Uptown Development Authority FINANCIAL STATEMENTS June 30, 2025

Table of Contents



	Page
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement	
of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	20
SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – All Governmental Funds – Budget to Actual	42
Operating Expenditures, Capital Expenditures and Project Plan Reconciliation	43



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INDEPENDENT AUDITOR'S REPORT

Board of Directors Uptown Development Authority Houston, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Uptown Development Authority (the Authority), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The statement of revenues, expenditures, and changes in fund balances — all governmental funds — budget to actual and the schedule of operating expenditures, capital expenditures and project plan reconciliation (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Houston, Texas

September 30, 2025

Carr, Riggs & Ungram, L.L.C.

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, 2025 with the year ended June 30, 2024 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.

FINANCIAL HIGHLIGHTS

The Authority's programs involve improving the general mobility, infrastructure improvements, implementation of the Memorial Park ten-year plan and overall economic vibrancy of the Uptown Houston area.

- The Authority paid \$2,313,604 to Memorial Park Conservancy in accordance with the development agreement for the greenspace maintenance of the capital improvements in Memorial Park including The Kinder Landbridge and Eastern Glades.
- The Authority paid \$1,000,000 to Memorial Park Conservancy in accordance with the development agreement for the ecological restoration of Memorial Park.
- The Authority completed construction on the Wilson's Gully project. This project addressed the area from San Felipe to Uptown Park along Post Oak Boulevard which frequently floods in heavy rainfall events. The installation of new relief pipe will double the flow capacity as well as spray-line the existing pipe to lower the friction and increase water flow. The result is doubling the amount of water that will be in the drainage pipes and not the streets, thus mitigating the amount of flood events in the area.
- In 2015, the Authority entered into an agreement with Rice Avenue Partners for infrastructure improvements to Rice Boulevard at the Southwest Crossing Development. In fiscal year 2025, the Authority completed its ten-year commitment under this agreement with the final payment of \$71k.
- In 2015, the Authority entered into an agreement with the Houston Arboretum and Nature Center for infrastructure improvements in the park. In fiscal year 2025 the Authority paid \$200,000 for reimbursement.
- The Authority paid \$7,765,000 to the City of Houston Housing Department for the city's affordable housing program with the fiscal year 2025 tax increment.
- In 2021, the Authority sold \$100,000,000 in bonds for the City of Houston's Affordable Housing program which the city used to fund numerous housing projects in 2024. In fiscal year 2025, debt service payment for this issue was \$7.1M.

- In 2008, the Authority purchased Waterwall Park next to Williams Tower. The Authority entered into an agreement with Hines to pay for the maintenance and care of this very popular park. The Authority funded \$250,000 of the upkeep of Waterwall park in 2025.
- The Authority paid the Texas Department of Transportation \$1.8M for its share of a multiyear I-610 West Loop transportation project to help with general mobility in the Uptown Houston Area.

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 (deficit). 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 (deficit) changed during the most recent fiscal year. All changes in net position (deficit) 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.

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 Affordable Housing Debt Service Fund, the Capital Projects Fund, and the Debt Service Funds. All funds are major funds.

The Authority adopts an annual budget for all its funds combined, which is approved by the City of Houston (the City). 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In the government-wide statements, the difference between assets, deferred outflows, and liabilities is called net position (deficit). 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 a useful indicator of a government's financial position. In the case of the Authority, net position was negative as of June 30, 2025. 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 \$531 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, 2025 and 2024 follows:

June 30,	2025	2024
Assets		
Current and other assets	\$ 65,556,441	\$ 69,420,953
Capital assets, net	36,310,782	37,379,230
Total assets	101,867,223	106,800,183
Deferred Outflows of Resources		
Deferred charge on refunding	1,027,157	1,273,162
Liabilities Accounts payable and other liabilities Long-term liabilities	40,270,148 292,969,900	38,080,997 308,181,804
Total liabilities	333,240,048	346,262,801
Net Deficit		
Net investment in capital assets	20,258,627	21,327,075
Restricted for debt service	44,063,203	43,936,740
Unrestricted accumulated deficit	(294,667,498)	(303,453,271)
Total net deficit	\$ (230,345,668)	\$ (238,189,456)

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 \$531 million for mobility and park improvements.

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. Long—term liabilities decreased by \$15,211,904 primary due to decrease in bonds payable outstanding as of June 30, 2025.

The total net deficit of the Authority decreased by \$7,843,788 during the current fiscal year. A comparative summary of the Authority's statement of activities for the past two years is as follows:

For the years ended June 30,		2024	
Revenues			
Program revenues:			
Capital grants and contributions	\$	10,000 \$	2,471,365
General revenues:			
Contract tax increment revenues		43,786,844	47,299,216
Unrestricted Investment earnings		1,743,669	1,805,612
Total revenues		45,540,513	51,576,193
Expenses			
General government		6,797,487	7,363,179
Affordable housing		7,837,833	8,835,487
Educational facilities		5,731,662	5,773,577
Interest and other charges		9,778,262	9,864,836
Capital outlay on behalf of the City of Houston		6,483,033	6,866,712
Depreciation		1,068,448	1,068,448
Total expenses		37,696,725	39,772,239
Change in net deficit		7,843,788	11,803,954
Net deficit - beginning of year		(238,189,456)	(249,993,410)
Net deficit - end of year	\$	(230,345,668) \$	(238,189,456)

Contract tax increment revenues decreased by \$3,512,372 due to an increase in litigation settlement payments related to tax years 2021-2023. Total expenses were \$37,696,725 in the current year, which is a decrease of \$2,075,514 from the previous year primarily due to the decrease in spending on capital projects like the Wilson's Gully project and Uptown Trail and Bridge project. Wilson's Gully project was completed during fiscal year 2025. The municipal services fee included in the general government line above to the City of Houston is \$4.8 million.

FINANCIAL ANALYSIS OF THE AUTHORITY'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 \$27,199,040 which was a \$6,102,947 decrease in comparison with the prior year. Approximately \$47.1 million is restricted for debt service. The capital projects fund balance deficit at the end of the fiscal year was \$19,924,504. This deficit is primarily due to the City of Houston municipal service fee for prior years. In addition, a payment in the amount of \$1.8 million was made during 2025 to Texas Department of Transportation for the south end construction work on Post Oak Boulevard. The Authority uses the capital projects fund for infrastructure improvements in the area.

The final budget to actual results for the capital program cost was \$3.8 million under budget primarily due to the Memorial Park Infrastructure Phase I — Uptown Memorial Trail / Bridge project that was budgeted for \$3.3 million; however, the actual spending was \$0.3 million. The projected design costs were not spent during fiscal year 2025.

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

		Increase		Increase	
For the years ended June 30,	2025	(Decrease)	2024	(Decrease)	2023
Capital Projects	\$ (19,924,504)	\$ (6,027,087)	\$ (13,897,417)	\$2,093,752	\$ (15,991,169)
Debt Service	33,890,896	5,721	33,885,175	156,825	33,728,350
Affordable Housing					
Special Revenue	18,685	(80,206)	98,891	19,448	79,443
Affordable Housing					
Debt Service	13,213,963	(1,375)	13,215,338	24	13,215,314
	\$ 27,199,040	\$ (6,102,947)	\$ 33,301,987	\$ 2,270,049	\$ 31,031,938

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority adopts an annual budget for all its funds combined, which is approved by the City of Houston (the City). The Authority's budget was not amended during the fiscal year. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

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

June 30,	2025	2024
Capital assets not being depreciated:		_
Land and improvements	\$ 17,100,865	\$ 17,100,865
Capital assets being depreciated:		
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	(11,357,830)	(10,289,382)
Capital assets, net of accumulated depreciation	\$ 36,310,782	\$ 37,379,230

Additional information on the Authority's capital assets can be found in Note 1 and 2.

<u>Debt</u>

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, 2025 and 2024, is as follows:

June 30,	2025	2024
Tax increment contract revenue bonds payable	\$ 155,415,000	\$ 155,415,000
Tax increment contract revenue bonds payable from		
direct borrowings and direct placements	111,645,000	126,390,000
Notes from direct borrowings and direct placements	14,426,263	13,649,660
Due to project development agreements	6,168,704	7,082,988
	287,654,967	302,537,648
Less: unamortized discount on bonds payable	(5,597)	(11,205)
Plus: unamortized premium on bonds payable	5,320,530	5,655,361
	\$ 292,969,900	\$ 308,181,804

Additional information on the Authority's long-term debt can be found in Note 1 and 2.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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.

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

In considering the budget for 2026, the Board and management took into account the areas outlined in the five-year capital plan, estimated increases in property values and potential protests, as well as estimated increases to the assessment rate.

OFFICE SPACE

Uptown Houston is one of the most iconic business districts outside a historic core in the United States. It is comparable to downtowns such as Denver and Cleveland. With almost 29 million square feet of total office space in the Uptown area, it accounts for 15.3% of the City of Houston's total 'Class A' office space with 19.7 million square feet. There are 123,000 employees in the Uptown area. At the end of August 2025 occupancy for City of Houston class A office space was 73%. The Uptown area occupancy for Class A Office was just over 68%, a slight decrease from the year before, but does not reflect all recently announced large tenant move-ins of LyondellBasell, Camden and TEDCU, among others, which will impact occupancy percentage to the positive.

The 2024 certified values for the office sector remained flat from the previous year. With current office flexible work models, Uptown now has a 'back-to-work' weekly average occupancy rate of 62% for all class office buildings, one of the best in the nation according to Kastle Systems, with peak day at 70.5%. For Class A office, weekly average is 65.5%, with peak day at 78.4%. As mentioned, LyondellBasell has completed their move-in to 320,000 SF from the downtown area to Uptown. Camden Residential, one of the largest multifamily residential owners in the United States, begins their headquarter move-in to 104,000 SF starting October 2025. TDECU, the largest credit union in Houston and 4th largest in Texas, will be taking up 130,000 SF in the Post Oak Central office tower #1. Another yet-to-be announced tenant will take up another approximate 80,000 SF of that same tower in 2026. There were no known significant lease breaks in the Uptown area.

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 2024 increased over 5% from the previous year. Retail was 95% leased as of August 2025, slightly better than the City of Houston at 94.4%. The Uptown area continues to dominate retail sales for Houston with over \$5 billion in retail and food sales for 2024.

The Galleria is the fourth largest retail center in the United States and the #1 mall for Simon. Levcor's Post Oak Plaza completed extensive transformation of their retail center. Whitestone's BLVD Place is adding another upscale restaurant to complement the number of restaurants and retail they currently lease. Embassy Plaza will be announcing a complete renovation for their property in the coming near future. Tilman Fertitta (Landry's) continues to add high-end retail to his River Oaks District retail center. Plans for the parcel he purchased immediately west of the River Oaks District have not yet been announced.

HOTEL

The Uptown area has 34 first-quality hotels in the area, offering 8,200 rooms for guests. For calendar 2024, Uptown hotels had almost \$355M total sales receipts, a 3.5% increase over the previous calendar year. "The Post Oak", Texas' only AAA Double Five-Diamond hotel, leads in hotel total sales receipts.

The area's RevPAR (revenues per available room) continues to increase even though full recovery from the pandemic was completed in the previous year. Uptown's Upscale Hotels' RevPAR through July 2025 was \$121.15, a 1% increase over the previous year. Uptown occupancy was 63.5%, a 1.2% increase over the same period one year ago. In comparison, the Houston Central Business District's Upscale Hotel RevPAR was at \$135 and Houston City-wide RevPAR at \$78. Through July of 2025 occupancy for the Houston Central Business District was at 61% and the City of Houston was at 61.8%.

RESIDENTIAL

The economic outlook for residential continues to be positive in Uptown. Uptown residential occupancy rates are healthy at 92% through Q2 2025. In comparison, the Houston Central Business District's occupancy was 88.2% and the City of Houston was at 89%.

There continues to be new residential development interest in the area. Hanover, after completing two residential towers in Uptown (Hanover Post Oak and Hanover BLVD Place), has begun construction on a third. The 18-story Hanover Tanglewood is an upscale product that will feature 240 for-lease units.

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. Uptown remains one of the most prestigious and desirable areas to live in Houston.

NEW DEVELOPMENTS

Midway has begun the revitalization of the three tower Post Oak Central complex, rebranding it as Central Park Post Oak. The ambitious 17-acre project aims to create a premier mixed-use destination including over 150,000 square feet of new and enhanced retail and restaurant space, two new pavilions with upscale restaurants and retail as well as a prominent jewel box restaurant. Completion is anticipated in the fall of 2026.

Deiso-Moss, working with Marriott International, the Ritz-Carlton's parent company, has just announced a 44-story Ritz-Carlton hotel and branded residences at 2120 Post Oak Boulevard. The plans call for a hotel with 154 guest rooms as well as 114 private residences. Hotel guests and condo owners will share 50,000 square feet of Ritz-Carlton restaurants, lounges and amenities.

The Goff-Schnitzer-Doggett families (Post Oak Partners) have announced a 1 ½ million SF high-end luxury mixed-use development on the site formerly owned by Apache, just north of the new Central Park Post Oak. The development will include a 5-star hotel, 5-star branded condominiums and apartments, and 300,000 SF Class A+ office tower, as well as high-end retail and restaurants. Expected construction start date is Q2 of 2026.

The economic outlook is stable in Uptown with a positive outlook anticipated in coming years. The major developments planned for the next couple years will bring a significant amount of new capital investment to Uptown. There continues to be new development in the area and property values have maintained year over year.

Although economic factors such as property values, vacancy rates and future development influence the size of debt issues, management proactively adopts a conservative approach to ensure that adequate resources are available to fully support the continued growth of projects within the Uptown area.

FUTURE PROJECTS

The Authority will continue to work with the City of Houston and Memorial Park Conservancy to support the improvements and maintenance in Memorial Park as well as other infrastructure improvements within the Zone. Additionally, collaboration with TxDOT, FTA, and the Uptown management district will continue as the design phase continues for the Uptown Trail and Bridge project.

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, 2025		nental Activities
Assets	ć	20 624 465
Cash and temporary investments	\$	39,621,165
Other receivables		3,362
Restricted assets		24 004 047
Cash and temporary investments		24,801,047
Prepaid expenses		1,958
Other assets		1,128,909
Land		17,100,865
Other capital assets, net		19,209,917
Total assets		101,867,223
Deferred Outflows of Resources		
Deferred charge on refunding		1,027,157
Liabilities		
Accounts payable		26,211,418
Accrued interest		3,041,656
Due to other governments		10,829,084
Unearned revenue		187,990
Long-term liabilities:		
Due within one year		30,371,838
Due in more than one year		262,598,062
Total liabilities		333,240,048
Net Deficit		
Net investment in capital assets		20,258,627
Restricted for debt service		44,063,203
Unrestricted accumulated deficit		(294,667,498)
Total net deficit	\$	(230,345,668)

Uptown Development Authority Statement of Activities

Net (Expense) Revenue and Changes in Net Position

			III IVEET OSICIOIT
For the year ended June 30, 2025		Program Revenue	Primary Government
		Capital Grants	Governmental
Functions/Programs	Expenses	and Contributions	Activities
Primary Government			
General government	\$ 6,797,487	\$ -	\$ (6,797,487)
Affordable housing	7,837,833	-	(7,837,833)
Educational facilities	5,731,662	-	(5,731,662)
Interest and other charges	9,778,262	-	(9,778,262)
Capital outlay on behalf of the City of Houston	6,483,033	10,000	(6,473,033)
Depreciation	1,068,448	-	(1,068,448)
Total primary government	37,696,725	10,000	(37,686,725)
General revenues			
Contract tax increment revenues			43,786,844
Unrestricted investment earnings			1,743,669
Total general revenues			45,530,513
Change in net deficit			7,843,788
Net deficit - beginning of year			(238,189,456)
Net deficit - end of year			\$ (230,345,668)

Uptown Development Authority Balance Sheet – Governmental Funds

				Affordable Housing			Total
		Capital	Debt		Special	Debt	Governmental
June 30, 2025		Projects	Service		Revenue	Service	Funds
Assets							
Cash and temporary investments	\$	39,621,165	\$ -	\$	- \$	-	\$ 39,621,165
Due from other funds		-	15,670,375		7,566,215	6,850,907	30,087,497
Other receivables		3,362	-		-	-	3,362
Restricted assets							
Cash and temporary investments		-	18,220,521		217,470	6,363,056	24,801,047
Prepaid expenses		1,958	-		-	-	1,958
Total assets	\$	39,626,485	\$ 33,890,896	\$	7,783,685 \$	13,213,963	\$ 94,515,029
Liabilities and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$	26,211,418	\$ -	\$	- \$	-	\$ 26,211,418
Due to other funds	·	30,087,497	-		-	-	30,087,497
Due to other governments		3,064,084	-		7,765,000	-	10,829,084
Unearned revenue		187,990	-		-	-	187,990
Total liabilities		59,550,989	-		7,765,000	-	67,315,989
Fund Balances (deficits)							
Nonspendable		1,958	-		-	-	1,958
Restricted:							
Debt Service		-	33,890,896		-	13,213,963	47,104,859
Affordable Housing		-	-		18,685	-	18,685
Unassigned		(19,926,462)	-		-	-	(19,926,462)
Total fund balances (deficits)		(19,924,504)	33,890,896		18,685	13,213,963	27,199,040
Total liabilities and fund balances (deficits)	\$	39,626,485	\$ 33,890,896	\$	7,783,685 \$	13,213,963	\$ 94,515,029

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

Total fund balances - governmental funds		\$ 27,199,040
Amounts reported for governmental activities in the statement of		
net position are different because:		
Capital assets used in governmental activities are not financial resources		
and therefore are not reported in the funds		
Land \$	17,100,865	
Other capital assets	30,567,747	
Less accumulated depreciation	(11,357,830)	
Change due to capital assets		36,310,782
Cost of issuance for the premiums on insurance are amortized over the life of the bonds		
in the government-wide statements		1,128,909
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:		
Bonds payable	(267,060,000)	
Notes payable to Regions	(14,426,263)	
Deferred charge on refunding	1,027,157	
Accrued interest	(3,041,656)	
Due to project development agreements	(6,168,704)	
Unamortized bond discount	5,597	
Unamortized bond premiums	(5,320,530)	
Change due to long-term obligations	_	(294,984,399
Net deficit of governmental activities		\$ (230,345,668

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

					Affordabl	e Housing	Total
		Capital	Debt		Special	Debt	Governmental
For the year ended June 30, 2025		Projects	Service		Revenue	Service	Funds
Revenues							
Tax increments	\$	13 694 647	\$ 15,675,075	ς	7 566 215	\$ 6,850,907	\$ 43 786 844
Investment earnings	Y	266,652	1,060,456	Y	118,579	297,982	1,743,669
Miscellaneous revenue		10,000	-		-	-	10,000
- Installational Television		20,000					20,000
Total revenues		13,971,299	16,735,531		7,684,794	7,148,889	45,540,513
Expenditures							
Current:							
Administrative salaries		150,000	-		-	-	150,000
Office expenses		60,000	-		-	-	60,000
Insurance		197,183	-		-	-	197,183
Accounting		40,000	-		-	-	40,000
Auditor		28,366	-		-	-	28,366
Financial advisor		71,920	-		-	-	71,920
City of Houston, municipal charges fee		4,832,609	-		-	-	4,832,609
Legal		33,437	-		-	-	33,437
Parks project management		164,400	-		-	-	164,400
Other professional services		12,500	-		-	-	12,500
Education facilities cost, transfer to other government		5,731,662	-		-	-	5,731,662
Affordable housing cost, transfer to other government		-	-		7,765,000	-	7,765,000
Other zone administration costs		1,278,992	-		-	-	1,278,992
Capital outlay on behalf of:							
City of Houston		6,483,033	-		-	-	6,483,033
Debt Service:		, ,					, ,
Principal payments - bonds		-	10,135,000		-	4,610,000	14,745,000
Principal payments - notes		-	13,649,660		-	-	13,649,660
Interest - bonds		-	6,594,810		-	2,540,264	9,135,074
Interest and fees - notes		-	776,603		_	-	776,603
Developer/Project Reimbursements		914,284	<u> </u>		-	-	914,284
Total expenditures		19,998,386	31,156,073		7,765,000	7,150,264	66,069,723
Deficiency of revenues under expenditures		(6,027,087)	(14,420,542)		(80,206)	(1,375)	(20,529,210)
Other Financing Sources							
Proceeds from issuance of rollover notes		_	14,426,263		_	_	14,426,263
Trocceus from issuance or rollover notes			14,420,203				14,420,203
Net change in fund balances		(6,027,087)	5,721		(80,206)	(1,375)	(6,102,947)
Fund balances (deficits) - beginning of year		(13,897,417)	33,885,175		98,891	13,215,338	33,301,987
Fund balances (deficits) - end of year	\$	(19,924,504)	\$ 33,890,896	\$	18,685	\$ 13,213,963	\$ 27,199,040

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

For the year ended June 30,		2025
Net change in fund balances - total governmental funds	\$	(6,102,947)
Amounts reported for governmental activities in the Statement of Activities		
are different because:		
Governmental funds report capital outlays as expenditures. However, in the	9	
statement of activities, the cost of the assets is allocated over their estimates	ated	
lives as depreciation expense.		(1,068,448)
Governmental funds report the proceeds from the issuance of long term de	bt as	
other financing sources. In contrast, the statement of activities reports th	is	
as an addition to long-term liabilities. The issuance of long-term debt prov	vides .	
current financial resources to governmental funds, while the repayment of	of principal	
uses current financial resources. Also, governmental funds report premiu	ms, discounts	
and similar items when the related debt is first issued, whereas these amo	ounts are deferred	
and amortized in the statement of activities.		
Principal payments on debt	28,394,660	
Proceeds from issuance of debt	(14,426,263)	
Change in accrued interest payable	122,117	
Discounts are amortized over the life of the bonds	(5,608)	
Premiums are amortized over the life of the bonds	334,831	
Prepaid bond insurance is amortized over the life of the bonds	(72,833)	
Deferred charge on refunding is amortized over the life of the bond	(246,005)	
Project development agreement expense	914,284	
	-	15,015,183
Change in net deficit of governmental activities	\$	7,843,788

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Uptown Development Authority (the Authority) of the City of Houston, Texas, a 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 of Houston (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.

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.

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

Note 1: 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 on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Authority does not have any component units or business-type activities.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

The Capital Projects Fund is the primary operating fund and 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.

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.

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.

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.

Budgetary Information

Budgetary Basis of Accounting

The Board adopted a budget for the combined governmental funds of the Authority for the year ended June 30, 2025. The budget was submitted to and approved by the City. As the budget is not legally adopted for the capital projects fund (equivalent of the general fund), as defined by GASB, the budgetary comparison schedule is presented as supplementary information.

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

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

Cash and Temporary Investments

The Authority's cash and temporary investments are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Authority are reported at fair value (generally based on quoted market prices). The investments are maintained by a trustee in a no-load money market mutual fund, as mandated by the Authority's Bond Indentures and Resolutions.

Receivables and Payables

Receivables and due from other governments – 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. As of June 30, 2025, the Authority believes all receivables and due from other governments are fully collectible and, accordingly, no allowance has been created.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

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

Interfund Activities and Transactions

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

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

Restricted Assets

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

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

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

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.

Capital Assets

Capital assets, which include land, equipment, and transit center/stations, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

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

Capital Assets (Continued)

Land is not depreciated. The other capital assets of the Authority are depreciated using the straight line method over the following estimated useful lives:

	Lives
Capital asset classes	(in years)
Equipment	5 - 10
Transit center	40
Bus stations	10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority had no deferred inflows as of June 30, 2025.

Long-Term Obligations

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Net Position and Fund Balance

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

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.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Unassigned fund balance – Unassigned fund balance is the residual classification for the Capital Projects Fund (equivalent of the general fund).

Revenues and Expenditures/Expenses

Program revenues – The Authority has no program revenue. Tax increments revenue and interest earnings are reported as general revenues rather than as program revenues.

Tax increments – Tax increments represents a certain percentage of tax collections arising from their taxation of the increase, if any, in the appraised value of real property located in the 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosure*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement apply to the financial statements of all state and local governments. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In April 2024, the GASB issued GASB Statement No. 103, Financial Reporting Model Improvements. This Statement is to improve key components of the financial reporting model, such as 1) presentation of certain information in the management's discussion and analysis (MD&A) and its quality of the analysis, 2) requires a separate presentation of unusual or infrequent items, 3) requires the presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position to include a subtotal for operating income (loss) and noncapital subsidies before reporting other nonoperating revenues and expenses, 4) requires presentation of each major component unit financial information separately, and 5) requires budgetary comparison information (RSI) be presented as required supplementary information and also present (a) variances between original and final budget amounts and (b) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Recently Issued Accounting Pronouncements (Continued)

This Statement also requires additional disclosures for capital assets held for sale, such as (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Due to the immediate availability of the funds, the Authority's investments at June 30, 2025 are included in cash and temporary investments. As of year end June 30, 2025, the Authority's cash and temporary investments were comprised of the following:

			Affordabl		
	Capital	Debt	Special	Debt	
	Projects	Service	Revenue	Service	Total
Demand Deposits	\$ 1,081,115	\$ 448,158	\$ -	\$ 6,102,039	\$ 7,631,312
Government Money					
Money Market Mutual Funds	38,540,050	17,772,363	217,470	261,017	56,790,900
Total	\$ 39,621,165	\$ 18,220,521	\$ 217,470	\$ 6,363,056	\$ 64,422,212

As of June 30, 2025, the carrying amount of the Authority's deposits totaled \$7,631,312 and the bank balances totaled \$7,639,121. The amount in excess of federal deposit insurance of \$6,827,972 was fully collateralized by securities held by the pledging financial institutions. The Authority's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

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 that 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.

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, 2025.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits 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.

Fair Value – GASBC Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2025:

		Weighted		
		Average		
	Fair Market	Maturity	Fair Value	Standard &
Investments	Value	(Days)	Measurement	Poor's Rating
Government Money				
Money Market Mutual Funds	\$ 56,790,900	43	Level 1	AAAm
Total investments	\$ 56,790,900	43		

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Money Market Mutual Funds – Money market mutual funds are valued using quoted market prices for those investments.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Authority believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Capital Assets

The following is a summary of changes in capital assets during the year ended June 30, 2025:

	Beginning				Ending
	balances	Additions	Retirement	Transfer	balances
Capital assets not being depreciated:					
Land	\$ 17,100,865	\$ -	\$ -	\$ -	\$ 17,100,865
Capital assets being depreciated:					
Equipment	6,015,592	-	-	-	6,015,592
Transit center	18,490,240	-	-	-	18,490,240
Bus stations	6,061,915	-	-	-	6,061,915
Less accumulated depreciation	(10,289,382)	(1,068,448)	-	-	(11,357,830)
Total capital assets being depreciated, net	20,278,365	(1,068,448)	-	-	19,209,917
Capital assets, net	\$ 37,379,230	\$ (1,068,448)	\$ -	\$ -	\$ 36,310,782

Depreciation expense in the amount of \$1,068,448 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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

As of June 30, 2025, the Authority's long term liabilities are comprised of the following:

		Du	e Within One	Due Over One
	Total		Year	Year
Tax increment contract revenue bonds payable	\$ 155,415,000	\$	-	\$155,415,000
Tax increment contract revenue bonds payable from				
direct borrowings and direct placements	111,645,000		15,105,000	96,540,000
Notes from direct borrowings and direct placements	14,426,263		14,426,263	-
Unamortized discount on bonds payable	(5,597)		-	(5,597)
Unamortized premium on bonds payable	5,320,530		-	5,320,530
Due to project development agreements	6,168,704		840,575	5,328,129
	\$ 292,969,900	\$	30,371,838	\$ 262,598,062

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.

Tax increment contract revenue bonds payable are comprised of the following individual issues:

		Amount		Original		Beginning/Ending	Interest		
Series	0	utstanding		Issue	Interest Rates	Maturity Dates	Payment Dates	Call Dates	
Infrastru	cture B	Bonds							
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	
2021		23,235,000		23,235,000	3.00% - 5.00%	Sep 1, 2031 - 2040	Mar 1, Sep 1	Sep 1, 2031	
	\$	91,640,000							
Infrastruc	cture B	Bonds, Direct B	orrow	rings and Place	ments				
2014	\$	29,330,000	\$	53,195,000	3.875%	Sep 1, 2014 - 2033	Mar 1, Sep 1	Sep 1, 2023	
2015		15,785,000		35,000,000	2.730%	Sep 1, 2016 - 2030	Mar 1, Sep 1	Sep 1, 2030	
2016		16,070,000		32,175,000	2.360%	Sep 1, 2017 - 2029	Mar 1, Sep 1	Sep 1, 2026	
2017B		21,055,000		25,095,000	2.430%	Sep 1, 2019 - 2033	Mar 1, Sep 1	N/A	
	\$	82,240,000							
Affordable Housing Bonds									
2021A	\$	29,405,000	\$	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	
	\$	93,180,000							

Long-Term Debt and Liabilities (Continued)

Tax increment contract revenue bonds (Continued)

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

Infrastructure Bonds, All Series

	2017	7A		20	18		20	21		Principal
Year	Principal		Interest	Principal		Interest	Principal		Interest	Total
2026	\$ -	\$	1,721,960	\$ -	\$	1,469,638	\$ -	\$	800,050	\$ -
2027	-		1,721,960	-		1,469,638	-		800,050	-
2028	-		1,721,960	-		1,469,638	-		800,050	-
2029	-		1,721,960	-		1,469,638	-		800,050	-
2030	-		1,721,960	-		1,469,638	-		800,050	-
2031	-		1,721,960	-		1,469,638	-		800,050	-
2032	-		1,721,960	225,000		1,465,137	1,980,000		750,550	2,205,000
2033	-		1,721,960	235,000		1,455,937	2,070,000		659,650	2,305,000
2034	3,960,000		1,721,960	-		1,451,237	1,970,000		578,850	5,930,000
2035	4,145,000		1,357,650	3,755,000		1,357,362	2,225,000		506,075	10,125,000
2036	4,345,000		1,150,400	3,950,000		1,164,737	2,300,000		426,700	10,595,000
2037	4,565,000		922,150	4,150,000		962,237	2,385,000		344,925	11,100,000
2038	4,770,000		731,350	4,365,000		749,362	2,460,000		272,250	11,595,000
2039	4,965,000		532,750	4,570,000		545,981	2,535,000		197,325	12,070,000
2040	5,195,000		273,000	4,770,000		350,362	2,605,000		120,225	12,570,000
2041	5,460,000		136,500	4,980,000		124,500	2,705,000		40,575	13,145,000
	\$ 37,405,000	\$	20,601,440	\$ 31,000,000	\$	18,444,680	\$ 23,235,000	\$	8,697,425	\$91,640,000

Infrastructure Bonds, Direct Borrowings and Placements

Year Principal Interest Principal Interest Principal Interest 2026 \$ 2,785,000 \$ 1,082,578 \$ 2,455,000 \$ 397,420 \$ 3,765,000 \$ 334, 2027 2,895,000 972,528 2,525,000 329,443 2,960,000 255, 2028 3,005,000 858,216 2,595,000 259,555 3,040,000 184, 2029 3,120,000 739,544 2,665,000 187,756 3,110,000 112, 2030 3,245,000 616,222 2,735,000 114,046 3,195,000 37, 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 - - - -		20	14		. 20	15	gg	2016					
2027 2,895,000 972,528 2,525,000 329,443 2,960,000 255, 2028 3,005,000 858,216 2,595,000 259,555 3,040,000 184, 2029 3,120,000 739,544 2,665,000 187,756 3,110,000 112, 2030 3,245,000 616,222 2,735,000 114,046 3,195,000 37, 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 - - - -	Year			Interest		13	Interest				Interest		
2028 3,005,000 858,216 2,595,000 259,555 3,040,000 184, 2029 3,120,000 739,544 2,665,000 187,756 3,110,000 112, 2030 3,245,000 616,222 2,735,000 114,046 3,195,000 37, 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 - - - -	2026	\$ 2,785,000	\$	1,082,578	\$ 2,455,000	\$	397,420	\$	3,765,000	\$	334,825		
2029 3,120,000 739,544 2,665,000 187,756 3,110,000 112, 2030 3,245,000 616,222 2,735,000 114,046 3,195,000 37, 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 - - - -	2027	2,895,000		972,528	2,525,000		329,443		2,960,000		255,470		
2030 3,245,000 616,222 2,735,000 114,046 3,195,000 37, 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 - - -	2028	3,005,000		858,216	2,595,000		259,555		3,040,000		184,670		
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 - - -	2029	3,120,000		739,544	2,665,000		187,756		3,110,000		112,100		
2032 3,500,000 354,950 - - - - 2033 3,635,000 216,710 - - - - 2034 3,775,000 73,141 - - - -	2030	3,245,000		616,222	2,735,000		114,046		3,195,000		37,701		
2033 3,635,000 216,710 - - - - 2034 3,775,000 73,141 - - - -	2031	3,370,000		488,056	2,810,000		38,357		-		-		
2034 3,775,000 73,141	2032	3,500,000		354,950	-		-		-		-		
	2033	3,635,000		216,710	-		-		-		-		
\$ 29,330,000 \$ 5,401,945 \$ 15,785,000 \$ 1,326,577 \$ 16,070,000 \$ 924,	2034	 3,775,000		73,141	-		-		-		-		
		\$ 29,330,000	\$	5,401,945	\$ 15,785,000	\$	1,326,577	\$	16,070,000	\$	924,766		

Long-Term Debt and Liabilities (Continued)

Tax increment contract revenue bonds (Continued)

Infrastructure Bonds, Direct Borrowings and Placements (Continued)

		20:	17B	.	Principal			
Year		Principal		Interest	Total			
2026	\$	1,410,000	\$	494,505	\$	10,415,000		
2027		2,330,000		449,064		10,710,000		
2028		2,390,000		391,716		11,030,000		
2029		2,450,000		332,910		11,345,000		
2030		2,500,000		272,767		11,675,000		
2031		3,245,000		202,965		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		
	\$ 21,055,000		\$	\$ 2,308,438		82,240,000		
		·		· · · · · · · · · · · · · · · · · · ·		·		

Affordable Housing Bonds, All Series

	202	21A		202	Principal					
Year	Principal		Interest	Principal		Interest		Total		
2026	\$ 4,690,000	\$	473,550	\$ -	\$	1,985,327	\$	4,690,000		
2027	4,770,000		390,775	-		1,985,327		- 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 1,9		1,913,511		5,565,000		
2033	-		-	5,715,000 1,7		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		
	\$ 29,405,000	\$	1,570,144	\$ 63,775,000	\$	22,938,839	\$	93,180,000		

Long-Term Debt and Liabilities (Continued)

Tax increment contract revenue bonds (Continued)

On August 18, 2021, the Authority issued Tax Increment Contract Revenue and Refunding Bonds, Series 2021 in the amount of \$26,329,093 including premium of \$3,094,093. Premium of issuance of bonds is amortized over the life of the bonds. The proceeds from Bond Series 2021 fully refunded Bonds Series 2009 and 2012A and partially refunded Bonds Series 2014, 2015, 2016 and 2017B resulting in a deposit to escrow agent of \$24,861,593. The proceeds from Bonds Series 2021 was also used to make a deposit to the Debt Service Fund of \$798,330 and to pay costs of issuance of \$669,170, all in accordance to the TIF Act and all other applicable laws. The Authority achieves a cash flow savings and an economic gain of \$13,058 as a result of the refunding.

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.

Notes payable

On April 18, 2022, the Authority authorized the issuance of \$15,000,000 Subordinate Lien Tax Increment Contract Revenue Rate Notes. The method was a private placement note. 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 equal to Bloomberg Short-Term Bank Yield Index multiplied by 79.0% plus 0.71%.

During the year ended June 30, 2025, the activity of the note issued from the 2022 facility is summarized as follows:

			Original						
	Issuance	Maturity	Issuance	Beginning					Ending
Draws	Date	Date	Amount	Balance	Additions	Re	ductions		Balance
1	4/16/2024	4/15/2025	\$ 6,952,230	\$ 6,952,230	\$ -	\$	(6,952,230)	\$	-
2	2/5/2024	2/3/2025	3,197,429	3,197,430	-		(3,197,430)		-
3	9/5/2023	9/5/2024	3,500,000	3,500,000	-		(3,500,000)		-
4	4/15/2025	4/13/2026	7,273,045	-	7,273,044		-		7,273,044
5	4/18/2025	4/16/2026	3,774,985	-	3,774,985		-		3,774,985
6	4/18/2025	4/16/2026	3,378,234	-	3,378,234		-		3,378,234
				\$ 13,649,660	\$ 14,426,263	\$	(13,649,660)	\$1	14,426,263

Uptown Development Authority Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

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.

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, 2025 was \$246,005.

	2025
Beginning balance	\$ 1,273,162
Amortization expense	(246,005)
Ending Balance	\$ 1,027,157

Developer Agreements

During the year ended June 30, 2025, the Authority's amounts due to developers changed as follows:

	Beginning		Re	eductions/	Ending	Di	ue Within
	Balances	Additions	Ad	ljustments	Balances	C	One Year
Harris County Improvement District #1	\$ 4,540,199	\$ -	\$	(643,256)	\$ 3,896,943	\$	640,575
Rice Avenue Retail Partners, L.P.	71,028	-		(71,028)	-		-
Houston Arboretum & Nature Center (HANC)	2,471,761	-		(200,000)	2,271,761		200,000
	\$ 7,082,988	\$ -	\$	(914,284)	\$ 6,168,704	\$	840,575

Harris County Improvement District #1

The Authority entered into a financing agreement with the Harris County 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.

Long-Term Debt and Liabilities (Continued)

Developer Agreements (Continued)

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 has fully reimbursed maximum cost-plus interest of \$1,446,612 to the Developer and has no outstanding balance as of June 30, 2025.

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.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows for governmental activities:

	Beginning			Ending
	Balances	Additions	Reductions	Balances
Tax increment contract revenue bonds payable	\$ 155,415,000	\$ -	\$ -	\$ 155,415,000
Tax increment contract revenue bonds payable from				
direct borrowings and direct placements	126,390,000	-	(14,745,000)	111,645,000
Notes from direct borrowings and direct placements	13,649,660	14,426,263	(13,649,660)	14,426,263
Unamortized discount on bonds payable	(11,205)	-	5,608	(5,597)
Unamortized premium on bonds payable	5,655,361	-	(334,831)	5,320,530
Due to project development agreements	7,082,988	-	(914,284)	6,168,704
	\$ 308,181,804	\$ 14,426,263	\$ (29,638,167)	\$ 292,969,900

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, 2025, the Authority received in tax increment revenues as follows:

	City of Houston	Houston ISD	Total
Total tax increment	\$ 25,079,830	\$ 18,707,014	\$ 43.786.844
Retainage for administrative cost	(1,253,992)	(25,000)	
Set-aside for educational facilities	-	(5,731,662)	(5,731,662)
Net amount received	\$ 23,825,838	\$ 12,950,352	\$ 36,776,190

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 3: RISK MANAGEMENT

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

Uptown Development Authority Notes to Financial Statements

NOTE 4: 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.

Agreement with Harris County Improvement District No. 1

The Authority and the Harris County 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, 2025, the Authority remitted \$841,440 to the District. This amount consisted of \$250,000 for operating and administrative costs, \$200,000 for traffic control and mobility, \$227,040 for capital project management and \$164,400 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. During fiscal year 2025, the Authority negotiated a modification of the scheduled \$5,000,000 payment and instead paid \$1,000,000 for Ecological Restoration Project. 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.

Uptown Development Authority Notes to Financial Statements

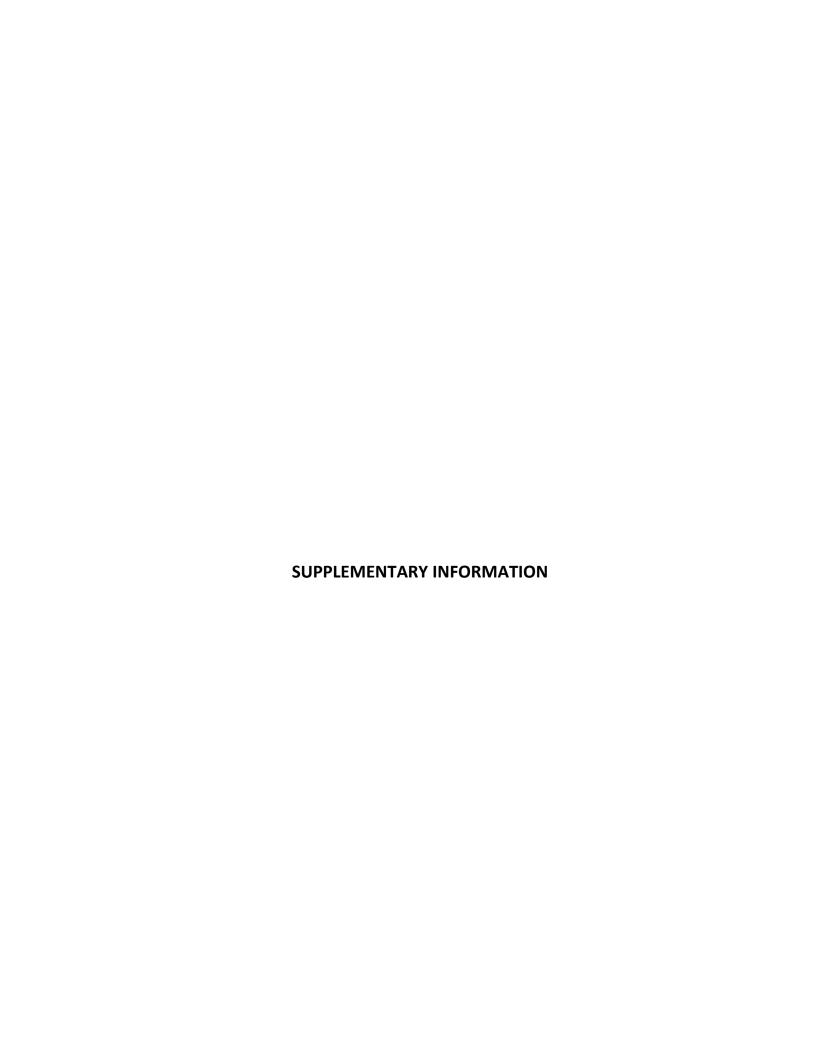
NOTE 4: COMMITMENTS AND CONTINGENCIES (Continued)

City of Houston

The Authority entered into an interlocal agreement with the City of Houston, Texas (the City). The purpose of the agreement is to improve the streets alongside Memorial Drive (panel replacement project). Under the terms of the agreement entered into in May 2022, the City shall pay \$4,842,000 for the cost of the project and \$484,200 for cost recovery. The full amount of \$4,842,000 was collected in July 2022 and as a result of an amendment to the agreement, the Authority additionally received \$644,000 during January 2023. The Authority incurred costs totaling \$5,298,010 through June 30, 2024. No further costs were incurred in 2025 related to the panel replacement project. Accordingly, the remaining \$187,990 is presented as unearned revenue in the accompanying balance sheet and statement of net position.

NOTE 5: FUND BALANCE DEFICIT

At the end of the fiscal year, the Authority had a deficit fund balance of \$19,942,504 in the Capital Projects Fund. This deficit is primarily due to the City of Houston municipal service fee for prior years. The Authority uses the capital projects fund for infrastructure improvements in the area.



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

For the year ended June 30, 2025	30, 2025 Original Budget Fi				Actual	riance Positive / (Negative)
Budgetary fund balance - beginning of year	\$	40,369,257	\$	40,369,257	\$ 33,301,987	\$ (7,067,270)
Revenues						
Tax increments		51,136,809		51,136,809	43,786,844	(7,349,965)
Investment earnings		235,000		235,000	1,743,669	1,508,669
Grant Proceeds		3,250,000		3,250,000	-	(3,250,000)
Miscellaneous revenue		-		-	10,000	10,000
Total revenues and budgetary fund balance		94,991,066		94,991,066	78,842,500	(16,148,566)
Expenditures						
Management and consulting services		676,995		676,995	757,806	(80,811)
Project costs and capital expenditures		10,448,842		10,448,842	6,683,033	3,765,809
Zone Administration		1,362,111		1,362,111	1,278,992	83,119
Debt service						
Principal payments - bonds		15,645,000		15,645,000	14,745,000	900,000
Principal payments - notes		-		-	13,649,660	(13,649,660)
Interest and fees - bonds		9,135,063		9,135,063	9,135,074	(11)
Interest and fees - notes		-		-	776,603	(776,603)
Developer/Project Reimbursements		721,319		721,319	714,284	7,035
Eductational facilities transfer		9,953,747		9,953,747	5,731,662	4,222,085
Affordable housing transfer		7,352,258		7,352,258	7,765,000	(412,742)
Municipal services charges		4,912,912		4,912,912	4,832,609	80,303
Total expenditures		60,208,247		60,208,247	66,069,723	(5,861,476)
Proceeds from issuance of notes		1,600,000		1,600,000	14,426,263	12,826,263
Budgetary fund balance - end of year	\$	36,382,819	\$	36,382,819	\$ 27,199,040	\$ (9,183,779)
Explanation of differences between budgetary inflows a Actual Amounts (Budgetary Basis) Differences - Budget to GAAP: The fund balance at the beginning of the year is a budget is not current year revenue for finacial reportions.	udget	ary resource	iAAI	Prevenues		\$ 78,842,500 (33,301,987)
Tabel managed and the date of the		a a sa alta.	_1			
Total revenue as reported on the statement of revenue changes in fund balances - total governmental funds	es, ex	penditures an	d			\$ 45,540,513

Uptown Development Authority Operating Expenditures, Capital Expenditures and Project Plan Reconciliation For the year ended June 30, 2025

				FY25 OPE	RAT	TING EXPE	NDITI	ITURES		
						Actual	I	'ariance		
Project		Vendor		Budget	<i>E</i> .	xpenditure	Ove	er (Under)		
TIDZ ADMINICTO ATION AND OVE	EDHEAD									
TIRZ ADMINISTRATION AND OVI Administration (salary and benefits)	EKHEAD	HCID No. 1	\$	150,000	¢	150,000	•			
Office Expenses		HCID No. 1	Ф	150,000	\$		\$	-		
Insurance		AJ Gallagher		60,000		60,000		22 772		
Accounting		HCID No. 1		164,410		197,183		32,773		
Auditor				40,000		40,000		2.021		
COH Municipal Charge		Carr, Riggs, Ingram		26,335		28,366		2,031		
Bond Trustee		DNVM / DEM A seet Mount		4,912,912		4,832,609		(80,303)		
Bond Trustee		BNYM / PFM Asset Mgmt Moody's Investors		11,250		41,856		30,606		
Financial Admina		-		-		2,000		2,000		
Financial Advisor Subtotal		Masterson Advisors / Regions Bank	\$	5,364,907	\$	28,064 5,380,078	\$	28,064 15,171		
PROGRAM AND PROJECT CONSU	ULTANTS									
		5								
Legal		Allen Boone Humphries / Jackson Walker		50,000		33,437		(16,563)		
Parks Project Management		HCID No. 1		175,000		164,400		(10,600)		
Other Professional Services		Saint George Place				12,500		12,500		
Subtotal			\$	225,000	\$	210,337	\$	(14,663)		
Total Zone Administration / Operation	ns		\$	5,589,907	\$	5,590,415	\$	508		
				FY25 CA	PIT	AL EXPENI	DITUI	RES		
						Actual				
Project		Vendor		Budget	E.	xpenditure	I	/ariance		
Project T1608: Traffic / Safety Inform	nation System		\$	166,000						
ATIS Equipment		Flock Camera			\$	156,000				
ATIS Equipment		Tech-Mar				11,700				
	Subtotal		\$	166,000	\$	167,700	\$	1,700		
Project T1609: Area Intersection and	Signalization		\$	50,000						
	Subtotal		\$	50,000	\$	-	\$	(50,000)		
Project T1611/1633B: Right of Way			\$	50,000						
Other Professional Services		Hunton Andrews Kurth			_	10,094		10,094		
	Subtotal		\$	50,000	\$	10,094	\$	(39,906)		
Project T1635/1635A4: Memorial Par	k		\$	3,313,604						
Construction Costs		MPC - Ecological Restoration				1,000,000				
Construction Costs		MPC - Greenspace Maintenance				2,313,604				
	Subtotal		\$	3,313,604	\$	3,313,604	\$	-		
Project T1635A: Memorial Park Com	nectivity Projects		\$	200,000						
Construction		HANC direct payment / Dev Agrmt				200,000				
	Subtotal		\$	200,000	\$	200,000	\$	-		
Project T1635A1: San Felipe Trail (Co	OH) Projects		\$	75,000						
	Subtotal		\$	75,000	\$	-	\$	(75,000)		
Project T1635B: Memorial Park Infra	structure Phase I	e e	_							
Other	G 1	MPC (Prairie Maintenance)		234,238		234,238				
	Subtotal		\$	234,238	\$	234,238	\$	-		

Operating Expenditures, Capital Expenditures and Project Plan Reconciliation (Continued) For the year ended June 30, 2025

Project	Vendor		Budget	E :	Actual xpenditure		Variance ver (Under)
Project T1635B3: Memorial Park Infrastructure Phase		- -	3,250,000	=	<i>T</i> • · · · · · · · · · ·		- (=::::::)
Preliminary Engineering	Hunton Andrews Kurth	J	3,230,000	\$	66,980		
Other	HCID #1			Ψ	200,000		
Subtotal	Helb #1	\$	3,250,000	\$	266,980	<u> </u>	(2,983,020)
Subtotal		Ψ	3,230,000	Ψ	200,700	Ψ	(2,705,020)
Project T1640: Drainage Project / Wilson's Gully		\$	1,000,000				
· ·	Aurora				86,308		
	Hunton Andrews Kurth				47,244		
	Sechrist Duckers				858		
Construction Costs /Utilities	Harper Brothers				1,879,026		
Project Mgmt	HCID No. 1				227,040		
Subtotal		\$	1,000,000	\$	2,240,476	\$	1,240,476
Project T1622: Parks		\$	310,000				
Utilities	COH Water / CleanSky Energy				107,017		
Maintenance / Operation	Williams Tower				142,924		
Subtotal		\$	310,000	\$	249,941	\$	(60,059)
Project T1634: West Loop Transit Way - TxDOT		\$	1,800,000				
Subtotal		\$	1,800,000	\$	-	\$	(1,800,000)
Total Capital Expenditures		\$	10,448,842	\$	6,683,033	\$	(3,765,809)
Project TXXX:Capital Costs Not Programmed/Develop	er Agreements	\$	721,319				
Developer Agreements	Rice Partners		,		71,028		
Developer Agreements	HCID No. 1				643,256		
Subtotal		\$	721,319	\$	714,284	\$	(7,035)
		•	11 180 171	Φ.	F 20F 21F	•	(2 882 044)
Total Capital Expenditures and Developer Agreement		\$	11,170,161	\$	7,397,317	<u>\$</u>	(3,772,844)

Operating Expenditures, Capital Expenditures and Project Plan Reconciliation (Continued) For the year ended June 30, 2025

	*Project Plan Amount		Beginning			Current Year Expenditures		Expenditures to Date		Variance	
Non-Education Projects											
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		212,601,972			881,984		213,483,956		(27,483,956)
Public Utilities		94,000,000		18,555,974			2,240,475		20,796,449		73,203,551
Land Acquisition		37,000,000		58,646,621			10,093		58,656,714		(21,656,714)
Cultural and Public Facility Improvements		46,000,000		-			-		-		46,000,000
Memorial Park Improvements		100,000,000		107,432,269			4,014,822		111,447,091		(11,447,091)
Parks		41,000,000		13,944,593			249,943		14,194,536		26,805,464
Subtotal		669,000,000		522,272,454	•		7,397,317		529,669,771		139,330,229
Education Projects		129,000,000		81,558,859			5,731,662		87,290,521		41,709,479
Affordable Housing		452,000,000		273,667,259			7,765,000		281,432,259		170,567,741
Zone Administration / Operations		15,000,000		8,240,622			757,806		8,998,428		6,001,572
City of Houston Municipal Services Fee		<u> </u>		44,959,496	**		4,832,609		49,792,105		(49,792,105)
Total Project Plan	\$	1,265,000,000	\$	930,698,690	•	\$	26,484,394	\$	957,183,084	\$	307,816,916

^{*} Project Plan Amendment in February 2013

^{**} City of Houston Municipal Services Fee 2008 / Reimagined in 2017