

Construction Contracts and Consultant Agreements

Engineering and construction contracts relating to construction-in-progress and other capital projects aggregated approximately $525,000. These contracts will be paid in future period as work is performed. Payment will be made with bank loans, operating reserves, and Federal grants to be received. In addition, the Authority enters into agreements with various consultants to provide professional services each year.

Note 9: 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/Almeda 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.

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. This agreement expired on December 31, 2023 and will continue to automatically be renewed on a monthly basis thereafter unless terminated by the Authority or CCPPI.

Note 9: COMMITMENTS AND CONTINGENCIES (Continued)

Pearl Midtown ROW and Pearl Rosemont ROW Development Agreements

In 2017, the Authority entered into a Development Agreement with Pearl Residences at Midtown Owner, LLC. (Pearl Residences) for reimbursement of up to $3.8 million of eligible project costs related to the Pearl Midtown ROW project. This agreement was executed contemporaneously with a development agreement entered into by the Authority with Helena – Dew Holdings, LLC (Helena - Dew) for reimbursement of up to $1.4 million of eligible project costs related to the Pearl Rosemont ROW project. Reimbursement to each developer, Pearl Residences and Helena – Dew, will occur over 9 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project and execution of a maintenance agreement. As the Pearl Midtown ROW project was completed in October 2019 and the maintenance agreement was executed in February 2020, the reimbursement related to the Pearl Midtown ROW project commenced in fiscal year 2021 with a payment of $466,694 followed by a second payment of $529,491 in fiscal year 2022, and a third payment of $539,394 in fiscal year 2023. The fourth payment of approximately $565,000 will be paid in November 2024 and has been included in accounts payable as of June 30, 2024 in the accompanying basic 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, followed by a second payment of $1,289,375 in fiscal year 2023, and a third payment of $1,553,227 in fiscal year 2024. 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, followed by a payment of $331,582 in fiscal year 2024. Subsequent annual reimbursement from available tax increment are due by November 1 of each year through December 31, 2044. Other public infrastructure and improvements (Phase I and II) are still under construction as of June 30, 2024, except for the parking garage which was completed during fiscal year 2024 and reimbursement is expected to commence in fiscal year 2025.

Note 9: COMMITMENTS AND CONTINGENCIES (Continued)

"The Ion District" Development Agreement (Continued)

In accordance with the "The Ion District" development agreement, ownership of the parking garage was conveyed to the Authority on March 8, 2024 upon completion of construction. Immediately following the conveyance of the parking garage, the Authority entered into a Parking Management Agreement (the management agreement) that qualifies as a Public-Private Partnership Arrangement under GASB Statement No. 94, *Public-Private and Public Partnerships and Availability Payment Arrangements*. The conveyed parking garage (conveyed asset) was recognized as part of the Authority's capital assets at its fair value of $56,900,000 with a corresponding liability of $34,329,667 measured at the estimated carrying value of the conveyed asset as of the termination date of the management agreement. The difference between the conveyed asset and the corresponding liability of $22,570,333 has been recorded as a capital grant on the accompanying statement of activities. Pursuant to the terms of the management agreement, Rice will operate and maintain the garage, collect all parking fees and manage the day-to-day operations through December 31, 2043. As part of the management agreement, Rice provided upfront payments in 2024 totaling $3,491,359 in exchange for the right to operate the parking during the agreement term. These upfront payments represent the total consideration for the management rights and has been recognized as unearned revenue in the accompanying financial statements. The unearned revenue is being amortized on a straight-line basis over the term of the agreement. For the year ended June 30, 2024, the Authority recognized revenue of $58,678 related to this agreement which has been recorded as other revenue in the accompanying financial statements.

Grant Agreement with Bloomberg Family Foundation, Inc.

In 2024, the Authority was awarded a $1,000,000 grant from the Bloomberg Family Foundation, Inc. (Bloomberg) to support temporary public art projects in the City. Subsequent to year-end, the Authority entered into an assignment agreement with the District under which the Authority transferred and assigned all of the Authority's responsibilities under the grant agreement to the District. In addition, the assignment agreement also transferred all funds received under the agreement by the Authority to the District to be used in accordance with the program budget agreed upon with Bloomberg. During 2024, the Authority received $700,000 under this grant which are included in other revenues in the accompanying basic financial statements. The remaining $300,000 of the grant will be available in future periods contingent upon the Authority meeting certain eligibility criteria outlined in the grant agreement.

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.

Note 9: COMMITMENTS AND CONTINGENCIES (Continued)

Midtown Improvement and Development Corporation

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

Supplementary Information

Midtown Redevelopment Authority
Budgetary Comparison Schedule – All Funds

For the year ended June 30, 2024

	Original and Final Budgeted Amounts *	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year, as restated	$ 56,826,258	$ 73,150,316	$ 16,324,058
Resources			
Incremental property tax revenue	34,194,337	20,770,084	(13,424,253)
Grant proceeds	3,000,000	-	(3,000,000)
Proceeds from land sale	6,000,000	-	(6,000,000)
Miscellaneous revenue	535,000	2,522,653	1,987,653
Other interest income	325,000	1,645,291	1,320,291
Total available resources	100,880,595	98,088,344	(2,792,251)
Expenses			
Maintenance and operations	1,869,950	3,302,215	1,432,265
Project costs and capital expenditures	42,193,661	9,428,066	(32,765,595)
Developer/project reimbursements	2,455,572	2,578,544	122,972
Special projects as determined by the COH	500,000	-	(500,000)
Debt service	9,264,608	16,062,108	6,797,500
Other interfund transfers:			-
HISD educational facilities	6,076,001	4,653,278	(1,422,723)
Municipal services - public safety	781,263	659,504	(121,759)
Municipal services - quality of life	492,737	-	(492,737)
Administrative fees	731,363	689,508	(41,855)
Total expenses	64,365,155	37,373,223	(26,991,932)
Budgetary fund balance - end of year	$ 36,515,440	$ 60,715,121	$ 24,199,681

* Budgeted amounts are based on the 2023 budget approved by the Authority's board of directors and the City as the 2024 budget has not been approved by the Authority's board of directors.

For the year ended June 30, 2024

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

Sources/inflows of resources	
Actual amounts (budgetary basis)	$ 98,088,344
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	(73,150,316)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(5,342,786)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	$ 19,595,242
Uses/outflows of resources	
Actual amounts (budgetary basis)	$ 37,373,223
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	(5,342,786)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	$ 32,030,437

Midtown Redevelopment Authority
Schedule of Operating and Capital Expenditures

For the year ended June 30, 2024

Management Consulting Services	Vendor	Budget *	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)	n/a	$ 486,650	$ 526,365	$ (39,715)
Office Expenses	n/a	270,000	553,472	(283,472)
Midtown Management District	n/a	495,000	632,824	(137,824)
Fourth Ward Redevelopment Authority	n/a	40,000	24,327	15,673
Insurance	Hartford Fire Insurance Company, United National Insurance Agency	214,000	852,588	(638,588)
Accounting	Bookkeeper	85,000	-	85,000
Accounting	The Morton Accounting Services	-	176,117	(176,117)
Auditor - Financial	Carr, Riggs & Ingram, LLC	41,000	49,479	(8,479)
Bond Services/Trustee	Hilltop Securities Inc., Masterson Advisors, LLC, Bank of New York Mellon	43,000	17,541	25,459
Total Administration and Overhead		1,674,650	2,832,713	(1,158,063)
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP, Burney & Foreman	90,000	410,557	(320,557)
Engineering consultants	IDS Engineering Group	95,000	36,945	58,055
Construction Audits	Carr, Riggs & Ingram, LLC	10,300	22,000	(11,700)
Total Program and Project Consultants		195,300	469,502	(274,202)
Total Management Consulting Services		$ 1,869,950	$ 3,302,215	$ (1,432,265)

Capital Expenditures	Vendor	Budget	Actual Expenditures	Variance
T-0207 Operating of Zone and Project Facilities				
Construction/maintenance	MIDCorp	$ 1,000,000	$ 1,914,235	$ (914,235)
Total Operating of Zone and Project Facilities		1,000,000	1,914,235	(914,235)
T-0210 Main Street Enhancements		450,130	-	450,130

For the year ended June 30, 20234

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0203 Entry Portals	Design Workshop, Inc., Earthfirst, Middleton Brown, LLC	$ 305,300	$ 109,806	$ 195,494
T-0204 Enhanced Street Lights	COH	155,000	1,064	153,936
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., BEGA North America, SMC Landscape Services	305,836	39,087	266,749
T-0225 Mobility and Pedestrian Improvements				
Planning		750,000	-	750,000
Construction	The Goodman Corporation	500,000	294,944	205,056
Design		250,000	-	250,000
Other		5,300	-	5,300
Total Mobility and Pedestrian Improvements		1,505,300	294,944	1,210,356
T-0220 Affordable Housing:				
Design		500,000	-	500,000
Construction	Various	3,360,000	-	3,360,000
Utilities/Drainage		20,000	-	20,000
Other professionals	Various	3,030,000	1,801,407	1,228,593
Build-Out		3,500,000	719,178	2,780,822
CCPPI	CCPPI	1,429,000	1,429,000	-
Maintenance		1,222,134	1,089,410	132,724
BBVA Loan		7,102,311	-	7,102,311
Total Affordable Housing		20,163,445	5,038,995	15,124,450
T-0221 Midtown Park:				
Planning		75,000	-	75,000
Design		1,225,000	-	1,225,000
Construction and management	Walter P. Moore, Jerdon Enterprises, L.P.	2,700,000	45,249	2,654,751
Other	Wulfe & Co.	10,300	40,800	(30,500)
Total Midtown Park		4,010,300	86,049	3,924,251
T-0222 Street Overlay Program	Kwik Copy	1,750,000	11,704	1,738,296
T-0223 Safe Sidewalk Program		620,100	-	620,100
T-0224 HTC Building Maintenance	Various	300,150	259,844	40,306
T-0230 Wheeler SL Pedestrian Enhancements		675,600	-	675,600
T-0232 Public and Cultural Facilities		1,700,000	-	1,700,000

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

For the year ended June 30, 2024

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0233 Parking Garage - Midtown Park				
Planning		$ 50,000	$ -	$ 50,000
Construction and management		1,250,000	-	1,250,000
Design	Elevators	250,000	60,554	189,446
Other	Bracewell LLP	20,500	36,989	(16,489)
Total Parking Garage - Midtown Park		1,570,500	97,543	1,472,957
T-0234 Parks and Open Spaces				
Planning		750,000	-	750,000
Design	Design Workshop, Inc. OJB	400,000	101,818	298,182
Construction	Lion Heart	1,500,000	55,994	1,444,006
Other		25,300	-	25,300
Total Parks and Open Spaces		2,675,300	157,812	2,517,488
T-0235 Public Art		255,300	-	255,300
T-0236 Bagby Park	A. O. Phillips & Associates, LLC, La Calle	35,500	112,977	(77,477)
T-0239 Brazos Street Reconstruction				
Planning		250,000	-	250,000
Design	Walter P. Moore, The Goodman Corporation	1,350,000	263,399	1,086,601
Other		20,100	-	20,100
Total Brazos Street Reconstruction		1,620,100	263,399	1,356,701
T-0247 I59/69 CAP Park		1,790,500	-	1,790,500
T-0248 Tuam Street	Houston Public Works	520,000	736,272	(216,272)
T-0249 Pearl Market Place	Pearl Residences	-	693,735	(693,735)
T-0299 Concrete Panel Replacement Program		35,000	-	35,000
Caydon Developer Agreement	Caydon Houston Property LP	-	1,553,227	(1,553,227)
Rice-Ion Developer Agreement	William Marsh Rice U	-	331,582	(331,582)
General CIP:				
Other Consultants	Equi-Tax, Inc.	-	6,000	(6,000)
Other Consultants	Walter P. Moore	-	161,484	(161,484)
Other Professional Services	Various	-	136,851	(136,851)
Total General CIP		-	304,335	(304,335)
Total Capital Expenditures		$ 42,193,661	$ 12,006,610	$ 30,187,051

* Budgeted amounts are based on the 2023 budget approved by the Authority's board of directors and the City as the 2024 budget has not been approved by the Authority's board of directors.

Midtown Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period December 29, 1995 (Date of Inception) through June 30, 2024

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2023	Actual Expenditures for the Year Ended June 30, 2024	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2024	Variance to Budget
Non-Educational Project Costs					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	$ 164,063,856	$ 42,736,070	$ 1,792,908	$ 44,528,978	$ 119,534,878
Streetscape and gateways	70,773,654	42,231,066	829,695	43,060,761	27,712,893
Public infrastructure	77,000,000	51,297,866	3,871,497	55,169,363	21,830,637
Total infrastructure improvements	311,837,510	136,265,002	6,494,100	142,759,102	169,078,408
Other project costs:					
Real property assembly	25,533,106	16,106,474	432,280	16,538,754	8,994,352
Professional services	11,966,225	8,156,493	304,335	8,460,828	3,505,397
Historic preservation	10,139,992	139,992	-	139,992	10,000,000
Parks and recreational facilities	53,903,004	30,930,080	356,838	31,286,918	22,616,086
Safety and security infrastructure	1,576,282	-	-	-	1,576,282
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	16,633,276	6,031,777	30,077	6,061,854	10,571,422
Total other project costs	124,145,841	61,364,816	1,123,530	62,488,346	61,657,495
Affordable housing	294,840,659	151,060,525	5,229,786	156,290,311	138,550,348
Financing costs (b)	95,507,011	76,539,571	3,418,482	79,958,053	15,548,958
Zone administration	50,286,136	20,697,224	2,197,562	22,894,786	27,391,350
Educational Project Costs					
Education project costs	83,770,000	85,011,363	6,385,806	91,397,169	(7,627,169)
Total project plan	$ 960,387,157	$ 530,938,501	$ 24,849,266	$ 555,787,767	$ 404,599,390

(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, 2024, does not include the repayment of bond and note principal payments in the amount of $12,462,437.

June 30, 2024	Total Value
Purchased properties - affordable housing:	
MRA 001	$ -
MRA 002	-
MRA 003	-
MRA 004	-
MRA 005	-
MRA 006	-
MRA 007	-
MRA 008	36,702
MRA 009	40,483
MRA 010	-
MRA 011	-
MRA 012	-
MRA 013	39,880
MRA 014	-
MRA 015	22,845
MRA 016	73,528
MRA 017	49,169
MRA 018	79,183
MRA 019	-
MRA 020	40,955
MRA 021	131,786
MRA 022	46,974
MRA 023	22,421
MRA 024	38,492
MRA 025	59,313
MRA 026	49,826
MRA 027	55,871
MRA 028	50,289
MRA 029	50,239
MRA 030	82,780
MRA 031	64,756
MRA 032	49,792
MRA 033	-
MRA 034	-
MRA 035	54,351
MRA 036	61,128
MRA 037	69,942
MRA 038	28,402
MRA 039	149,920
MRA 040	59,338
MRA 041	51,960

June 30, 2024	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	-
MRA 078	46,584
MRA 079	58,276
MRA 081	51,573
MRA 082	-
MRA 086	135,064
MRA 087	41,963
MRA 088	75,056
MRA 089	-
MRA 090	22,664
MRA 091	57,086

June 30, 2024	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

June 30, 2024	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 135	$ 55,705
MRA 136	-
MRA 137	-
MRA 138	109,315
MRA 139	-
MRA 140	54,715
MRA 141	61,890
MRA 142	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	-
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	-
MRA 171	-
MRA 172	111,029
MRA 173	75,435
MRA 174	-
MRA 175	72,853
MRA 176	140,837

June 30, 2024	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	-

June 30, 2024	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	-
MRA 251	409,461
MRA 252	-
MRA 253	61,887
MRA 254	58,572
MRA 255	100,282
MRA 256	-
MRA 257	44,602
MRA 258	-
MRA 259	64,572
MRA 260	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

June 30, 2024	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	-
MRA 284	-
MRA 285	-
MRA 286	-
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	-
MRA 296	63,424
MRA 297	56,872
MRA 298	27,547
MRA 299	-
MRA 300	42,940
MRA 301	40,863
MRA 302	-
MRA 303	-
MRA 304	-
MRA 305	-
MRA 306	90,922
MRA 307	-
MRA 308	129,598
MRA 309	63,668
MRA 310	-

June 30, 2024	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	-
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

June 30, 2024	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 352	$ 63,168
MRA 353	63,113
MRA 354	-
MRA 355	51,163
MRA 356	-
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	-
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

June 30, 2024	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 402	$ -
MRA 403	-
MRA 404	-
MRA 405	102,038
MRA 406	52,351
MRA 407	32,091
MRA 408	75,463
MRA 409	-
MRA 410	186,257
MRA 411	-
MRA 412	-
MRA 413	-
MRA 414	-
MRA 415	139,578
MRA 416	-
MRA 417	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	-

June 30, 2024	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	-
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)

June 30, 2024	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 476	$ 541,257
MRA 477	57,461
MRA 478	57,356
MRA 479	55,336
MRA 480	152,691
Total Purchased Properties - Affordable Housing	27,937,183
Costs associated with pending properties and other general costs not allocated to specific properties	258,910
Total land held for resale - affordable housing	$ 28,196,093

June 30, 2024

Property	Net Book Value
Houston Technology Center	$ 1,843,806
JPI Park Land	736,911
Bagby Park	2,811,122
Operations Center	26,238,738
Walgreens/Lui Park Land	141,000
Houston Museum of African American Culture	1,497,115
The Ion Parking Garage (conveyed asset)	56,520,667
Midtown Park Land and Improvements	48,501,415
Total capital assets	$ 138,290,774