

Midtown Redevelopment Authority

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2016



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Midtown Redevelopment Authority
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June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Midtown Redevelopment Authority
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Midtown Redevelopment Authority, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating expenses and capital expenditures for the year ended June 30, 2016, the schedule of estimated project costs to actual costs for the period from December 29, 1995 (date of inception) through June 30, 2016, the schedule of properties held – land held for resale, and the schedule of capital assets, on pages 37 through 51, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

September 29, 2016
Houston, Texas

Midtown Redevelopment Authority Management's Discussion and Analysis

This discussion and analysis of Midtown Redevelopment Authority's (the Authority) financial statements provides an overview of the Authority's financial performance during the years ended June 30, 2016 and 2015. This discussion and analysis includes comparative data for the year ended June 30, 2016 with the year ended June 30, 2015 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

- Upon creation of the Tax Increment Reinvestment Zone Number Two (Midtown TIRZ or Zone) in 1995, and the first annexation of land in 1999, the appraised value for real property located within the Zone was \$211,775,890. The preliminary appraised value for tax year 2016 (collectible fiscal year 2017) is \$2,149,773,732 with a preliminary taxable value of \$2,044,448,596 (net of exemptions).
- The Sixth Amendment to the Project Plan and Reinvestment Zone Financing Plan ("Part G Plan") was approved by the City of Houston City Council on October 16, 2015. Part G of the Plan provides for the annexation of an additional 60+ city blocks, and increases Zone project costs by an estimated \$231,470,992 for the acquisitions, construction, improvements, and/or investment in the following: (i) creation or improvement of greenspace and parkland to support and induce the construction and development of urban, pedestrian oriented mixed use development and the expansion of certain cultural facilities to enhance and grow cultural tourism within the Zone; (ii) utility upgrades, street improvements, pedestrian enhancements and streetscape improvements; (iii) to acquire, construct, and improve certain public infrastructure, provide facilities for community development, including infrastructure and facilities to stimulate the development of affordable housing in areas within the City; and (iv) to support initiatives to enhance mobility in all forms, e.g., pedestrian, bike, car, mass transit, etc.. This expansion furthers the Zone's stated mission in respect to inducing urban, mixed use development, infrastructure improvements, affordable housing, and support of cultural facilities within the Zone. The Part G Plan also extends the duration of the Zone to December 31, 2040, to provide for the financing of Zone improvements.
- Section 42.25116(b)(3) of the Texas Education Code provides for the Texas Education Agency (TEA) to pay additional funds to school districts participating in tax increment reinvestment zones in an amount equal to the difference between the tax levies collected on the district's maintenance and operations tax rate for 2006 and each year thereafter; and 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 2016, the City of Houston (the City) received the Pass-Through Funds for tax year-2014, which totaled \$3,133,123. After the educational set aside component was satisfied the balance of the funds were placed in the Authority's Affordable Housing Increment Account in the amount of \$1,044,374; of which 19% went to fund affordable housing for Harris County.
- The Authority entered into an Operating Agreement (Agreement) with Midtown Improvement and Development Corporation (MIDCorp) as a third party contractor to operate, manage, maintain and preserve the Park Facilities pursuant to the terms of the Agreement between the Authority and MIDCorp. The Park Facilities include Bagby Park, Midtown Park and the Parking Facilities constructed under Midtown Park. Under the Agreement and in performance of MIDCorp's obligations, the Authority shall pay an annual Management Fee of \$250,000 per year in each of the first two years, then in each year thereafter, an amount not to exceed \$500,000 based on MIDCorp's annual operating budget. If in any fiscal year MIDCorp collects Facilities Revenues in an amount that exceeds the amount equaling the

Midtown Redevelopment Authority Management's Discussion and Analysis

Baseline Operating Expenses less the Annual Management Fee, such excess amounts shall be credited towards the Annual Management Fee for the following fiscal year. Additionally, the Authority shall pay to MIDCorp an amount equal to \$50,000 to be applied to the Renewal and Replacement Fund. The Authority budgeted in Fiscal Year 2016 approximately \$1.5 million for the operations of the Zone.

- The Authority remitted \$1,274,000 in June 2016 to the City under its Municipal Service Costs Agreement; these funds reimburse the City for increased public safety services within the Zone. This agreement is anticipated to automatically renew annually at amounts to be determined pursuant to the adopted budget.
- The Authority entered into a Development Agreement with Midtown Central Square, LLC located at 2100 Travis Street in fiscal year 2014. The Developer performed a total remediation of all blight associated with the existing 14 story building, exterior and interior restoration of approximately 300,000 square foot building and developed a portion of the property site into a public plaza which the Developer grants as public easement for public use and enjoyment of plaza amenities. The reimbursement to the Developer in the amount of \$1.8 million will be paid from available tax increment over a 10 year period beginning October 1 in the year such available tax increment is paid to Midtown; if the Developer of Central Plaza has not reached an occupancy of 75% of office space by the third anniversary of the completion date of the project; then Midtown shall have no obligation to pay any of the reimbursement. If the Developer does not lease at least 300,000 square feet of retail space prior to the third anniversary of the completion date then the amount of reimbursement is reduced by \$400,000.
- An Interlocal Agreement between Houston Community College System (HCCS) and the Authority was entered into in fiscal year 2010 relating to, among other things, its participation in the Zone and the Authority's agreement to allocate certain of these funds for public improvements. The Authority agreed to contribute up to \$5 million toward the design and construction of sidewalk and streetscape improvements for up to 50 contiguous block faces to the HCCS central campus within the District. The three projects are Holman Street (Academic Walk), Caroline Street from Elgin to Holman and Alabama Street. All three streets are major pedestrian corridors with connections to the light rail transit system and HCC's main campus. The Authority has funded \$1,605,818 to HCC for the design phase of the project to date. HCCS requested additional services in fiscal year 2015 to be funded for the Holman Bid/Construction Phase Services in the amount of \$163,621. The Holman Street design is completed and approved by the City. The Holman Project began construction in February 2016 at an approximate construction cost of \$5.4 million and is expected to be completed in early 2017. The Caroline Street project's design and construction is anticipated to cost approximately \$15 million; a portion of the costs associated with this project was funded by a Texas Department of Transportation grant in the amount of \$4 million. In fiscal year 2014 the Authority funded \$5.3 million towards the Caroline Street project. The balance of the costs will be funded by funds on hand, through funds from the City of Houston or Houston Galveston Area Council. The Caroline Street project is expected to begin construction in fall of 2016. The Alabama Street Project has not been scheduled at this time.
- The Authority was awarded Federal Transit Administration (FTA) Grant Funds for the Holman Street Project in the amount of \$1,578,259 and \$2.7 million for the Main Street Project. In fiscal year 2016, the Authority incurred and requested reimbursement from FTA totaling \$595,995 for the Holman Street construction project. It is anticipated the Main Street Project will begin construction in fall of 2016 for approximately \$11.8 million. Once construction begins the Authority will be able to receive reimbursement of construction costs from the grant funds awarded to this project.

Midtown Redevelopment Authority Management's Discussion and Analysis

- The Authority continued to fulfill its obligation to provide affordable housing by adopting an affordable housing strategy to assembly land within a targeted area of the City and to develop affordable housing units on such land. During fiscal year 2016, the Authority continued to acquire land for affordable housing. In fiscal year 2016, approximately 266,971 square feet of land was acquired pursuant to the Authority's affordable housing land-banking program at a cost of approximately \$6 million, in an area adjacent to Midtown and the central business district ("Third Ward"). The Authority to date has purchased approximately 5.1 million square feet of property in Third Ward at a cost of approximately \$40.9 million. The Authority partners with not-for-profit and for-profit developers to stimulate affordable housing in the area, based on current market demands. As of June 2016, the Authority has acquired a number of land parcels that are ideal for Transit Oriented Development (TOD). On March 25, 2016, the Board of the Authority approved a Grant Agreement with The Center for Civic and Public Policy Improvement (CCPPI) to create a comprehensive plan for affordable housing in the targeted area. Phase One for CCPPI shall consist of the development of a plan to address the expansion of affordable housing and related community services and infrastructure enhancements, which would include analysis of current development, development of a plan for the coordination and support of community development corporations, businesses, non-governmental organizations and other resources to assist in the implementing the Authority's Development Plan and preparation of a plan outlining a sustainable funding mechanism to induce the construction and programming of a mixed use facility consisting of affordable housing units and office space. Phase Two and Three require completion of Phase One and additional Board approval. On December 10, 2015, the Board approved a Grant Agreement with Houston Business Development, Inc. (HBDI) to grant them properties for construction of 5 single family affordable homes. The Authority's Board in October 2015, approved a Memorandum of Understanding with the NHP Foundation for a site control development agreement for the property located at MLK. The Agreement is conditional on NHP's written evidence of commitments for funding the Project, approval from the Texas Department of Housing and Community Affairs of housing tax credits for the Project, commitment for funding from Houston Business Development in the amount of \$2.5 million and an executed co-development agreement with HBDI. Additionally in Fiscal Year 2016 the Authority granted lots to EPIC Homes and Mayberry Homes for the construction of single family affordable homes. EPIC and Mayberry Homes have constructed and sold approximately 13 of the single family affordable homes built on properties granted by the Authority. In March 2016, the Authority has agreed to sell to HOU Homes a 62,500 square feet tract of land located at 2002 Live Oak, Houston, TX 77004 for \$1.50 per square foot for their project which is anticipated to begin construction by early 2017. HOU Homes is in the beginning phase of design and permitting this pilot project of 31 single family townhomes priced from \$170,000 to \$200,000. Under the terms of the Agreement, the Authority would reimburse the Developer for certain site preparation and infrastructure costs in an amount not to exceed \$460,000 and upon completion of the project, the Authority would reimburse the developer \$30,000 for each townhouse unit sold to qualified buyers for \$170,000 and \$11,000 for each townhouse unit sold to qualified buyers for \$200,000.
- The Authority continues holds the property located at 3300 Main Street within the Zone to assist in mitigating blight and incentivizing redevelopment. During fiscal year 2014 the Authority received a contract to purchase this property by a private developer. In Fiscal Year 2016, the Fifth Amendment to the contract extended the closing of 3300 Main Street to June 1, 2016, and then the Sixth Amendment extended the closing to December 30, 2016 and provides for the demolition of the improvements on the property to be completed by October 30, 2016.

Midtown Redevelopment Authority Management's Discussion and Analysis

- At the January 2016 meeting the Authority's Board of Directors approved and authorized the sale of a portion of a block bounded by Gray, Main, Webster and Travis Streets (known as Block 442) in the City of Houston, Texas for a cost of approximately \$2.6 million. The promissory note with Liberty Bank for Block 442 was paid in full at the time of sale. The Authority continues to targeted real estate acquisitions of blighted properties in certain areas of the Zone, including the Main Street Corridor, in order to catalyze development throughout the Zone and utilize the benefits of mass transit.
- The Midtown Park (formerly known as SuperBlock) will soon become a focal point for Midtown and will be the catalyst for additional development along the Main Street Corridor. The Authority will use this land totaling approximately 132,300 square feet (approximately 3 acres) for a mixed-use development highlighted by a signature urban park including restaurant/retail space and underground parking garage. The Authority entered into an agreement with Camden Property Trust to construct a 400 space underground parking garage at an approximate cost of \$18 million. Construction on the garage began on March 26, 2015 and is anticipated to be completed in September 2016. The Authority is currently paying Camden Property Trust interest only payments on the garage construction loan and once construction is completed the loan will convert to a principle and interest payment. The Midtown Park construction contract was awarded to Millis Construction at the December 10, 2015 Board meeting. Construction on Midtown Park began March 2016 and is anticipated to be substantially completed by January 2017 in time for Super Bowl 2017. The staff continues to have conversations with ESPN regarding the use of Midtown Park for their broadcast of Super Bowl 2017.
- At the June 25, 2015 Board of Directors meeting the Authority approved the First Amendment of the Cultural Facilities Grant to the Midtown Arts & Theater Center Houston (MATCH). The amendment grants MATCH be awarded an additional \$300,000 in grant funding for a total aggregate amount not to exceed \$1,000,000. The Grant shall be payable in seven increments on the condition that Grantee provides evidence sufficient to the Authority that it has raised \$17 million in the form of cash, loans or written commitments by September 1, 2013; starting in fiscal year 2014, the amount of \$400,000; then each of fiscal years 2015, 2016 and 2017, the amount of \$100,000 per year; and the remaining \$300,000 payable in three, \$100,000 increments in each of the three fiscal years following the year in which the Authority completes the closing on the sale of property located at 3300 Main, Houston, Texas. The Grant is consistent with the Authority's Cultural Facilities portion of the Project Plan, that the growth of cultural facilities in and around the surrounding area will encourage economic development and further development in Midtown.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Midtown Redevelopment Authority Management's Discussion and Analysis

to pay liabilities of the current period. Adjustments are provided to reconcile the government-wide statements to the fund statements. Explanations for the reconciling items are provided as part of the financial statements.

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:

	2016	2015
Assets		
Cash, cash equivalents and investments	\$ 41,527,000	\$ 39,596,000
Tax increment receivables	1,116,000	5,620,000
Other receivables	1,292,000	503,000
Property held for resale	46,013,000	42,429,000
Capital assets, net	41,075,000	22,053,000
Total assets	131,023,000	110,201,000
Liabilities		
Accounts, interest and retainage payable	5,723,000	3,574,000
Loans and bonds payable – current	8,133,000	8,189,000
Loans and bonds payable – long-term	81,033,000	72,867,000
Total liabilities	94,889,000	84,630,000
Net position		
Invested in capital assets, net of related debt	12,765,000	9,044,000
Restricted	61,452,000	61,265,000
Unrestricted (deficit)	(38,083,000)	(44,738,000)
Total net position	\$ 36,134,000	\$ 25,571,000

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 and are allowable under the Authority's investment policy and the Public Funds Investment Act.

Midtown Redevelopment Authority Management's Discussion and Analysis

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

	2016	2015
Houston Community College System (HCCS)	\$ 1,116,000	\$ 975,000
Harris County, Texas (the County)	-	4,645,000
Total tax increment receivables	\$ 1,116,000	\$ 5,620,000

The Authority received tax increments outstanding at June 30, 2015 in October 2015. As of June 30, 2016, the Authority's HCCS tax increment is outstanding.

The net increase in property held for resale relates to the Authority's affordable housing land banking program in the Third Ward. During fiscal year 2016, the Authority purchased approximately \$6 million in land which is restricted for affordable housing and sold/granted several properties with a cost of approximately \$625,000. In addition, during 2016 the Authority sold Block 442. The new impact of these transactions was an increase to land held for resale of approximately \$3.6 million.

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

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, 2016 and 2015, the Authority has an unrestricted deficit of \$38 million and \$45 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 \$15.7 million and \$15.9 million at June 30, 2016 and 2015, respectively; net position restricted for affordable housing in the amount of \$45.6 million and \$41 million at June 30, 2016 and 2015, respectively; and net position restricted for capital projects in the amount of \$167,000 and \$4.1 million at June 30, 2016 and 2015, respectively. The majority of the Authority's net position restricted for affordable housing is invested in land held for resale totaling \$40.8 million and \$35.1 million at June 30, 2016 and 2015, 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:

	2016	2015
Revenues		
Tax increments	\$ 23,892,000	\$ 21,283,000
Investment and other income	1,300,000	1,026,000
Total revenues	\$ 25,192,000	\$ 22,309,000

Midtown Redevelopment Authority Management's Discussion and Analysis

	2016	2015
Expenses		
Current	\$ 2,976,000	\$ 2,506,000
Debt service	3,295,000	4,377,000
Capital outlay	8,358,000	5,033,000
Total expenses	14,629,000	11,916,000
Change in net position	10,563,000	10,393,000
Net position - beginning of year	25,571,000	15,178,000
Net position - end of year	\$ 36,134,000	\$ 25,571,000

The City, Harris County and Harris County Flood Control District (collectively the County) 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, County, HISD and HCCS on an annual basis. Tax increments continue to increase each year as the overall appraised value of properties within the Zone increase.

Other income includes amounts received from Federal grantors as well as amounts received from other entities as reimbursement under management agreements, lease agreements and interlocal agreements. The amounts will fluctuate annually based on current Federal grants awarded and other agreements entered into by the Authority.

Capital projects, including property purchased and held for resale, funded from bond proceeds and tax increments totaled 67% and 56% of total expenses in fiscal year 2016 and 2015, respectively. More detailed information about the Authority's capital projects is presented in the other information – Schedule of Operating Expenses and Capital Expenditures.

GOVERNMENTAL FUNDS

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$84.9 million, which is approximately \$4.5 million more than the prior fiscal year. Approximately 54% of the fund balance, or \$46 million, is invested in property held and developed by the Authority or which is being held for resale and is considered non-spendable. Approximately 17% of the fund balances, or \$14.4 million, is committed to various capital projects and development agreements entered into by the Authority. Approximately 4% of the fund balances, 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. The remainder of the fund balance is restricted to indicate that it is committed to pay debt service (approximately \$15.7 million), and to affordable housing (approximately \$4.7 million).

Midtown Redevelopment Authority Management's Discussion and Analysis

CAPITAL ASSETS

As of June 30, 2016, the Authority had approximately \$41.1 million, net of accumulated depreciation, invested in a broad range of capital assets including land, land improvements, buildings and furniture and equipment.

During 2015, the Authority completed the construction of Midtown Park (now Bagby Park) and commenced construction of SuperBlock park (now Midtown Park). The Authority also continued construction on the parking garage at Midtown Park during 2016. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

DEBT ADMINISTRATION

In January 2015, the Authority issued Tax Increment Contract Revenue Refunding Bonds, Series 2015 (Series 2015) in the aggregate principal amount of \$13,705,000. Proceeds from the Series 2015 Bonds were used for the purposes of defeasing and refunding Series 2005 bonds in order to restructure and align debt service; funding the reserve requirement of debt service reserve fund and paying costs of issuance.

As of June 30, 2016 and 2015, the Authority has three series of Tax Increment Contract Revenue Bonds totaling \$66,275,000 and \$70,970,000, respectively. A debt service reserve fund in the amount of \$7,940,618 has been established based on an amount equivalent to the estimated annual debt service with the inclusion of Series 2011, 2013 and 2015 bonds.

During 2016 the Authority was advanced \$14,230,274 under a loan agreement with a Developer for the construction of the parking garage at Midtown Park. This loan is in addition to the Authority's outstanding loans totaling approximately \$6 million.

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 \$79.5 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2016 budget was approved by the City for the Authority. 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 to be remitted to the Zone. Included in the approved fiscal year 2016 budget was approximately \$4.6 million of tax increments for educational facilities, \$1,059,303 for affordable housing transfer to the County and \$746,000 for administrative fees which are budgeted as other interfund transfers. These funds are withheld by the City and paid directly to the City or paid back to HISD and to the County.

Midtown Redevelopment Authority Management's Discussion and Analysis

FUTURE PROJECTS

The Authority's staff continues to work with consultants and Camden Property Trust to construct improvements to the urban property called Midtown Park (formerly referred to as "SuperBlock Park"). It is anticipated that construction on the parking garage and park portions will be completed in fiscal year 2017.


In January 2016, the Authority's Board authorized a \$50,000 Grant Agreement with Crime Stoppers towards the construction of the first ever Crime Stoppers Facility in the Nation. The attorneys and staff are working to finalize the Grant Agreement and bring back before the Board for final approval.

The Authority continues to plan future capital improvement projects throughout the Zone consisting of street reconstruction and overlays, public right of ways improvements, parkland acquisitions, and utility upgrades. The Authority's Board authorized design contracts with Walter P. Moore for Entry Plazas, Parks and Open Spaces and Brazos Street Reconstruction. The Authority's Board approved participation in funding \$50,000 of improvements in a Spark School Program Park; located at the corner of Elgin and Chenevert. The Spark Park will be built once remaining funding is secured for the Park from other non-profit entities. The Spark Park improvements will include playground equipment, fitness equipment and a basketball court that will be accessible to residents in the area.

The Midtown Board has determined that it is in the best interest of the Authority to enter into an Agreement to further the efficient and effective implementation of certain aspects of the Midtown Project Plan to cause the development of the Pearl Midtown ROW Project or for the economic benefits expected to be derived from the presence of Whole Foods Market within the Midtown Zone. In June 2016, the Authority's Board authorized the staff and attorneys to negotiate the terms of a Development Agreement with Morgan Group Brazos/Rosalie, LLC which owns property located at 3120 Smith Street. The developer has announced that they are proposing to construct a mixed use project with approximately 263 residential units above a 40,000 square foot Whole Foods Market grocery store with 2 levels of underground parking, but is subject to change as the designs are finalized. The Developer Agreement with Morgan Group Brazos/Rosalie, LLC is anticipated to be approved by the Board in the near future.

Efforts continue to solicit grants from the Federal Transit Administration (FTA), The Texas Commission on the Arts, Houston Galveston Area Council and Texas Department of Transportation to allow the implementation of the capital improvements for large scale public right of way infrastructure, green space improvements, transit oriented development and works of art.

Affordable housing land banking acquisitions will continue as the Authority works to execute its affordable housing strategy to stabilize the historic urban neighborhood of Third Ward. The Authority continues to review different programs and plans to stimulate and preserve the development of affordable housing in the area.



Midtown Redevelopment Authority Management's Discussion and Analysis

The Authority's budget for fiscal year 2017 was approved by the City's City Council in September 2016. The fiscal year 2017 budget includes the design and implementation of capital improvement projects, affordable housing projects and land banking, administration costs and the Municipal Service Fee (MSF). For fiscal year 2017 the City has requested, and the Authority budgeted, a reduced Municipal Service Fee for incremental service in the amount of \$781,263. The difference between the previous year's amount of \$1,274,000 and the current year's amount of \$781,263 is \$492,737. This \$492,737 balance of the funds will be used at the Authority's recommendation for quality of life, homelessness and safety issues within the Zone. Discussions will continue with the Houston Police Department on how to best utilize the Municipal Services Fee funds for fiscal year 2017 within the Zone.

* * * * *

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

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

June 30, 2016

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets								
Cash and cash equivalents	\$ 22,061,583	\$ 5,023,598	\$ -	\$ 4,808	\$ 2,622,153	\$ 29,712,142	\$ -	\$ 29,712,142
Investments	2,846,112	-	962,733	65,071	7,940,618	11,814,534	-	11,814,534
Tax increment receivables	1,116,262	-	-	-	-	1,116,262	-	1,116,262
Other receivables	1,291,921	-	-	-	-	1,291,921	-	1,291,921
Due to/from other funds	(19,477,520)	8,424,064	-	5,913,304	5,140,152	-	-	-
Property held for resale	5,185,368	-	-	40,827,425	-	46,012,793	-	46,012,793
Capital assets, net	-	-	-	-	-	-	41,075,284	41,075,284
Total assets	\$ 13,023,726	\$ 13,447,662	\$ 962,733	\$ 46,810,608	\$ 15,702,923	\$ 89,947,652	\$ 41,075,284	\$ 131,022,936
Liabilities								
Accounts payable	\$ 696,817	\$ 842,216	\$ 795,757	\$ 1,228,055	\$ -	\$ 3,562,845	\$ -	3,562,845
Interest payable	-	-	-	-	-	-	1,613,483	1,613,483
Retainage payable	-	-	-	-	-	-	546,264	546,264
Unearned revenue	418,093	-	-	-	-	418,093	(418,093)	-
Loans payable								
Due within one year	-	-	-	-	-	-	3,497,902	3,497,902
Due after one year	-	-	-	-	-	-	16,930,704	16,930,704
Bonds payable								
Due within one year	-	-	-	-	-	-	4,635,000	4,635,000
Due after one year	-	-	-	-	-	-	64,102,101	64,102,101
Total liabilities	1,114,910	842,216	795,757	1,228,055	-	3,980,938	90,907,361	94,888,299
Deferred inflows of resources								
Deferred tax increment revenue	1,116,262	-	-	-	-	1,116,262	(1,116,262)	

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

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

June 30, 2016

	General Fund	Infrastrucure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Fund balances								
Nonspendable	\$ 5,185,368	\$ -	\$ -	\$ 40,827,425	\$ -	\$ 46,012,793	\$ (46,012,793)	
Restricted	-	-	-	4,755,128	15,702,923	20,458,051	(20,458,051)	
Committed	1,798,956	12,468,782	166,976	-	-	14,434,714	(14,434,714)	
Assigned	2,891,500	136,664	-	-	-	3,028,164	(3,028,164)	
Unassigned	916,730	-	-	-	-	916,730	(916,730)	
Total fund balances	10,792,554	12,605,446	166,976	45,582,553	15,702,923	84,850,452	(84,850,452)	
Total liabilities, deferred inflows of resources and fund balances	\$ 13,023,726	\$ 13,447,662	\$ 962,733	\$ 46,810,608	\$ 15,702,923	\$ 89,947,652	\$ -	
Net position								
Invested in capital assets, net of related debt							\$ 12,764,742	\$ 12,764,742
Restricted								
Debt service							15,702,923	15,702,923
Affordable housing							45,582,553	45,582,553
Capital expenditures							166,976	166,976
Unrestricted (accumulated deficit)							(38,082,557)	(38,082,557)
Total net position							\$ 36,134,637	\$ 36,134,637

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

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

June 30, 2016

Total fund balance of governmental funds	\$ 84,850,452
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	41,075,284
Other revenues are not available for current period expenditures therefore are deferred in the funds	1,534,355
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(546,264)
Long-term liabilities and related interest are not due and payable in the current period and therefore are not reported in the funds	(20,428,606)
Tax increment revenue bonds and related interest are not due and payable in the current period and therefore are not reported in the funds	(70,350,584)
Net position of governmental activities	\$ 36,134,637

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

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

For the year ended June 30, 2016

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues								
Tax increments	\$ 13,498,702	\$ -	\$ -	\$ 7,185,511	\$ 7,711,860	\$ 28,396,073	\$ (4,503,808)	\$ 23,892,265
Investment income	12,021	5,819	10,678	7,037	18,051	53,606	-	53,606
Other revenue	1,111,835	595,995	-	(474,994)	-	1,232,836	13,583	1,246,419
Total revenues	14,622,558	601,814	10,678	6,717,554	7,729,911	29,682,515	(4,490,225)	25,192,290
Expenditures/expenses								
Current								
Administration and support	1,417,213	-	-	131,514	-	1,548,727	-	1,548,727
Municipal service costs agreement	1,274,000	-	-	-	-	1,274,000	-	1,274,000
Depreciation	-	-	-	-	-	-	481,553	481,553
Amortization of bond premium	-	-	-	-	-	-	(328,153)	(328,153)
Capital outlay	30	20,612,902	3,953,843	2,401,162	-	26,967,937	(18,610,025)	8,357,912
Debt service								
Principal payments	1,097,440	-	-	-	4,695,000	5,792,440	(5,792,440)	-
Interest charges	612,431	-	-	-	3,243,056	3,855,487	(560,569)	3,294,918
Total expenditures/expenses	4,401,114	20,612,902	3,953,843	2,532,676	7,938,056	39,438,591	(24,809,634)	14,628,957
Excess (deficiency) of revenues over expenditures	10,221,444	(20,011,088)	(3,943,165)	4,184,878	(208,145)	(9,756,076)	9,756,076	
Other financing sources (uses)								
Issuance of note payable	-	14,230,274	-	-	-	14,230,274	(14,230,274)	
Internal transfers	(12,270,042)	12,115,864	-	154,178	-	-	-	
Total other financing sources (uses)	(12,270,042)	26,346,138	-	154,178	-	14,230,274	(14,230,274)	
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(2,048,598)	6,335,050	(3,943,165)	4,339,056	(208,145)	4,474,198	(4,474,198)	
Change in net position							10,563,333	10,563,333
Fund balances/net position								
Beginning of year	12,841,122	6,270,396	4,110,141	41,243,497	15,911,068	80,376,224	(54,804,920)	25,571,304
End of year	\$ 10,792,524	\$ 12,605,446	\$ 166,976	\$ 45,582,553	\$ 15,702,923	\$ 84,850,422	\$ (48,715,785)	\$ 36,134,637

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

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

For the year ended June 30, 2016

Change in total fund balance of governmental funds	\$ 4,474,198
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	18,610,025
Depreciation expense	(481,553)
The issuance of long-term debt provides current financial resources in the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Issuance of note payable	(14,230,274)
Repayment of bond and loan principal	5,792,440
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	
Other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	328,153
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(4,490,225)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	560,569
Change in net position of governmental activities	\$ 10,563,333

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 1: DESCRIPTION OF ORGANIZATION

Midtown Redevelopment Authority (the Authority) is a public not-for-profit local government corporation, incorporated 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 the 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statement

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Fund Financial Statements

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

Fund Accounting

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

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Classification

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

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

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

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

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increments and Participation Agreements

The City, Harris County and Harris County Flood Control District (collectively the County), 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 County has agreed to pay 100% of the collected Tax Increment to the Increment Fund, but participates in the original area of the Zone only. The City retains an administrative fee from the tax increments deposited in the Tax Increment Fund.

The County does not include in its Tax Increments taxes collected by the County for the Port of Houston Authority of Harris County, Texas, the Harris County Hospital District, or the Harris County Department of Education, but does include Harris County Flood Control District. HISD has agreed to pay collected Tax Increment arising from the Original Zone based on its then current tax rate and from the annexed areas based on a tax rate of \$0.96 per \$100 of value.

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Authority is dependent upon the Tax Increments. Default by any of the governmental entities involved in the Zone would impact the Authority's ability to repay its outstanding bonds, note and other obligations.

Affordable Housing

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

The Tri-Party Agreement requires that any portion of the affordable housing component of Tax Increment, including interest, or bond proceeds derived from such increments, paid to the Authority that remains unexpended or uncommitted at the end of twelve months after being received by the Authority will, upon request, be paid to the City for their affordable housing program. Under the amended agreement between the Authority and the County, the County is entitled to 19% of the annual affordable housing reserve, which is due and payable immediately upon the Authority's receipt of the necessary funds.

Cash, Cash Equivalents and Investments

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

The Authority adopted Government Accounting Standards Board's Statement No. 72, *Fair Value Measurement and Application* in fiscal year 2016. This standard addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining fair value measurement for financial reporting purposes. The standard also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Investments are recorded at fair value. Fair values are based on published market rates. 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. The fair value of TexSTAR and LOGIC is based on quoted market values of the underlying investments of the pool and/or fund.

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to and Due from Other Funds

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

Property Held for Resale

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

Capital Assets

In the government-wide financial statements, capital assets are valued at cost, except for donated assets that are recorded at their estimated fair value at the date of donation. Interest during construction is capitalized, if material. Total interest incurred for the year ended June 30, 2016 was \$3,827,354. Of this amount \$532,436 was capitalized as a component of capital assets constructed during the year and \$3,294,918 was charged to expense.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: building and improvements, 20 to 35 years; equipment, 3 to 5 years.

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

Debt and Related Premiums, Discounts, and Issuance Costs

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

In addition to liabilities, 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred tax increment revenue is only reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Internal Transfers

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.

Federal Income Tax

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

Use of Estimates

The preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of tax increments and other receivables, the useful lives and recoverability of capital assets and land held for resale, and certain payables. The Authority's management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

NOTE 3: AUTHORIZED INVESTMENTS

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2016, the carrying amount of the Authority's deposits was \$29,712,142 and the bank balances totaled \$33,184,939. The Authority's deposits in excess of FDIC insurance totaling \$1,117,869 were adequately collateralized. Cash deposits totaling \$24,405,098, which approximate fair value, represent money market investments in U.S. Government Securities. In addition, the Authority held \$11,814,534 in investment pools at June 30, 2016, which mature in less than one year.

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

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

Investments that are obligations of or guaranteed by the U.S. Government do not require disclosure of credit quality. The Authority's investment in the TexSTAR and LOGIC fund is rated AAAM by Standard and Poor's and maintains a weighted average maturity of 60 days or less, with a maximum weighted average maturity of 13 months for any individual security. The Authority considers the investments in TexSTAR and LOGIC to have maturities of less than one year due the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

NOTE 5: RESTRICTED ASSETS

Certain amounts of cash, cash equivalents and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted assets at June 30, 2016 are as follows:

	Cash and Cash Equivalents	Investments	Total
Trustee funds			
Debt service	\$ 2,622,153	\$ 10	\$ 2,622,163
Debt service reserve fund	-	7,940,608	7,940,608
Project fund	-	962,733	962,733
Affordable housing	2,677	63,015	65,692
Total trustee funds	2,624,830	8,966,366	11,591,196
Enabling legislation			
Affordable housing	2,131	2,056	4,187
Total restricted assets	\$ 2,626,961	\$ 8,968,422	\$ 11,595,383

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 5: RESTRICTED ASSETS (Continued)

On July 1, 2016, the Bond Trustee transferred \$5,140,152 from available tax increments received in order to fully fund the debt service fund. In addition, based on enabling legislation requirements, the Authority transferred \$5,913,304 to the affordable housing fund from available tax increments received.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Reclassifications	Balance at June 30, 2016
Non-depreciable assets				
Land and improvements	\$ 12,945,898	\$ -	\$ -	\$ 12,945,898
Construction in process	5,678,739	19,441,361	(1,692,914)	23,427,186
Depreciable assets				
Buildings and improvements	7,100,474	61,993	1,692,914	8,855,381
Equipment	58,378	-	-	58,378
Total capital assets	25,783,489	19,503,354	-	45,286,843
Less: accumulated depreciation	(3,730,004)	(481,555)	-	(4,211,559)
Government activities - capital assets, net	\$ 22,053,485	\$ 19,021,799	\$ -	\$ 41,075,284

All property and equipment purchased by 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.

NOTE 7: LOANS PAYABLE

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

Balance at July 1, 2015	\$ 7,295,772
Additions	14,230,274
Retirements	(1,097,440)
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Balance at June 30, 2016	\$ 20,428,606
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Current Portion, long-term Debt	\$ 3,497,902

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 7: LOANS PAYABLE (Continued)

In November 2013, and amended in February 2015, the Authority entered into a Development Agreement with 2800 Main, L.L.C. (the Developer) for reimbursement of up to \$18 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 is anticipated to occur by early 2017. During the period from the commencement of construction through completion, interest on each developer advance shall accrue at an interest rate of 4% per annum from the date of the advance and is payable on January 1 and July 1 in accordance with the terms of the agreement. Upon completion of the Garage Structure, reimbursement to the Developer will begin on October 1 of the year following completion and is payable over a period of 13 years. The interest rate increases to 7% per annum after the date of completion until full repayment is made on the advance. Reimbursement to the Developer will be made from available tax increments as defined in the agreement. As of June 30, 2016, advances totaled \$15,449,816 and have been included as a loan payable in the Statement of Net Assets. Advances made during the year ended June 30, 2016 of \$14,230,274 have been included as other financing sources in the Infrastructure and Project Fund.

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. The refinanced loan bears interest at 4.0%, requires monthly principal and interest payments totaling \$13,690 and matures September 30, 2020. A balloon payment of \$1,127,681 is payable at maturity. The loan is secured by 4807 Caroline Street property. At June 30, 2016, the outstanding balance on the loan totaled \$1,582,356.

In September 2012, the Authority purchased property for the development of a park for \$3,395,000. The Authority financed the acquisition with a promissory note with a Developer. Under the terms of the promissory note, the Authority will make interest only payments on January 1 and July 1 beginning July 1, 2013 through July 1, 2019, as extended, at which point any accrued but unpaid interest and principal are due. Interest is payable at the Wall Street Journal's prime rate plus 1%. The note is secured by 3300 Main Street property. During fiscal year 2015 the Authority received an offer to purchase this property by a private developer. The due diligence period for this property was completed in fiscal year 2015 and the Authority anticipates closing in December 2016 (fiscal year 2017). Accordingly, the note has been classified as a current liability in the Statement of Net Assets.

Future minimum payments as of June 30 are as follows:

Fiscal Year Ending	
2017	\$ 3,497,902
2018	15,556,910
2019	111,458
2020	115,999
2021	1,146,337
Total	\$ 20,428,606

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 8: TAX INCREMENT CONTRACT REVENUE BONDS

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

Balance at July 1, 2015	\$ 70,970,000
Additions	-
Retirements	(4,695,000)
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Balance at June 30, 2016	\$ 66,275,000
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Current portion, long-term debt	\$ 4,635,000
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Tax Increment Revenue Bonds at June 30, 2016 consist of the following:

Date Series Issued	Outstanding Balance
2011	\$ 23,935,000
2013	29,250,000
2015	13,090,000
<hr/>	
Total principal payable	66,275,000
Unamortized premium and discount, net	2,462,101
<hr/>	
Total bonds payable	\$ 68,737,101
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In August, 2011, the Authority issued Tax Increment Contract Revenue and Refunding Bonds Series 2011 (the 2011 Bonds) in the aggregate principal amount of \$33,130,000. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,329,304 and resulted in an economic gain of \$1,046,155. The 2011 Bonds mature serially January 1, in each year 2012 through 2033. The 2011 Bonds are callable in whole or in part any date beginning January 1, 2021 at par. The 2011 Bonds bear interest between 2.0% and 5.375% annually and have semi-annual interest payments due on January 1 and July 1 as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 2,270,000	\$ 1,163,188	\$ 3,433,188
2018	2,385,000	1,049,688	3,434,688
2019	2,505,000	930,438	3,435,438
2020	1,840,000	805,188	2,645,188
2021	1,940,000	708,588	2,648,588
2022-2026	5,365,000	2,596,864	7,961,864
2027-2031	5,170,000	1,473,381	6,643,381
2032-2033	2,460,000	198,450	2,658,450
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Total	\$ 23,935,000	\$ 8,925,785	\$ 32,860,785
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Midtown Redevelopment Authority Notes to Financial Statements

NOTE 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

In November 2013, the Authority issued Tax Increment Contract Revenue and Refunding Bonds Series 2013 (the 2013 Bonds) in the aggregate principal amount of \$32,280,000. The 2013 Bonds mature serially January 1, in each year 2015 through 2033. The 2013 Bonds are callable in whole or in part any date beginning January 1, 2032 at par. The 2013 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
2017	\$ 1,780,000	\$ 1,455,069	\$ 3,235,069
2018	2,020,000	1,383,869	3,403,869
2019	2,125,000	1,282,869	3,407,869
2020	1,335,000	1,176,619	2,511,619
2021	15,000	1,109,869	1,124,869
2022-2026	2,455,000	5,531,669	7,986,669
2027-2031	13,220,000	3,728,026	16,948,026
2032-2033	6,300,000	476,500	6,776,500
Total	\$ 29,250,000	\$ 16,144,490	\$ 45,394,490

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

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

Fiscal Year	Principal	Interest	Total
2017	\$ 585,000	\$ 509,038	\$ 1,094,038
2018	605,000	491,488	1,096,488
2019	620,000	473,338	1,093,338
2020	1,435,000	448,538	1,883,538
2021	1,090,000	391,138	1,481,138
2022-2025	8,755,000	1,042,125	9,797,125
Total	\$ 13,090,000	\$ 3,355,665	\$ 16,445,665

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 9: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2016, 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	\$ 5,185,368	\$ -	\$ -	\$ 40,827,425	\$ -	\$ 46,012,793
Restricted for						
Capital projects	-	-	-	-	-	-
Affordable housing	-	-	-	4,755,128	-	4,755,128
Debt service	-	-	-	-	15,702,923	15,702,923
Committed to						
Loan payments	1,798,956	-	-	-	-	1,798,956
Streetscapes and gateways	-	2,262,960	145,018	-	-	2,407,978
Parks	-	10,205,822	21,958	-	-	10,227,780
Assigned to						
FY2017 CIP plan and budget	2,791,500	136,664	-	-	-	2,928,164
Cultural and public facilities	100,000	-	-	-	-	100,000
Unassigned	916,730	-	-	-	-	916,730
Total fund balances	\$ 10,792,554	\$ 12,605,446	\$ 166,976	\$ 45,582,553	\$ 15,702,923	\$ 84,850,452

NOTE 10: TAX INCREMENT SUMMARY

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

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 8,943,607	\$ (447,180)	\$ 8,496,427
Houston Independent School District (Tax Year 2015 Set Aside)	3,133,123	(2,088,749)	1,044,374
Houston Independent School District	10,620,167	(2,858,285)	7,761,882
Harris County	5,761,389	(288,069)	5,473,320
Houston Community College System	1,141,262	(25,000)	1,116,262
Total tax increments	\$ 29,599,548	\$ (5,707,283)	\$ 23,892,265

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 10: TAX INCREMENT SUMMARY (Continued)

The Authority's tax increment revenue, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 8,943,607	\$ (447,180)	\$ 8,496,427
Houston Independent School District (Tax Year 2015 Set Aside)	3,133,123	(2,088,749)	1,044,374
Houston Independent School District	10,620,167	(2,858,285)	7,761,882
Houston Community College System	1,000,131	(25,000)	975,131
Harris County	10,650,798	(532,539)	10,118,259
Total tax increments	\$ 34,347,826	\$ (5,951,753)	\$ 28,396,073

NOTE 11: RISK MANAGEMENT

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

NOTE 12: COMMITMENTS AND CONTINGENCIES

Houston Technology Center Lease Agreement

The Authority and Technology & Entrepreneurship Center of Houston, Inc., a Texas non-profit corporation, d/b/a Houston Technology Center (HTC) entered into a lease agreement in June 2006 related to the 402 and 410 Pierce Street Buildings. The lease agreement was an extension and entire restatement of the original lease agreement entered into in July 2001 between these same parties. The lease commencement date for the 410 Pierce Street building was June 1, 2002 and the lease commencement date for the 402 Pierce Street building was August 16, 2006. The lease agreement expires in August 2026.

Under the lease agreement, HTC will pay a base rent of \$1 per year to the Authority. In addition, HTC is required to pay annual performance rent, subject to certain limitations and considerations as defined in the lease agreement. If HTC does not have sufficient positive cash flow for the completed lease year, then the performance rent due will be accrued. Performance rent that accrues will not bear interest. The following maximum performance rent is payable under the lease agreement.

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

Lease Year	Maximum Annual Performance Rent
1	\$74,250
2 – 10	\$ 100,000 / year
11 – 20	\$ 150,000 / year

When the lease expires or if HTC ceases to operate as the “Houston Technology Center”, any accrued, but unpaid, performance rent due to the Authority shall be forgiven. Due to these stipulations, no performance rent has been accrued as of June 30, 2016. HTC remitted \$57,129 in performance rent to the Authority during fiscal year 2016.

The Authority and HTC entered into an agreement in June 2006 for the lease of the 402 Pierce Street building (lease agreement). The lease agreement provides for HTC to reimburse the Authority \$592,000 for a portion of the build out costs incurred by the Authority on behalf of HTC. HTC will reimburse the Authority in 14 equal annual installments of \$42,285 beginning in 2012. The amount due from HTC has been recorded in the accompanying basic financial statements.

During fiscal year 2010, the Authority renewed the sub-lease agreement with HTC to lease additional office space under an operating lease arrangement which expired on October 1, 2010 and renewed monthly until December 1, 2015, date in which the agreement was renewed. The lease expires in November 2016 and requires a monthly payment of \$2,995. For the fiscal year ended June 30, 2016, rent expense for the office totaled \$25,545.

Municipal Service Costs Agreement

The Authority, the Zone, and the City entered into an agreement whereby the Authority will pay to the City incremental costs of providing increased municipal services incurred as a result of the creation of the Zone or the development or redevelopment of the land in the Zone. Payment of the incremental service costs is from the City’s Tax Increment and is limited to the available Tax Increment received by the Authority as defined in the agreement and the amount included in the Authority’s annual approved budget. If the City’s available Tax Increment is not sufficient in any year to pay the amount included in the approved budget, the amount due will accrue without interest. The agreement renews annually each June 30.

Houston Museum of African American Culture

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

Midtown Redevelopment Authority Notes to Financial Statements

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

Central Bank Plaza Development Agreement

In October 2013, the Authority entered into a Development Agreement with Midtown Central Square, L.L.C. (the Developer) for reimbursement of up to \$1.8 million of eligible project costs related to the Central Bank Plaza. Reimbursement to the Developer will occur over 10 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project by the Developer.

Construction Contracts and Consultant Agreements

Engineering and construction contracts relating to construction-in-progress and other capital projects aggregated approximately \$21 million. These contracts will be paid in future period as work is performed. Payment will be made with proceeds from past bond issues, operating reserves, and Federal grants to be received. In addition, the Authority enters into agreements with various consultants to provide professional services each year.

Federal Grants

As of June 30, 2016, the Authority had outstanding Federal grant awards of approximately \$3.7 million for capital improvements by the Federal Transit Administration (FTA). The Federal grant funds are not available to the Authority until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the FTA, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material by management.


Administrative Agreement

The Authority has a memorandum of understanding with Fourth Ward Redevelopment Authority (Fourth Ward), Midtown Management District (the District), and Midtown Improvement and Development Corporation (MIDCorp) whereby the Authority provides office space, certain equipment and certain staff services to Fourth Ward, MIDCorp and the District. The District and the Authority share the same executive director. The Authority provided services totaling \$590,000 in fiscal year 2016 to these entities. Such amounts are included as other income in the accompanying basic financial statements.

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. 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. In addition, the Authority will pay \$50,000 per year for 10 years to be applied to the Renewal and Replacement Fund.

In addition, the Authority's Executive Director and one member of the Authority's Board of Directors are also members of MIDCorp's Board of Directors.



**Required Supplementary Information
and
Other Information**

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

For the year ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 48,264,915	\$ 80,376,224	\$ 32,111,309
Resources			
Incremental property tax revenue	27,876,382	34,347,826	6,471,444
Grant proceeds	2,000,000	595,995	(1,404,005)
Proceeds from loans	14,500,000	14,230,274	(269,726)
Proceeds from land sale	6,648,100	-	(6,648,100)
Miscellaneous revenue	690,285	636,841	(53,444)
Other interest income	63,000	53,606	(9,394)
Total available resources	100,042,682	130,240,766	30,198,084
Expenses			
Maintenance and operations	1,305,500	1,417,213	(111,713)
Project costs and capital expenditures	40,744,348	32,396,948	8,347,400
Special projects as determined by the COH	1,274,787	-	1,274,787
Debt service	12,613,257	9,647,927	2,965,330
Other interfund transfers:			
Affordable housing	1,059,303	1,193,789	(134,486)
HISD educational facilities	4,599,103	4,922,034	(322,931)
Municipal services - public safety	1,274,000	1,274,000	-
Administrative fees	746,369	1,029,719	(283,350)
Total expenses	63,616,667	51,881,630	11,735,037
Budgetary fund balance - end of year	\$ 36,426,015	\$ 78,359,136	\$ 41,933,121

See independent auditor's report

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

For the year ended June 30, 2016

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 130,240,766
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	(80,376,224)
Issuance of loans are reported as other financing sources	(14,230,274)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(5,951,753)

Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 29,682,515
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 51,881,630
differences - budget to GAAP:	
Purchases of land held for sale are capitalized in the governmental funds balance sheet but are included as capital expenditures for budgetary purposes	(6,261,849)
Capitalized interest and retainage payable are not reflected as capital expenditures in the fund financial statements	(229,437)
Budgeted expenditures include HISD educational facilities transfers and city administrative charges, while the authority's funds report revenues net of these transfers	(5,951,753)

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 39,438,591
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See independent auditor's report

Midtown Redevelopment Authority Schedule Operating Expenses and Capital Expenditures

For the year ended June 30, 2016

Management Consulting Services	Vendor	Budget	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)	n/a	\$ 283,000	\$ 386,284	\$ (103,284)
Office Expenses (2)	n/a	180,000	249,719	(69,719)
Midtown Management District	n/a	350,000	339,505	10,495
Fourth Ward Redevelopment Authority	n/a	-	47,982	(47,982)
Midtown Improvement and Development Corporation	n/a	-	174,190	(174,190)
Insurance	Anco-Wessendorff	33,000	31,893	1,107
Accounting	Bookkeeper	51,000	36,124	14,877
Accounting (2)	McConnell & Jones LLP	-	11,030	(11,030)
Auditor - Financial	Carr, Riggs & Ingram, LLC	21,500	21,850	(350)
Bond Services/Trustee	First Southwest	35,000	7,560	27,440
Total Administration and Overhead		953,500	1,306,136	(352,636)
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP	63,000	61,217	1,783
Legal - General Matters	Burney & Foreman	-	9,960	(9,960)
Engineering consultants	Various	30,000	30,325	(325)
MidCorp		250,000	-	250,000
Construction Audits	Carr, Riggs & Ingram, LLC	9,000	9,575	(575)
Total Program and Project Consultants		352,000	111,077	240,923
Total Management Consulting Services		\$ 1,305,500	\$ 1,417,213	\$ (111,713)
Capital Expenditures				
Capital Expenditures	Vendor	Budget	Actual Expenditures	Variance
T-0206 South East Neighborhood Street Reconstruction		\$ 205,300	\$ -	\$ 205,300
T-0229 Glover Park	City of Houston / Reliant	\$ -	\$ 1,505	\$ (1,505)
T-0207 Operating of Zone and Project Facilities				
Construction/maintenance	MIDCorp	1,578,834	1,841,286	(262,452)
Total Operating of Zone and Project Facilities		1,578,834	1,841,286	(262,452)
T-0210 Main Street Enhancements:				
Design	Walter P. Moore	300,000	257,988	42,012
Construction and management		3,700,000	-	3,700,000
Other		55,900	7,000	48,900
Total Main Street Enhancements		4,055,900	264,988	3,790,912
T-0211 HCC Academic Walk Holman (FTA):				
Construction and management	IDS, TLC and SER	3,620,000	2,385,806	1,234,194
Design	IDS	30,000	116,315	(86,315)
Other		15,500	7,000	8,500
Total HCC Academic Walk Holman (FTA)		3,665,500	2,509,121	1,156,379

See independent auditor's report

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

For the year ended June 30, 2016

Capital Expenditures - Continued	Vendor	Budget	Actual Expenditures	Variance
T-0204 Enhanced Street Lights		\$ -	(213,651)	\$ 213,651
T-0217 Bagby Street Reconstruction	Reytec Construction	-	3,000	(3,000)
T-0214 Caroline Streets @ HCCS (Elgin to Holeman)				
Construction		500,000	-	500,000
Design	KCI	140,000	10,000	130,000
Other	Bracewell	310,100	13,721	296,379
Total Caroline Streets @ HCCS		950,100	23,721	926,379
T-0225 Mobility and Pedestrian Improvements				
Planning	The Goodman	85,000	65,160	19,840
Construction	Centerpoint	50,000	20,323	29,677
Design	Walter P. Moore	-	50,097	(50,097)
Other	Various	30,300	152,332	(122,032)
Total Mobility and Pedestrian Improvements		165,300	287,912	(122,612)
T-0220 Affordable Housing:				
Planning		250,000	-	250,000
Acquisition	Various	2,000,000	6,261,849	(4,261,849)
Design		750,000	-	750,000
Other Professional Services	Various	780,000	1,338,888	(558,888)
Total Affordable Housing (1)		3,780,000	7,600,737	(3,820,737)
T-0221 Midtown Superblock Park (now Midtown Park):				
Design	Walter P. Moore	220,000	264,970	(44,970)
Construction and management	Various	1,000,000	2,997,186	(1,997,186)
Other	Various	90,900	153,561	(62,661)
Total Midtown Park (Superblock)		1,310,900	3,415,717	(2,104,817)
T-0223 Safe Sidewalk Program				
Construction		250,000	-	250,000
Other		10,100	-	10,100
Total Safe Sidewalk Program		260,100	-	260,100
T-0224 HTC Building Maintenance	Various	50,300	38,416	11,884
T-0235 Public Art				
Design		50,000	-	50,000
Construction		200,000	-	200,000
Other		5,300	-	5,300
Total Public Art		255,300	-	255,300

See independent auditor's report

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

For the year ended June 30, 2016

Capital Expenditures - Continued	Vendor	Budget	Actual Expenditures	Variance
T-0232 Public and Cultural Facilities	Grant: MATCH	\$ 200,000	\$ 100,000	\$ 100,000
T-0233 Parking Garage - Midtown Park (Super Block)				
Design	Walter P. Moore	120,000	135,647	(15,647)
Construction and management	Camden/TLC Engineering, Inc.	15,500,000	15,396,166	103,834
Other	Bracewell, City of Houston	380,100	62,950	317,150
Total Parking Garage - Midtown Park (Super Block)		16,000,100	15,594,763	405,337
T-0234 Parks and Open Spaces				
Planning		50,000	-	50,000
Design	Walter P. Moore	200,000	173,685	26,315
Construction		1,500,000	3,000	1,497,000
Other	Various	15,300	17,813	(2,513)
Total Parks and Open Spaces		1,765,300	194,498	1,570,802
T-0236 Midtown Park (now Bagby Park):				
Construction and management	P2MG	220,000	70,493	149,507
Legal	Bracewell	-	9,202	(9,202)
Other	Various	25,000	55,026	(30,026)
Total Midtown Park (now Bagby Park)		245,000	134,721	110,279
T-0238 3300 Main	Various	50,000	227,897	(177,897)
T-0239 Brazos Street Reconstruction				
Construction	Walter P. Moore	760,000	53,613	706,387
Other		15,100	5,000	10,100
Total Brazos Street Reconstruction		775,100	58,613	716,487
T-0240 Real Estate Development		50,000	975	49,025
3300 Main - Carrying costs/sale costs		5,381,314	-	5,381,314
Morgan Group Developer Agreement		-	8,431	(8,431)
General CIP:				
Other Consultants	Walter P. Moore	-	71,226	(71,226)
Other Consultants	IDS Engineering Group	-	85,302	(85,302)
Other Consultants	One World Strategy Group, LLC	-	97,568	(97,568)
Other Consultants	Various	-	41,142	(41,142)
Other Professional Services	Various	-	9,030	(9,030)
Total General CIP		-	304,268	(304,268)
Total Capital Expenditures		\$ 40,999,648	\$ 32,396,918	\$ 8,602,730

(1) Affordable housing expenditures exclude the amounts paid to Harris County as required under the Interlocal Agreement totaling \$1,193,789 as these amounts are included on the Authority's budget with operating fund transfers.

See independent auditor's report

Midtown Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period December 29, 1995 (Date of Inception) through June 30, 2016

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2015	Actual Expenditures for the Year Ended June 30, 2016 (c)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2016	Variance to Budget
Non-Educational Project Costs					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	\$ 84,063,856	\$ 26,752,029	\$ 198,011	\$ 26,950,040	\$ 57,113,816
Streetscape and gateways	40,773,654	23,523,472	2,774,139	26,297,611	14,476,043
Public infrastructure	42,000,000	1,780,395	15,594,763	17,375,158	24,624,842
Total infrastructure improvements	166,837,510	52,055,896	18,566,913	70,622,809	96,214,701
Other project costs:					
Real property assembly	25,533,106	19,972,994	4,190,184	24,163,178	1,369,928
Professional services	6,966,225	5,422,417	426,601	5,849,018	1,117,207
Historic preservation	139,992	139,992	-	139,992	-
Parks and recreational facilities	28,903,004	14,158,346	2,172,011	16,330,357	12,572,647
Safety and security infrastructure	1,576,262	-	-	-	1,576,262
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	11,633,276	4,720,353	166,836	4,887,189	6,746,087
Total other project costs	79,145,821	44,414,102	6,955,632	51,369,734	27,776,087
Affordable housing	164,840,659	63,121,407	8,794,526	71,915,933	92,924,726
Financing costs (b)	69,507,011	44,019,221	3,243,056	47,262,277	22,244,734
Zone administration	20,286,136	12,933,424	744,459	13,677,883	6,608,253
Educational Project Costs					
Education project costs	83,770,000	39,026,934	4,922,034	43,948,968	39,821,032
Total project plan	\$ 584,387,137	\$ 255,570,984	\$ 43,226,620	\$ 298,797,604	\$ 285,589,533

(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 \$584,387,137. The Budgeted Expenditures are reported based on the Authority's 6th Amendment to the Project and Financing Plan that was approved by City Council in October 2015.

(b) Amount expended for the year ended June 30, 2016, does not include the repayment of bond and note principal payments in the amount of \$5,792,440.

(c) Expenditures are reported on the accrual basis.

See independent auditor's report

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

For the year ended June 30, 2016

Total Value

Purchased properties - affordable housing:

MRA 001	\$ 109,855
MRA 002	1,270,391
MRA 003	587,183
MRA 004	52,051
MRA 005	-
MRA 006	30,750
MRA 007	34,161
MRA 008	36,702
MRA 009	40,483
MRA 010	92,021
MRA 011	58,433
MRA 012	2,384,432
MRA 013	39,880
MRA 014	51,446
MRA 015	22,846
MRA 016	73,528
MRA 017	49,169
MRA 018	79,183
MRA 019	552,914
MRA 020	40,955
MRA 021	175,742
MRA 022	46,974
MRA 023	22,421
MRA 024	38,492
MRA 025	59,313
MRA 026	49,826
MRA 027	55,871
MRA 028	50,289
MRA 029	50,239
MRA 030	82,780
MRA 031	64,756
MRA 032	49,792
MRA 033	-
MRA 034	54,015
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

See independent auditor's report

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

	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	53,116
MRA 057	51,615
MRA 058	-
MRA 059	60,907
MRA 060	52,078
MRA 061	75,904
MRA 062	59,985
MRA 063	61,854
MRA 064	42,454
MRA 065	131,406
MRA 066	56,788
MRA 068	47,215
MRA 069	120,466
MRA 071	46,664
MRA 072	49,840
MRA 073	539,513
MRA 075	123,670
MRA 076	82,100
MRA 077	274,309
MRA 078	46,584
MRA 079	58,276
MRA 081	51,573
MRA 082	63,895
MRA 086	135,064
MRA 087	41,963
MRA 088	75,056
MRA 089	72,882
MRA 090	73,286
MRA 091	57,086

See independent auditor's report

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 092	\$ 47,006
MRA 093	58,694
MRA 094	54,141
MRA 095	169,777
MRA 096	112,485
MRA 097	-
MRA 098	139,147
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	57,181
MRA 113	63,951
MRA 114	77,641
MRA 115	57,012
MRA 116	56,824
MRA 117	62,204
MRA 118	62,404
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

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 135	\$ 55,705
MRA 136	55,504
MRA 137	51,074
MRA 138	109,315
MRA 139	50,731
MRA 140	54,715
MRA 141	61,890
MRA 142	41,441
MRA 143	45,890
MRA 144	-
MRA 145	83,741
MRA 146	84,466
MRA 148	45,923
MRA 149	69,704
MRA 150	260,465
MRA 151	319,465
MRA 152	531,508
MRA 153	-
MRA 154	49,645
MRA 155	50,140
MRA 156	55,890
MRA 157	44,965
MRA 158	38,905
MRA 159	45,674
MRA 160	31,213
MRA 161	-
MRA 162	314,592
MRA 163	47,430
MRA 164	49,580
MRA 165	42,545
MRA 166	53,570
MRA 167	58,518
MRA 168	128,835
MRA 169	214,131
MRA 170	104,375
MRA 171	62,375
MRA 172	111,029
MRA 173	75,435
MRA 174	388,751
MRA 175	72,853
MRA 176	140,837

See independent auditor's report

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 177	\$ 57,032
MRA 178	53,003
MRA 179	63,258
MRA 180	98,491
MRA 181	36,610
MRA182	61,375
MRA 183	77,763
MRA 184	48,407
MRA 185	37,907
MRA 186	103,657
MRA 187	43,125
MRA 188	61,635
MRA 189	66,772
MRA 190	42,203
MRA 191	52,203
MRA 192	43,203
MRA 193	53,203
MRA 194	890,682
MRA 195	142,927
MRA 196	79,860
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	91,453
MRA 215	431,972
MRA 216	48,322
MRA 217	237,163
MRA 218	49,322
MRA 219	52,312
MRA 220	48,322
MRA 221	48,297
MRA 222	110,019
MRA 223	35,988
MRA 224	41,072
MRA 225	51,721
MRA 226	61,725
MRA 227	58,150
MRA 228	49,619

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 229	\$ 114,072
MRA 230	34,177
MRA 231	48,553
MRA 232	58,532
MRA 233	179,307
MRA 234	48,532
MRA 235	55,807
MRA 236	156,107
MRA 237	113,557
MRA 238	57,450
MRA 239	58,150
MRA 240	58,557
MRA 241	58,557
MRA 242	53,567
MRA 243	43,251
MRA 244	53,572
MRA 245	58,028
MRA 246	102,856
MRA 247	47,030
MRA 248	53,572
MRA 249	58,572
MRA 250	51,072
MRA 251	409,461
MRA 252	51,072
MRA 253	61,887
MRA 254	58,572
MRA 255	100,282
MRA 256	47,045
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	53,572
MRA 266	38,447
MRA 267	48,142
MRA 268	56,052
MRA 269	63,897

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

	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	58,572
MRA 278	55,922
MRA 279	141,072
MRA 280	82,298
MRA 281	71,322
MRA 282	19,572
MRA 283	88,722
MRA 284	88,722
MRA 285	58,547
MRA 286	50,622
MRA 287	63,854
MRA 288	59,035
MRA 289	36,902
MRA 290	56,938
MRA 291	92,664
MRA 292	112,688
MRA 293	51,935
MRA 294	52,880
MRA 295	55,625
MRA 296	63,424
MRA 297	56,872
MRA 298	27,547
MRA 299	-
MRA 300	42,940
MRA 301	40,863
MRA 302	53,125
MRA 303	49,247
MRA 304	52,589
MRA 305	52,956
MRA 306	90,922
MRA 307	75,643
MRA 308	129,598
MRA 309	63,668
MRA 310	139,793

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 311	\$ 59,018
MRA 312	72,868
MRA 313	44,418
MRA 314	60,918
MRA 315	58,142
MRA 316	55,116
MRA 317	59,518
MRA 318	58,918
MRA 319	69,414
MRA 320	57,010
MRA 321	45,810
MRA 322	58,338
MRA 323	115,618
MRA 324	58,211
MRA 325	81,038
MRA 326	58,868
MRA 327	87,418
MRA 328	153,862
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	275,762
MRA 337	62,313
MRA 338	56,518
MRA 339	53,334
MRA 340	50,713
MRA 341	57,563
MRA 342	58,213
MRA 343	58,163
MRA 344	57,543
MRA 345	53,118
MRA 346	41,764
MRA 347	41,253
MRA 348	41,253
MRA 349	508,500
MRA 350	57,444
MRA 351	63,043

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

	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 352	\$ 63,168
MRA 353	63,113
MRA 354	45,738
MRA 355	51,163
MRA 356	67,363
MRA 366	51,113
MRA 367	142,138
MRA 368	65,314
MRA 369	65,172
MRA 370	57,053
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	71,532
MRA 378	69,418
MRA 379	66,822
MRA 380	287,349
MRA 381	283,031
MRA 382	-
MRA 383	59,010
MRA 384	94,038
MRA 385	55,662
MRA 386	48,537
MRA 387	69,651
MRA 388	65,663
MRA 389	222,174
MRA 390	42,913
MRA 391	67,838
MRA 392	64,663
MRA 393	65,963
MRA 394	70,001
MRA 395	66,926
MRA 396	65,938
MRA 397	22,901
MRA 398	671,700
MRA 399	74,538
MRA 400	74,713
MRA 401	228,478

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

	Total Value
<hr/>	
Purchased Properties - Affordable Housing (Continued):	
MRA 402	\$ 260,253
MRA 403	1,122,556
MRA 404	113,257
MRA 405	102,038
MRA 406	52,351
MRA 407	32,091
MRA 408	75,463
MRA 409	91,888
MRA 410	186,257
MRA 411	361,502
MRA 412	66,963
MRA 413	1,451,103
MRA 414	823,813
MRA 415	139,578
MRA 416	325,728
<hr/>	
Total Purchased Properties - Affordable Housing	40,318,822
Costs associated with pending properties and other general costs not allocated to specific properties	508,603
<hr/>	
Total land held for resale - affordable housing	\$ 40,827,425
<hr/>	
3300 MAIN STREET	\$ 5,185,368
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**Midtown Redevelopment Authority
Schedule of Capital Assets**

June 30, 2016

<u>Property</u>	<u>Net Book Value</u>
Houston Technology Center	\$ 3,825,844
JPI Park Land	736,911
Bagby Park	3,031,957
Walgreens/Lui Park Land	141,000
Houston Muesum of African American Culture	1,864,659
Midtown Park Land and Improvements	31,474,913
<u>Total capital assets</u>	<u>\$41,075,284</u>

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