



**Midtown Redevelopment Authority**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

June 30, 2021



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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Midtown Redevelopment Authority  
Houston, Texas

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, 2021, 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.

### **Auditors' 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 auditors' 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 respective financial position of the governmental activities and each major fund of Midtown Redevelopment Authority as of June 30, 2021, 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 through 12 and 37 through 38 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating expenses and capital expenditures for the year ended June 30, 2021, the schedule of estimated project costs to actual expenditures for the period from December 29, 1995 (date of inception) through June 30, 2021, the schedule of properties held – land held for resale, and the schedule of capital assets, on pages 39 through 55, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have 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.

*Carly Riggs & Ingram, L.L.C.*

September 30, 2021  
Houston, Texas

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

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, 2021 and 2020. This discussion and analysis includes comparative data for the year ended June 30, 2021 with the year ended June 30, 2020 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**

- On March 16, 2020, Governor Greg Abbott approved a request from the Office of the Attorney General (AG) to suspend certain requirements of Chapter 551, Texas Government Code (Texas Open Meetings Act) that required governmental officials and members of the public to be physically present at the location of a public meeting. The Authority's essential workers continued to maintain and operate the Authority's properties, parks and public right of way improvements. The Authority's office staff worked in-office and remotely and held virtual Board meetings to ensure the continuation of capital improvement projects and the affordable housing program. During fiscal year 2021 the Authority followed the COVID-19 Virus Stay Home Stay Safe Order from the City of Houston and protocol from the Center for Disease Control and Prevention while working in the office. On June 30, 2021, Governor Abbott's office approved a request from the AG to lift these suspensions as of September 1, 2021. Beginning on September 1, all suspended provisions of the Texas Open Meetings Act were effective and all governmental entities subject to the Texas Open Meetings Act must conduct their meetings in full compliance with the Texas Open Meetings Act.
- At the creation of the Tax Increment Reinvestment Zone Number Two (Midtown TIRZ or Zone) in 1995, the appraised base year value for real property located within the Zone was \$157,081,540. With the addition of four annexations of land in each of 1997, 1999, 2009 and 2015, the appraised base year value for real property located within the Zone increased to \$286,543,928. The preliminary value for tax year 2021 (collectible Fiscal Year 2022) of real property located within the Zone is approximately \$2,818,436,714 with a preliminary taxable value (net of exemptions) of approximately \$2,688,777,765.
- The seventh amendment to the Project Plan and Finance Plan (Part H) was approved by the City of Houston on December 16, 2020. The Amendment consists of the reallocation of the Zone's project cost categories and allocations to align with the current goals and objectives of the Zone and the extension of the life of the Zone until December 31, 2050. The anticipated use of expenditures is the renewal, replacement, maintenance, and operation of capital projects of the Zone.
- In 2015, Midtown refinanced the Houston Museum of African American Culture (HMAAC) building located at 4807 Caroline in the amount of \$1.8 million; the balloon note was due September 30, 2020, in amount of \$1,134,405 with Liberty Bank. Staff negotiated with Liberty Bank for refinancing in November 2020, at 4% with no appraisal expense and no pre-payment penalty. The Board approved refinancing the HMAAC Building, paying \$250,000 towards the principal for a refinance amount of \$870,876.

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

- Section 42.25116(b)(3) of the Texas Education Code provides for the Texas Education Agency to pay additional funds to school districts participating in tax increment reinvestment zones in an amount equal to the difference between (1) the tax levies collected on the district's maintenance and operations tax rate for 2006 and each year thereafter and (2) the levies that would have been collected at the district's 2005 maintenance and operations rate for each subsequent year (Pass-Through Funds). In fiscal year 2021, the City of Houston (the City) received the tax year 2019 Pass-Through Funds for the Houston Independent School District, in an amount totaling \$5,011,762. Of the total amount, \$3,341,175 was dedicated to the educational set-aside component and the balance of the funds in the total amount of \$1,670,587 was placed in the Authority's Affordable Housing Increment Account.
- The Authority continues the 2015 Management Agreement with the Midtown Improvement and Development Corporation (MIDCorp) d/b/a Midtown Parks Conservancy to operate, manage, maintain, and preserve certain park facilities, including Bagby Park, Midtown Park and the parking facilities constructed beneath Midtown Park. In consideration for those services, the Authority paid an "Annual Management Fee" of \$250,000 per year in each of the first two years, then in each year thereafter, has agreed to pay an amount not to exceed \$500,000 based on MIDCorp's annual operating budget. If in any fiscal year MIDCorp collects revenues more than the amount required for operations, as further described in the Operating Agreement, and less the Annual Management Fee, such excess amounts will be credited towards the Annual Management Fee for the following fiscal year. Additionally, the Authority has agreed to pay to MIDCorp an amount equal to \$50,000 to be applied to a Renewal and Replacement Fund for infrastructure capital maintenance.
- In fiscal year 2021, the Authority continued to work under the Amended 2017 Municipal Service Cost Agreement with the City and remitted \$781,263 to the City in July 2021 for the purposes of reimbursing the City for increased public safety services within the Zone. This agreement has automatically renewed annually at amounts determined pursuant to the adopted budget. In addition to the amount of the Municipal Service Costs line item shown in the fiscal year 2021 budget, the Zone and the Authority may pay all or a portion of certain supplemental services within the boundaries of the Zone, such as homeless initiatives, private security services, clean-up and trash/debris removal, and public safety education and coordination services.
- Pursuant to its Interlocal Agreement with Houston Community College System, the Authority began construction on its Caroline Street Project in late August 2018 and has continued construction through fiscal year 2021. The Caroline Street Project is projected to cost approximately \$18.5 million. As of June 30, 2021, the Caroline Street Project has incurred costs of approximately \$18 million. Of which, \$4 million was funded by a Texas Department of Transportation Grant. The Caroline Street construction was expected to be completed in December 2020 but due to unexpected delays caused by the COVID-19 pandemic the project is still under construction and expected to be completed on or about fall 2021.
- Bagby Park has undergone renovation at an estimated cost of \$1,132,000, consisting of lawn regrading, the installation of park lighting, an onsite storage facility, a new stage with a canopy and an additional restroom facility at the back of the park. An additional contract for the storage and restroom facilities was approved in the first quarter of 2020 and was completed in fiscal year 2021. In April 2020, the Board approved a renegotiated lease with La Calle, an authentic Mexican food restaurant. La Calle performed some renovations on the kiosk prior to opening for business in August 2021.

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

- In June 2019, the Authority's Board granted certain vacant land from its affordable housing land inventory to 2222 CLEBURNE LP (an affiliate of The Montrose Center). This property, located at 2222 Cleburne Street, consists of approximately 2.9 acres of land that was used for a 112-unit senior housing facility. The project named the Law-Harrington Senior Living Center, rental units, activity center and clinic was completed during fiscal year 2021 and the grand opening was held in the first quarter of 2021.
- Midtown continues its pursuit of strategic partnerships with not-for-profit corporations to create a comprehensive institution to accelerate the development of affordable housing and other social services to create a strong neighborhood and provide necessary resources within the City. Since 2016, the Authority has engaged The Center for Civic and Public Policy Improvement (CCPPI) to create and implement a comprehensive plan for affordable housing in areas where Midtown owns property. The Authority's Board approved a 60-day extension of the Affordable Housing Initiative Service Agreement with CCPPI due to delays caused by COVID-19 pandemic; until December 31, 2020. On January 1, 2021, an Amended and Restated Affordable Housing Initiative Services Agreement with CCPPI (CCPPI Agreement) was approved by the Authority's Board for the continuation of services. The CCPPI Agreement provides for a three (3) year extension with an increased scope of services and increased performance metrics and reporting requirements. As part of the Affordable Housing Plan the Authority granted property to HBDI and Agape Homes CDC. HBDI has begun construction of 43 homes; known as Palmetto Place; in fiscal year 2021.
- Additionally, as part of its Affordable Housing Pilot Program, the Authority continues to make land available from approximate 2.9 million square feet of property in its affordable housing land inventory to non-profit organizations and for-profit developers for the construction of affordable single-family homes and townhomes which have subsequently been sold to qualified homebuyers whose household income does not exceed 110% of median income for the area as determined by the Department of Housing and Urban Development. The developers participating in the Affordable Housing Pilot Program to date are HOU Homes, Mayberry Homes, Epic Homes, Cole Klein Builders, LLC., Agape Homes CDC, and Park Street LLC. The Authority approved in fiscal year 2021 Developer Agreements for the sale of 5 lots to Park Street LLC, and with Cole Klein Builders, LLC for the sale of nine (9) lots for construction of affordable single-family homes for sale to qualified homebuyers.
- The Authority's Affordable Housing Plan began with the development, in cooperation with CCPPI and the other entities that will aid in the implementation of affordable housing, of a mixed use campus consisting of (i) a 5-story building containing approximately 64,500 square feet to house office, supportive services (commercial and not for profit), community and public entities (the Operations Center); (ii) an approximately 17,050 square feet, 20-unit multi-family affordable housing development; and (iii) an approximately 83,000 square feet public parking garage containing approximately 224 parking spaces to be constructed on those certain tracts of land owned by Midtown located at the intersection of Emancipation Avenue and Elgin Street. The construction of the Operations Center was completed in June 2021 and leasing has begun of the office building spaces and multi-family affordable housing units. The Boards of the Authority and the OST/Alameda Corridors Redevelopment Authority approved a Purchase and Sale Agreement and a Lease Agreement between the Authority and Old Spanish Trail/Alameda Corridors Redevelopment Authority providing for the conveyance and lease back of the parking garage. OST/Alameda Corridors has agreed to pay an amount not to exceed \$6 million for the purchase of the garage. The purchase and sale agreement between OST/Alameda Corridors and the Authority was executed in February 2021 which required a down payment of \$3 million towards the purchase of the garage. However, the sale was not deemed to be consummated before June 30, 2021 as a lease back agreement, as required on the purchase and sale agreement, was not fully executed before June 30, 2021. It is anticipated that the purchase and contract balance will be completed in the second quarter of fiscal year 2022.

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

- As part of the services to be provided under the CCPPI Agreement, CCPPI assisted the Authority in the development and issuance of an invitation to bid for landscape maintenance services for vacant lots in affordable housing land inventory. After receiving, reviewing, and evaluating all bids with staff and consultants; the Authority's Board entered into contracts with Trans Teq Environmental Solutions, Inc. and Four Eleven LLC. for the landscape maintenance of approximately 2.9 million square feet of affordable housing properties in the Authority's inventory.
- The Authority began repayment on two (2) development projects for certain completed developments. The Morgan Group received an initial reimbursement payment of \$466,469 and Mid-Main was fully reimbursed in the amount of \$166,913.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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



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

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

#### 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:

	2021	2020
<b>Assets</b>		
Cash, cash equivalents and investments	\$ 21,442,000	\$ 34,885,000
Tax increment receivables	23,732,000	12,105,000
Other receivables	528,000	481,000
Property held for resale	44,186,000	46,774,000
Capital assets, net	91,358,000	80,400,000
<b>Total assets</b>	<b>\$ 181,246,000</b>	<b>\$ 174,645,000</b>
<b>Liabilities</b>		
Current liabilities	\$ 9,608,000	\$ 7,043,000
Loans and bonds payable – current	5,896,000	6,213,000
Loans and bonds payable – long-term	100,298,000	102,572,000
<b>Total liabilities</b>	<b>115,802,000</b>	<b>115,828,000</b>
<b>Net position</b>		
Net investment in capital assets	63,677,000	53,310,000
Restricted	63,031,000	75,743,000
Unrestricted deficit	(61,264,000)	(70,236,000)
<b>Total net position</b>	<b>\$ 65,444,000</b>	<b>\$ 58,817,000</b>

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

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

	2021	2020
Houston Community College System (HCCS)	\$ 1,713,000	\$ 1,578,000
City of Houston (City)	11,642,000	10,527,000
Houston Independent School District (HISD)	10,377,000	-
<b>Total tax increment receivables</b>	<b>\$ 23,732,000</b>	<b>\$ 12,105,000</b>

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

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Authority received tax increments outstanding at June 30, 2020 in August and November 2020. The Authority received City and HISD tax increments outstanding at June 30, 2021 in July 2021. The increment due from HCCS is expected to be collected in fall 2021.

Other receivables include amounts due from other entities under memos of understanding for reimbursement of shared services, and the Houston Technology Center. The increase from 2020 of approximately \$47,000 is mainly related to increase in amount billed and due from the District and HTC as of June 30, 2021 compared to as of June 30, 2020.

Property held for resale relates to the Authority's affordable housing land assemblage program. During fiscal year 2021, the Authority sold/granted 18 properties with a cost of approximately \$2,642,000.

The increase in capital assets net, relates to the Authority's continued renovations to Bagby Park and construction on the Operations Center with combined additions of approximately \$12.9 million in fiscal year 2021, and donated works of art with acquisition value of approximately \$30,000. The Authority's total long-term debt had a net decrease in fiscal year 2021 of approximately \$2.6 million as a result of additional borrowings on BBVA notes and repayments of loans and bonds. 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, 2021 and 2020, the Authority has an unrestricted deficit of \$61.2 million and \$70.2 million, respectively. The deficit occurs by the Authority using bond funds and loans to pay for eligible project plan costs in current years in anticipation of receiving tax increments in future years. The Authority had net position restricted for debt service in the amount of \$12.5 million at June 30, 2021 and 2020; net position restricted for affordable housing in the amount of \$47.4 million and \$55.8 million at June 30, 2021 and 2020, respectively; and net position restricted for capital projects in the amount of \$3.1 million and \$5 million at June 30, 2021 and 2020, respectively. The majority of the Authority's net position restricted for affordable housing is invested in land held for resale totaling \$44.1 million and \$46.7 million at June 30, 2021 and 2020, respectively.

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

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

#### 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:

	2021	2020
<b>Revenues</b>		
Tax increments	\$ 25,403,000	\$ 23,978,000
Investment and other income (expense)	(1,698,000)	1,175,000
<b>Total revenues</b>	<b>23,705,000</b>	25,153,000
<b>Expenses</b>		
Current	3,991,000	3,800,000
Debt service	4,557,000	5,712,000
Capital outlay	8,530,000	6,381,000
<b>Total expenses</b>	<b>17,078,000</b>	15,893,000
Change in net position	6,627,000	9,260,000
Net position - beginning of year	58,817,000	49,557,000
<b>Net position - end of year</b>	<b>\$ 65,444,000</b>	<b>\$ 58,817,000</b>

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

Fiscal year 2021 and 2020 other revenue (expense) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements and donated capital assets offset by losses recorded on affordable housing properties granted to third parties during the year.

Capital projects funded from loan and bond proceeds and tax increments totaled 66% and 45% of total expenses in fiscal year 2021 and 2020, respectively. More detailed information about the Authority's capital projects is presented in the other supplementary information – Schedule of Operating Expenses and Capital Expenditures.

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

#### **GOVERNMENTAL FUNDS**

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$81.4 million, which is approximately \$7.3 million less than the prior fiscal year. Approximately 54% of the fund balance, or \$44.2 million, is invested in property held by the Authority which is being held for resale and is considered non-spendable. Approximately 4% of the fund balances, or \$3.1 million, is committed or restricted by bonds to various capital projects and development agreements entered into by the Authority. Approximately 18% of the fund balances, or \$13 million is assigned or available for spending at the government's discretion provided expenditures are allowable by the Authority's project plan and other legal authorities. The remainder of the fund balance is restricted to indicate that it is committed to pay debt service (approximately \$14.8 million), and to affordable housing (approximately \$3.2 million).

#### **CAPITAL ASSETS**

As of June 30, 2021, the Authority had approximately \$91.4 million, net of accumulated depreciation, invested in a broad range of capital assets including land, land improvements, buildings and furniture, equipment and donated works of art.

During 2021, the Authority completed the construction of the Operations Center and renovations of Bagby Park. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

#### **DEBT ADMINISTRATION**

No bonds were issued during 2021. In March 2020, the Authority issued Tax Increment Contract Revenue Refunding Bonds, Series 2020 (Series 2020) in the aggregate principal amount of \$11,085,000. Proceeds from the Series 2020 Bonds were used for the purposes of refunding Series 2011 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, 2021 and 2020, the Authority has four and five series of Tax Increment Contract Revenue Bonds totaling \$81,920,000 and \$81,920,000, respectively. A debt service reserve fund in the amount of \$7,422,328 has been established based on an amount equivalent to the estimated annual debt service with the inclusion of Series 2013, 2015, 2017 and 2020 bonds.

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

### **DEBT ADMINISTRATION (Continued)**

During 2021 and 2020, the Authority was advanced \$3,998,110 and \$10,556,477, respectively, under its \$14 million tax-exempt and taxable loan agreement with a bank that was used to partially fund the construction of the Operations Center. Total loans outstanding at June 30, 2021 and 2020 were \$21,189,846 and \$19,574,289, respectively.

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

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year 2021 budget was approved by the City for the Authority. The Authority's annual budget was not amended during the year. 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 2021 budget was approximately \$5.8 million of tax increments for educational facilities and \$618,000 for administrative fees which are budgeted as other interfund transfers. These funds are withheld by the City and paid directly to the City or paid back to HISD.

### **FUTURE PROJECTS**

The staff and consultants vetted 57 responses to the Request for Qualifications (RFQ) for Architectural and Engineering Services and performed an evaluation of the responses. The evaluation team, after seeing the number of responses and the qualifications of the firms, decided to create pre-qualified groupings of Architectural and Engineering Firms of which the Midtown staff could choose from, as necessary. The Authority and consultants will continue in planning and implementing capital improvement projects with certain pre-approved grouping of firms throughout the Zone on an ongoing basis, including street reconstruction and overlay projects, public right of way improvements, parkland acquisitions, and utility upgrades.

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

The Board authorized a Grant Agreement with New Hope Housing for an Unimproved Property to construct a development project for a multi-family housing at 0 Chaco Street. The project will consist of a 3-story, 184 low-income rental units of 1 to 2 bedrooms for persons 55 years of age or older. It is anticipated the Authority will grant the property located at 0 Chaco Street in fiscal year 2022 to New Hope Housing to begin construction on the multifamily housing.

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

### **FUTURE PROJECTS (Continued)**

The Authority approved an Agreement with Rice Management Company (Rice) regarding their construction and installation of the South Main Innovation District and the associated Public Infrastructure and Improvements that will significantly contribute to the economic improvement and development of the Midtown Zone. Rice is developing the Innovation District, which will consist of approximately 16 acres of mixed-use development in Midtown, in multiple phases, that will have a public realm, mixed-use development with community spaces and amenities on multiple blocks of property located in the southern portion of the Midtown Zone and generally situated between Isabella Street to the North, Ruth Street to the West, Wheeler Avenue to the South and Austin Street to the East. The Innovation District will consist of a 300,000 sq. ft. innovation hub to be known as the "lon" that will anchor the district, plazas, educational/cultural spaces, a parking garage, restaurant and retail spaces, walkways and gardens. Over a period of years it is anticipated that approximately one billion dollars will be invested in the Innovation District with the potential of generating approximately \$220 million in additional tax revenues and also create tens of thousands of tech and non-tech jobs.

At the May 2017 Board meeting, a Grant Agreement with the Museum of Fine Arts, Houston was approved to fund an interactive fountain and reflecting pool, along with related waterline improvements, for a total amount not to exceed \$1,600,000. This Grant is budgeted for payment in the amounts of \$750,000 and \$850,000 for fiscal years 2022 and 2023, respectively.

As of the date hereof, the Authority's fiscal year 2022 budget has not been approved by the City Council of the City; therefore, the Authority will continue to operate under its approved budget for fiscal year 2021 pursuant to Section VI of the Tri-Party Agreement between the City, the Authority and the Zone, which states "In the event that the Zone Board or the City Council fails or refuses to approve the proposed Budget of the Authority for the ensuing year by July 1 of that year, the Authority may continue to operate on the Budget for the previous fiscal year for a period not to exceed twelve (12) months." When approved, the fiscal year 2022 budget will include the design and implementation of capital improvement projects, affordable housing projects, administration costs and the Municipal Service Fee. For fiscal year 2022 the City has requested, and the Authority has budgeted for, a Municipal Service Fee for incremental service to the City of Houston in the amount of \$781,263 with an additional \$492,737 of supplemental funds that will be used at the Authority's recommendation for quality of life, homelessness, and safety issues within the Zone.

The COVID-19 pandemic continues to affect the United States and Texas. The extent of the pandemic will determine the future of developments, the effect on financial markets and the economy in the District.

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

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

June 30, 2021

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>								
Cash and cash equivalents	\$ 2,683,045	\$ 953	\$ -	\$ 1,004,795	\$ 2,088,042	\$ 5,776,835	\$ -	\$ 5,776,835
Investments	5,066,468	-	3,081,426	94,561	7,422,328	15,664,783	-	15,664,783
Tax increment receivables	23,732,174	-	-	-	-	23,732,174	-	23,732,174
Other receivables	528,069	-	-	-	-	528,069	-	528,069
Due to/from other funds	(23,422,145)	11,184,274	-	6,935,375	5,302,496	-	-	-
Property held for resale	-	-	-	44,185,785	-	44,185,785	-	44,185,785
Capital assets, net	-	-	-	-	-	-	91,357,928	91,357,928
<b>Total assets</b>	<b>\$ 8,587,611</b>	<b>\$ 11,185,227</b>	<b>\$ 3,081,426</b>	<b>\$ 52,220,516</b>	<b>\$ 14,812,866</b>	<b>\$ 89,887,646</b>	<b>\$ 91,357,928</b>	<b>\$ 181,245,574</b>
<b>Liabilities</b>								
Accounts payable	\$ 1,663,055	\$ -	\$ -	\$ 1,812,072	\$ -	\$ 3,475,127	\$ (396,803)	\$ 3,078,324
Interest payable	-	-	-	-	-	-	2,272,168	2,272,168
Retainage payable	-	-	-	-	-	-	1,257,349	1,257,349
Unearned revenue	338,286	-	-	-	-	338,286	(338,286)	-
Deposit on contract	-	-	-	3,000,000	-	3,000,000	-	3,000,000
Loans payable								
Due within one year	-	-	-	-	-	-	2,255,761	2,255,761
Due after one year	-	-	-	-	-	-	18,934,085	18,934,085
Bonds payable								
Due within one year	-	-	-	-	-	-	3,640,000	3,640,000
Due after one year	-	-	-	-	-	-	81,364,225	81,364,225
<b>Total liabilities</b>	<b>2,001,341</b>	<b>-</b>	<b>-</b>	<b>4,812,072</b>	<b>-</b>	<b>6,813,413</b>	<b>108,988,499</b>	<b>115,801,912</b>
<b>Deferred inflows of resources</b>								
Deferred tax increment revenue	1,712,763	-	-	-	-	1,712,763	(1,712,763)	

*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, 2021

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>Fund balances</b>								
Nonspendable	\$ -	\$ -	\$ -	\$ 44,185,785	\$ -	\$ 44,185,785	\$ (44,185,785)	
Restricted	-	-	3,081,426	3,222,659	14,812,866	21,116,951	(21,116,951)	
Committed	95,607	3,315,091	-	-	-	3,410,698	(3,410,698)	
Assigned	4,777,900	7,870,136	-	-	-	12,648,036	(12,648,036)	
<b>Total fund balances</b>	<b>4,873,507</b>	<b>11,185,227</b>	<b>3,081,426</b>	<b>47,408,444</b>	<b>14,812,866</b>	<b>81,361,470</b>	<b>(81,361,470)</b>	
Total liabilities, deferred inflows of resources and fund balances	\$ 8,587,611	\$ 11,185,227	\$ 3,081,426	\$ 52,220,516	\$ 14,812,866	\$ 89,887,646	\$ -	
<b>Net position</b>								
Net investment in capital assets							\$ 63,676,708	\$ 63,676,708
Restricted								
Debt service							12,540,698	12,540,698
Affordable housing							47,408,444	47,408,444
Capital expenditures							3,081,426	3,081,426
Unrestricted (accumulated deficit)							(61,263,614)	(61,263,614)
<b>Total net position</b>							<b>\$ 65,443,662</b>	<b>\$ 65,443,662</b>

*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, 2021*

Total fund balance of governmental funds	\$ 81,361,470
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	91,357,928
Other revenues are not available for current period expenditures therefore are deferred in the funds	2,051,049
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(1,257,349)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(21,189,846)
Tax increment revenue bonds and related interest are not due and payable in the current period and therefore are not reported in the funds	(86,879,590)
Net position of governmental activities	\$ 65,443,662

*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, 2021*

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>								
Tax increments	\$ 11,024,280	\$ -	\$ -	\$ 6,935,375	\$ 7,308,434	\$ 25,268,089	\$ 134,672	\$ 25,402,761
Investment income	16,815	-	6,966	8,900	5,734	38,415	-	38,415
Other revenue (expense)	765,302	-	-	-	-	765,302	(2,501,932)	(1,736,630)
<b>Total revenues</b>	<b>11,806,397</b>	<b>-</b>	<b>6,966</b>	<b>6,944,275</b>	<b>7,314,168</b>	<b>26,071,806</b>	<b>(2,367,260)</b>	<b>23,704,546</b>
<b>Expenditures/expenses</b>								
<b>Current</b>								
Administration and support	1,664,593	-	-	158,304	-	1,822,897	-	1,822,897
Municipal service costs agreement	781,263	-	-	-	-	781,263	-	781,263
Depreciation	-	-	-	-	-	-	1,972,817	1,972,817
Amortization of bond premium	-	-	-	-	-	-	(586,054)	(586,054)
Capital outlay	-	4,449,687	-	19,879,350	-	24,329,037	(15,798,857)	8,530,180
<b>Debt service</b>								
Principal payments	337,149	-	1,445,404	-	3,620,000	5,402,553	(5,402,553)	-
Interest charges	33,969	-	550,784	38,360	3,802,137	4,425,250	29,248	4,454,498
Other charges	-	-	-	102,311	-	102,311	-	102,311
<b>Total expenditures/expenses</b>	<b>2,816,974</b>	<b>4,449,687</b>	<b>1,996,188</b>	<b>20,178,325</b>	<b>7,422,137</b>	<b>36,863,311</b>	<b>(19,785,399)</b>	<b>17,077,912</b>
Excess (deficiency) of revenues over expenditures	8,989,423	(4,449,687)	(1,989,222)	(13,234,050)	(107,969)	(10,791,505)	10,791,505	
<b>Other financing sources (uses)</b>								
Issuance of note payable	-	-	-	3,398,110	-	3,398,110	(3,398,110)	-
Internal transfers	(9,320,409)	7,827,551	-	1,416,293	76,565	-	-	-
<b>Total other financing sources (uses)</b>	<b>(9,320,409)</b>	<b>7,827,551</b>	<b>-</b>	<b>4,814,403</b>	<b>76,565</b>	<b>3,398,110</b>	<b>(3,398,110)</b>	
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(330,986)	3,377,864	(1,989,222)	(8,419,647)	(31,404)	(7,393,395)	7,393,395	
Change in net position							6,626,634	6,626,634
<b>Fund balances/net position</b>								
Beginning of year	5,204,493	7,807,363	5,070,648	55,828,091	14,844,270	88,754,865	(29,937,837)	58,817,028
End of year	\$ 4,873,507	\$ 11,185,227	\$ 3,081,426	\$ 47,408,444	\$ 14,812,866	\$ 81,361,470	\$(15,917,808)	\$ 65,443,662

*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, 2021*

Change in total fund balance of governmental funds	\$ (7,393,395)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital additions	12,901,376
Donated capital assets	30,000
Depreciation expense	(1,972,817)
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	(3,398,110)
Repayment of bond and loan principal	5,402,553
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	586,054
Some expenditures reported in the governmental funds are not reported as expenses in the Statement of Activities as they were reported when the liability was incurred, regardless of the timing of the related cash flow	134,672
	336,301
Change in net position of governmental activities	\$ 6,626,634

*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. During 2021, the City approved the extension of the life of the Zone until December 31, 2050.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Reporting Entity***

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

#### ***Measurement Focus and Basis of Accounting***

#### ***Government-Wide Financial Statements***

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

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Unrestricted - This component of net position consists of that which does not meet the definition of "Restricted" or "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 provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

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

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

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

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

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

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

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Tax Increments and Participation Agreements*

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

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

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

## Midtown Redevelopment Authority Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

#### ***Affordable Housing***

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

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

#### ***Cash, Cash Equivalents and Investments***

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

Investments of the Authority consist of Texas Short Term Asset Reserve Program (TexSTAR) and Local Government Investment Cooperative (LOGIC), both local government investment pools created under the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR and LOGIC are administered by First Southwest Asset Management, Inc. and JPMorgan Chase Asset Management, Inc. TexSTAR and LOGIC use amortized cost to value portfolio assets and follow the criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for use of amortized cost and do not place any limitations or restrictions such as notice periods or maximum transaction amounts on withdrawals.

#### ***Receivables***

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities and major funds include tax increment receivables and expense reimbursements under executed agreements. The Authority estimates and records an allowance for doubtful accounts based on prior experience. As of June 30, 2021, the Authority believes all receivables are fully collectible and accordingly no allowance has been recorded.



## Midtown Redevelopment Authority Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Interfund Transfers***

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

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

#### ***Property Held for Resale***

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

#### ***Capital Assets***

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

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

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

#### ***Deposit on Contract and Unearned Revenue***

The deposit on contract consists of a down payment received related to the sale of a parking garage that was not consummated before June 30, 2021. In the fund financial statements, unearned revenue also consists of other revenue not considered available as of June 30, 2021.

#### ***Debt and Related Premiums, Discounts, and Issuance Costs***

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

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

## Midtown Redevelopment Authority Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### ***Deferred Inflows of Resources***

In addition to liabilities, the 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.

#### ***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.

#### ***Recently Issued Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for the Authority's fiscal year 2022. Management is currently evaluating the requirements of this statement and the impact on reporting.

## Midtown Redevelopment Authority Notes to Financial Statements

### **Note 3: AUTHORIZED INVESTMENTS**

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

### **Note 4: DEPOSITS AND INVESTMENTS**

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2021, the carrying amount of the Authority's deposits was \$5,776,835 and the bank balances totaled \$7,471,603. The Authority's deposits in excess of FDIC insurance totaling \$4,834,662 were adequately collateralized. Cash deposits totaling \$2,136,941, which approximate fair value, represent money market investments in U.S. Government Securities. In addition, the Authority held \$15,664,783 in investment pools at June 30, 2021, which mature in less than one year and are recorded at amortized cost.

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

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

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

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 5: RESTRICTED ASSETS

Certain amounts of cash, cash equivalents and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted assets at June 30, 2021 are as follows:

	Cash and Cash Equivalents	Investments	Total
<b>Trustee funds</b>			
Debt service	\$ 2,088,042	\$ -	\$ 2,088,042
Debt service reserve fund	-	7,422,328	7,422,328
Project fund	-	3,081,426	3,081,426
Debt service - Affordable housing	1,004,401	-	1,004,401
Affordable housing	49	-	49
<b>Total trustee funds</b>	<b>3,092,492</b>	<b>10,503,754</b>	<b>13,596,246</b>
<b>Enabling legislation</b>			
Affordable housing	345	94,561	94,906
<b>Total restricted assets</b>	<b>\$ 3,092,837</b>	<b>\$ 10,598,315</b>	<b>\$ 13,691,152</b>

The Authority fully funded the debt service in July 2021 after collection of tax increment receivable outstanding as of June 30, 2021.

### Note 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance at July 1, 2020	Additions	Reclassifications	Disposals	Balance at June 30, 2021
<b>Non-depreciable assets</b>					
Land and improvements	\$ 14,944,931	\$ -	\$ -	-	\$ 14,944,931
Construction in process	16,819,360	12,901,376	(29,720,736)	-	-
<b>Depreciable assets</b>					
Works of art	1,107,027	30,000	-	-	1,137,027
Buildings and improvements	56,570,697	-	29,720,736	-	86,291,433
Equipment	58,378	-	-	-	58,378
<b>Total capital assets</b>	<b>89,500,393</b>	<b>12,931,376</b>	<b>-</b>	<b>-</b>	<b>102,431,769</b>
Less: accumulated depreciation	(9,101,024)	(1,972,817)	-	-	(11,073,841)
<b>Government activities - capital assets, net</b>	<b>\$ 80,399,369</b>	<b>\$ 10,958,559</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 91,357,928</b>

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

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 7: LOANS PAYABLE

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

Balance at July 1, 2020	\$ 19,574,289
Additions	3,398,110
Retirements	(1,782,553)
<hr/>	
Balance at June 30, 2021	\$ 21,189,846
<hr/>	
Current portion, long-term debt	\$ 2,255,761
<hr/>	

In November 2013, and amended in March 2017, the Authority entered into a Development Agreement with 2800 Main, L.L.C. (the Developer) for reimbursement of up to \$19 million of eligible project costs related to the Garage Structure for Midtown Park. Commencement of construction began in April 2015 and completion of the project was in December 2017. During the period from the commencement of construction through completion, interest on each developer advance accrued at an interest rate of 4% per annum from the date of the advance and was payable on January 1 and July 1 in accordance with the terms of the agreement. Upon completion of the Garage Structure (December 2017), reimbursement to the Developer began on October 1 of the year following completion and is payable over a period of 13 years. However, as significant principal payments have been made by the Authority, the loan is expected to be paid off in October 2025. The interest rate increased to 7% per annum after the date of completion until full repayment is made on the advance. As of June 30, 2021, the outstanding balance on the loan totaled \$6,424,898.

In September 2013, the Authority refinanced a \$1,843,593 loan with a bank which was originally used to purchase the Houston Museum of African American Culture land and building. This loan was refinanced again in November 2020. The refinanced loan bears interest at 4.0%, requires monthly principal and interest payments totaling \$10,545 and matures in November 2025. The loan is secured by 4807 Caroline Street property. The loan has a due on demand clause. At June 30, 2021, the outstanding balance on the loan totaled \$810,358.

In July 2019, the Authority entered into a \$14 million tax-exempt and taxable loan agreement with a bank to partially fund the construction of the Operations Center. The \$6 million tax-exempt loan bears interest at 79% of LIBOR plus 0.86% per annum and requires quarterly interest payments from October 1, 2019 until July 1, 2022 and quarterly principal and interest payments thereafter until maturity totaling \$75,000, if fully funded by end of loan advance period, as defined in the agreement. The \$8 million taxable loan bears interest at LIBOR plus 1.09% per annum and requires quarterly interest payments from October 1, 2019 until July 1, 2022 and quarterly principal and interest payments thereafter until maturity totaling \$100,000, if fully funded by end of loan advance period, as defined in the agreement. The loan matures on July 15, 2024. This loan agreement required the creation of a loan pledged revenue fund consisting of the estimated debt service due on the loans for the following twelve month period and the estimated amount of unused fees for the following twelve month period. At June 30, 2021, the loan pledged revenue fund totaled \$1,004,401. At June 30, 2021, the combined outstanding balance on the loan totaled \$13,954,590.

**Midtown Redevelopment Authority**  
**Notes to Financial Statements**

**Note 7: LOANS PAYABLE (Continued)**

Future minimum payments as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,255,761	\$ 639,474	\$ 2,895,235
2023	2,143,134	502,637	2,645,771
2024	2,143,134	393,567	2,536,701
2025	2,143,134	284,898	2,428,032
2026	1,341,009	175,306	1,516,315
2027-2031	3,488,648	534,308	4,022,956
2032-2036	3,488,648	337,025	3,825,673
2037-2041	3,488,648	139,742	3,628,390
2042	697,730	4,274	702,004
<b>Total</b>	<b>\$ 21,189,846</b>	<b>\$ 3,011,231</b>	<b>\$ 24,201,077</b>

**Note 8: TAX INCREMENT CONTRACT REVENUE BONDS**

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

Balance at July 1, 2020	\$ 81,920,000
Additions	-
Retirements	(3,620,000)
<b>Balance at June 30, 2021</b>	<b>\$ 78,300,000</b>
<b>Current portion, long-term debt</b>	<b>\$ 3,640,000</b>

Tax Increment Revenue Bonds at June 30, 2021 consist of the following:

Date Series Issued	Outstanding Balance
2013	\$ 21,975,000
2015	8,755,000
2017	36,485,000
2020	11,085,000
<b>Total principal payable</b>	<b>78,300,000</b>
<b>Unamortized premium and discount, net</b>	<b>6,704,225</b>
<b>Total bonds payable</b>	<b>\$ 85,004,225</b>

## 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
2022	\$ 50,000	\$ 1,109,419	\$ 1,159,419
2023	50,000	1,107,794	1,157,794
2024	25,000	1,106,044	1,131,044
2025	45,000	1,105,106	1,150,106
2026	2,285,000	1,103,306	3,388,306
2027-2031	13,220,000	3,728,025	16,948,025
2032-2033	6,300,000	476,500	6,776,500
<b>Total</b>	<b>\$ 21,975,000</b>	<b>\$ 9,736,194</b>	<b>\$ 31,711,194</b>

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
2022	\$ 1,120,000	\$ 336,638	\$ 1,456,638
2023	2,455,000	314,238	2,769,238
2024	2,535,000	259,000	2,794,000
2025	2,645,000	132,250	2,777,250
<b>Total</b>	<b>\$ 8,755,000</b>	<b>\$ 1,042,126</b>	<b>\$ 9,797,126</b>

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

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

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

Fiscal Year	Principal	Interest	Total
2022	\$ 600,000	\$ 1,790,875	\$ 2,390,875
2023	630,000	1,760,875	2,390,875
2024	665,000	1,729,375	2,394,375
2025	695,000	1,696,125	2,391,125
2026	1,270,000	1,661,375	2,931,375
2027-2031	2,350,000	7,778,675	10,128,675
2032-2036	17,735,000	6,550,700	24,285,700
2037-2038	12,540,000	948,250	13,488,250
<b>Total</b>	<b>\$ 36,485,000</b>	<b>\$ 23,916,250</b>	<b>\$ 60,401,250</b>

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

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

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

Fiscal Year	Principal	Interest	Total
2022	\$ 1,870,000	\$ 513,800	\$ 2,383,800
2023	650,000	420,300	1,070,300
2024	685,000	387,800	1,072,800
2025	715,000	353,550	1,068,550
2026	755,000	317,800	1,072,800
2027-2031	4,370,000	985,000	5,355,000
2032-2033	2,040,000	102,400	2,142,400
<b>Total</b>	<b>\$ 11,085,000</b>	<b>\$ 3,080,650</b>	<b>\$ 14,165,650</b>



## Midtown Redevelopment Authority Notes to Financial Statements

### Note 9: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2021, 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
<b>Nonspendable</b>						
Property held for resale	\$ -	\$ -	\$ -	\$ 44,185,785	\$ -	\$ 44,185,785
<b>Restricted for</b>						
Capital projects	-	-	3,081,426	-	-	3,081,426
Affordable housing	-	-	-	3,222,659	-	3,222,659
Debt service	-	-	-	-	14,812,866	14,812,866
<b>Committed to</b>						
Loan payments	95,607	-	-	-	-	95,607
Streetscapes and gateways	-	1,075,346	-	-	-	1,075,346
Parks	-	583,030	-	-	-	583,030
Developer agreement	-	1,656,715	-	-	-	1,656,715
<b>Assigned to</b>						
FY2022 CIP plan and budget	4,777,900	7,870,136	-	-	-	12,648,036
<b>Total fund balances</b>	<b>\$ 4,873,507</b>	<b>\$ 11,185,227</b>	<b>\$ 3,081,426</b>	<b>\$ 47,408,444</b>	<b>\$ 14,812,866</b>	<b>\$ 81,361,470</b>

### Note 10: TAX INCREMENT SUMMARY

The Authority's tax increment revenue for the year ended June 30, 2021, as reflected in the Statement of Activities was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 12,255,159	\$ (612,758)	\$ 11,642,401
Houston Independent School District (Tax Year 2019 Set Aside)	5,011,762	(3,341,175)	1,670,587
Houston Independent School District	13,281,615	(2,904,605)	10,377,010
Houston Community College System (Tax Year 2020)	1,737,763	(25,000)	1,712,763
<b>Total tax increments</b>	<b>\$ 32,286,299</b>	<b>\$ (6,883,538)</b>	<b>\$ 25,402,761</b>

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 10: TAX INCREMENT SUMMARY (Continued)

The Authority's tax increment revenue for the year ended June 30, 2021, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 12,255,159	\$ (612,758)	\$ 11,642,401
Houston Independent School District (Tax Year 2019 Set Aside)	5,011,762	(3,341,175)	1,670,587
Houston Independent School District	13,281,615	(2,904,605)	10,377,010
Houston Community College System (Tax Year 2019)	1,603,091	(25,000)	1,578,091
<b>Total tax increments</b>	<b>\$ 32,151,627</b>	<b>\$ (6,883,538)</b>	<b>\$ 25,268,089</b>

### 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: RELATED PARTIES

The Authority has an administrative contract with the District whereby the Authority provides administrative and management services to the District (see Note 13). The District and the Authority share the same Executive Director. The Authority provided services to the District amounting to approximately \$678,000 for the year ended June 30, 2021. At June 30, 2021, approximately \$145,000 was due to the Authority under this contract and is included in other receivables in the accompanying basic financial statements.

The Authority's Executive Director and Board Chairman are also members of the Midtown Improvement and Development Corporation (MIDCorp) Board of Directors. The Authority provides administrative and management services to MIDCorp under an administrative contract similar to that of the District. The Authority incurred approximately \$628,000 for the year ended June 30, 2021 related to the cost of MIDCorp's personnel and services provided to MIDCorp. These costs are included in T-0207 Operating of Zone and Project Facilities capital project. In addition, the Authority provides funding to MIDCorp annually based on executed operating agreements. (See Note 13).

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 13: 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.

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, 2021. HTC remitted \$0 in performance rent to the Authority during fiscal year 2021.

#### *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.

#### *Construction Contracts and Consultant Agreements*

Engineering and construction contracts relating to construction-in-progress and other capital projects aggregated approximately \$3.4 million. These contracts will be paid in future period as work is performed. Payment will be made with proceeds from past bond issues, bank loans, operating reserves, and Federal grants to be received. In addition, the Authority enters into agreements with various consultants to provide professional services each year.

## Midtown Redevelopment Authority Notes to Financial Statements

### Note 13: COMMITMENTS AND CONTINGENCIES (Continued)

#### *Affordable Housing Operations Campus*

The Affordable Housing Operations Campus (Operations Center) which consists of a 5-story building (Operations Campus), a 20-unit multi-family affordable housing development (Housing Development) and a parking garage was completed as of June 30, 2021. The project costs were incurred by the Authority through direct payment to vendors. The Authority was responsible for 80% of the project costs. Reimbursement for the remaining 20% of the project costs will be obtained from the sale of the parking garage to Old Spanish Trail/Alameda Corridors Redevelopment Authority (OSTAC) for which a \$3,000,00 down payment was received during 2021. This down payment is recorded as deposit on contract in the accompanying financial statements until the sale lease back agreement is finalized and executed.

Effective April 2021, the Authority as owner and CCPPI as operator entered into a management agreement with NAI Partners to manage the Operations Campus. The Authority will be charged a management fee equal to the greater of 3% of gross revenue, as defined in the agreement, or \$3,500 per month for the term of this agreement. The management fee is adjusted to \$1,750 per month during the period where there are no tenants occupying the office building. In addition, the Authority is obligated to reimburse NAI Partners certain expenses as outlined in the initial management services proposal or the approved annual budget thereafter. This agreement expires on March 31, 2023 and shall be automatically renewed on an annual basis thereafter unless terminated by the Authority or NAI Partners.

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

#### *The Center for Civic and Public Policy Improvement Agreement*

In July 2018, the Authority entered into an Initiative Services Agreement with The Center for Civic and Public Policy Improvement (CCPPI) for the coordination, implementation and administration of a comprehensive plan to address the development of affordable housing in the target area, as defined in the Agreement (Affordable Housing Plan). In January 2021, an Amended and Restated Affordable Housing Initiative Services Agreement with CCPPI was approved by the Authority's Board for the continuation of services. The Agreement provides for a three (3) year extension with an increased scope of services and increased performance metrics and reporting requirements. In consideration of the services to be performed by CCPPI, the Authority will pay \$1,234,000; \$1,373,500 and \$714,500 in fiscal years 2022; 2023 and 2024, respectively.

## Midtown Redevelopment Authority Notes to Financial Statements

### **Note 13: COMMITMENTS AND CONTINGENCIES (Continued)**

#### ***Pearl Midtown ROW and Pearl Rosemont ROW Development Agreements***

In 2017, the Authority entered into a Development Agreement with Pearl Residences at Midtown Owner, LLC. (Pearl Residences) for reimbursement of up to \$3.8 million of eligible project costs related to the Pearl Midtown ROW project. This agreement was executed contemporaneously with a development agreement entered into by the Authority with Helena – Dew Holdings, LLC (Helena - Dew) for reimbursement of up to \$1.4 million of eligible project costs related to the Pearl Rosemont ROW project. Reimbursement to each developer, Pearl Residences and Helena – Dew, will occur over 9 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project and execution of a maintenance agreement. As the Pearl Midtown ROW project was completed in October 2019 and the maintenance agreement was executed in February 2020, the reimbursement related to the Pearl Midtown ROW project commenced in fiscal year 2021 with a payment of \$466,694 which is included in accounts payable as of June 30, 2021 in the accompanying financial statements.

#### ***“The Midtown” Development Agreement***

In 2018, the Authority entered into a Development Agreement with Caydon Houston Property, LP. (Caydon) for reimbursement of up to \$5.2 million of eligible project costs related to the underground duct bank infrastructure and certain public infrastructure and improvements in connection with “The Midtown” development. Reimbursement to Caydon will occur over 8 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project and execution of a maintenance agreement. “The Midtown” development project was completed in December 2019. The final determination of the value of the eligible project costs for reimbursement, totaling \$3,355,519, and the required maintenance agreement were executed subsequent to year end. Annual reimbursement from available tax increment will commence in fiscal year 2022 and are due by November 1 of each year during the term of the agreement.

#### ***Administrative Agreement***

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

#### ***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.

## Midtown Redevelopment Authority Notes to Financial Statements

### **Note 13: COMMITMENTS AND CONTINGENCIES (Continued)**

#### ***The Museum of Fine Arts Grant Agreement***

In May 2017, the Authority entered into a Grant Agreement with The Museum of Fine Arts (the Grantee) for reimbursement of up to \$1.6 million of eligible project costs for improvements to this cultural facility. Reimbursement shall be payable in installments of \$750,000 and \$850,000 at the completion of the project which is expected to be in fiscal year 2022 and 2023, respectively.

### **Note 14: UNCERTAINTIES**

The continued spread of COVID-19 pandemic is affecting the United States economies. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Authority. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**Required Supplementary Information  
and  
Other Supplementary Information**

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

*For the year ended June 30, 2021*

	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 42,681,717	\$ 88,754,865	\$ 46,073,148
<b>Resources</b>			
Incremental property tax revenue	30,519,578	32,151,627	1,632,049
Grant proceeds	6,000,000	-	(6,000,000)
Proceeds from loans	11,470,000	3,398,110	(8,071,890)
Miscellaneous revenue	604,570	765,302	160,732
Other interest income	325,000	38,415	(286,585)
<b>Total available resources</b>	<b>91,600,865</b>	<b>125,108,319</b>	<b>33,507,454</b>
<b>Expenses</b>			
Maintenance and operations	1,875,450	1,664,593	210,857
Project costs and capital expenditures	33,938,540	21,955,409	11,983,131
Special projects as determined by the COH	500,000	-	500,000
Debt service	9,973,326	9,930,114	43,212
Other interfund transfers:			
HISD educational facilities	5,818,320	6,220,780	(402,460)
Municipal services - public safety	781,263	781,263	-
Municipal services - quality of life	492,737	-	492,737
Administrative fees	617,823	662,758	(44,935)
<b>Total expenses</b>	<b>53,997,459</b>	<b>41,214,917</b>	<b>12,782,542</b>
Budgetary fund balance - end of year	\$ 37,603,406	\$ 83,893,402	\$ 20,724,912



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

*For the year ended June 30, 2021*

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 125,108,319
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	(88,754,865)
Issuance of loans are reported as other financing sources	(3,398,110)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(6,883,538)

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Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 26,071,806
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**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 41,214,917
differences - budget to GAAP:	
Land held for sale granted is included as capital outlay expenditures in the funds but are included as capital expenditures for budgetary purposes when acquired	2,531,932
Budgeted expenditures include HISD educational facilities transfers and city administrative charges, while the authority's funds report revenues net of these transfers	(6,883,538)

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Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 36,863,311
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## Midtown Redevelopment Authority Schedule of Operating Expenses and Capital Expenditures (Unaudited)

*For the year ended June 30, 2021*

Management Consulting Services	Vendor	Budget	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)		\$ 486,650	\$ 222,910	\$ 263,740
Office Expenses	n/a	253,500	182,855	70,645
Midtown Management District	n/a	525,000	528,207	(3,207)
Fourth Ward Redevelopment Authority	n/a	40,000	37,760	2,240
Insurance	Anco-Wessendorff	214,000	261,992	(47,992)
Accounting	Bookkeeper	85,000	58,183	26,817
Accounting	McConnell & Jones LLP	-	22,108	(22,108)
Auditor - Financial	Carr, Riggs & Ingram, LLC	41,000	31,000	10,000
Bond Services/Trustee	Masterson Advisors, LLC	35,000	12,191	22,809
<b>Total Administration and Overhead</b>		<b>1,680,150</b>	<b>1,357,206</b>	<b>322,944</b>
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP, Burney & Foreman	90,000	275,983	(185,983)
Engineering consultants	IDS/Walter P. Moore	95,000	21,404	73,596
Construction Audits	Carr, Riggs & Ingram, LLC	10,300	10,000	300
<b>Total Program and Project Consultants</b>		<b>195,300</b>	<b>307,387</b>	<b>(112,087)</b>
<b>Total Management Consulting Services</b>		<b>\$ 1,875,450</b>	<b>\$ 1,664,593</b>	<b>\$ 210,857</b>

Capital Expenditures	Vendor	Budget	Actual Expenditures	Variance
T-0207 Operating of Zone and Project Facilities				
Construction/maintenance	MIDCorp	\$ 1,000,000	\$ 1,631,620	\$ (631,620)
<b>Total Operating of Zone and Project Facilities</b>		<b>1,000,000</b>	<b>1,631,620</b>	<b>(631,620)</b>
T-0210 Main Street Enhancements	Reliant Energy	218,130	4,262	213,868

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

*For the year ended June 30, 2021*

Capital Expenditures - Continued	Vendor	Budget	Actual Expenditures	Variance
T-0204 Enhanced Street Lights	COH/Center Point	\$ 105,000	\$ 55,056	\$ 49,944
T-0214 Caroline Streets @ HCCS (Elgin to Holman)				
Construction	BEGA	1,300,000	192,507	1,107,493
Other	TLC/KCI/Center Point	160,100	658,312	(498,212)
Total Caroline Streets @ HCCS		1,460,100	850,819	609,281
T-0225 Mobility and Pedestrian Improvements				
Planning		650,000	-	650,000
Construction	Jerdon	150,000	60,015	89,985
Design		200,000	-	200,000
Other	TGC	5,300	76,797	(71,497)
Total Mobility and Pedestrian Improvements		1,005,300	136,812	868,488
T-0220 Affordable Housing:				
Design		500,000	-	500,000
Construction	TLC Engineering, Martin Construction, Kirksey Architecture, Arch-Con Corporation, CCPPI	14,500,000	15,051,155	(551,155)
Other professionals	Various	3,030,000	2,454,568	575,432
Total Affordable Housing		18,030,000	17,505,723	524,277
T-0221 Midtown Park:				
Design		750,000	-	750,000
Construction and management	Millis	1,000,000	139,885	860,115
Other	Williams Scotsman, Inc.	190,900	3,980	186,920
Total Midtown Park		1,940,900	143,865	1,797,035
T-0222 Street Overlay Program		1,050,000	-	1,050,000
T-0223 Safe Sidewalk Program		260,100	-	260,100
T-0224 HTC Building Maintenance	Various	100,000	73,321	26,679
T-0230 Wheeler SL Pedestrian Enhancements		525,600	-	525,600
T-0206 South East Neighborhood Street Reconstruction		625,300	-	625,300

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

*For the year ended June 30, 2021*

Capital Expenditures - Continued	Vendor	Budget	Actual Expenditures	Variance
T-0232 Public and Cultural Facilities		\$ 1,050,000	\$ -	\$ 1,050,000
T-0233 Parking Garage - Midtown Park				
Construction and management		500,000	-	500,000
Other		20,500	-	20,500
Total Parking Garage - Midtown Park		520,500	-	520,500
T-0234 Parks and Open Spaces				
Planning		350,000	-	350,000
Design		125,000	-	125,000
Construction	Walter P. Moore	250,000	36,780	213,220
Other	COH	25,300	652	24,648
Total Parks and Open Spaces		750,300	37,432	712,868
T-0236 Bagby Park:				
Construction and management	IDS/Jerdon/Shade Structures	400,000	440,778	(40,778)
Design	WPM	100,000	20,156	79,844
Other	Various	20,500	15,506	4,994
Total Bagby Park		520,500	476,440	44,060
T-0239 Brazos Street Reconstruction				
Planning		150,000	-	150,000
Construction and management		1,350,000	-	1,350,000
Other		20,100	-	20,100
Total Brazos Street Reconstruction		1,520,100	-	1,520,100
T-0240 Real Estate Development		50,000	-	50,000
T-0241 Almeda/Crawford		56,710	-	56,710
T-0245 Museum District - Pedestrian Enhancement		100,000	-	100,000
T-0247 I59/69 CAP Park		250,000	-	250,000
T-0248 Tuam Street		2,020,000	-	2,020,000
T-0249 Pearl Market Place	Pearl Residences	520,000	466,694	53,306
T-0250 Mid Main Development	Mid Main	225,000	166,913	58,087
T-0299 Concrete Panel Replacement Program		35,000	-	35,000
General CIP:				
Design Services	Walter P. Moore	-	146,538	(146,538)
Other Consultants	One World Strategy Group, LLC	-	162,500	(162,500)
Other Consultants	Design Workshop	-	22,763	(22,763)
Other Consultants	IDS Engineering Group	-	26,946	(26,946)
Other Consultants	Ford Momentum	-	34,200	(34,200)
Other Consultants	A.O. Phillis & Associates	-	6,080	(6,080)
Other Professional Services	Various	-	7,425	(7,425)
Total General CIP		-	406,452	(406,452)
<b>Total Capital Expenditures</b>		<b>\$ 33,938,540</b>	<b>\$ 21,955,409</b>	<b>\$ 11,983,131</b>

**Midtown Redevelopment Authority**  
**Schedule of Estimated Project Costs to Actual Costs**  
**For the Period December 29, 1995 (Date of Inception) through June 30, 2021 (Unaudited)**

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2020	Actual Expenditures for the Year Ended June 30, 2021 (c)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2021	Variance to Budget
<b>Non-Educational Project Costs</b>					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	\$ 164,063,856	\$ 37,630,214	\$ 1,285,018	\$ 38,915,232	\$ 125,148,624
Streetscape and gateways	70,773,654	40,773,654	208,607	40,982,261	29,791,393
Public infrastructure	77,000,000	42,000,000	2,297,235	44,297,235	32,702,765
<b>Total infrastructure improvements</b>	<b>311,837,510</b>	<b>120,403,868</b>	<b>3,790,860</b>	<b>124,194,728</b>	<b>187,642,782</b>
Other project costs:					
Real property assembly	25,533,106	14,503,168	624,106	15,127,274	10,405,832
Professional services	11,966,225	7,241,127	406,452	7,647,579	4,318,646
Historic preservation	10,139,992	139,992	-	139,992	10,000,000
Parks and recreational facilities	53,903,004	29,268,528	476,440	29,744,968	24,158,036
Safety and security infrastructure	1,576,282	-	-	-	1,576,282
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	16,633,276	4,343,935	33,969	4,377,904	12,255,372
<b>Total other project costs</b>	<b>124,145,841</b>	<b>55,496,750</b>	<b>1,540,967</b>	<b>57,037,717</b>	<b>67,108,124</b>
Affordable housing	294,840,659	119,501,819	17,544,086	137,045,905	157,794,754
Financing costs (b)	95,507,011	66,057,690	3,831,382	69,889,072	25,617,939
Zone administration	50,286,136	16,699,646	651,238	17,350,884	32,935,252
<b>Educational Project Costs</b>					
Education project costs	83,770,000	66,144,560	6,220,780	72,365,340	11,404,660
<b>Total project plan</b>	<b>\$ 960,387,157</b>	<b>\$ 444,304,333</b>	<b>\$ 33,579,313</b>	<b>\$ 477,883,646</b>	<b>\$ 482,503,511</b>

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

(b) Amount expended for the year ended June 30, 2021, does not include the repayment of bond and note principal payments in the amount of \$5,402,553.

(c) Expenditures are reported on the accrual basis.

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

June 30, 2021

Total Value

Purchased properties - affordable housing:

MRA 001	\$ 109,855
MRA 002	500,569
MRA 003	587,183
MRA 004	52,051
MRA 005	-
MRA 006	30,750
MRA 007	34,161
MRA 008	36,702
MRA 009	40,483
MRA 010	92,021
MRA 011	-
MRA 012	-
MRA 013	39,880
MRA 014	51,445
MRA 015	22,845
MRA 016	73,528
MRA 017	49,169
MRA 018	79,183
MRA 019	552,914
MRA 020	40,955
MRA 021	175,742
MRA 022	46,974
MRA 023	22,421
MRA 024	38,492
MRA 025	59,313
MRA 026	49,826
MRA 027	55,871
MRA 028	50,289
MRA 029	50,239
MRA 030	82,780
MRA 031	64,756
MRA 032	49,792
MRA 033	-
MRA 034	-
MRA 035	54,351
MRA 036	61,128
MRA 037	69,942
MRA 038	28,402
MRA 039	149,920
MRA 040	59,338
MRA 041	51,960

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

<i>June 30, 2021</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 043	\$ 97,118
MRA 044	143,750
MRA 045	76,627
MRA 046	66,995
MRA 047	47,201
MRA 048	39,205
MRA 049	44,898
MRA 050	-
MRA 051	25,944
MRA 052	49,606
MRA 053	46,881
MRA 054	45,794
MRA 055	43,748
MRA 056	-
MRA 057	51,615
MRA 058	-
MRA 059	60,907
MRA 060	52,078
MRA 061	75,904
MRA 062	59,985
MRA 063	-
MRA 064	42,454
MRA 065	131,406
MRA 066	56,788
MRA 068	-
MRA 069	120,466
MRA 071	46,664
MRA 072	49,840
MRA 073	539,513
MRA 075	123,670
MRA 076	82,100
MRA 077	274,309
MRA 078	46,584
MRA 079	58,276
MRA 081	51,573
MRA 082	63,895
MRA 086	135,064
MRA 087	41,963
MRA 088	75,056
MRA 089	-
MRA 090	73,286
MRA 091	57,086

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

<i>June 30, 2021</i>	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	-
MRA 099	59,613
MRA 100	54,628
MRA 101	63,538
MRA 102	51,881
MRA 103	49,211
MRA 104	68,243
MRA 105	-
MRA 106	-
MRA 107	124,476
MRA 108	99,863
MRA 109	33,432
MRA 110	109,552
MRA 111	79,296
MRA 112	-
MRA 113	63,951
MRA 114	77,641
MRA 115	-
MRA 116	56,824
MRA 117	-
MRA 118	-
MRA 119	43,900
MRA 120	466,009
MRA 121	93,114
MRA 122	67,347
MRA 123	52,019
MRA 124	45,015
MRA 125	46,632
MRA 126	46,937
MRA 127	52,803
MRA 128	52,147
MRA 129	52,745
MRA 130	52,560
MRA 131	53,970
MRA 132	55,800
MRA 133	55,800
MRA 134	55,705



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

<i>June 30, 2021</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 135	\$ 55,705
MRA 136	-
MRA 137	-
MRA 138	109,315
MRA 139	50,731
MRA 140	54,715
MRA 141	61,890
MRA 142	41,441
MRA 143	45,890
MRA 144	-
MRA 145	83,741
MRA 146	84,466
MRA 148	45,923
MRA 149	69,704
MRA 150	260,465
MRA 151	-
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	-
MRA 175	72,853
MRA 176	140,837

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

<i>June 30, 2021</i>	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
MRA 182	61,375
MRA 183	77,763
MRA 184	48,407
MRA 185	37,907
MRA 186	-
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	-
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	-
MRA 216	48,322
MRA 217	-
MRA 218	49,322
MRA 219	52,312
MRA 220	48,322
MRA 221	48,297
MRA 222	110,019
MRA 223	35,988
MRA 224	41,072
MRA 225	-
MRA 226	61,725
MRA 227	58,150
MRA 228	-

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

<i>June 30, 2021</i>	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	-
MRA 241	-
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

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

<i>June 30, 2021</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 270	\$ 50,472
MRA 271	311,464
MRA 272	59,022
MRA 273	231,350
MRA 274	52,146
MRA 275	41,572
MRA 276	105,072
MRA 277	-
MRA 278	-
MRA 279	141,072
MRA 280	82,298
MRA 281	-
MRA 282	19,572
MRA 283	88,722
MRA 284	88,722
MRA 285	-
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	-
MRA 294	-
MRA 295	55,625
MRA 296	63,424
MRA 297	56,872
MRA 298	27,547
MRA 299	-
MRA 300	42,940
MRA 301	40,863
MRA 302	53,125
MRA 303	-
MRA 304	-
MRA 305	-
MRA 306	90,922
MRA 307	-
MRA 308	129,598
MRA 309	63,668
MRA 310	139,793

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

<i>June 30, 2021</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 311	\$ 59,018
MRA 312	72,868
MRA 313	44,418
MRA 314	-
MRA 315	58,142
MRA 316	-
MRA 317	59,518
MRA 318	-
MRA 319	69,414
MRA 320	-
MRA 321	45,810
MRA 322	58,338
MRA 323	115,618
MRA 324	58,211
MRA 325	81,038
MRA 326	58,868
MRA 327	87,418
MRA 328	-
MRA 329	34,343
MRA 330	61,418
MRA 331	57,382
MRA 332	47,618
MRA 333	182,963
MRA 334	48,038
MRA 335	56,959
MRA336	-
MRA 337	-
MRA 338	56,518
MRA 339	53,334
MRA 340	50,713
MRA 341	57,563
MRA 342	58,213
MRA 343	-
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

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

<i>June 30, 2021</i>	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	-
MRA 371	268,053
MRA 372	69,681
MRA 373	59,426
MRA 374	59,426
MRA 375	50,452
MRA 376	59,963
MRA 377	-
MRA 378	69,418
MRA 379	-
MRA 380	287,349
MRA 381	283,031
MRA 382	-
MRA 383	59,010
MRA 384	94,038
MRA 385	55,662
MRA 386	48,537
MRA 387	69,651
MRA 388	65,663
MRA 389	222,174
MRA 390	42,913
MRA 391	-
MRA 392	64,663
MRA 393	65,963
MRA 394	70,001
MRA 395	66,926
MRA 396	65,938
MRA 397	22,901
MRA 398	671,700
MRA 399	74,538
MRA 400	74,713
MRA 401	228,478

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

<i>June 30, 2021</i>	Total Value
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	-
MRA 412	66,963
MRA 413	-
MRA 414	823,813
MRA 415	139,578
MRA 416	325,728
MRA 417	77,068
MRA 418	89,071
MRA 419	79,393
MRA 420	156,838
MRA 421	78,679
MRA 422	-
MRA 423	68,219
MRA 424	1,004,453
MRA 425	91,801
MRA 426	78,476
MRA 427	78,476
MRA 428	78,476
MRA 429	78,476
MRA 430	62,613
MRA 431	24,993
MRA 432	698,733
MRA 433	1,084,214
MRA 434	67,401
MRA 435	-
MRA 436	76,789
MRA 437	473,819
MRA 438	1,807,152

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

<i>June 30, 2021</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 439	\$ 2,035,977
MRA 440	76,163
MRA 441	154,038
MRA 442	77,725
MRA 443	92,013
MRA 444	77,726
MRA 445	99,354
MRA 446	47,500
MRA 447	-
MRA 448	62,700
MRA 449	105,000
MRA 450	60,000
MRA 451	67,710
MRA 452	75,000
MRA 453	32,055
MRA 454	105,000
MRA 455	105,000
MRA 456	297,399
MRA 457	390,048
MRA 458	344,324
MRA 459	-
MRA 460	54,407
MRA 461	54,907
MRA 462	106,157
MRA 463	54,403
MRA 464	-
MRA 465	260,417
MRA 466	213,157
MRA 467	79,782
MRA 468	54,157
MRA 469	79,677
MRA 470	54,157
MRA 471	100,077
MRA 472	54,407
MRA 473	54,407
MRA 474	64,657
MRA 475	74,289



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

<i>June 30, 2021</i>	Total Value
<hr/>	
Purchased Properties - Affordable Housing (Continued):	
MRA 476	\$ 541,257
MRA 477	57,461
MRA 478	57,356
MRA 479	55,336
MRA 480	152,691
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Total Purchased Properties - Affordable Housing	43,898,715
Costs associated with pending properties and other general costs not allocated to specific properties	287,070
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Total land held for resale - affordable housing	\$ 44,185,785

**Midtown Redevelopment Authority  
Schedule of Capital Assets (Unaudited)**

*June 30, 2021*

Property	Net Book Value
Houston Technology Center	\$ 2,465,305
JPI Park Land	736,911
Bagby Park	3,372,064
Operations Center	30,505,824
Walgreens/Lui Park Land	141,000
Houston Museum of African American Culture	1,634,944
Midtown Park Land and Improvements	52,501,880
<b>Total capital assets</b>	<b>\$ 91,357,928</b>