



**Uptown Development Authority**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**June 30, 2021**



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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Uptown Development Authority  
Houston, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Uptown Development Authority, (the Authority), a component of the City of Houston, Texas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Uptown Development Authority as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The statement of revenues, expenditures, and changes in fund balance – all governmental funds – budget to actual and the schedule of operating expenditures, capital expenditures and project plan reconciliation (the supplementary information), on pages 35 through 38, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 prepared 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.

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

Houston, Texas  
September 23, 2021

# Uptown Development Authority Management's Discussion and Analysis (Unaudited)

## GENERAL

This Management's Discussion and Analysis of Uptown Development Authority (the Authority), provides an overview of the Authority's financial performance including comparative data for the year ended June 30, 2021 with the year ended June 30, 2020 and a brief explanation for significant changes between fiscal years. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts, please read in conjunction with the Authority's basic financial statements and the notes to the financial statements.

The Authority is a special-purpose government and a component unit of the City of Houston, Texas. The Authority reports its financial activities in accordance with required reporting standards for special-purpose governments. The Authority's programs involve improving the general mobility in the Uptown Houston area and the implementation of the Memorial Park ten-year plan.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the Authority's assets, liabilities and deferred outflows, with the difference between the items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator regarding the financial position of the Authority. Other factors that are not included in the financial statements, such as increased tax base in the Authority's boundaries, should also be considered in evaluating the condition of the Authority's overall financial position.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both government-wide financial statements distinguish functions of the Authority that are principally supported by incremental tax revenues received from the City of Houston and Houston Independent School District. The governmental activities of the Authority are restricted to those objectives outlined in its project plan. The prominent activities include improving streets and intersections and creating a street grid network.

## **Uptown Development Authority Management's Discussion and Analysis (Unaudited)**

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Authority are considered governmental funds.

### **GOVERNMENTAL FUNDS**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains four individual governmental funds for both infrastructure and affordable housing. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the Affordable Housing Special Revenue Fund, the Capital Projects Fund, the Affordable Housing Capital Projects Fund and the Debt Service Funds. All funds are major funds.

The Authority adopts an annual appropriated budget for all its funds combined, which is approved by the City of Houston. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

### **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Uptown Development Authority Management's Discussion and Analysis (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

In the government-wide statements, the difference between assets, deferred outflows, and liabilities is called net position. Net position is categorized based on their availability to provide financial resources for the Authority. Net position that is invested in capital assets represents the Authority's net investment in capital assets. Restricted net position represents amounts that are restricted for future debt service requirements. Unrestricted net position represents amounts available to meet the Authority's future obligations.

As noted earlier, changes in net position may serve over time as an useful indicator of a government's financial position. In the case of the Authority, net position was negative as of June 30, 2021. The Authority continues to have a deficit net position because the Authority incurs long-term debt to pay for parks and general mobility improvements that are ultimately conveyed to the City of Houston, but the debt incurred to create them remains the responsibility of the Authority. The cumulative assets transferred for mobility and park improvements without the attendant debt totals over \$435.5 million. The Authority then continues to accumulate resources for repayment of this long-term debt over an extended period of years until the debt is repaid.

A comparative schedule of net position at June 30, 2021 and 2020 follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current and other assets	\$ 68,174,159	\$ 57,661,478
Capital assets, net	40,709,886	42,039,983
<b>Total assets</b>	<b>\$ 108,884,045</b>	<b>\$ 99,701,461</b>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	\$ 2,082,507	\$ 2,363,840
<b>Liabilities</b>		
Accounts payable and other liabilities	31,318,526	28,101,734
Long-term liabilities	333,161,790	222,226,123
<b>Total liabilities</b>	<b>364,480,316</b>	<b>250,327,857</b>
<b>Net Deficit</b>		
Net investment in capital assets	24,657,731	25,987,828
Restricted for debt service	44,153,548	31,857,891
Unrestricted	(322,325,043)	(206,108,275)
<b>Total net deficit</b>	<b>\$ (253,513,764)</b>	<b>\$ (148,262,556)</b>

## Uptown Development Authority Management's Discussion and Analysis (Unaudited)

The deficit net position is due to project assets being conveyed to the City of Houston. The cumulative assets transferred to the City total over \$435.5 million for mobility and park improvements.

Total assets increased by \$9,182,584 from the prior year primarily due to the net effect of funds expended for construction projects for the Authority, the City of Houston, and the Metropolitan Transit Authority of Harris County (METRO) somewhat offset by the increase in tax increment receivable balance outstanding as of June 30, 2021. Capital outlay on behalf of the City of Houston and METRO are not Authority assets and therefore will not be reflected in the Authority's statement of net position. Liabilities increased by \$114,152,459 primary due to issuance of new Affordable Housing bonds, refunding bonds and new notes and rollover notes somewhat offset by payments on long-term liabilities during the year.

The total net deficit of the Authority increased by \$105,251,208 during the current fiscal year. A comparative summary of the Authority's statement of activities for the past two years is as follows:

<i>For the years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
<b>Program revenues:</b>		
Capital grants and contributions	\$ 17,684,552	\$ 4,718,640
<b>General Revenues:</b>		
Contract tax increment	46,087,126	46,207,109
Investment earnings	9,189	704,790
Total revenues	63,780,867	51,630,539
<b>Expenses</b>		
General government	7,867,108	7,357,607
Affordable housing	109,618,675	13,751,894
Educational facilities	5,510,859	5,746,202
Interest and other charges	7,304,601	7,765,255
Capital outlay on behalf of the City of Houston	37,068,459	23,320,010
Capital outlay on behalf of METRO	332,276	3,227,358
Depreciation	1,330,097	552,335
Total expenses	169,032,075	61,720,661
Change in net deficit	(105,251,208)	(10,090,122)
Net deficit - beginning of year	(148,262,556)	(138,172,434)
Net deficit - end of year	\$(253,513,764)	\$(148,262,556)



## Uptown Development Authority Management's Discussion and Analysis (Unaudited)

Contract tax increment revenues decreased by \$119,983 from the previous year due to normal adjustments as a result of protests and settlements. Total expenses were \$169,032,075 in the current year, which is an increase of \$107,311,414 from the previous year primarily due to the increase in amount transferred to affordable housing from bond issuance proceeds and increase in spending for capital projects. The municipal services fee included in the general government line above to the City of Houston is \$5.5 million.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$37,821,040 which was a \$5,793,905 increase in comparison with the prior year. Approximately \$46.5 million is restricted for debt service. The capital projects fund balance deficit at the end of the fiscal year was \$8,832,706. This deficit is due to the City of Houston municipal service fee for prior years and capital project spending in the current year to support the construction of a land bridge at Memorial Park. The Authority uses the capital projects fund for infrastructure improvements in the area.

The final budget to actual results for the capital program cost were \$4.5 million over budget. This is due to additional expenditures for the land bridge at Memorial Park. Additionally, tax revenues were slightly lower due to property account litigation settlements.

The following is a comparative summary of changes in fund balances (deficits) for the prior two fiscal years:

<i>For the years ended June 30,</i>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>2020</b>	<b>Increase (Decrease)</b>	<b>2019</b>
Capital Projects	\$ (8,832,706)	\$ (6,222,231)	\$ (2,610,475)	\$ (23,555,292)	\$ 20,944,817
Debt Service	33,298,331	1,087,889	32,210,442	208,551	32,001,891
Affordable Housing					
Special Revenue	114,550	(197,778)	312,328	230,947	81,381
Affordable Housing					
Debt Service	13,240,865	11,126,025	2,114,840	(202,724)	2,317,564
	<b>\$ 37,821,040</b>	<b>\$ 5,793,905</b>	<b>\$ 32,027,135</b>	<b>\$ (23,318,518)</b>	<b>\$ 55,345,653</b>

## Uptown Development Authority Management's Discussion and Analysis (Unaudited)

### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets held by the Authority at the end of the current and previous fiscal years are summarized as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Capital assets not being depreciated:</b>		
Land and improvements	\$ 17,100,865	\$ 17,100,865
<b>Capital assets being depreciated:</b>		
ATIS equipment	898,317	898,317
Pedestrian Lights	5,117,275	5,117,275
Transit center	18,490,240	18,490,240
Transit stations	6,061,915	6,061,915
Total capital assets	47,668,612	47,668,612
Less: accumulated depreciation	(6,958,726)	(5,628,629)
Capital assets, net of accumulated depreciation	\$ 40,709,886	\$ 42,039,983

The Authority completed the Uptown Transit Center and Transit Stations in fiscal year 2020. Additional information on the Authority's capital assets can be found in Note 4.

The Authority issues debt or other financing to finance the capital improvement plan adopted by the City of Houston. In accordance with the Authority's agreement with the City of Houston, infrastructure improvements financed with this debt are the property of the City. All costs incurred by the Authority are primarily capital costs to execute the plan. Accordingly, street improvements and other infrastructure assets are not carried on the Authority's statements. A comparative summary of the Authority's long-term liabilities as of June 30, 2021 and 2020, is as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Tax increment contract revenue bonds payable	\$ 134,405,000	\$ 76,575,000
Tax increment contract revenue bonds payable from direct borrowings and direct placements	166,195,000	125,675,000
Notes from direct borrowings and direct placements	19,201,004	5,644,135
Due to project development agreements	9,872,679	10,689,903
	329,673,683	218,584,038
Less: unamortized discount on bonds payable	(50,524)	(75,316)
Plus: unamortized premium on bonds payable	3,538,631	3,717,401
	\$ 333,161,790	\$ 222,226,123

Additional information on the Authority's long-term debt can be found in Note 5.

## **Uptown Development Authority Management's Discussion and Analysis (Unaudited)**

### **ECONOMIC FACTORS**

The Authority administers the operations of the Tax Increment Reinvestment Zone (TIRZ) on behalf of the City of Houston (the City). The TIRZ is one of the nation's largest suburban districts, which boasts a unique blend of office, retail, hotel and residential sectors. The TIRZ includes approximately 1,010 acres of land within its original boundaries and approximately an additional 36 acres of land annexed in January 2008. In 2013, the Zone and the City approved a fourth amendment to the Zone to provide for the enhancement and improvements to an additional 1,769 acres of land that is primarily Memorial Park. All land lies within the boundaries of the City.

### **OFFICE SPACE**

Uptown Houston is one of the largest business districts outside a historic core in the United States. It is the 17<sup>th</sup> largest business district in the United States: comparable to Denver and Cleveland. With over 29 million square feet of total office space in its market area, Uptown accounts for over 13.7% of Houston MSA's total 'Class A' office space with over 20.5 million square feet. There are 127,000 office employees in the Uptown market area. At the end of the second quarter, 2021 class A office space was 73.2% leased, similar to Houston's total Class A office market with occupancy at 75.2%.

The 2020 certified values for the office sector were up slightly from the previous year. As a result of the COVID-19 pandemic, many employees were forced to work from home. In Q2 2021, the vacancy rate for the Uptown area was 24% while for Houston it was 21%. The 'back-to-work' occupancy rate for the area is greater than 40% which was the third highest in the nation (Kastle Systems). There were no known significant lease breaks in the area. Companies typically have leases with several years of term. Some places on sublease markets continued to fill (BHP is close to fully leased). While it is important to note the effects of the pandemic in the Zone, it is also telling that development continues to occur. Zadok constructed a 112,000 SF mixed-use development within TIRZ boundaries which included 68,000 SF of office. It delivered in Q2 2021. The Uptown market welcomed Park Place Tower, a 210,000 SF office tower. Also, in the market area, 4411 San Felipe, an 80,000 SF officer tower, began construction in Q2 of 2021.

### **RETAIL**

Uptown continues to be synonymous with high-end shopping and is known as a world-renowned center for retail. Ad valorem values for the retail sector for 2020 were comparable to that of the previous year. Though sales were impacted during the height of the COVID-19 pandemic, store closings were negligible. Retail was over 96% leased as of Q2 2021. This market maintained as The Galleria is the fourth largest retail center in the United States. Within the Uptown TIRZ, Zadok's mixed-use development delivered 44,000 SF of retail space in Q2 2021. Dinerstein's project, Aspire Post Oak, with retail at ground level, as well as other smaller projects will deliver 25,000 SF in Q4 2021. Uptown Park continues extensive modernization of their retail center bringing in both new retail stores as well as restaurants. In the Uptown market area, Park Place Tower added an additional 20,000 SF to the market. 4411 San Felipe construction began in Q2 2021 and will have 15,000 SF.

## **Uptown Development Authority Management's Discussion and Analysis (Unaudited)**

### **HOTEL**

Uptown now has 39 business class/leisure hotels in the area, offering almost 8,400 rooms for guests. Landry's 36 story mixed-use development, The Post Oak, recently received Texas' only AAA Double Five-Diamond hotel rating. In the market area, American Liberty Hospitality delivered a dual-branded Staybridge Suites/ Holiday Inn Express with 319 rooms in Q1 of 2021.

The area's RevPAR (revenues per available room) were affected by COVID-19 as all hotels city-wide, but in a recovery trend. Uptown RevPAR for Q2 2021 was \$75.04 in comparison to the Houston Central Business District at \$60.77. The RevPAR for Houston city-wide was \$52.77. Occupancy for Uptown Houston 2021 Q2, also recovering from the effects of COVID-19, was 52.41%, compared to the Houston Central Business District at 38.03% and the City of Houston at 56.98%.

### **RESIDENTIAL**

In 2020, Uptown market saw the residential project, Gables Westcreek, delivered (302 apartment units). Now under construction is Bowen River Oaks, a 400 units project by Lennar projected to deliver by end of 2021. Within the TIRZ boundaries, the signature Aspire Post Oak apartments by Dinerstein (388 units) is under construction and scheduled to be delivered in Q4 of 2021. Uptown Houston is one of the most prestigious and desirable areas to live. The Hawthorne, an upscale condominium tower in the Uptown market, began construction in Q3 of 2021. The Hallmark Uptown Oaks, a proposed 33 story, 113 unit luxury apartment for independent living, was announced and expected to begin construction in Q2 of 2022. Finally, Tanglewood Corporation announced a luxurious 33 story condominium tower, a \$300 million project, to begin construction in 2022.

The economic outlook is stable in Uptown. As we are navigating through which we hope to be the worst of the pandemic, we are optimistic about the future. There continues to be new development in the area and property values have maintained year over year. While economic factors (property values, vacancy rates, future development, etc.) impact the size of debt issues, management takes a conservative approach to ensure that adequate resources are available to support the projects within the District.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Uptown Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 1980 Post Oak Boulevard #1700, Houston, Texas 77056.

**Uptown Development Authority**  
**Statement of Net Position**

*June 30, 2021*

**Assets**

Cash and temporary investments	\$ 24,058,058
Tax increment receivable	39,070,193
Due from other governments	130,195
Other receivables	3,488,305
Prepaid expenses	7,167
Other assets	1,420,241
Land	17,100,865
Other capital assets, net	23,609,021

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Total assets	\$ 108,884,045
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**Deferred Outflows of Resources**

Deferred charge on refunding	\$ 2,082,507
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**Liabilities**

Accounts payable	20,242,952
Accrued interest	2,385,648
Due to other governments	8,689,926
Long-term liabilities:	
Due within one year	33,737,042
Due in more than ne year	299,424,748

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Total liabilities	364,480,316
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**Net Deficit**

Net investment in capital assets	24,657,731
Restricted for debt service	44,153,548
Unrestricted accumulated deficit	(322,325,043)

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Total net deficit	\$(253,513,764)
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*The accompanying notes are an integral part of these financial statements.*

**Uptown Development Authority**  
**Statement of Activities**

<i>For the year ended June 30, 2021</i>	Expenses	<u>Program Revenue</u> Capital Grants and Contributions	Net Expense
<b>Functions/Programs</b>			
General government	\$ 7,867,108	\$ -	\$ (7,867,108)
Affordable housing	109,618,675	-	(109,618,675)
Education facilities	5,510,859	-	(5,510,859)
Interest and other charges	7,304,601	-	(7,304,601)
Capital outlay on behalf of the City of Houston	37,068,459	17,684,552	(19,383,907)
Capital outlay on behalf of METRO	332,276	-	(332,276)
Depreciation	1,330,097	-	(1,330,097)
<b>Totals</b>	<b>169,032,075</b>	<b>17,684,552</b>	<b>(151,347,523)</b>
<b>General revenues</b>			
Contract tax increment revenues			46,087,126
Unrestricted investment earnings			9,189
			<b>46,096,315</b>
Change in net deficit			(105,251,208)
Net deficit - beginning of year			(148,262,556)
<b>Net deficit - end of year</b>			<b>\$ (253,513,764)</b>

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

## Uptown Development Authority Balance Sheet – Governmental Funds

<i>June 30, 2021</i>	Capital Projects	Debt Service	Affordable Housing		Total Governmental Funds
			Special Revenue	Debt Service	
<b>Assets</b>					
Cash and temporary investments	\$ 422,573	\$ 17,375,101	\$ 110,541	\$ 6,149,843	\$ 24,058,058
Due from other funds	5,035	-	-	-	5,035
Tax increment receivable	8,296,897	15,928,265	7,754,009	7,091,022	39,070,193
Due from other governments	130,195	-	-	-	130,195
Other receivables	3,488,305	-	-	-	3,488,305
Prepaid expenses	7,167	-	-	-	7,167
<b>Total assets</b>	<b>\$ 12,350,172</b>	<b>\$ 33,303,366</b>	<b>\$ 7,864,550</b>	<b>\$ 13,240,865</b>	<b>\$ 66,758,953</b>
<b>Liabilities</b>					
Accounts payable	\$ 20,242,952	\$ -	\$ -	\$ -	\$ 20,242,952
Due to other funds	-	5,035	-	-	5,035
Due to other governments	939,926	-	7,750,000	-	8,689,926
<b>Total liabilities</b>	<b>21,182,878</b>	<b>5,035</b>	<b>7,750,000</b>	<b>-</b>	<b>28,937,913</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	7,167	-	-	-	7,167
Restricted:					
Debt Service	-	33,298,331	-	13,240,865	46,539,196
Affordable Housing	-	-	114,550	-	114,550
Unassigned	(8,839,873)	-	-	-	(8,839,873)
<b>Total fund balances (deficits)</b>	<b>(8,832,706)</b>	<b>33,298,331</b>	<b>114,550</b>	<b>13,240,865</b>	<b>37,821,040</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 12,350,172</b>	<b>\$ 33,303,366</b>	<b>\$ 7,864,550</b>	<b>\$ 13,240,865</b>	<b>\$ 66,758,953</b>

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

**Uptown Development Authority**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**

*June 30, 2021*

Total fund balance of governmental funds		\$ 37,821,040
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>		
Land	\$ 17,100,865	
Other capital assets	30,567,747	
Less accumulated depreciation	(6,958,726)	
Change due to capital assets		40,709,886
<p>Cost of issuance for the premiums on insurance are amortized over the life of the bonds in the government-wide statements</p>		
		1,420,241
<p>Some liabilities and deferred outflows are not due and payable in the current period and are not included in the fund financial statements, but are included in the statement of net position. These are as follows:</p>		
Bonds payable	(300,600,000)	
Notes payable to Regions	(19,201,004)	
Deferred charge on refunding	2,082,507	
Accrued interest	(2,385,648)	
Due to project development agreements	(9,872,679)	
Unamortized bond discount	50,524	
Unamortized bond premiums	(3,538,631)	
Change due to long-term obligations		(333,464,931)
Net position (deficit) of governmental activities in the statement of net position		\$(253,513,764)

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



**Uptown Development Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**

	Capital Projects	Debt Service	Affordable Housing		Total Governmental Funds
			Special Revenue	Debt Service	
<i>For the year ended June 30, 2021</i>					
<b>Revenues</b>					
Tax increments	\$ 15,313,830	\$ 15,928,265	\$ 7,754,009	\$ 7,091,022	\$ 46,087,126
Investment earnings	1,164	5,260	537	2,228	9,189
Other private contributions	17,627,857	-	-	-	17,627,857
Miscellaneous revenue	56,695	-	-	-	56,695
<b>Total revenues</b>	<b>32,999,546</b>	<b>15,933,525</b>	<b>7,754,546</b>	<b>7,093,250</b>	<b>63,780,867</b>
<b>Expenditures/expenses</b>					
Current:					
Administrative salaries	150,000	-	-	-	150,000
Office expenses	60,000	-	-	-	60,000
Insurance	113,515	-	-	-	113,515
Accounting	40,000	-	-	-	40,000
Auditor	25,000	-	-	-	25,000
Financial advisor	82,441	-	-	-	82,441
City of Houston, municipal charge	5,522,994	-	-	-	5,522,994
Legal	37,345	-	-	-	37,345
Parks project management	334,170	-	-	-	334,170
Education facilities cost, transfer to other government	5,510,859	-	-	-	5,510,859
Affordable housing cost, transfer to other government	-	-	107,750,000	-	107,750,000
Other zone administration costs	1,506,074	-	-	-	1,506,074
Capital outlay on behalf of:					
City of Houston	37,068,459	-	-	-	37,068,459
METRO	332,276	-	-	-	332,276
Debt Service:					
Principal payments - bonds	-	8,955,000	-	950,000	9,905,000
Principal payments - notes	-	5,644,135	-	-	5,644,135
Interest - bonds	-	6,975,771	-	107,623	7,083,394
Interest and fees - notes	36,285	56,869	-	-	93,154
Other debt service charges	-	-	3,288,916	-	3,288,916
Developer/Project Reimbursements	817,224	-	-	-	817,224
<b>Total expenditures</b>	<b>51,636,642</b>	<b>21,631,775</b>	<b>111,038,916</b>	<b>1,057,623</b>	<b>185,364,956</b>
Excess of revenues over (under) expenditures	(18,637,096)	(5,698,250)	(103,284,370)	6,035,627	(121,584,089)
<b>Other Financing Sources/Uses</b>					
Proceeds from issuance of new and refunding bonds	-	-	102,111,905	9,018,095	111,130,000
Payment to refunded bond escrow agent	-	-	-	(2,953,010)	(2,953,010)
Proceeds from issuance of new notes	12,414,865	1,085,135	-	-	13,500,000
Proceeds from issuance of rollover notes	-	5,701,004	-	-	5,701,004
Internal transfers	-	-	974,687	(974,687)	-
<b>Total other financing sources/uses</b>	<b>12,414,865</b>	<b>6,786,139</b>	<b>103,086,592</b>	<b>5,090,398</b>	<b>127,377,994</b>
Net change in fund balances	(6,222,231)	1,087,889	(197,778)	11,126,025	5,793,905
Fund balances (deficits) - beginning of year	(2,610,475)	32,210,442	312,328	2,114,840	32,027,135
Fund balances (deficits) - end of year	\$ (8,832,706)	\$ 33,298,331	\$ 114,550	\$ 13,240,865	\$ 37,821,040

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

**Uptown Development Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund**  
**Balances – Governmental Funds to the Statement of Activities**

Net change in total fund balances of governmental funds \$ 5,793,905

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of the assets is allocated over their estimated lives as depreciation expense

Depreciation expense	\$ (1,330,097)	
Change due to capital assets		(1,330,097)

Governmental funds report the proceeds from the issuance of long term debt as other financing sources. In contrast, the statement of activities reports this as an addition to long-term liabilities. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. Also, governmental funds report premiums, discounts and similar items when the related debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on debt	15,549,135	
Proceeds from issuance of debt, net of payments to escrow agent	(127,456,004)	
Decrease in accrued interest payable	81,743	
Discounts are amortized over the life of the bonds	(24,792)	
Premiums are amortized over the life of the bonds	178,770	
Prepaid bond insurance is amortized over the life of the bonds	1,420,241	
Deferred charge on refunding is amortized over the life of the bond	(281,333)	
Project development agreement expense	817,224	
		(109,715,016)
Change in net position (deficit) of governmental activities		\$ (105,251,208)

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

## **Uptown Development Authority** **Notes to Basic Financial Statements**

### **NOTE 1: DESCRIPTION OF ORGANIZATION**

The Uptown Development Authority (the Authority) of the City of Houston, Texas, (the City) a not-for-profit local government corporation, was created under Chapter 394 of the Texas Local Government Code and Chapter 431 of the Texas Transportation Code and the general laws of the State of Texas. The Authority was created to aid and assist in the development of the Uptown area by providing improvements for general mobility. These projects include an emphasis on minimizing traffic congestion through the financing of improvements to existing streets, a street grid network, improvements to intersections, a parking management program and a pedestrian network. The Authority is empowered to act on behalf of the City with respect to administering Reinvestment Zone Number Sixteen, City of Houston, Texas (the Zone). The purpose of the Zone is to provide funding for these mobility improvements.

Property within the Zone is located on the west side of Houston, near the interchange of the I-610 and US 59 freeways. The Authority is governed by a nine-member Board of Directors, six of whom are appointed by the City.

The Authority's project and financing plan was amended in 2008 to annex North and South Wynden, Huntley Street and adjacent properties to be redeveloped. The annexed area has several of the same characteristics as property in the existing boundaries. In 2013, the project and financing plan was amended again to 1) extend the life of the Zone to 2040 and 2) expand the Zone boundaries to include an additional 1,768 acres that is primarily the Memorial Park area. This fourth amendment to the Plan provides for a total project plan of \$1,265,000,000 which is \$612,250,000 over the previous project plan costs. Plan costs include an Affordable Housing component of \$452,000,000 and \$100,000,000 for infrastructure improvements in Houston's Memorial Park.

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

#### **Reporting Entity**

The Authority's financial statements include the accounts of all the Authority's operations. In conformity with generally accepted accounting principles, the Authority is considered a component unit of the City of Houston. Additionally, as required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the Authority's financial reporting entity in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification. Based on these considerations, no other entities, organizations or functions have been included in the Authority's financial reporting entity.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the Authority as a whole. These statements focus on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The effect of interfund activity has been removed from these statements.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is a separate accounting entity. These fund financial statements are the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

The Authority reports the following major governmental funds:

Capital Projects Fund - The capital projects fund is used to account for construction of the Authority's general mobility improvement projects. The principal source of revenue is contract tax increment revenues. Expenditures include administrative costs, as well as infrastructure improvement expenditures.

Debt Service Fund - The debt service fund is used to account for the payment of interest and principal on the infrastructure improvement long-term debt of the Authority. The primary source of revenue is provided by contract tax increment revenues. Expenditures are principal and interest payments.

Affordable Housing Special Revenue Fund - The affordable housing special revenue fund is used to account for the receipt of contract tax revenues for the City's affordable housing program. Expenditures consist of transfers to the City of Houston.

Affordable Housing Debt Service Fund - The affordable housing debt service fund is used to account for the payment of principal and interest on the Authority's affordable housing bonds. The principal source of revenue is contract tax increment revenues. Expenditures are principal and interest payments.

#### Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority's government-wide net position is categorized as follows:

Net investment in capital assets - This component of net position consists of 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 constraints placed on net asset use 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 net position that does not meet the definition of restricted or net investment in capital assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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 Balance Classification***

The Authority records restrictions for all or portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unassigned fund balance indicates the portion of fund balance which is available for appropriation in future periods. The restricted fund balances for governmental funds represent the amount that has been identified for specific purposes.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that are not in spendable form or are required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e. the Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the Authority takes the same highest level of action to remove or change the constraint.

Assigned - amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority or by an official or body to which the Board of Directors delegates the authority.

Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the general fund. The Authority does not have a general fund.

The Authority establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

#### ***Cash and Temporary Investments***

The Authority's cash and temporary investments consist of demand deposits and funds maintained by a trustee in a no-load money market mutual fund, as mandated by the Authority's Bond Indentures and Resolutions.

#### ***Receivables***

Receivable consist of all revenues earned at year end and not yet received. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Authority's major receivables consist of amounts due from the City of Houston and Houston Independent School District for contract tax increment revenues and amounts due from Memorial Park Conservancy for reimbursement of their share of Memorial Park's project costs. As of June 30, 2021, the Authority believes all receivables are fully collectable and, accordingly, no allowance has been recorded.

#### ***Other Assets***

Costs of issuance for the premiums on insurance related to the Taxable Contract Revenue Bonds, Series 2021B, are being amortized using the straight-line method over the life of the bonds in the government-wide statements.

#### ***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.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the, and to more unrestricted revenue collected in the capital project fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and actions of the Board of Directors.

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

Capital assets are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. 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: equipment, 5 to 10 years; bus shelters, 10 years and transit center, 40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

#### ***Deferred Outflows of Resources***

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Debt consists of tax increment contract revenue bonds, notes with financial institutions, and amounts due to developers.

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.

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Use of Estimates***

The preparation of Authority's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires 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 expenditure during the reporting period. Actual results could differ from those estimates.

**NOTE 3: DESPOSITS AND INVESTMENTS**

Due to the immediate availability of the funds, the Authority's investments at June 30, 2021 are included in cash and temporary investments. At year end June 30, 2021, the Authority's cash and temporary investments were comprised of the following:

	Capital Projects	Debt Service	Affordable Housing		Total
			Special Revenue	Debt Service	
Demand Deposits	\$ 350,552	\$ 1,437,438	\$ -	\$ 6,067,223	\$ 7,855,213
Government Money					
Market Mutual Funds	72,021	15,937,663	110,541	82,620	16,202,845
<b>Total</b>	<b>\$ 422,573</b>	<b>\$ 17,375,101</b>	<b>\$ 110,541</b>	<b>\$ 6,149,843</b>	<b>\$ 24,058,058</b>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

<b>Investments</b>	Fair Market Value	Weighted Average Maturity (Days)	Fair Value Measurement	Standard & Poor's Rating
Government Money				
Market Mutual Funds	\$ 16,202,845	33	Level 1	AAAm
<b>Total investments</b>	<b>\$ 16,202,845</b>	<b>33</b>		



## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 3: DESPOSITS AND INVESTMENTS (CONTINUED)

#### Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The Public Funds Collateral Act (Chapter 2257, Texas Government Code) requires that all the Authority's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The Authority has adopted a written investment policy, which establishes additional requirements for collateralization of deposits. The Authority's deposits were adequately collateralized as of June 30, 2021.

#### Authorized Investments

The Authority is authorized by the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the PFIA) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The Authority has adopted a written investment policy to establish the principles by which the Authority's investment program should be managed. This policy further restricts the Authority's allowable investments to the following: 1) Obligations of the United States or its agencies and instrumentalities including Fannie Mae, Freddie Mac and the Federal Home Loan Bank, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations (CMO's) directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; Authority does not need to invest in CMO's directly. In the event that the Authority would hire a professional money manager, CMO's may be suitable, (4) 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 and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit issued by a state or national bank, or a savings bank, or a state or federal credit union that is guaranteed or insured by the Federal Deposit Insurance Corporation or the national Credit Union Share Insurance Corporation or its successor; or issued under the Certificate of Deposit Account Registry Service (CDARS) program and secured by obligations that are authorized under the PFIA, (7) repurchase agreements that comply with the PFIA, (8) bankers' acceptances that comply with the PFIA, (9) commercial paper that complies with the PFIA, (10) No-load money market mutual funds that comply with the PFIA, (11) Investment pools, provided that they comply with the PFIA.

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 3: DESPOSITS AND INVESTMENTS (CONTINUED)**

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The Authority's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**NOTE 4: CAPITAL ASSETS**

During the year ended June 30, 2021, the Authority's capital assets changed as follows:

	Beginning balances	Additions	Retirement	Transfer	Ending balances
<b>Capital assets not being depreciated:</b>					
Land	\$ 17,100,865	\$ -	\$ -	\$ -	\$ 17,100,865
<b>Capital assets being depreciated:</b>					
Equipment	6,015,592	-	-	-	6,015,592
Transit center/stations	24,552,155	-	-	-	24,552,155
Less accumulated depreciation	(5,628,629)	(1,330,097)	-	-	(6,958,726)
Total capital assets being depreciated	24,939,118	(1,330,097)	-	-	23,609,021
<b>Capital assets, net</b>	<b>\$ 42,039,983</b>	<b>\$(1,330,097)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,709,886</b>

Depreciation expense in the amount of \$1,330,097 has been recorded in the government-wide statements.

In accordance with an agreement between the Authority and the City, the Authority conveys all its infrastructure improvements to the City. However, some long-lived capital assets, primarily pedestrian lights, the Uptown Transit Center, and Transit Stations are recorded with the Authority.

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 5: LONG-TERM LIABILITIES**

As of June 30, 2021, the Authority's long term liabilities are comprised of the following:

	<b>Total</b>	<b>Due Within One Year</b>	<b>Due Over One Year</b>
Tax increment contract revenue bonds payable	\$ 134,405,000	\$ 2,225,000	\$132,180,000
Tax increment contract revenue bonds payable from direct borrowings and direct placements	166,195,000	11,410,000	154,785,000
Notes from direct borrowings and direct placements	19,201,004	19,201,004	-
Unamortized discount on bonds payable	(50,524)	-	(50,524)
Unamortized premium on bonds payable	3,538,631	-	3,538,631
Due to project development agreements	9,872,679	901,038	8,971,641
	<b>\$ 333,161,790</b>	<b>\$ 33,737,042</b>	<b>\$299,424,748</b>

During the year ended June 30, 2021, the Authority's long-term liabilities changed as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>
Tax increment contract revenue bonds payable	\$ 76,575,000	\$ 63,775,000	\$ (5,945,000)	\$ 134,405,000
Tax increment contract revenue bonds payable from direct borrowings and direct placements	125,675,000	47,355,000	(6,835,000)	166,195,000
Notes from direct borrowings and direct placements	5,644,135	19,201,004	(5,644,135)	19,201,004
Unamortized discount on bonds payable	(75,316)	-	24,792	(50,524)
Unamortized premium on bonds payable	3,717,401	-	(178,770)	3,538,631
Due to project development agreements	10,689,903	-	(817,224)	9,872,679
	<b>\$ 222,226,123</b>	<b>\$ 130,331,004</b>	<b>\$ (19,395,337)</b>	<b>\$ 333,161,790</b>

The Authority has outstanding notes and bonds from direct borrowings and direct placements related to governmental activities totaling \$185,396,004. This amount is comprised of \$166,195,000 in private placement Tax Increment Contract Revenue bonds and \$19,201,004 from Subordinate Lien Variable Rate Notes.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

#### Tax Increment Contract Revenue Bonds

The Authority issues Tax Increment Contract Revenue bonds in order to construct infrastructure improvement facilities and the City of Houston's affordable housing facilities. The City of Houston has authorized the Authority to issue bonds and notes with aggregate principal amounts not to exceed \$332,860,000 outstanding at any time. The maximum authorization for short-term debt is \$27,000,000 outstanding at any time.

Bonds payable are comprised of the following individual issues:

Series	Amount Outstanding	Original Issue	Interest Rates	Beginning/Ending Maturity Dates	Interest Payment Dates	Call Dates
<b>Infrastructure Bonds</b>						
2009	\$ 2,225,000	\$ 42,260,000	2.90% - 5.50%	Sep 1, 2011 - 2029	Mar 1, Sep 1	Sep 1, 2019
2017A	37,405,000	37,405,000	4.00% - 5.00%	Sep 1, 2033 - 2040	Mar 1, Sep 1	Sep 1, 2026
2018	31,000,000	31,000,000	4.00% - 5.00%	Sep 1, 2031 - 2040	Mar 1, Sep 1	Sep 1, 2025
	<u>\$ 70,630,000</u>					
<b>Infrastructure Bonds, Direct Borrowings and Placements</b>						
2012A	\$ 1,615,000	\$ 10,755,000	2.750%	Sep 1, 2012 - 2022	Mar 1, Sep 1	N/A
2014	39,470,000	53,195,000	3.875%	Sep 1, 2014 - 2033	Mar 1, Sep 1	Sep 1, 2023
2015	24,975,000	35,000,000	2.730%	Sep 1, 2016 - 2030	Mar 1, Sep 1	Sep 1, 2030
2016	27,925,000	32,175,000	2.360%	Sep 1, 2017 - 2029	Mar 1, Sep 1	Sep 1, 2026
2017B	24,855,000	25,095,000	2.430%	Sep 1, 2019 - 2033	Mar 1, Sep 1	N/A
	<u>\$ 118,840,000</u>					
<b>Affordable Housing Bonds</b>						
2021A	\$ 47,355,000	\$ 47,355,000	1.75%	Sep 1, 2021 - 2030	Mar 1, Sep 1	N/A
2021B	63,775,000	63,775,000	2.581% - 3.464%	Sep 1, 2031 - 2040	Mar 1, Sep 1	Sep 1, 2031
	<u>\$ 111,130,000</u>					

On August 22, 2018, the Authority authorized the issuance of \$27,000,000 Subordinate Lien Tax Increment Contract Revenue Variable Rate Notes. The method is a private placement note with the net proceeds being used primarily for Memorial Park improvements. The funds related to the note are used for the purpose of (a) financing Infrastructure Project Costs, (b) paying the costs and expenses of issuance of the notes, including fees for professional services, (c) funding the Notes Debt Service Reserve Fund and (d) refinancing, renewing or refunding notes and any accrued interest thereon. The notes are issued, sold, and delivered from time to time in subseries and carry an interest rate of 79% of the LIBOR Rate plus 0.72%.

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 5: LONG-TERM LIABILITIES (CONTINUED)**

During the year ended June 30, 2021, the activity of the note is summarized as follows:

Draws	Issuance Date	Maturity Date	Original Issuance Amount	Beginning Balance	Additions	Reductions	Ending Balance
3	10/18/2019	10/17/2020	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)	\$ -
4	2/13/2020	2/12/2021	3,000,000	3,000,000	-	(3,000,000)	-
5	4/30/2020	4/30/2021	2,044,135	2,044,135	-	(2,044,135)	-
6	7/30/2020	7/30/2021	6,000,000	-	6,000,000	-	6,000,000
7	10/16/2020	10/15/2021	608,682	-	608,682	-	608,682
8	2/12/2021	10/19/2021	3,030,822	-	3,030,822	-	3,030,822
9	3/6/2021	10/19/2021	7,500,000	-	7,500,000	-	7,500,000
10	5/3/2021	10/19/2021	2,061,500	-	2,061,500	-	2,061,500
				\$ 5,644,135	\$ 19,201,004	\$ (5,644,135)	\$19,201,004

All the Authority's bonds, including direct placements and borrowings, are secured by the Authority's pledge of certain tax increment payments received from the City of Houston and Houston Independent School District.

On February 25, 2021, the Authority issued Tax Increment Contract Revenue and Refunding Bonds, Series 2021A in the amount of \$47,355,000. On February 26, 2021, the Authority issued Tax Increment Contract Revenue Bonds, Series 2021B in the amount of \$63,775,000. The Series 2021A bonds provided new money to the Authority for the affordable housing program administrated by the City and fully refunded Bonds Series 2001B, 2002B, 2004B and 2004D. The Series 2001B, 2002B, 2004B and 2004D bonds are considered defeased and accordingly refunded portion of the bonds of \$2,875,000 plus interest of \$78,010 was deposited with the Texas Capital Bank escrow account. The escrow account and the defeased bonds are not included in the Authority's government-wide financial statements. The 2021A series also resulted in release of \$1,179,172 of debt service reserve funds which were then transferred to the affordable housing special revenue fund (internal transfer). The Authority achieved no cash flow savings as a result of the refunding. The Series 2021B bonds provided new money to the Authority for the affordable housing program administrated by the City. The proceeds from bonds Series 2021A and 2021B were also used to make a deposit to the Debt Service Fund; and to pay costs of issuance, all in accordance to the TIF Act and all other applicable law.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

The bond indentures and resolutions stipulate the Authority will establish separate reserve funds for the infrastructure improvement facilities Tax Increment Contract Revenue Bonds and the affordable housing Tax Increment Contract Revenue Bonds. Each reserve fund will be maintained in an amount equal to the lesser of (1) 1.25 times the average annual debt service requirements, (2) maximum annual debt service or (3) 10% of the stated principal amount of the bonds or 10% of the issue price of the bonds if they were issued with more than a minimum amount of original issue discount. These reserves are maintained within the Debt Service Fund. The Authority was in compliance with these reserve requirements.

Annual debt service requirements to retire these outstanding bonds are as follows:

Year	Infrastructure Bonds, All Series						Principal Total
	2009		2017A		2018		
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 2,225,000	\$ 55,625	\$ -	\$ 1,721,960	\$ -	\$ 1,469,638	\$ 2,225,000
2023	-	-	-	1,721,960	-	1,469,638	-
2024	-	-	-	1,721,960	-	1,469,638	-
2025	-	-	-	1,721,960	-	1,469,638	-
2026	-	-	-	1,721,960	-	1,469,638	-
2027	-	-	-	1,721,960	-	1,469,638	-
2028	-	-	-	1,721,960	-	1,469,638	-
2029	-	-	-	1,721,960	-	1,469,638	-
2030	-	-	-	1,721,960	-	1,469,638	-
2031	-	-	-	1,721,960	-	1,469,638	-
2032	-	-	-	1,721,960	225,000	1,465,138	225,000
2033	-	-	-	1,721,960	235,000	1,455,938	235,000
2034	-	-	3,960,000	1,721,960	-	1,451,238	3,960,000
2035	-	-	4,145,000	1,357,650	3,755,000	1,357,363	7,900,000
2036	-	-	4,345,000	1,150,400	3,950,000	1,164,738	8,295,000
2037	-	-	4,565,000	922,150	4,150,000	962,238	8,715,000
2038	-	-	4,770,000	731,350	4,365,000	749,363	9,135,000
2039	-	-	4,965,000	532,750	4,570,000	545,981	9,535,000
2040	-	-	5,195,000	273,000	4,770,000	350,363	9,965,000
2041	-	-	5,460,000	136,500	4,980,000	124,500	10,440,000
	<u>\$ 2,225,000</u>	<u>\$ 55,625</u>	<u>\$ 37,405,000</u>	<u>\$ 27,489,280</u>	<u>\$ 31,000,000</u>	<u>\$ 24,323,231</u>	<u>\$70,630,000</u>

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 5: LONG-TERM LIABILITIES (CONTINUED)**

<b>Infrastructure Bonds, Direct Borrowings and Placements</b>							
	<b>2012A</b>		<b>2014</b>		<b>2015</b>		
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2022	\$ 1,195,000	\$ 27,981	\$ 2,395,000	\$ 1,483,059	\$ 2,205,000	\$ 651,720	
2023	420,000	5,775	2,485,000	1,388,509	2,265,000	590,704	
2024	-	-	2,580,000	1,290,375	2,330,000	527,982	
2025	-	-	2,680,000	1,188,463	2,390,000	463,554	
2026	-	-	2,785,000	1,082,578	2,455,000	397,420	
2027	-	-	2,895,000	972,528	2,525,000	329,443	
2028	-	-	3,005,000	858,216	2,595,000	259,555	
2029	-	-	3,120,000	739,544	2,665,000	187,756	
2030	-	-	3,245,000	616,222	2,735,000	114,046	
2031	-	-	3,370,000	488,056	2,810,000	38,357	
2032	-	-	3,500,000	354,950	-	-	
2033	-	-	3,635,000	216,710	-	-	
2034	-	-	3,775,000	73,141	-	-	
	<u>\$ 1,615,000</u>	<u>\$ 33,756</u>	<u>\$ 39,470,000</u>	<u>\$ 10,752,351</u>	<u>\$ 24,975,000</u>	<u>\$ 3,560,537</u>	

<b>Infrastructure Bonds, Direct Borrowings and Placements (Continued)</b>						
	<b>2016</b>		<b>2017B</b>		<b>Principal</b>	
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2022	\$ 1,125,000	\$ 645,755	\$ 130,000	\$ 602,407	\$ 7,050,000	
2023	3,490,000	591,298	910,000	589,761	9,570,000	
2024	3,575,000	507,931	1,360,000	562,181	9,845,000	
2025	3,665,000	422,499	1,400,000	528,647	10,135,000	
2026	3,765,000	334,825	1,410,000	494,505	10,415,000	
2027	2,960,000	255,470	2,330,000	449,064	10,710,000	
2028	3,040,000	184,670	2,390,000	391,716	11,030,000	
2029	3,110,000	112,100	2,450,000	332,910	11,345,000	
2030	3,195,000	37,701	2,500,000	272,768	11,675,000	
2031	-	-	3,245,000	202,966	9,425,000	
2032	-	-	3,325,000	123,140	6,825,000	
2033	-	-	3,405,000	41,371	7,040,000	
2034	-	-	-	-	3,775,000	
	<u>\$ 27,925,000</u>	<u>\$ 3,092,249</u>	<u>\$ 24,855,000</u>	<u>\$ 4,591,434</u>	<u>\$ 118,840,000</u>	

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 5: LONG-TERM LIABILITIES (CONTINUED)**

<b>Affordable Housing Bonds, All Series</b>						
<b>Year</b>	<b>2021A</b>		<b>2021B</b>		<b>Principal</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2022	\$ 4,360,000	\$ 804,374	\$ -	\$ 2,012,901	\$ 4,360,000	
2023	4,450,000	713,475	-	1,985,327	4,450,000	
2024	4,530,000	634,900	-	1,985,327	4,530,000	
2025	4,610,000	554,925	-	1,985,327	4,610,000	
2026	4,690,000	473,550	-	1,985,327	4,690,000	
2027	4,770,000	390,775	-	1,985,327	4,770,000	
2028	4,855,000	306,556	-	1,985,327	4,855,000	
2029	4,940,000	220,850	-	1,985,327	4,940,000	
2030	5,030,000	133,613	-	1,985,327	5,030,000	
2031	5,120,000	44,800	-	1,985,327	5,120,000	
2032	-	-	5,565,000	1,913,511	5,565,000	
2033	-	-	5,715,000	1,765,085	5,715,000	
2034	-	-	5,875,000	1,606,783	5,875,000	
2035	-	-	6,040,000	1,438,085	6,040,000	
2036	-	-	6,220,000	1,258,370	6,220,000	
2037	-	-	6,415,000	1,066,838	6,415,000	
2038	-	-	6,625,000	853,270	6,625,000	
2039	-	-	6,860,000	619,710	6,860,000	
2040	-	-	7,105,000	377,836	7,105,000	
2041	-	-	7,355,000	127,389	7,355,000	
	<u>\$ 47,355,000</u>	<u>\$ 4,277,818</u>	<u>\$ 63,775,000</u>	<u>\$ 30,907,721</u>	<u>\$ 111,130,000</u>	

**Deferred Charges**

Deferred charges consist of losses associated with the Authority's 2012 Refunding Tax Increment Contract Revenue Refunding Bonds and the Series 2016 Tax Increment Contract Revenue Refunding Bonds. This cost is being amortized over the life of the bonds. Total amortization expense for the year ended June 30, 2021 was \$281,333.

	<b>2021</b>
Beginning balance	\$ 2,363,840
Amortization expense	(281,333)
Ending Balance	<u>\$ 2,082,507</u>



**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 5: LONG-TERM LIABILITIES (CONTINUED)**

**Developer Agreements**

During the year ended June 30, 2021, the Authority’s amounts due to developers changed as follows:

	Beginning Balances	Additions	Reductions/ Adjustments	Ending Balances	Due Within One Year
Harris County Improvement District #1	\$ 7,088,093	\$ -	\$ (635,563)	\$ 6,452,530	\$ 633,019
Rice Avenue Retail Partners, L.P.	713,873	-	(165,485)	548,388	168,019
Houston Arboretum & Nature Center (HANC)	2,887,937	-	(16,176)	2,871,761	100,000
	\$ 10,689,903	\$ -	\$ (817,224)	\$ 9,872,679	\$ 901,038

***Harris Authority Improvement District #1***

The Authority entered into a financing agreement with the Harris Authority Improvement District #1 (the District) for advancing funds to the Authority for the purpose of financing the construction of public works and improvements (Hollyhurst and Post Oak Lane). Under the agreement, the District agreed to fund the construction of certain facilities and improvements within the Zone. These facilities and improvements will be conveyed to the City upon completion of construction and inspection and acceptance by the City. The District issued \$8,150,000 in bonds for this purpose. The Authority agreed to repay 100% of all funds advanced including cost of issuance and interest on bonds issued to fund the projects. The District is reimbursed from available tax increment attributable to the Hollyhurst and Post Oak Lane projects.

***Rice Avenue Retail Partners, L.P.***

The Authority entered into a financing agreement with developer, Rice Avenue Retail Partners, L.P. for the financing of the design, expansion and rehabilitation of 1,400 feet of South Rice Avenue. Under the agreement, the Developer agreed to fund these improvements within the Zone. These facilities and improvements were conveyed to the City upon completion of construction and inspection and acceptance by the City. The Developer is reimbursed from the Tax Increment Revenue Fund located in the project area. The Authority will continue to reimburse the Developer until the earlier of 10 years from the effective date or until the maximum cost-plus interest of \$1,446,612 has been paid in full.

***Houston Arboretum & Nature Center (HANC)***

The Authority entered into a financing agreement with The Houston Arboretum & Nature Center (HANC) to reimburse HANC for project costs up to \$3,585,000. Under the agreement, HANC will fund the construction of certain facilities and improvements within the Zone. These facilities and improvements were conveyed to the City upon completion of construction and inspection and acceptance by the City. HANC is reimbursed from available tax increment. Amounts due to HANC for construction projects were recorded on the Authority’s financial statements upon completion of the project.

**Uptown Development Authority**  
**Notes to Basic Financial Statements**

**NOTE 6: CONTRACT TAX INCREMENT REVENUES**

On December 15, 1999, the City of Houston acting under provisions of Chapter 311, Texas Tax Code, created the Tax Increment Reinvestment Zone No. 16 to promote development of the Uptown area. The Zone terminates December 31, 2040, or earlier, if all outstanding debt has been paid in full. Incremental ad valorem taxes on property located in the Zone are deposited into a Tax Increment Fund at the City. These funds are used to repay bonds sold to fund improvements that will significantly enhance the values of taxable real property in the Zone. The City, on behalf of the Zone, remits all monies in the Tax Increment Fund less administrative fees to the Authority by July 1st of each year.

During the year ended June 30, 2021, the Authority received in tax increment revenues as follows:

	<b>City of Houston</b>	<b>Houston ISD</b>	<b>Total</b>
Total tax increment	\$ 29,621,472	\$ 16,465,654	\$ 46,087,126
Retainage for administrative cost	(1,481,074)	(25,000)	(1,506,074)
Set-aside for educational facilities	-	(5,510,859)	(5,510,859)
<b>Net amount received</b>	<b>\$ 28,140,398</b>	<b>\$ 10,929,795</b>	<b>\$ 39,070,193</b>

As required by statute, the City dedicates one-third of the tax increments for affordable housing in other areas of the City during the term of the Zone. This affordable housing activity is considered a part of the general mobility plan of the Authority.

The Authority is dependent upon the tax increment revenues.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

The Authority has entered into various contracts in the course of performing its duties. Summaries of the Authority's significant contracts follow:

***Tri Party Agreement***

In 1999 an agreement between the City, the Zone and the Authority was approved and executed by each of the parties. This agreement sets forth the duties and responsibilities of each party. The Authority agrees to manage the affairs and activities of the Zone. It also has the authority to acquire and develop land and to issue bonds, notes or other obligations. The Authority is required to use all monies received from the Zone to 1) pay principal and interest on any obligations and 2) pay administrative costs. The City and the Zone are required to establish a Tax Increment Fund and deposit the appropriate tax increment revenues. These funds are required to be remitted to the Authority no later than July 1st of each year.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 7: COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### ***Agreement with Harris Authority Improvement District No. 1***

The Authority and the Harris Authority Improvement District No. 1 (the District) have entered into an agreement whereby the District provides administrative, management and special services to the Zone and the Authority. During the year ended June 30, 2021, the Authority remitted \$1,324,170 to the District. This amount consisted of \$250,000 for operating and administrative costs, \$200,000 for traffic control and mobility, \$540,000 for capital project management and \$334,170 for Memorial Park project management.

#### ***Memorial Park Conservancy***

The Authority entered into a development, construction, operations, maintenance and concession agreement with the City of Houston, Texas, and Memorial Park Conservancy, Inc. (MPC). The purpose of the agreement is to fulfill the Master Plan developed by all Parties for the restoration, enhancement and redevelopment of Memorial Park in a manner appropriate to meet the demands of more than four million current annual Park visitors. Under the terms of the current amended and restated agreement (as of May 10, 2018), the Authority shall pay \$500,000 each year for Ecological Restoration Projects through 2028 along with a payment of \$4,500,000 in fiscal year 2025. Beginning in fiscal year 2019 and continuing each year through 2048, the Authority shall pay \$200,000 to MPC for operations of the running center. Beginning in fiscal year 2019 and continuing through 2041, the Authority shall pay \$400,000 for the greenspace maintenance TIRZ funding in lieu of the Houston Parks and Recreation Department. Lastly, beginning in fiscal year 2019 and continuing through fiscal year 2041, the Authority shall pay a varying amount on average of approximately \$550,000 for TIRZ contributions for greenspace maintenance. Beginning in fiscal year 2019, the Authority began contributing its share of the \$50,000,000 of capital costs of the Ten-Year Plan as outlined in the agreement. These costs are incurred by the Authority through payment for construction on the project and amounts are reimbursed by MPC for their share in accordance with the agreement. The Authority is responsible for approximately 43% of the Plan and MPC is responsible for 57% of the Plan. Additionally, beginning in the Authority's fiscal year 2021, the Authority commits to guarantee sufficient maintenance funds for the new capital improvements in the park. The funding amount shall be determined based on the MPC maintenance annual target compared to the funds/sources available to meet the target. The Standards Committee shall conduct an annual reconciliation process to determine any deficit/surplus.

### NOTE 8: 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; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage and no settlements.

## Uptown Development Authority Notes to Basic Financial Statements

### NOTE 9: FUND BALANCE DEFICIT

At the end of the fiscal year, the Authority had a deficit fund balance of \$9,350,051 in the Capital Projects Fund. This deficit is due to the City of Houston municipal service fee for prior years and capital project spending in the current year to support the construction of a land bridge at Memorial Park. The Authority uses the capital projects fund for infrastructure improvements in the area.

### NOTE 10: SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through the date the financial statements were available for issuance on September 23, 2021. See below for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In July 2021, the Authority issued a subseries of the Subordinate Lien Tax Increment Contract Revenue Variable Rate Notes (Notes) in the amount of \$2,200,000. The funds related to the subseries will be used for the purpose of (a) financing infrastructure project costs, (b) paying the costs and expenses of issuance of the Notes, including fees for professional services, (c) and funding the notes debt service reserve fund. The note carry an interest rate of 79% of the LIBOR rate plus 0.72%.

In August 2021, the Authority issued Tax Increment Contract Revenue Refunding Bonds, Series 2021 in the amount of \$23,235,000 with a premium of \$3,094,093. The Series 2021 bonds fully refunded Bonds Series 2009 and 2012A, partially refunded Bond Series 2014, 2015, 2016 and 2017B and paid \$15,000,000 down of the balance that was outstanding on August 17, 2021 on the Notes.

### NOTE 11: UNCERTAINTIES

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

**OTHER SUPPLEMENTARY INFORMATION**

**Uptown Development Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**All Governmental Funds – Budget and Actual**

<i>For the year ended June 30, 2021</i>	Original Budget	Final Budget	Actual	Variance Positive / (Negative)
Budgetary fund balance - beginning of year	\$ 35,813,634	\$ 35,813,634	\$ 32,027,135	\$ (3,786,499)
<b>Revenues</b>				
Tax increments	50,291,827	50,291,827	46,087,126	(4,204,701)
Investment earnings	100,000	100,000	9,189	(90,811)
Other private contributions	17,957,000	18,957,000	17,627,857	(1,329,143)
Miscellaneous revenue	1,000,000	-	56,695	56,695
<b>Total revenues and budgetary fund balance</b>	<b>105,162,461</b>	<b>105,162,461</b>	<b>95,808,002</b>	<b>(9,354,459)</b>
<b>Expenditures</b>				
Management and consulting services	708,000	708,000	842,471	(134,471)
Project costs and capital expenditures	32,900,000	32,900,000	37,453,196	(4,553,196)
Zone administration	1,649,594	1,649,594	1,506,074	143,520
Debt service				-
Principal payments - bonds	10,059,225	10,059,225	9,905,000	154,225
Principal payments - notes	-	50,000	5,644,135	(5,594,135)
Interest and fees - bonds	7,009,858	7,009,858	7,083,394	(73,536)
Interest and fees - notes	50,000	-	56,869	(56,869)
Other debt service charges	-	-	3,288,916	(3,288,916)
Developer/Project reimbursements	801,037	801,037	801,048	(11)
Educational facilities transfer	5,944,799	5,944,799	5,510,859	433,940
Affordable housing transfer	15,625,631	15,625,631	107,750,000	(92,124,369)
Municipal services charges	5,522,994	5,522,994	5,522,994	-
<b>Total expenditures</b>	<b>80,271,138</b>	<b>80,271,138</b>	<b>185,364,956</b>	<b>(105,093,818)</b>
<b>Other Financing Sources/Uses</b>				
Proceeds from issuance of new and refunding bonds	-	-	111,130,000	111,130,000
Payments to refunded bond escrow agent	-	-	(2,953,010)	(2,953,010)
Proceeds from issuance of notes	10,500,000	10,500,000	19,201,004	8,701,004
<b>Total other financing sources/uses</b>	<b>10,500,000</b>	<b>10,500,000</b>	<b>127,377,994</b>	<b>116,877,994</b>
Budgetary fund balance - end of year	\$ 35,391,323	\$ 35,391,323	\$ 37,821,040	\$ 2,429,717
<b>Explanation of differences between budgetary inflows and outflows and GAAP revenues</b>				
Actual amounts (budgetary basis)				\$ 95,808,002
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				(32,027,135)
<b>Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - total governmental funds</b>				<b>\$ 63,780,867</b>

## Uptown Development Authority Operating Expenditures, Capital Expenditures and Project Plan Reconciliation For the year ended June 30, 2021

<u>Category</u>	<u>Vendor</u>	<u>Budget</u>	<u>FY21 OPERATING EXPENDITURES</u>	
			<u>Actual Expenditure</u>	<u>Variance</u>
<b>TIRZ ADMINISTRATION AND OVERHEAD</b>				
Administration (salary and benefits)	HCID No. 1	\$ 150,000	\$ 150,000	\$ -
Office expenses	HCID No. 1	60,000	60,000	-
Insurance	AJ Gallagher	75,000	113,515	(38,515)
Accounting	HCID No. 1	40,000	40,000	-
Auditor	Whitley Penn, LLP	18,000	25,000	(7,000)
COH Municipal Charge		5,522,994	5,522,994	-
Bond trustee	BNYM / PFM Asset Mgmt	-	61,191	(61,191)
Financial advisor	TKG Associates	-	21,250	(21,250)
<b>Subtotal</b>		<b>\$ 5,865,994</b>	<b>\$ 5,993,950</b>	<b>\$ (127,956)</b>
<b>PROGRAM AND PROJECT CONSULTANTS</b>				
Legal	Allen Boone Humphries	85,000	37,345	47,655
Parks Project Management		280,000	334,170	(54,170)
<b>Subtotal</b>		<b>\$ 365,000</b>	<b>\$ 371,515</b>	<b>\$ (6,515)</b>
<b>Total Zone Administration / Operations</b>		<b>\$ 6,230,994</b>	<b>\$ 6,365,465</b>	<b>\$ (134,471)</b>
<u>Project</u>	<u>Vendor</u>	<u>Budget</u>	<u>FY21 CAPITAL EXPENDITURES</u>	
			<u>Actual Expenditure</u>	<u>Variance</u>
<b>Project T1626: Richmond Phase 1 Reconstruction</b>		<b>\$ 6,500,000</b>		
<b>Subtotal</b>		<b>\$ 6,500,000</b>	<b>\$ -</b>	<b>\$ 6,500,000</b>
<b>System</b>		<b>\$ 50,000</b>		
Other Professional Services	TEAL Engineering		21,576	
<b>Subtotal</b>		<b>\$ 50,000</b>	<b>\$ 21,576</b>	<b>\$ 28,424</b>
<b>Project T1609: Area Intersection and Signalization</b>		<b>\$ 50,000</b>		
Construction Costs	Reliable Signals		6,306	
<b>Subtotal</b>		<b>\$ 50,000</b>	<b>\$ 6,306</b>	<b>\$ 43,694</b>
<b>Project T1625: Lynn Street</b>		<b>\$ 50,000</b>		
<b>Subtotal</b>		<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 50,000</b>
<b>Project T1611/1633B: Right of Way</b>		<b>\$ 650,000</b>		
Construction Costs	Parcel Purchases		223,640	
Other Professional Services	Hunton Andrews Kurth		289,554	
Other Professional Services	Phelps Dunbar LLP		34,606	
Other Professional Services	Deal Sikes		5,386	
Other Professional Services	Gunda Corporation		8,405	
<b>Subtotal</b>		<b>\$ 650,000</b>	<b>\$ 561,590</b>	<b>\$ 88,410</b>
<b>Project T1636: UTC Terminal</b>		<b>\$ -</b>		
Engineering Services / Construction Management	ARUP		8,320	
Engineering Services / Construction Management	Gunda		42,684	
Construction Costs	TCB Services		29,643	
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 80,646</b>	<b>\$ (80,646)</b>
<b>Project T1633:Post Oak Boulevard Reconstruction</b>		<b>\$ 300,000</b>		
Planning Preliminary / Design Services	SWA Group		27,609	
Final Design/ Sign Rings	Walter P Moore		65,695	
Construction Management	Aurora		14,810	
Construction Management	Aviles		10,011	
Construction Management	Lupher LLC		41,635	
Construction Management	Gunda Corporation		101,521	
Project Management	Flowers Consulting		85,114	
Project Management	HCID No. 1		240,000	
Project Management	Texas Project Administration		38,225	
Construction Costs	Environmental Design		42,000	
Construction Costs	Stripes and Stops		1,500	
Construction Costs/ POB MIDDLE	Reytec Construction		119,519	
Construction Costs / Construction Contracts	Sechrist Duckers		15,110	
Construction Costs / Yard Lease	JLB Winhall		18,000	
Construction Costs	Reliable Signal		15,000	
Construction Costs	Pfeiffer		41,521	
Construction Costs	Tyco Electrical		44,200	
Construction Costs / FAIRDALE SOUTH	Reytec Construction		247,348	
Construction Costs / TRANSIT STATIONS	Ranger (shelter glass)		5,603	
Construction Costs / TRANSIT STATIONS	Neon		18,904	
Construction Costs / TRANSIT STATIONS	D&D Welding		33,750	
Other/METRO COMMUNICATIONS	Reytec Construction		332,276	
<b>Subtotal</b>		<b>\$ 300,000</b>	<b>\$ 1,559,352</b>	<b>\$ (1,259,352)</b>

**Uptown Development Authority**  
**Operating Expenditures, Capital Expenditures and**  
**Project Plan Reconciliation (Continued)**  
**For the year ended June 30, 2021**

<u>Project</u>	<u>Vendor</u>	<u>Budget</u>	<u>FY21 CAPITAL EXPENDITURES Actual Expenditure</u>	<u>Variance</u>
<b>Project T1635: Memorial Park</b>		<b>\$ 1,400,000</b>		
Design Services	Nelson Byrd Woltz		36,400	
Construction Costs	MPC - Ecological Restoration		500,000	
Construction Costs	MPC - Greenspace Maintenance		1,152,516	
<b>Subtotal</b>		<b>\$ 1,400,000</b>	<b>\$ 1,688,916</b>	<b>\$ (288,916)</b>
<b>Project T1635A: Memorial Park Connectivity Projects</b>		<b>\$ -</b>		
Engineering /Design Services/HANC (Developer Agreement)	Design Workshop		16,176	
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ 16,176</b>	<b>\$ (16,176)</b>
<b>Project T1635A1: San Felipe Trail (COH) Projects</b>		<b>\$ 200,000</b>		
Engineering /Design Services	COH - HPARD		147,009	
<b>Subtotal</b>		<b>\$ 200,000</b>	<b>\$ 147,009</b>	<b>\$ 52,991</b>
<b>Project T1635B: Memorial Park Infrastructure Phase I - Land Bridge Project</b>		<b>\$ 20,100,000</b>		
Preliminary Engineering	Berg Oliver		94,186	
Preliminary Engineering	Goodman		11,525	
Preliminary Engineering	Lupher LLC		7,601	
Engineering /Design Services/ Construction Mgmt	Gunda		2,095,605	
Construction/ Project Management	MPC		572,842	
Construction/ Project Management	ARUP		37,640	
Construction/ Project Management	Texas Project Administration		200,892	
Construction Costs	Tellepsen (Land Bridge)		28,809,086	
Other	Utilities (Reliant/ Centerpoint)		123,403	
Other	HCID Traffic Mobility / Public Information		200,000	
Program Financing			36,285	
<b>Subtotal</b>		<b>\$ 20,100,000</b>	<b>\$ 32,189,064</b>	<b>\$ (12,089,064)</b>
<b>Project T1635B1: Storm Water Mgmt Projects</b>		<b>\$ 250,000</b>		
Engineering /Design Services	Stantec		171,170	
<b>Subtotal</b>		<b>\$ 250,000</b>	<b>\$ 171,170</b>	<b>\$ 78,830</b>
<b>Project T1640: Drainage Project</b>		<b>\$ 2,500,000</b>		
Engineering / Planning	Kirst Kosmoski		121,705	
Project Mgmt	HCID		100,000	
<b>Subtotal</b>		<b>\$ 2,500,000</b>	<b>\$ 221,705</b>	<b>\$ 2,278,295</b>
<b>Project T1641: Westpark</b>		<b>\$ 600,000</b>		
Engineering / Planning	Gunda Corporation		5,236	
Construction Management	Lupher LLC		6,260	
Construction Management	Aurora		3,545	
Construction Costs	Harper Brothers		415,232	
Project Mgmt	HCID		200,000	
<b>Subtotal</b>		<b>\$ 600,000</b>	<b>\$ 630,273</b>	<b>\$ (30,273)</b>
<b>Project T1622: Parks</b>		<b>\$ 250,000</b>		
Maintenance / Operation			159,414	
<b>Subtotal</b>		<b>\$ 250,000</b>	<b>\$ 159,414</b>	<b>\$ 90,586</b>
<b>Total Capital Expenditures</b>		<b>\$ 33,701,037</b>	<b>\$ 37,453,196</b>	<b>\$ (4,553,196)</b>
<b>Project TXXX: Capital Costs Not Programmed/Developer Agreements</b>		<b>\$ 801,037</b>		
Developer Agreements	Rice Partners		165,485	
Developer Agreements	HCID #1		635,563	
<b>Subtotal</b>		<b>\$ 801,037</b>	<b>\$ 801,048</b>	<b>\$ (11)</b>
<b>Total Capital Expenditures and Developer Agreements</b>		<b>\$ 34,502,074</b>	<b>\$ 38,254,243</b>	<b>\$ (4,553,206)</b>



**Uptown Development Authority**  
**Operating Expenditures, Capital Expenditures and**  
**Project Plan Reconciliation (Continued)**  
**For the year ended June 30, 2021**

**PROJECT PLAN RECONCILIATION**

	<i>*Project Plan Amount</i>	<i>Beginning</i>	<i>Current Year Expenditures</i>	<i>Expenditures to Date</i>	<i>Variance</i>
<b>Non-Education Projects</b>					
Improve Existing Streets	\$ 66,000,000	\$ 65,872,460	\$ -	\$ 65,872,460	\$ 127,540
Create Street Grid Network	15,000,000	14,011,162	-	14,011,162	988,838
Improve Intersections	12,000,000	11,147,748	-	11,147,748	852,252
Parking Management Program	52,000,000	-	-	-	52,000,000
Pedestrian Network	20,000,000	20,059,655	-	20,059,655	(59,655)
Roadways, Streets, Sidewalks, Lighting	186,000,000	193,466,428	3,099,200	196,565,628	(10,565,628)
Public Utilities	94,000,000	13,333,809	221,705	13,555,514	80,444,486
Land Acquisition	37,000,000	57,038,034	561,590	57,599,624	(20,599,624)
Cultural and Public Facility Improvements	46,000,000	-	-	-	46,000,000
Memorial Park Improvements	100,000,000	34,100,998	34,212,336	68,313,334	31,686,666
Parks	41,000,000	12,996,655	159,414	13,156,069	27,843,931
<b>Subtotal</b>	<b>669,000,000</b>	<b>422,026,949</b>	<b>38,254,244</b>	<b>460,281,193</b>	<b>208,718,807</b>
<b>Education Projects</b>	129,000,000	57,330,946	5,510,859	62,841,805	66,158,195
<b>Affordable Housing</b>	452,000,000	141,117,259	107,750,000	248,867,259	203,132,741
<b>Zone Administration / Operations</b>	15,000,000	25,699,642	6,365,465	32,065,107	(17,065,107)
<b>Total Project Plan</b>	<b>\$ 1,265,000,000</b>	<b>\$ 646,174,796</b>	<b>\$ 157,880,568</b>	<b>\$ 804,055,364</b>	<b>\$ 460,944,636</b>

\* Project Plan Amendment in February 2013

\*\* City of Houston New Municipal Services Fee