



Midtown Redevelopment Authority

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Midtown Redevelopment Authority
Houston, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Midtown Redevelopment Authority (the Authority), a component of the City of Houston, Texas, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating expenses and capital expenditures for the year ended June 30, 2022, the schedule of estimated project costs to actual costs for the period from December 29, 1995 (date of inception) through June 30, 2022, the schedule of properties held – land her for resale and the schedule of capital assets (supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Houston, Texas
September 29, 2022

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

This discussion and analysis of Midtown Redevelopment Authority's (the Authority or Midtown) financial statements provides an overview of the Authority's financial performance during the years ended June 30, 2022 and 2021. This discussion and analysis includes comparative data for the year ended June 30, 2022 with the year ended June 30, 2021 and a brief explanation for significant changes between fiscal years. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts, please read in conjunction with the Authority's basic financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

At the creation of the Tax Increment Reinvestment Zone Number Two (Midtown TIRZ or Zone) in 1995, the appraised base year value for real property located within the Zone was \$157,081,540. With the addition of four annexations of land in each of 1997, 1999, 2009 and 2015, the appraised base year value for real property located within the Zone increased to \$286,543,928. The preliminary ad valorem tax value for tax year 2022 (collectible Fiscal Year 2022) of real property located within the Zone is approximately \$3,291,719,026 with a preliminary taxable value (net of exemptions) of approximately \$3,157,806,252.

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.

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 2022, the City of Houston (the City) received the tax year 2020 Pass-Through Funds for the Houston Independent School District, in an amount totaling \$5,324,577. Of the total amount, \$3,549,717 was dedicated to the educational set-aside component and the balance of the funds in the total amount of \$1,774,860 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. Maintenance and Operation, as a direct consequence of an expanding list of projects, particularly park and public space projects, the Zone must provide for operation of the Zone's existing and planned facilities in the near term and in years to come beyond the duration of the Zone. A certain amount of each capital line item may be transferred to a third party (Midtown Parks Conservancy) to perform maintenance and operations of Midtown capital projects, per the terms of Midtown's Project Plan.

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

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 2022. The Caroline Street Project is projected to cost approximately \$18.5 million. As of June 30, 2022, the Caroline Street Project has incurred costs of approximately \$18 million. Of which, \$5.5 million was funded by a Texas Department of Transportation Grant. Caroline Street Project consists of roadway, infrastructure, bicycle, and streetscape enhancements between Pierce and Elgin. The project incorporates green stormwater infrastructure and environmentally friendly streetscape elements the same as installed on Bagby Street. The Caroline Street construction was 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 in fiscal year 2023.

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. La Calle opened for business at the kiosk in August 2021 and is continuing operations to date. The Bagby Park renovation was completed in fiscal year 2022 and is being enjoyed by the surrounding residents, businesses and public.

The Ion District Economic Development Agreement with the Rice Management Company (RMC) and the Authority relates to the development of The Ion District on approximately 16 acres of land in the southern portion of the Midtown Zone. The innovation district development includes an approximately 300,000 square foot innovation hub (The Ion) and will have a public realm, mixed-use development with community spaces of plazas, educational/cultural spaces, a parking garage, restaurant and retail spaces, walkways and gardens on multiple blocks of property located in the southern portion of the Midtown Zone and is generally situated between Isabella Street to the North, Ruth Street to the West, Wheeler Avenue to the South and Austin Street to the East. As part of the agreement, RMC plans to construct and install certain public infrastructure and improvements including a parking garage. In addition, RMC and Midtown expect to collaborate in a process to identify certain opportunities to induce the redevelopment of other areas within the Midtown Zone. The Authority approved an Agreement with 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. Over a period of years, it is anticipated that approximately one billion dollars may be invested in the Innovation District.

Updates to Midtown Parks and Public Space Master Plan will establish priorities and criteria for new parks and public space in the Midtown District. Baldwin Park improvements include additional playground equipment, perimeter lighting, and electrical infrastructure to facilitate additional programming in park. Glover Park improvements include the addition of wider sidewalks and bicycle racks and fix-it stations to complement the adjacent Austin Street bike route. The construction of Baldwin and Glover Park renovations will be completed in fiscal year 2023.

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

Midtown Park and Garage construction were completed in January 2018. The award-winning 3-acre park includes the Camden Pavilion, Reliant Dog Park, water features, children's interactive play area with climbing art pieces, a berm with a mosaic art wall, and front plaza area featuring a public art installation in a cascading fountain. The underground garage holds 400+ cars. Currently planning and design is underway for installation of additional electrical infrastructure and site improvements to facilitate activation of Front 90 plaza area and construction of Front 90 improvements to begin in fiscal year 2023.

In fiscal year 2022 the Authority paid the City of Houston \$1,975,110 for the construction of Tuam Street roadway between Main and Hamilton, infrastructure, and upgraded streetscape amenities including a bikeway and pedestrian enhancements along the Midtown segment of the 72-inch water line project along Tuam Street.

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

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 provide other social services to create a strong neighborhood and provide necessary resources to facilitate affordable housing development within the City. Since 2016, the Authority has engaged The Center for Civic and Public Policy Improvement (CCPPI) to create and implement a comprehensive plan for affordable housing in areas where Midtown owns property. Midtown has worked with CCPPI to complete a comprehensive plan to create a systematic approach to the provision of affordable housing on land purchased by the Authority for that purpose. In fiscal year 2022, the Authority completed construction of its Affordable Housing Operations Center which consists 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) a 20 unit multi-family affordable housing development consisting of approximately 17,050 square feet; and (iii) a public parking garage of an approximately 83,000 square feet public containing approximately 200 parking spaces located at the intersection of Emancipation Avenue and Elgin Street. Construction of the interior build out of tenant improvements in the Operations Center Campus will continue in fiscal year 2023. On January 1, 2021, an Amended and Restated Affordable Housing Initiative Services Agreement with CCPPI (the CCPPI Agreement) was approved by the Authority's Board for the continuation of services. The CCPPI Agreement provides for a three (3) year extension with an increased scope of services and increased performance metrics and reporting requirements. The Boards of the Authority and the OST/Alameda Corridors Redevelopment Authority approved a Purchase and Sale Agreement and a Lease Agreement between the Authority and OST/Alameda Corridors Redevelopment Authority providing for the conveyance and lease back of the public parking garage. OST/Alameda Corridors has agreed to pay an amount not to exceed \$6 million for the purchase of the garage. The Purchase and Sale Agreement between OST/Alameda Corridors and the Authority was executed in February 2021 which required a down payment of \$3 million towards the purchase of the garage. It is anticipated that the purchase will be completed in fiscal year 2023 and the remaining \$3,000,000 will be paid at that time.

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

In fiscal year 2022, the Authority continued to work under the Amended 2017 Municipal Service Cost Agreement with the City and remitted \$780,707 to the City in June 2022 for the purposes of reimbursing the City for increased public safety services within the Zone. This agreement has automatically renewed annually at amounts determined pursuant to the adopted budget. In addition to the amount of the Municipal Service Costs line item shown in the fiscal year 2022 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.

The Pearl Residence Group at Midtown Owner LLC (Morgan Group) received an initial reimbursement of \$466,694 in August 2021. Caydon Houston Property LLC received an initial reimbursement of \$1,656,715 in August 2021.

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:

	2022	2021
Assets		
Cash, cash equivalents and investments	\$ 43,306,000	\$ 21,442,000
Tax increment receivables	1,911,000	23,732,000
Other receivables	215,000	528,000
Lease receivable	2,981,000	-
Property held for resale	43,558,000	44,186,000
Capital assets, net	89,303,000	91,358,000
Total assets	\$ 181,274,000	\$ 181,246,000
Liabilities		
Current liabilities	\$ 5,801,000	\$ 9,608,000
Loans and bonds payable – current	6,643,000	5,896,000
Loans and bonds payable – long-term	93,781,000	100,298,000
Total liabilities	106,225,000	115,802,000
Deferred inflow of resources	2,938,000	-
Net position		
Net investment in capital assets	65,676,000	63,677,000
Restricted	61,470,000	63,031,000
Unrestricted deficit	(55,035,000)	(61,264,000)
Total net position	\$ 72,111,000	\$ 65,444,000

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

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

	2022	2021
Houston Community College System (HCCS)	\$ 1,911,000	\$ 1,713,000
City of Houston (City)	-	11,642,000
Houston Independent School District (HISD)	-	10,377,000
Total tax increment receivables	\$ 1,911,000	\$ 23,732,000

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Authority received tax increments outstanding at June 30, 2021 in July and September 2021. The increment due from HCCS as of June 30, 2022 is expected to be collected in fall 2022.

Other receivables include amounts due from other entities under memos of understanding for reimbursement of shared services, and the Houston Technology Center (HTC). The decrease from 2021 of approximately \$313,000 is mainly related to an allowance setup during 2022 for the balance outstanding from HTC due to uncertainty of collectability.

Effective July 1, 2021, the Authority adopted GASB Statement No. 87 resulting in a lease receivable and deferred inflow balance as of June 30, 2022 of approximately \$2,981,000 and \$2,938,000, respectively.

Property held for resale relates to the Authority's affordable housing land assemblage program. During fiscal year 2022, the Authority sold/granted 13 properties with a cost of approximately \$656,000.

The increase in capital assets net, relates to the Authority's construction of certain tenant improvements on the Operations Center with additions of \$458,000 in fiscal year 2022.

The Authority's total long-term debt had a net decrease in fiscal year 2022 of approximately \$5.7 million as a result of repayments of loans and bonds (\$5.2 million) and amortization of bond premium (\$586,000).

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

The decrease in current liabilities relates to the decrease in accounts payable and retainage payable primarily due to completion of the operations center and related final billing were paid before year-end, including payment of the retainage.

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, 2022 and 2021, the Authority has an unrestricted deficit of \$55 million and \$61.2 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 \$13 million and \$12.5 million at June 30, 2022 and 2021, respectively; net position restricted for affordable housing in the amount of \$47.3 million and \$47.4 million at June 30, 2022 and 2021, respectively; and net position restricted for capital projects in the amount of \$1.2 million and \$3.1 million at June 30, 2022 and 2021, respectively. The majority of the Authority's net position restricted for affordable housing is invested in land held for resale totaling \$43.6 million and \$44.1 million at June 30, 2022 and 2021, 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:

	2022	2021
Revenues		
Tax increments	\$ 27,021,000	\$ 25,403,000
Lease revenue	474,000	-
Investment and other revenue (expense)	(160,000)	(1,698,000)
Total revenues	27,335,000	23,705,000
Expenses		
Current	5,150,000	3,991,000
Debt service	4,204,000	4,557,000
Capital outlay	11,314,000	8,530,000
Total expenses	20,668,000	17,078,000
Change in net position	6,667,000	6,627,000
Net position - beginning of year	65,444,000	58,817,000
Net position - end of year	\$ 72,111,000	\$ 65,444,000

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

Fiscal year 2022 and 2021 other revenue (expense) primarily includes amounts received from other entities as reimbursement under management agreements and interlocal agreements offset by losses recorded on affordable housing properties granted to third parties during the year and bad debt expense related to the HTC's receivable outstanding as of June 30, 2022 for which an allowance was setup in 2022 due to uncertainty of collectability. Lease revenue in 2022 relates to lease of an office space and various apartments units at the Operations Center, lease of a kiosk in Bagby Park and lease of office space in the HTC Building.

Capital projects funded from loan and bond proceeds and tax increments totaled 51% and 66% of total expenses in fiscal year 2022 and 2021, respectively. More detailed information about the Authority's capital projects is presented in the 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 \$83.1 million, which is approximately \$1.9 million more than the prior fiscal year. Approximately 52% of the fund balance, or \$43.6 million, is invested in property held by the Authority which is being held for resale and is considered non-spendable. Approximately 7% of the fund balances, or \$6.2 million, is committed or restricted by bonds to various capital projects and development and grant agreements entered into by the Authority. Approximately 18% of the fund balances, or \$14.8 million is assigned or available for spending at the government's discretion provided expenditures are allowable by the Authority's project plan and other legal authorities. 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 \$3.7 million).

CAPITAL ASSETS

As of June 30, 2022, the Authority had approximately \$89.3 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 2022, the Authority started construction of tenant improvements at the Operations Center. More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

DEBT ADMINISTRATION

No bonds were issued during 2022 or 2021. As of June 30, 2022 and 2021, the Authority has four series of Tax Increment Contract Revenue Bonds totaling \$74,660,000 and \$78,300,000, respectively. A debt service reserve fund in the amount of \$7,434,948 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.

Total loans outstanding at June 30, 2022 and 2021 were \$19,649,318 and \$21,189,846, respectively.

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2022 budget was not yet approved by the City for the Authority. The Authority continued 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. 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 pending City's approval budget for fiscal year 2022 was approximately \$5.7 million of tax increments for educational facilities and \$688,000 for administrative fees which are budgeted as other interfund transfers. These funds are withheld by the City and paid directly to the City or paid back to HISD.

FUTURE PROJECTS

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

Mobility and Pedestrian Enhancements consists of implementation of Safe Streets and Roads to improve safety and prevent roadway deaths and serious injuries for all roadway users within the Midtown Zone. Midtown conducted a community outreach survey to help identify unsafe locations for pedestrians, cyclists, and drivers within the Midtown Zone. The outcome of the survey will be used to develop safety-oriented projects in alignment with City's Vision Zero Plan to include improvements to intersections, bicycle facilities, pedestrian access, access management, and other mobility related safety elements beginning in fiscal year 2023.

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

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

The development of I59/69 Cap Parks at street level above the Midtown segment of Interstate 59/69 reconstruction is included in the North Houston Highway Improvement Project. The planning and conceptual design for the expanded Caroline/Wheeler Cap Park will continue in fiscal year 2023.

In partnership with the City of Houston; the Authority is using the analysis provided by the City's updated pavement condition information to prioritize phases for asphalt overlays of local streets in the Midtown District is proposing to begin construction in fiscal year 2023.

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

FUTURE PROJECTS (Continued)

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

The Authority will upgrade the Almeda/Crawford Street streetscape amenities along the Midtown segment with the City of Houston's 72-inch water line project on Crawford Street between Hadley and Elgin during fiscal year 2023; similar to the Bagby Street Project.

As part of the Safe Sidewalk Program repair and replacement of damaged and missing sidewalks and accessibility ramps is anticipated to continue in fiscal year 2023 throughout the District.

Planning and development of concepts for eligible pedestrian-transit-bicycle improvements within ½ mile of the Wheeler Street corridor to improve pedestrian access to transit facilities will begin in fiscal year 2023.

An Urban Redevelopment Study; in Partnership with Rice Management Company to identify certain opportunities to induce the redevelopment of other areas within the Midtown Zone is expected to begin in fiscal year 2023.

As of the date hereof, the Authority's fiscal year 2022 and 2023 budgets have 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 and 2023 budgets will include the design and implementation of capital improvement projects, affordable housing projects, administration costs and the Municipal Service Fee. For fiscal years 2022 and 2023 the City has requested, and the Authority has budgeted for, a Municipal Service Fee for incremental service to the City of Houston in the amount of \$781,263 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.

* * * * *

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, 2022

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets								
Cash and cash equivalents	\$ 20,669,538	\$ 955	\$ -	\$ 1,306,135	\$ 7,532,046	\$ 29,508,674	\$ -	\$ 29,508,674
Investments	5,079,670	-	1,188,599	94,808	7,434,948	13,798,025	-	13,798,025
Tax increment receivables	1,910,892	-	-	-	-	1,910,892	-	1,910,892
Other receivables, net	214,664	-	-	-	-	214,664	-	214,664
Lease receivable	301,823	-	-	2,679,050	-	2,980,873	-	2,980,873
Due to/from other funds	(18,248,008)	12,929,816	-	5,474,845	(156,653)	-	-	-
Property held for resale	-	-	-	43,557,814	-	43,557,814	-	43,557,814
Capital assets, net	-	-	-	-	-	-	89,302,643	89,302,643
Total assets	\$ 9,928,579	\$ 12,930,771	\$ 1,188,599	\$ 53,112,652	\$ 14,810,341	\$ 91,970,942	\$ 89,302,643	\$ 181,273,585
Liabilities								
Accounts payable	\$ 698,559	\$ 55,809	\$ -	\$ 199,568	\$ -	\$ 953,936	\$ (323,847)	\$ 630,089
Interest payable	-	-	-	-	-	-	2,122,949	2,122,949
Retainage payable	-	-	-	-	-	-	48,137	48,137
Deposit on contract	-	-	-	3,000,000	-	3,000,000	-	3,000,000
Loans payable								
Due within one year	-	-	-	-	-	-	2,858,367	2,858,367
Due after one year	-	-	-	-	-	-	16,790,951	16,790,951
Bonds payable								
Due within one year	-	-	-	-	-	-	3,785,000	3,785,000
Due after one year	-	-	-	-	-	-	76,989,579	76,989,579
Total liabilities	698,559	55,809	-	3,199,568	-	3,953,936	102,271,136	106,225,072
Deferred inflows of resources								
Deferred tax increment revenue	1,910,892	-	-	-	-	1,910,892	(1,910,892)	-
Lease revenue	295,007	-	-	2,642,814	-	2,937,821	-	2,937,821
Total deferred inflows of resources	2,205,899	-	-	2,642,814	-	4,848,713	(1,910,892)	2,937,821

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, 2022

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Fund balances								
Nonspendable	\$ 6,816	\$ -	\$ -	\$ 43,594,050	\$ -	\$ 43,600,866	\$ (43,600,866)	
Restricted	-	-	1,188,599	3,676,220	14,810,341	19,675,160	(19,675,160)	
Committed	99,502	4,997,098	-	-	-	5,096,600	(5,096,600)	
Assigned	5,282,693	7,877,864	-	-	-	13,160,557	(13,160,557)	
Unassigned	1,635,110	-	-	-	-	1,635,110	(1,635,110)	
Total fund balances	7,024,121	12,874,962	1,188,599	47,270,270	14,810,341	83,168,293	(83,168,293)	
Total liabilities, deferred inflows of resources and fund balances	\$ 9,928,579	\$ 12,930,771	\$ 1,188,599	\$ 53,112,652	\$ 14,810,341	\$ 91,970,942	\$ -	
Net position								
Net investment in capital assets						\$ 65,675,811	\$ 65,675,811	
Restricted								
Debt service						13,011,239	13,011,239	
Affordable housing						47,270,270	47,270,270	
Capital expenditures						1,188,599	1,188,599	
Unrestricted (accumulated deficit)						(55,035,227)	(55,035,227)	
Total net position						\$ 72,110,692	\$ 72,110,692	

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, 2022

Total fund balance of governmental funds	\$	83,168,293
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		89,302,643
Other revenues are not available for current period expenditures therefore are deferred in the funds		1,910,892
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds		(48,137)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(19,649,318)
Tax increment revenue bonds and related interest are not due and payable in the current period and therefore are not reported in the funds		(82,573,681)
Net position of governmental activities	\$	72,110,692

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, 2022

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues								
Tax increments	\$ 14,072,159	\$ -	\$ -	\$ 7,224,704	\$ 5,525,672	\$ 26,822,535	\$ 198,129	\$ 27,020,664
Investment income	29,483	-	3,291	3,915	13,251	49,940	-	49,940
Lease revenue	105,897	-	-	368,551	-	474,448	-	474,448
Other revenue (expense)	645,078	-	-	-	-	645,078	(854,724)	(209,646)
Total revenues	14,852,617	-	3,291	7,597,170	5,538,923	27,992,001	(656,595)	27,335,406
Expenditures/expenses								
Current								
Administration and support	2,294,783	-	-	147,438	-	2,442,221	-	2,442,221
Municipal services cost agreement	780,707	-	-	-	-	780,707	-	780,707
Depreciation	-	-	-	-	-	-	2,513,858	2,513,858
Amortization of bond premium	-	-	-	-	-	-	(586,144)	(586,144)
Capital outlay	-	7,343,538	-	6,084,967	-	13,428,505	(2,114,769)	11,313,736
Debt service								
Principal payments	95,124	-	1,445,404	-	3,640,000	5,180,528	(5,180,528)	-
Interest charges	31,417	-	450,714	120,355	3,750,731	4,353,217	(149,219)	4,203,998
Total expenditures/expenses	3,202,031	7,343,538	1,896,118	6,352,760	7,390,731	26,185,178	(5,516,802)	20,668,376
Excess (deficiency) of revenues over expenditures	11,650,586	(7,343,538)	(1,892,827)	1,244,410	(1,851,808)	1,806,823	(1,806,823)	
Other financing sources (uses)								
Internal transfers	(9,499,972)	9,033,273	-	(1,382,584)	1,849,283	-	-	-
Total other financing sources (uses)	(9,499,972)	9,033,273	-	(1,382,584)	1,849,283	-	-	-
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	2,150,614	1,689,735	(1,892,827)	(138,174)	(2,525)	1,806,823	(1,806,823)	
Change in net position							6,667,030	6,667,030
Fund balances/net position								
Beginning 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
End of year	\$ 7,024,121	\$ 12,874,962	\$ 1,188,599	\$ 47,270,270	\$ 14,810,341	\$ 83,168,293	\$ (11,057,601)	\$ 72,110,692

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, 2022

Change in total fund balance of governmental funds	\$ 1,806,823
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	458,573
Depreciation expense	(2,513,858)
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.	
Repayment of bond and loan principal	5,180,528
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	586,144
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	(140,157)
	1,288,977
Change in net position of governmental activities	\$ 6,667,030

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 1: DESCRIPTION OF ORGANIZATION

Midtown Redevelopment Authority (the Authority) is a public not-for-profit local government corporation, incorporated on July 11, 1995 under the laws of the State of Texas, and operating under Chapter 431, Texas Transportation Code. The Authority was authorized by the City of Houston (the City) on June 28, 1995 to aid, assist and act on behalf of the City in the performance of the City's obligations with respect to Reinvestment Zone Number Two, City of Houston, Texas (Midtown TIRZ or Zone).

City of Houston Reinvestment Zone Number Two

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Fund Financial Statements

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

Fund Accounting

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

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Classification

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

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

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

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

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increments and Participation Agreements

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

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

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Affordable Housing

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

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

Cash, Cash Equivalents and Investments

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

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

Receivables

Receivables, except for lease receivables, consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities and major funds include tax increment receivables and expense reimbursements under executed agreements. The Authority estimates and records an allowance for doubtful accounts based on prior experience. As of June 30, 2022, the Authority believes all receivables are fully collectible except for approximately \$338,000 and accordingly an allowance has been recorded.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Lease contracts that provide the Authority's tenants with control of a non-financial asset for a period of time in excess of twelve months are reported as a deferred inflow of resources with a related lease receivable in the government-wide financial statements and fund financial statements. The lease receivable is recorded at the present value of the future lease payments. The deferred inflow of resources is recorded for the same amount as the related lease receivable plus any prepayment and incentives paid. The lease receivable is reduced for lease payments made less the interest portion of the lease payment. The lessor recognizes lease revenue calculated as the straight-line amortization of the deferred inflow of resources over the lease term. At June 30, 2022 the balance on the lease receivable and deferred inflow of resources totaled \$2,980,873 and \$2,937,821, respectively.

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

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, 2022.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt and Related Premiums, Discounts, and Issuance Costs

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

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

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

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include tax increment revenue and lease revenue. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease. Tax increment revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. 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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Principles

In June 2017, the GASB issued Statement No. 87, Leases. This Statement enhances the relevance and consistency of information of the Authority' leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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.

Effective July 1, 2021, the Authority adopted GASB Statement No. 87 which requires retrospective application by restating prior periods or through cumulative adjustments recognized upon adoption. The leases are required to be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. These changes were incorporated in the Authority's financial statements but had no effect on the beginning fund balances and on the beginning net position since the deferred inflows equal the amount of the lease receivable. A lease receivable and related deferred inflow of resources of \$3,073,872 was recorded upon adoption of GASB Statement No. 87 on July 1, 2021.

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, 2022, the carrying amount of the Authority's deposits was \$29,508,674 and the bank balances totaled \$31,937,937. The Authority's deposits in excess of FDIC insurance totaling \$23,890,460 were adequately collateralized. Cash deposits totaling \$7,547,477, which approximate fair value, represent money market investments in U.S. Government Securities. In addition, the Authority held \$13,798,025 in investment pools at June 30, 2022, 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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 4: DEPOSITS AND INVESTMENTS (Continued)

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

Note 5: RESTRICTED ASSETS

Certain amounts of cash, cash equivalents and investments are restricted by revenue bond ordinances or enabling legislation. A summary of these restricted assets at June 30, 2022 are as follows:

	Cash and Cash Equivalents	Investments	Total
Trustee funds			
Debt service	\$ 7,532,046	\$ -	\$ 7,532,046
Debt service reserve fund	-	7,434,948	7,434,948
Project fund	-	1,188,599	1,188,599
Debt service - Affordable housing	1,197,993	-	1,197,993
Affordable housing	49	-	49
Total trustee funds	8,730,088	8,623,547	17,353,635
Enabling legislation			
Affordable housing	108,093	94,808	202,901
Total restricted assets	\$ 8,838,181	\$ 8,718,355	\$ 17,556,536

Midtown Redevelopment Authority Notes to Financial Statements

Note 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Additions	Reclassifications	Disposals	Balance at June 30, 2022
Non-depreciable assets					
Land and improvements	\$ 14,944,931	\$ -	\$ -	\$ -	\$ 14,944,931
Construction in process	-	458,573	-	-	458,573
Depreciable assets					
Works of art	1,137,027	-	-	-	1,137,027
Buildings and improvements	86,291,433	-	-	-	86,291,433
Equipment	58,378	-	-	-	58,378
Total capital assets	102,431,769	458,573	-	-	102,890,342
Less: accumulated depreciation	(11,073,841)	(2,513,858)	-	-	(13,587,699)
Government activities - capital assets, net	\$ 91,357,928	\$ (2,055,285)	\$ -	\$ -	\$ 89,302,643

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.

Note 7: LOANS PAYABLE

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

Balance at July 1, 2021	\$ 21,189,846
Additions	-
Retirements	(1,540,528)
Balance at June 30, 2022	\$ 19,649,318
Current portion, long-term debt	\$ 2,858,367

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, 2022, the outstanding balance on the loan totaled \$4,979,493.

Midtown Redevelopment Authority Notes to Financial Statements

Note 7: LOANS PAYABLE (Continued)

In September 2013, the Authority refinanced a \$1,843,593 loan with a bank which was originally used to purchase the Houston Museum of African American Culture land and building. This loan was refinanced again in November 2020. The refinanced loan bears interest at 4.0%, requires monthly principal and interest payments totaling \$10,545 and matures in November 2025. The loan is secured by 4807 Caroline Street property. The loan has a due on demand clause. At June 30, 2022, the outstanding balance on the loan totaled \$715,234.

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, 2022, the loan pledged revenue fund totaled \$1,197,993. At June 30, 2022, the combined outstanding balance on the loan totaled \$13,954,591.

Future minimum payments as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,858,367	\$ 693,681	\$ 3,552,048
2024	2,143,134	574,760	2,717,894
2025	2,143,134	456,239	2,599,373
2026	1,341,009	336,795	1,677,804
2027	697,730	274,281	972,011
2028-2032	3,488,648	1,105,257	4,593,905
2033-2037	3,488,648	661,676	4,150,324
2038-2042	3,488,648	218,094	3,706,742
Total	\$ 19,649,318	\$ 4,320,783	\$ 23,970,101

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS

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

Balance at July 1, 2021	\$ 78,300,000
Additions	-
Retirements	(3,640,000)
Balance at June 30, 2022	\$ 74,660,000
Current portion, long-term debt	\$ 3,785,000

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

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

Date Series Issued	Outstanding Balance
2013	\$ 21,925,000
2015	7,635,000
2017	35,885,000
2020	9,215,000
<hr/>	
Total principal payable	74,660,000
Unamortized premium and discount, net	6,114,579
<hr/>	
Total bonds payable	<u>\$ 80,774,579</u>

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
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	2,380,000	1,009,050	3,389,050
2028-2032	13,910,000	3,033,975	16,943,975
2033	3,230,000	161,500	3,391,500
<hr/>			
Total	<u>\$ 21,925,000</u>	<u>\$ 8,626,775</u>	<u>\$ 30,551,775</u>

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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

The 2015 Bonds bear interest between 2.0% and 5.0% annually and have semi-annual interest payments due on January 1 and July 1 as follows:

Fiscal Year	Principal	Interest	Total
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
Total	\$ 7,635,000	\$ 705,488	\$ 8,340,488

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
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	430,000	1,597,875	2,027,875
2028-2032	2,450,000	7,678,425	10,128,425
2033-2037	23,320,000	5,680,075	29,000,075
2038	6,425,000	321,250	6,746,250
Total	\$ 35,885,000	\$ 22,125,375	\$ 58,010,375

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

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

Midtown Redevelopment Authority Notes to Financial Statements

Note 8: TAX INCREMENT CONTRACT REVENUE BONDS (Continued)

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

Fiscal Year	Principal	Interest	Total
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	790,000	280,050	1,070,050
2028-2032	4,580,000	776,150	5,356,150
2033	1,040,000	31,200	1,071,200
Total	\$ 9,215,000	\$ 2,566,850	\$ 11,781,850

Note 9: FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

	General Fund	Infrastructure and Project Fund	Capital Projects Fund	Affordable Housing Fund	Debt Service Fund	Total
Nonspendable						
Property held for resale	\$ -	\$ -	\$ -	\$ 43,557,814	\$ -	\$ 43,557,814
Leases	6,816	-	-	36,236	-	43,052
Restricted for						
Capital projects	-	-	1,188,599	-	-	1,188,599
Affordable housing	-	-	-	3,676,220	-	3,676,220
Debt service	-	-	-	-	14,810,341	14,810,341
Committed to						
Loan payments	99,502	-	-	-	-	99,502
Streetscapes and gateways	-	1,025,233	-	-	-	1,025,233
Parks	-	398,913	-	-	-	398,913
Developer and grant agreements	-	3,572,952	-	-	-	3,572,952
Assigned to						
FY2023 CIP plan and budget	5,282,693	7,877,864	-	-	-	13,160,557
Unassigned	1,635,110	-	-	-	-	1,635,110
Total fund balances	\$ 7,024,121	\$ 12,874,962	\$ 1,188,599	\$ 47,270,270	\$ 14,810,341	\$ 83,168,293

Midtown Redevelopment Authority Notes to Financial Statements

Note 10: TAX INCREMENT SUMMARY

The Authority's tax increment revenue for the year ended June 30, 2022, as reflected in the Statement of Activities was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 12,923,353	\$ (646,168)	\$ 12,277,185
Houston Independent School District (Tax Year 2020 Set Aside)	5,324,577	(3,549,717)	1,774,860
Houston Independent School District	13,817,553	(2,759,826)	11,057,727
Houston Community College System (Tax Year 2021)	1,935,892	(25,000)	1,910,892
Total tax increments	\$ 34,001,375	\$ (6,980,711)	\$ 27,020,664

The Authority's tax increment revenue for the year ended June 30, 2022, as reflected in the governmental funds, was received from the following Participants:

	Gross Increment	Transfers	Net Increment
City of Houston	\$ 12,923,353	\$ (646,168)	\$ 12,277,185
Houston Independent School District (Tax Year 2020 Set Aside)	5,324,577	(3,549,717)	1,774,860
Houston Independent School District	13,817,553	(2,759,826)	11,057,727
Houston Community College System (Tax Year 2020)	1,737,763	(25,000)	1,712,763
Total tax increments	\$ 33,803,246	\$ (6,980,711)	\$ 26,822,535

Midtown Redevelopment Authority Notes to Financial Statements

Note 11: LEASE REVENUE

The Authority's leasing operations consist of the leasing of office space and apartment units at the Operations Center, a kiosk at Bagby Park, and office space at HTC Building.

Operations Center: Office Space

In 2021, the Authority, as a lessor, entered into an agreement with Primary Care Cohort 2 Propco, LLC. (Humana), the lessee, to rent an office space located at the Operations Center. Humana had possession of the office space from May 10, 2021 to November 5, 2021 at no cost for the purpose of construction of certain improvements. The lease calls for monthly payments of \$13,089 subject to a 3% annual escalation with an initial term of seven years commencing on November 6, 2021 and expiring on November 30, 2028. The lease includes options for renewing the lease for two additional five-year terms. The Authority is reasonably certain that Humana will renew this lease for both additional terms. In accordance with the provisions of GASB Statement No. 87, the lease was measured on July 1, 2021, date of implementation, with a lease term of 17 years and an interest rate of 2.51%, the Authority's estimated incremental borrowing rate for Humana. There was no interest rate specified in the lease agreement. The Authority collected \$204,710 from Humana for the year ended June 30, 2022, which includes \$70,760 in lease revenue, \$33,949 in lease interest revenue, and \$100,001 in additional inflows for lease revenues related to a proportionate share of building's operating costs (non-lease component) which have been reported as lease revenue in the accompanying financial statements. In accordance with GASB Statement No. 87, the non-lease component has been excluded in the measurement of the lease receivable. At June 30, 2022 the balance on the lease receivable and deferred inflow of resources totaled \$2,679,050 and \$2,642,814, respectively.

Bagby Park: Kiosk

In 2020, the Authority entered into a four-year lease agreement with La Calle, LLC (La Calle), a local restaurant to sell food and beverage from the Bagby Park kiosk. The lease includes an option for renewing the lease for one additional four-year term. The Authority is reasonably certain that La Calle will exercise this renewal option. In accordance with the provisions of GASB Statement No. 87, the lease was measured on July 1, 2021, date of implementation, with a lease term of 8 years and an interest rate of 2.28%, the Authority's estimated incremental borrowing rate for La Calle. There was no interest rate specified in the lease agreement. The lease calls for monthly minimum payments of \$3,500 subject to \$100 annual escalation and additional rent of 6% of gross sales in excess of breakingpoint (variable lease payment), as defined in the lease agreement. In accordance with GASB Statement No. 87, variable lease payments based on future performance or usage are recognized as revenue based on the payment provisions of the lease contract. The Authority collected \$42,000 from La Calle for the year ended June 30, 2022, which includes \$35,328 in lease revenue, and \$6,672 in lease interest revenue which have been reported as lease revenue in the accompanying financial statements. At June 30, 2022 the balance on the lease receivable and deferred inflow of resources totaled \$301,823 and \$295,007, respectively.

Midtown Redevelopment Authority Notes to Financial Statements

Note 11: LEASE REVENUE (Continued)

Annual requirements to amortize the lease receivable and related interest are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2023	\$ 130,326	\$ 72,686	\$ 203,012
2024	139,611	69,395	209,006
2025	149,272	65,872	215,144
2026	159,323	62,107	221,430
2027	169,779	58,090	227,869
2028-2032	857,231	225,968	1,083,199
2033-2037	1,027,949	112,313	1,140,262
2038-2039	347,382	6,614	353,996
	\$ 2,980,873	\$ 673,045	\$ 3,653,918

The other leases of the Authority are short-term leases and, therefore, no lease receivable and deferred inflow of resources have been recognized from the apartment units at the Operations Center and office space at HTC building in accordance with GASB Statement No. 87. The Authority recognized lease revenue from short-term leases of \$227,738 for the year ended June 30, 2022.

Note 12: RISK MANAGEMENT

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

Note 13: RELATED PARTIES

The Authority has an administrative contract with the District whereby the Authority provides administrative and management services to the District (see Note 14). The District and the Authority share the same Executive Director. The Authority provided services to the District amounting to approximately \$544,000 for the year ended June 30, 2022. At June 30, 2022, approximately \$137,000 was due to the Authority under this contract and is included in other receivables in the accompanying basic financial statements.

The Authority's Executive Director and Board Vice-Chairman are also members of the Midtown Improvement and Development Corporation (MIDCorp) Board of Directors. The Authority provides administrative and management services to MIDCorp under an administrative contract similar to that of the District. The Authority incurred approximately \$644,000 for the year ended June 30, 2022 related to the cost of MIDCorp's personnel and services provided to MIDCorp. These costs are included in T-0207 Operating of Zone and Project Facilities capital project. In addition, the Authority provides funding to MIDCorp annually based on executed operating agreements. (See Note 14).

Midtown Redevelopment Authority Notes to Financial Statements

Note 14: COMMITMENTS AND CONTINGENCIES

Houston Museum of African American Culture

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

Construction Contracts and Consultant Agreements

Engineering and construction contracts relating to construction-in-progress and other capital projects aggregated approximately \$1.7 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.

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.

Midtown Redevelopment Authority Notes to Financial Statements

Note 14: COMMITMENTS AND CONTINGENCIES (Continued)

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 \$1,373,500 and \$714,500 in fiscal years 2023 and 2024, respectively.

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. The second payment of approximately \$483,000 will be paid in November 2022 and has been included in accounts payable as of June 30, 2022 in the accompanying financial statements.

"The Midtown" Development Agreement

In 2018, the Authority entered into a Development Agreement with Caydon Houston Property, LP. (Caydon) for reimbursement of up to \$5.2 million of eligible project costs related to the underground duct bank infrastructure and certain public infrastructure and improvements in connection with "The Midtown" development. Reimbursement to Caydon will occur over 8 years from available tax increments, as defined in the agreement. Reimbursement commences after completion of the project and execution of a maintenance agreement. As "The Midtown" development project was completed in December 2019 and the maintenance agreement was executed in August 2021, the reimbursement related to the "The Midtown" project commenced in fiscal year 2022 with a payment of \$1,656,715. Subsequent annual reimbursement from available tax increment are due by November 1 of each year during the term of the agreement.

Midtown Redevelopment Authority Notes to Financial Statements

Note 14: COMMITMENTS AND CONTINGENCIES (Continued)

“The Ion District” Development Agreement

In 2022, the Authority entered into a Development Agreement with Rice University, acting by and through Rice Management Company (Rice) for reimbursement of up to \$65 million of eligible project costs related to an innovation hub (the Ion), and other public infrastructure and improvements (phase I and II), including a parking garage in connection with “The Ion District” development. The parking garage, once completed, will be conveyed to the Authority and operated and maintained by Rice. Reimbursement commences after completion of the Ion, completion of each phase of the other infrastructure and improvements and completion of the parking garage and conveyance to the Authority. Reimbursement of Phase II of the other infrastructure and improvements can commence after completion of each sub-phase of Phase II, as defined in the development agreement. The Authority has the right to terminate this agreement if Rice does not complete the phase II of this project on or before December 31, 2035. The Ion was completed in April 13, 2021. The final determination of the value of the eligible project costs for reimbursement attributable to the Ion and the required maintenance agreement are expected to be executed prior to November 2022. Annual reimbursement from available tax increment attributable to the Ion will commence in fiscal year 2023 and are due by November 1 of each year through December 31, 2044. The other public infrastructure and improvements, including the parking garage, are still under construction as of June 30, 2022.

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.

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 at the completion of the project which is expected to be in fiscal year 2023.

**Required Supplementary Information
and
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, 2022

	Original and Final Budgeted Amounts *	Actual Amounts (Budgetary Basis)	Variance With Final Budget
Budgetary fund balance - beginning of year	\$ 47,074,561	\$ 81,361,470	\$ 34,286,909
Resources			
Incremental property tax revenue	31,933,686	33,803,246	1,869,560
Grant proceeds	3,000,000	-	(3,000,000)
Miscellaneous revenue	619,570	1,119,526	499,956
Other interest income	325,000	49,940	(275,060)
Total available resources	82,952,817	116,334,182	33,381,365
Expenses			
Maintenance and operations	1,853,450	2,294,783	(441,333)
Project costs and capital expenditures	28,398,830	12,576,884	15,821,946
Developer/project reimbursements	520,000	482,620	37,380
Special projects as determined by the COH	500,000	-	500,000
Debt service	9,973,326	9,533,745	439,581
Other interfund transfers:			
HISD educational facilities	5,668,008	6,284,543	(616,535)
Municipal services - public safety	781,263	780,707	556
Municipal services - quality of life	492,737	-	492,737
Administrative fees	688,217	696,168	(7,951)
Total expenses	48,875,831	32,649,450	16,226,381
Budgetary fund balance - end of year	\$ 34,076,986	\$ 83,684,732	\$ 17,154,984

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

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

For the year ended June 30, 2022

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 116,334,182
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	(81,361,470)
Budgeted revenues include HISD educational facilities transfers and city administrative charges, while the Authority's funds report revenues net of these transfers	(6,980,711)

Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 27,992,001
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 32,649,450
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	516,439
Budgeted expenditures include HISD educational facilities transfers and city administrative charges, while the authority's funds report revenues net of these transfers	(6,980,711)

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds	\$ 26,185,178
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Midtown Redevelopment Authority Schedule of Operating Expenses and Capital Expenditures

For the year ended June 30, 2022

Management Consulting Services	Vendor	Budget	Actual Expenditures	Variance
Administration and Overhead:				
Administration (Salaries, Benefits and Taxes)		\$ 486,650	\$ 280,815	\$ 205,835
Office Expenses	n/a	253,500	397,496	(143,996)
Midtown Management District	n/a	495,000	543,674	(48,674)
Fourth Ward Redevelopment Authority	n/a	40,000	36,878	3,122
Insurance	McDonald - Wessendorff Insurance, LLC, United	214,000	580,866	(366,866)
Accounting	National Insurance Agency Bookkeeper	85,000	18,478	66,522
Accounting	McConnell & Jones LLP	-	11,536	(11,536)
Auditor - Financial	Carr, Riggs & Ingram, LLC	41,000	38,500	2,500
Bond Services/Trustee	Masterson Advisors, LLC	43,000	15,274	27,726
Total Administration and Overhead		1,658,150	1,923,517	(265,367)
Program and Project Consultants:				
Legal - General Matters	Bracewell LLP, Burney & Foreman	90,000	344,160	(254,160)
Engineering consultants	IDS Engineering Group	95,000	27,106	67,894
Construction Audits	Carr, Riggs & Ingram, LLC	10,300	-	10,300
Total Program and Project Consultants		195,300	371,266	(175,966)
Total Management Consulting Services		\$ 1,853,450	\$ 2,294,783	\$ (441,333)
Capital Expenditures				
T-0207 Operating of Zone and Project Facilities				
Construction/maintenance	MIDCorp	\$ 1,000,000	\$ 1,670,788	\$ (670,788)
Total Operating of Zone and Project Facilities		1,000,000	1,670,788	(670,788)
T-0210 Main Street Enhancements		450,130	-	450,130
T-0211 HCC Academic Walk Holman		-	785	(785)

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

For the year ended June 30, 2022

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0204 Enhanced Street Lights	COH/Center Point	\$ 155,000	\$ 149	\$ 154,851
T-0214 Caroline Streets @ HCCS (Elgin to Holman)				
Construction	Traffic Systems Construction, Inc., CenterPoint, BEGA	1,300,000	179,280	1,120,720
Other	COH, CenterPoint, KCI	160,100	136,674	23,426
Total Caroline Streets @ HCCS		1,460,100	315,954	1,144,146
T-0225 Mobility and Pedestrian Improvements				
Planning		750,000	-	750,000
Construction	Lion Heart	500,000	78,700	421,300
Design		250,000	-	250,000
Other	TGC	5,300	28,045	(22,745)
Total Mobility and Pedestrian Improvements		1,505,300	106,745	1,398,555
T-0220 Affordable Housing:				
Design		500,000	-	500,000
Construction	Martin Construction, Kirksey Architecture, Arch-Con Corporation, CCPPI, PCR Property Services, LLC, Roberta F. Burroughs & Associates, LLC, Pearl Residence at Midtown Owner, LLC, Five Pillar Pro	3,360,000	3,232,638	127,362
Other professionals	Various	3,030,000	2,483,328	546,672
Total Affordable Housing		6,890,000	5,715,966	1,174,034
T-0221 Midtown Park:				
Planning		75,000	-	75,000
Design		1,225,000	-	1,225,000
Construction and management	Millis, Williams Scotsman, Inc.	2,700,000	56,389	2,643,611
Other	Walter P. Moore, Wulfe & Co.	10,300	73,532	(63,232)
Total Midtown Park		4,010,300	129,921	3,880,379
T-0222 Street Overlay Program		1,350,000	-	1,350,000
T-0223 Safe Sidewalk Program		530,100	-	530,100
T-0224 HTC Building Maintenance	Various	150,300	134,514	15,786
T-0230 Wheeler SL Pedestrian Enhancements		525,600	-	525,600
T-0206 South East Neighborhood Street Reconstruction		750,300	-	750,300
T-0232 Public and Cultural Facilities		1,050,000	-	1,050,000
T-0233 Parking Garage - Midtown Park				
Planning		50,000	-	50,000
Construction and management		1,250,000	-	1,250,000
Design	Walter P. Moore	250,000	11,059	238,941
Other	Equi-Tax, Inc./Bracewell LLP	20,500	2,625	17,875
Total Parking Garage - Midtown Park		\$ 1,570,500	\$ 13,684	\$ 1,556,816

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

For the year ended June 30, 2022

Capital Expenditures - Continued	Vendor	Budget *	Actual Expenditures	Variance
T-0234 Parks and Open Spaces				
Planning		\$ 500,000	\$ -	\$ 500,000
Design	MIDCorp	250,000	30,482	219,518
Construction	B&D Contractors, Inc.	1,250,000	26,673	1,223,327
Other		5,300	-	5,300
Total Parks and Open Spaces		2,005,300	57,155	1,948,145
T-0235 Public Art		255,300	-	255,300
T-0236 Bagby Park:				
Planning		30,000	-	30,000
Construction and management	Jerdon	400,000	21,618	378,382
Design		70,000	-	70,000
Other		5,500	-	5,500
Total Bagby Park		505,500	21,618	483,882
T-0237 Baldwin Park Upgrades	Landscape Art, Inc./BEGA North America/Middleton Brown, LLC	-	450,367	(450,367)
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		250,000	-	250,000
T-0241 Alameda/Crawford	COH	60,000	18,558	41,442
T-0245 Museum District - Pedestrian Enhancement		100,000	-	100,000
T-0247 I59/69 CAP Park		250,000	-	250,000
T-0248 Tuam Street	COH	2,020,000	1,975,110	44,890
T-0249 Pearl Market Place	Pearl Residences	520,000	482,620	37,380
T-0299 Concrete Panel Replacement Program		35,000	-	35,000
Caydon Developer Agreement	Caydon Houston Property LP	-	1,656,715	(1,656,715)
General CIP:				
Design Services	Walter P. Moore	-	65,882	(65,882)
Other Consultants	One World Strategy Group, LLC	-	159,163	(159,163)
Other Consultants	OJB	-	46,250	(46,250)
Other Consultants	The Goodman Corporation	-	32,060	(32,060)
Other Consultants	Various	-	5,500	(5,500)
Total General CIP		-	308,855	(308,855)
Total Capital Expenditures		\$ 28,918,830	\$ 13,059,504	\$ 15,859,326

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

Midtown Redevelopment Authority
Schedule of Estimated Project Costs to Actual Costs
For the Period December 29, 1995 (Date of Inception) through June 30, 2022

Budget Line Item	Budgeted Expenditures (a)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2021	Actual Expenditures for the Year Ended June 30, 2022 (c)	Actual Expenditures From Inception (December 29, 1995) Through June 30, 2022	Variance to Budget
Non-Educational Project Costs					
Infrastructure improvements:					
Roadway and utility system improvements:					
Streets and utilities	\$ 164,063,856	\$ 38,915,232	\$ 2,787,633	\$ 41,702,865	\$ 122,360,991
Streetscape and gateways	70,773,654	40,982,261	472,119	41,454,380	29,319,274
Public infrastructure	77,000,000	44,297,235	3,539,698	47,836,933	29,163,067
Total infrastructure improvements	311,837,510	124,194,728	6,799,450	130,994,178	180,843,332
Other project costs:					
Real property assembly	25,533,106	15,127,274	449,430	15,576,704	9,956,402
Professional services	11,966,225	7,647,579	308,855	7,956,434	4,009,791
Historic preservation	10,139,992	139,992	-	139,992	10,000,000
Parks and recreational facilities	53,903,004	29,744,968	471,985	30,216,953	23,686,051
Safety and security infrastructure	1,576,282	-	-	-	1,576,282
Remediation	4,393,956	-	-	-	4,393,956
Cultural and public facilities	16,633,276	4,377,904	31,417	4,409,321	12,223,955
Total other project costs	124,145,841	57,037,717	1,261,687	58,299,404	65,846,437
Affordable housing	294,840,659	137,045,905	5,899,163	142,945,068	151,895,591
Financing costs (b)	95,507,011	69,889,072	3,674,468	73,563,540	21,943,471
Zone administration	50,286,136	17,350,884	1,342,965	18,693,849	31,592,287
Educational Project Costs					
Education project costs	83,770,000	72,365,340	6,284,543	78,649,883	5,120,117
Total project plan	\$ 960,387,157	\$ 477,883,646	\$ 25,262,276	\$ 503,145,922	\$ 457,241,235

(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, 2022, does not include the repayment of bond and note principal payments in the amount of \$5,180,528.

(c) Expenditures are reported on the accrual basis.

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

June 30, 2022

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 (Continued)**

<i>June 30, 2022</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 (Continued)

<i>June 30, 2022</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 092	\$ -
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 (Continued)**

<i>June 30, 2022</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 (Continued)**

<i>June 30, 2022</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	-
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 (Continued)

<i>June 30, 2022</i>	Total Value
Purchased Properties - Affordable Housing (Continued):	
MRA 229	\$ -
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 (Continued)**

<i>June 30, 2022</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 (Continued)**

<i>June 30, 2022</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	-
MRA 343	-
MRA 344	-
MRA 345	53,118
MRA 346	-
MRA 347	-
MRA 348	-
MRA 349	508,500
MRA 350	57,444
MRA 351	63,043

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

<i>June 30, 2022</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	-
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 (Continued)

<i>June 30, 2022</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 (Continued)

<i>June 30, 2022</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	-
MRA 447	-
MRA 448	62,700
MRA 449	105,000
MRA 450	60,000
MRA 451	67,710
MRA 452	75,000
MRA 453	32,055
MRA 454	105,000
MRA 455	105,000
MRA 456	297,399
MRA 457	390,048
MRA 458	344,324
MRA 459	-
MRA 460	54,407
MRA 461	-
MRA 462	106,157
MRA 463	54,403
MRA 464	-
MRA 465	260,417
MRA 466	213,157
MRA 467	79,782
MRA 468	54,157
MRA 469	79,677
MRA 470	54,157
MRA 471	100,077
MRA 472	54,407
MRA 473	54,407
MRA 474	64,657
MRA 475	74,289

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

<i>June 30, 2022</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	43,300,089
Costs associated with pending properties and other general costs not allocated to specific properties	257,725
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Total land held for resale - affordable housing	\$ 43,557,814
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Midtown Redevelopment Authority
Schedule of Capital Assets

June 30, 2022

Property	Net Book Value
Houston Technology Center	\$ 2,178,784
JPI Park Land	736,911
Bagby Park	3,185,083
Operations Center	30,307,754
Walgreens/Lui Park Land	141,000
Houston Museum of African American Culture	1,589,001
Midtown Park Land and Improvements	51,164,110
Total capital assets	\$ 89,302,643