

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

CITY OF HOUSTON, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

CITY OF HOUSTON, TEXAS

ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saint George Place Redevelopment Authority
City of Houston, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Saint George Place Redevelopment Authority (the "Authority"), **a component unit of the City of Houston, Texas**, as of and for the year ended June 30, 2023, 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, 2023 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 Opinion

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 opinion.

Correction of Error

As described in Note 8 to the financial statements, the District's Net Position as of June 30, 2022, has been restated to correct certain misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 know 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 opinion. 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Debt Service Fund and Capital Projects Fund Combined 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.

Board of Directors
Saint George Place Redevelopment Authority

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 supplementary information required by the City of Houston, Texas and other supplementary information is presented for purposes of additional analysis and is 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 supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 10, 2023

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

Management's discussion and analysis of Saint George Place Redevelopment Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's liabilities exceeded its assets by \$15,270,672 (net position) as of June 30, 2023. This compares to the previous year when liabilities exceeded assets by \$2,706,036, showing a decrease of \$12,564,636 in net position during the current fiscal year.
- The total net position deficit of \$15,270,672 is due to several factors. The Authority issued bonds in the current and a prior fiscal year in the amount of \$31,045,000, of which \$29,340,000 remains outstanding as of June 30, 2023. See Note 9 for additional information on the bonds. In addition, the Authority owes the City of Houston, Texas (the "City") \$1,579,224 related to the Certificates of Obligation that the City issued in order to benefit redevelopment within the Authority and street abandonment costs as shown in Note 8. The Authority anticipates that with continued development in the area, that tax increment revenues will be sufficient to cover operating costs and to pay off the above-mentioned long-term liabilities.
- The Authority's governmental funds reported a total ending fund balance of \$16,654,949 this year. This compares to the prior year fund balance of \$17,874,416, showing a decrease of \$1,219,467 during the current fiscal year. Of the fund balances, \$4,959,290 is unassigned, \$18,468 is restricted for future debt service, and a \$11,677,191 is restricted for future capital improvements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Authority's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the Authority's overall

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position is the Authority-wide statement of its financial position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall financial health of the Authority would extend to other non-financial factors.

The Statement of Activities reports how the Authority's net positions changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include 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 has three governmental fund types. The General Fund is the operating fund of the Authority and accounts for all operating activities of the Authority. The Debt Service Fund accounts for resources that will be used to service the debt on the Authority's Series 2019 Tax Increment Contract Revenue and Refunding Bonds and Series 2022 Tax Increment Contract Revenue Bonds. The Capital Projects Fund accounts for the monies received from the sale of bonds that will be used to cover costs of future capital improvements.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the Authority's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the Authority and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and the accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund, Debt Service Fund and Capital Projects Fund combined.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by \$15,270,672 as of June 30, 2023.

The following table provides a summary of the changes in the Statement of Net Position as of June 30, 2023, and June 30, 2022:

| | Summary of Changes in the Statement of Net Position | | |
|---------------------------------|---|----------------|----------------------------------|
| | 2023 | 2022 | Change Positive (Negative) |
| Current and Other Assets | \$ 19,339,491 | \$ 19,192,465 | \$ 147,026 |
| Total Assets | \$ 19,339,491 | \$ 19,192,465 | \$ 147,026 |
| Current Liabilities | \$ 3,659,730 | \$ 1,926,960 | \$ (1,732,770) |
| Long-Term Liabilities | 30,950,433 | 19,971,541 | (10,978,892) |
| Total Liabilities | \$ 34,610,163 | \$ 21,898,501 | \$ (12,711,662) |
| Net Position: | | | |
| Restricted for Debt Service | \$ (382,153) | \$ (217,975) | \$ (164,178) |
| Restricted for Capital Projects | 11,677,191 | 13,610,480 | (1,933,289) |
| Unrestricted | (26,565,710) | (16,098,541) | (10,467,169) |
| Total Net Position | \$ (15,270,672) | \$ (2,706,036) | \$ (12,564,636) |

*

* As adjusted, see Note 8

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the changes in the Statement of Activities for the fiscal years ending June 30, 2023, and June 30, 2022:

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|-----------------------|----------------------------------|
| | 2023 | 2022 | Change Positive (Negative) |
| Revenues: | | | |
| Tax Increment Revenue | \$ 2,567,345 | \$ 2,332,537 | \$ 234,808 |
| Interest Revenue | 882,665 | 46,586 | 836,079 |
| Miscellaneous Revenue | <u>2,250,000</u> | <u>2,150,097</u> | <u>99,903</u> |
| Total Revenues | <u>\$ 5,700,010</u> | <u>\$ 4,529,220</u> | <u>\$ 1,170,790</u> |
| Expenses: | | | |
| Professional Services | \$ 41,387 | \$ 55,077 | \$ 13,690 |
| Contract Services | 146,685 | 115,428 | (31,257) |
| Capital Outlay | 16,109,276 | 4,016,456 | (12,092,820) |
| Interest Expense | 1,171,976 | 707,651 | (464,325) |
| Bond Issuance Costs | 768,681 | | (768,681) |
| Other | <u>26,641</u> | <u>28,645</u> | <u>2,004</u> |
| Expenses for Services | <u>18,264,646</u> | <u>4,923,257</u> | <u>(13,341,389)</u> |
| Change in Net Position | \$ (12,564,636) | \$ (394,037) | \$ (12,170,599) |
| Net Position, Beginning of Year | <u>(2,706,036)</u> | <u>(2,311,999)</u> | <u>(394,037)</u> |
| Net Position, End of Year | <u>\$ (15,270,672)</u> | <u>\$ (2,706,036)</u> | <u>\$ (12,564,636)</u> |

*

* As adjusted, see Note 8

FINANCIAL ANALYSIS OF THE AUTHORITY'S GOVERNMENTAL FUNDS

The Authority's governmental funds are the General Fund, the Debt Service Fund and the Capital Projects Fund. As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The governmental funds reported cumulative ending fund balances of \$16,654,949 of which a \$4,959,290 is unassigned, \$18,468 is restricted for future debt service and \$11,677,191 is restricted for future capital improvements. This is a \$1,219,467 decrease compared to last years cumulative fund balances of \$17,874,416.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY HIGHLIGHTS

The Board of the Authority did not amend the budget during the current fiscal year. Actual excess revenues were \$3,533,886 more than budgeted excess revenues due the timing of planned capital improvements.

CAPITAL ASSETS

In the current fiscal year, the Authority recorded capital outlay expenditures in the amount of \$16,109,276 related to capital expenditures for public works improvements and reimbursements to HISD. In accordance with Section VIII or the Tri-Party Agreement between the City of Houston, Reinvestment Zone Number One and the Authority, it states: "all utilities, drainage facilities, public street improvements, sidewalks and light fixtures shall be conveyed to the City."

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the Authority had a long-term debt balance of \$31,730,433 compared to last year's debt balance of \$20,561,541. The long-term liabilities relate to the Authority's Series 2019 Tax Increment Contract Revenue and Refunding Bonds and Series 2022 Tax Increment Contract Revenue Bonds and an amount due the City. See Notes 8 and 9 for additional information on this debt.

The Authority's Series 2019 and Series 2022 Bonds have underlying ratings of "BBB+" from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and carry insured ratings of "AA" (Stable Outlook) from S&P by virtue of bond insurance issued by Assured Guaranty Municipal. The above ratings are as of June 30, 2023, and reflect all rating changes through such date.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Saint George Place Redevelopment Authority, c/o Hawes Hill & Associates, LLP, Zone Administrator, P.O. Box 22167, Houston, TX 77227-2167.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

| | General Fund | Debt Service Fund |
|--|---------------------|----------------------|
| ASSETS | | |
| Cash | \$ 23,068 | \$ |
| Investments | 2,372,499 | 18,468 |
| Due from Property Owners | 19,778 | |
| Due from City of Houston | 2,780,784 | |
| Due from Other Funds | 225 | |
| Prepaid Costs | | |
| TOTAL ASSETS | \$ 5,196,354 | \$ 18,468 |
| LIABILITIES | | |
| Accounts Payable | \$ 237,064 | \$ |
| Accrued Interest Payable | | |
| Due to Other Funds | | |
| Long-Term Liabilities: | | |
| Due Within One Year | | |
| Due After One Year | | |
| TOTAL LIABILITIES | \$ 237,064 | \$ - 0 - |
| FUND BALANCES | | |
| Restricted for Authorized Construction | \$ | \$ |
| Restricted for Future Debt Service | | 18,468 |
| Unassigned | 4,959,290 | |
| TOTAL FUND BALANCES | \$ 4,959,290 | \$ 18,468 |
| TOTAL LIABILITIES | | |
| AND FUND BALANCES | \$ 5,196,354 | \$ 18,468 |
| NET POSITION | | |
| Restricted for: | | |
| Debt Service | | |
| Capital Projects Fund | | |
| Unrestricted | | |
| TOTAL NET POSITION | | |

The accompanying notes to the financial statements are an integral part of this report.

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|--------------------------|----------------------|------------------------|------------------------------|
| \$ 9,310 | \$ 32,378 | \$ | \$ 32,378 |
| 13,910,151 | 16,301,118 | | 16,301,118 |
| | 19,778 | | 19,778 |
| | 2,780,784 | | 2,780,784 |
| | 225 | (225) | |
| | | 205,433 | 205,433 |
| <u>\$ 13,919,461</u> | <u>\$ 19,134,283</u> | <u>\$ 205,208</u> | <u>\$ 19,339,491</u> |
| | | | |
| \$ 2,242,045 | \$ 2,479,109 | \$ | \$ 2,479,109 |
| | | 400,621 | 400,621 |
| 225 | 225 | (225) | |
| | | 780,000 | 780,000 |
| | | 30,950,433 | 30,950,433 |
| <u>\$ 2,242,270</u> | <u>\$ 2,479,334</u> | <u>\$ 32,130,829</u> | <u>\$ 34,610,163</u> |
| | | | |
| \$ 11,677,191 | \$ 11,677,191 | \$ (11,677,191) | \$ |
| | 18,468 | (18,468) | |
| | 4,959,290 | (4,959,290) | |
| <u>\$ 11,677,191</u> | <u>\$ 16,654,949</u> | <u>\$ (16,654,949)</u> | <u>\$ - 0 -</u> |
| | | | |
| <u>\$ 13,919,461</u> | <u>\$ 19,134,283</u> | | |
| | | (382,153) | (382,153) |
| | | 11,677,191 | 11,677,191 |
| | | (26,565,710) | (26,565,710) |
| | | <u>\$ (15,270,672)</u> | <u>\$ (15,270,672)</u> |

The accompanying notes to the financial statements are an integral part of this report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 16,654,949

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

Bond insurance premiums paid at closing are amortized over the term of the bonds. 205,433

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

| | | |
|-------------------------------------|---------------------|---------------------|
| Accrued Interest Payable | \$ (400,621) | |
| Liabilities Payable Within One Year | (780,000) | |
| Liabilities Payable After One Year | <u>(30,950,433)</u> | <u>(32,131,054)</u> |

Total Net Position - Governmental Activities \$ (15,270,672)

The accompanying notes to the financial statements are an integral part of this report.

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SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

| | General Fund | Debt Service Fund |
|--|-----------------------|-----------------------|
| REVENUES | | |
| Tax Increment Revenue (Net of Retention for Affordable Housing of \$1,668,612, Educational Facilities of \$348,317, Administrative Costs of \$208,123, and Municipal Service Fees of \$213,439) | \$ 2,567,345 | \$ |
| Investment Revenues | 97,410 | 12,639 |
| Miscellaneous Revenues | | |
| TOTAL REVENUES | \$ 2,664,755 | \$ 12,639 |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Professional Fees | \$ 41,387 | \$ |
| Contracted Services | 136,685 | 10,000 |
| Insurance | 4,717 | |
| Other | 21,354 | |
| Capital Outlay | 128,630 | |
| Debt Service: | | |
| Principal | | 590,000 |
| Interest | | 1,030,799 |
| Bond Issuance Costs | | |
| TOTAL EXPENDITURES/EXPENSES | \$ 332,773 | \$ 1,630,799 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 2,331,982 | \$ (1,618,160) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer In/(Out) | \$ (1,620,799) | \$ 1,620,799 |
| Long-Term Debt Issued | | |
| Bond Discount | | |
| Bond Premium | | |
| Contributed by Other Governmental Unit | | |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (1,620,799) | \$ 1,620,799 |
| NET CHANGE IN FUND BALANCES | \$ 711,183 | \$ 2,639 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - JULY 1, 2022, AS ADJUSTED | 4,248,107 | 15,829 |
| FUND BALANCES/NET POSITION - JUNE 30, 2023 | \$ 4,959,290 | \$ 18,468 |

The accompanying notes to the financial
statements are an integral part of this report.

| <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|----------------------------------|------------------------|------------------------|------------------------------------|
| \$ | \$ 2,567,345 | \$ | \$ 2,567,345 |
| 772,616 | 882,665 | | 882,665 |
| | | <u>2,250,000</u> | <u>2,250,000</u> |
| <u>\$ 772,616</u> | <u>\$ 3,450,010</u> | <u>\$ 2,250,000</u> | <u>\$ 5,700,010</u> |
| \$ | \$ 41,387 | \$ | \$ 41,387 |
| | 146,685 | | 146,685 |
| | 4,717 | | 4,717 |
| 570 | 21,924 | | 21,924 |
| 15,980,646 | 16,109,276 | | 16,109,276 |
| | 590,000 | (590,000) | |
| | 1,030,799 | 141,177 | 1,171,976 |
| <u>768,681</u> | <u>768,681</u> | | <u>768,681</u> |
| <u>\$ 16,749,897</u> | <u>\$ 18,713,469</u> | <u>\$ (448,823)</u> | <u>\$ 18,264,646</u> |
| <u>\$ (15,977,281)</u> | <u>\$ (15,263,459)</u> | <u>\$ 2,698,823</u> | <u>\$ (12,564,636)</u> |
| \$ | \$ | \$ | \$ |
| 11,085,000 | 11,085,000 | (11,085,000) | |
| (96,615) | (96,615) | 96,615 | |
| 805,607 | 805,607 | (805,607) | |
| <u>2,250,000</u> | <u>2,250,000</u> | <u>(2,250,000)</u> | |
| <u>\$ 14,043,992</u> | <u>\$ 14,043,992</u> | <u>\$ (14,043,992)</u> | <u>\$ - 0 -</u> |
| \$ (1,933,289) | \$ (1,219,467) | \$ 1,219,467 | \$ |
| | | (12,564,636) | (12,564,636) |
| <u>13,610,480</u> | <u>17,874,416</u> | <u>(20,580,452)</u> | <u>(2,706,036)</u> |
| <u>\$ 11,677,191</u> | <u>\$ 16,654,949</u> | <u>\$ (31,925,621)</u> | <u>\$ (15,270,672)</u> |

The accompanying notes to the financial statements are an integral part of this report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds \$ (1,219,467)

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

Governmental funds report bond discounts and bond premiums as other financing uses/sources in the year paid/received. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (708,992)

Governmental funds report principal payments as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities. 590,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (141,177)

Governmental funds report bond proceeds as other financing sources. Issued bond increase long-term liabilities in the Statement of Net Position. (11,085,000)

Change in Net Position - Governmental Activities \$ (12,564,636)

The accompanying notes to the financial statements are an integral part of this report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. CREATION OF CORPORATION

The City of Houston, Texas (the “City”) authorized the creation of the Saint George Place Redevelopment Authority (the “Authority”) by the Resolution No. 98-3 passed on February 17, 1998. The Authority was set up as a local government corporation pursuant to provisions of Chapter 431 of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code. The Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Reinvestment Zone Number One (the “Zone”) and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of nine members who are appointed by the Mayor with the approval of City Council.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (the “GASB”).

The GASB has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit’s board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The Authority was created as an instrumentality of the City. The Authority does meet the criteria for inclusion as a component unit of the City. Copies of the financial statements for the City may be obtained from the City Secretary’s office.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of constraints placed on the use of assets through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The Authority's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The Authority is viewed as a special purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded as due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the Authority's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Authority has three governmental funds and considers each to be a major fund.

General Fund - to account for the operating activities of the Authority.

Debt Service Fund - to account for resources that will be used to service the debt on the Authority's Series 2019 Tax Increment Contract Revenue and Refunding Bonds and Series 2022 Tax Increment Contract Revenue Bonds.

Capital Projects Fund - to account for the monies received from the sale of the Series 2019 and Series 2022 Bonds that will be used to cover costs of future capital improvements.

Basis of Accounting

The Authority uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues reported in the governmental funds to be available if they are collectable within sixty (60) days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with the Tri-Party Agreement (See Note 4), the Authority's board members adopted an unappropriated budget for the governmental funds of the Authority. The budget was not amended during the current fiscal year.

Pensions

The Authority has not established a pension plan as the Authority does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported, regardless of the timing of related cash flows. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Authority did not have any committed fund balances.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The Authority has not adopted a formal policy regarding the assignment of fund balances. The District did not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the Authority's deposits was \$32,378 and the bank balance was \$53,730. The Authority was not exposed to custodial credit risk at year-end.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2023 as listed below:

| | | |
|-----------------------|----|--------|
| GENERAL FUND | \$ | 23,068 |
| CAPITAL PROJECTS FUND | | 9,310 |
| TOTAL DEPOSITS | \$ | 32,378 |

Investments

Under Texas law, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. Authority’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived”. No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2023, the Authority had the following investments and maturities:

| Fund and Investment Type | Fair Value | Maturities in Years | | | |
|------------------------------|-----------------------------|-----------------------------|------------------------|------------------------|------------------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| <u>GENERAL FUND</u> | | | | | |
| Texas CLASS | \$ 2,372,499 | \$ 2,372,499 | \$ | \$ | \$ |
| <u>DEBT SERVICE FUND</u> | | | | | |
| Texas CLASS | 18,468 | 18,468 | | | |
| <u>CAPITAL PROJECTS FUND</u> | | | | | |
| Texas CLASS | <u>13,910,151</u> | <u>13,910,151</u> | | | |
| TOTAL INVESTMENTS | <u><u>\$ 16,301,118</u></u> | <u><u>\$ 16,301,118</u></u> | <u><u>\$ - 0 -</u></u> | <u><u>\$ - 0 -</u></u> | <u><u>\$ - 0 -</u></u> |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023, the Authority’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service on the Authority’s Series 2019 Tax Increment Contract Revenue and Refunding Bonds and Series 2022 Tax Increment Contract Revenue Bonds.

All cash and investments of the Capital Projects Fund are restricted for future capital improvements.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4. TRI-PARTY AGREEMENT

The City, the Zone Number One, and the Authority entered into the Tri-Party Agreement on May 19, 1999. This agreement was amended and restated on June 28, 2000, pursuant to Ordinance No. 2000-597. The Tri-Party Agreement states in detail the scope of services to be provided to the Zone by the Authority. The services include management and administrative service for the Zone, as requested by the Zone Board, services with respect to the Project Plan and Reinvestment Zone Financing Plan (the “Plan”), including implementation and updating, and services with respect to the tax rolls pertaining to the Zone, including analysis and coordination with taxing units. The Authority is also required to assist the Zone Board in establishing a program to increase the level of safety with the Zone, preparing development plans, establishing a marketing and public relations program, planning and design and construction of infrastructure improvements, land acquisition, and establishing a plan to develop a public school to serve students in Saint George Place.

The Tri-Party Agreement also provides for the Authority to issue bonds and notes, (see Note 9), enter into obligations with developers or builders, and enter into contracts with consultants, to be repaid from contract tax increments. All bonds must be approved by City Council and agreements must be approved by the Director of the Finance Department of the City of Houston. This Agreement shall end upon termination of the Zone.

Pursuant to the Agreement, the City and the Zone have agreed to pay the Authority not later than the first business day of each July in which a current approved budget is in effect for the Authority, all money available in the Tax Increment Fund, less (a) any costs incurred by the City in connection with the collection of the tax increments, (b) the tax increments dedicated to affordable housing, (c) certain tax increments constituting educational facilities project costs to be paid to the Houston Independent School District and (b) a reserve of up to five percent of the money then available in the Tax Increment Fund for administrative costs of the City.

NOTE 5. TAX INCREMENTS

The City, Harris County (the “County”) and the Houston Independent School District (the “HISD” and collectively the “Participants”) have agreed to deposit their tax increments into the Tax Increment Fund established by the Zone (see Notes 6 and 7).

The amount of a Participant’s tax increment for a year is the amount of property taxes levied and collected by the Participant for that year on the Captured Appraised Value of real property taxable by the Participant and located in the Zone. The Captured Appraised Value of real property taxable by a Participant for a year is the total appraised value of all real property taxable by the Participant and located in the Zone for that year less the Tax Increment Base, which is the total appraised value of all real property taxable by the Participant and located in the Zone on January 1 of the year in which the Zone was designated as such under the Tax Increment

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5. TAX INCREMENTS (Continued)

Financing Act (the “TIF Act”). In the event property is annexed into the Zone by ordinance of the City, the Tax Increment Base for annexed property is the value of all real property taxable by a Participant and located in the annexed area on January 1 of the year of annexation. No Participant is required to deposit tax increments derived from property annexed into the Zone unless the Participant has agreed to do so.

Each participant is required to collect taxes on property located within the Zone in the same manner as other taxes are collected. The Participant is required to pay into the Tax Increment Fund the collected tax increments by no later than the 90th day after the delinquency date for the Participant’s property taxes.

NOTE 6. CITY OF HOUSTON TAX INCREMENTS

Pursuant to City Ordinance No. 90-1452, approved December 12, 1990, the City and the Zone have established the Tax Increment Fund, a separate fund in the City Treasury into which tax increments have and will be deposited. As required by the TIF Act and Ordinance No. 90-1452, one-third of the tax increments are dedicated to providing affordable housing.

During the current fiscal year, tax increments of \$3,662,451 were collected from the City of Houston. Of this amount, \$1,220,817 was withheld to cover affordable housing provisions, \$183,123 was withheld for administrative costs and \$213,439 was paid for municipal service fees.

NOTE 7. HOUSTON INDEPENDENT SCHOOL DISTRICT TAX INCREMENTS

The HISD has agreed, pursuant to an Interlocal Agreement with the City and Zone approved by the City on January 29, 1997, as amended by a First Amendment approved by the City on August 18, 1999, to pay into the Tax Increment Fund all tax increments produced at HISD’s then current rate. One-third of the HISD tax increments will be applied to the provision of affordable housing. Of the remaining two-thirds, the amount of taxes collected by HISD at a tax rate of \$0.42 2/3 per \$100 valuation and earnings thereon may be applied to costs other than educational facilities project costs, and the remainder plus earnings thereon is required to be paid to HISD on an annual basis to be used for educational facilities project costs with the Zone or the City. All funds paid to the HISD will come from the HISD tax increments.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7. HOUSTON INDEPENDENT SCHOOL DISTRICT TAX INCREMENTS
(Continued)

During the current fiscal year, tax increments of \$1,343,385 were collected by the HISD. Of this amount \$447,795 was withheld by the HISD to cover affordable housing provisions, \$348,317 was withheld to fund educational facilities and \$25,000 was withheld to cover administrative costs. The HISD Agreement also provides that money in the Tax Increment Fund shall be used to pay the School Support Services, including the costs of abandonment of streets within the Zone required for HISD Educational Facilities. The City Council of the City, by Motion No. 2003-1019, approved the abandonment of various streets required for the HISD Educational Facilities in the Zone. In accordance with the HISD Agreement, money from the Tax Increment Fund will be used to pay the City for the cost of the abandonment of the aforementioned streets, once there is money available in the Tax Increment Fund. During 2010, the cost of the abandonment of the streets was determined to be \$2,779,224. This amount, less payments made through June 30, 2023, has been recorded as a long-term liability in the Statement of Net Position. See Note 8 for additional information regarding this liability.

NOTE 8. DUE TO THE CITY OF HOUSTON

On May 10, 2000, and as amended on October 21, 2008, the Authority entered into a financing agreement with the City and the Zone whereby the City agreed to design and construct certain public works (the “West Side Public Works”). The West Side Public Works consisted primarily of water and sanitary sewer replacements and paving of streets and storm sewer installation on the West Side. These projects have been completed. The City also agreed to make payments to Ironwood Homes on behalf of the Authority and the Zone for the public infrastructure and right of way acquisition costs funded under the Development Agreement and Acquisition Agreement with Ironwood.

The City financed these costs through the issuance of \$5,298,564 of tax and revenue certificates of obligation, secured by the City’s annual ad valorem tax levied on taxable property within the City and by a subordinate and junior lien on and pledge of mixed beverage tax revenues.

Pursuant to this agreement, the Authority and the Zone have agreed to reimburse the City for the amounts paid to Ironwood Homes, interest paid by the City on the certificates of obligation and the actual cost of the design and construction of the West Side Public Works, except for a portion of the work allocated to the City and any costs of the West Side Public Works paid or attributed to the City from the levy and collection of a public improvement assessment in Lamar Terrace Public Improvement District No. 2 (“PID No. 2”), not to exceed \$950,000. As of June 30, 2023, the Authority has recorded a due to the City in the amount of \$1,579,224. This amount includes the street abandonment costs as shown in Note 7 of \$2,779,224. The Authority will use PID No. 2 assessment collections to reimburse the amount due to the City in relation to PID No. 2

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8. DUE TO THE CITY OF HOUSTON (Continued)

projects. As of June 30, 2023, the Authority has paid \$8,232,283, to the City to pay a portion of the amounts due on the certificates of obligation and \$1,200,000 of the amount due on the abandonment of the streets. In accordance with revised agreement, the Authority agrees to reimburse the City the amounts owed by making one payment each year, on September 1st, until the obligation is retired. The amount of each annual payment due to the City will be calculated by using the amount of the prior fiscal year's transfer to the Authority from the City of the tax increment revenue from each of the taxing jurisdictions participating in the Zone, less the Authority's current fiscal year's annual expenditures for administrative costs and capital expenditures, if any. The agreement allows the Zone to retain a maximum contingency amount of \$50,000.

Current year activity related to the amount due to the City of Houston was as follows:

| | July 1, 2022 | Additions | Retirements | June 30, 2023 |
|--------------|-----------------|-----------|-------------|------------------|
| Right of Way | \$ 1,579,224 | \$ -0- | \$ -0- | \$ 1,579,224 |

During the current fiscal year, it was determined a payment to the City in the prior fiscal year was related to the amount due to the City. The effect of this corrections reduced the beginning balance of the liability by \$300,000 and increased the net position balance by \$300,000.

NOTE 9. BONDS PAYABLE

| | Contract Revenue and Refunding Series 2019 | Contract Revenue Series 2022 |
|--|---|---------------------------------|
| Amount Outstanding - June 30, 2023 | \$ 18,255,000 | \$ 11,085,000 |
| Interest Rates | 3.25% - 4.00% | 4.00% - 5.25% |
| Maturity Dates – Serially Beginning/Ending | September 1, 2023/2044 | September 1, 2023/2045 |
| Interest Payment Dates | September 1/March 1 | September 1/March 1 |
| Callable Dates | September 1, 2025* | September 1, 2032* |

* Or any interest payment date thereafter, at the option of the Authority, in whole or in part, in inverse numerical order, at par plus accrued interest to the date fixed for redemption. Series 2019 Contract Revenue and Refunding term bonds maturing on September 1, 2040, and September 1, 2044, are subject to mandatory redemption by random selection beginning September 1, 2038, and September 1, 2041, respectively. Series 2022 Contract Revenue term bonds maturing on September 1, 2038, September 1, 2041, and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2033, September 1, 2039, and September 1, 2042, respectively.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2023:

| | July 1, 2022 | Additions | Retirements | June 30, 2023 |
|-----------------------------|-----------------|-----------------------------|-------------|------------------|
| Bonds Payable | \$ 18,845,000 | \$ 11,085,000 | \$ 590,000 | \$ 29,340,000 |
| Unamortized Discounts | | (96,615) | (3,960) | (92,655) |
| Unamortized Premiums | 137,317 | 805,607 | 39,060 | 903,864 |
| Total Long-Term Liabilities | \$ 18,982,317 | \$ 11,793,992 | \$ 625,100 | \$ 30,151,209 |
| | | Amount Due Within One Year | | \$ 780,000 |
| | | Amount Due After One Year | | 29,371,209 |
| | | Total Long-Term Liabilities | | \$ 30,151,209 |

The bonds are payable from the proceeds of the pledged tax increments reserves to be received from the City and the HISD, see Notes 6 and 7. As of June 30, 2023, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------|---------------|---------------|
| 2024 | \$ 780,000 | \$ 1,185,412 | \$ 1,965,412 |
| 2025 | 810,000 | 1,151,888 | 1,961,888 |
| 2026 | 845,000 | 1,116,987 | 1,961,987 |
| 2027 | 885,000 | 1,080,463 | 1,965,463 |
| 2028 | 920,000 | 1,042,337 | 1,962,337 |
| 2029-2033 | 5,235,000 | 4,580,437 | 9,815,437 |
| 2034-2038 | 6,420,000 | 3,395,675 | 9,815,675 |
| 2039-2043 | 7,890,000 | 1,926,436 | 9,816,436 |
| 2044-2046 | 5,555,000 | 333,632 | 5,888,632 |
| | \$ 29,340,000 | \$ 15,813,267 | \$ 45,153,267 |

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. ZONING ENFORCEMENT SERVICES

On August 8, 2017, the Authority entered into the Agreement Regarding Zoning Enforcement Services with Saint George Place Management District (the "District") and Reinvestment Zone No. One, City of Houston, Texas (the "Zone"). The Zone, the District and the Authority (collectively, the "Parties") understand that the efficient enforcement of the Zoning Ordinance is in their common best interests, and that the District has the resources and expertise to best carry out such enforcement. The Zone delegates to the District the enforcement of the Zoning Ordinance on behalf of the Zone. The Authority agrees to pay the District \$1,000 per month for the enforcement of the Zone Ordinance.

NOTE 11. INTERFUND TRANSFERS

During the current fiscal year, the General Fund transferred \$1,620,799 to the Debt Service Fund for debt service obligations

NOTE 12. COST SHARING AGREEMENT FOR DEVELOPMENT STUDY

The Authority and Property Owners within the boundaries of the Authority entered in to a costs sharing agreement to create a collective and future vision for the TIRZ extending from Westheimer Road to the North, Chimney Rock Road to the East, Westpark Drive to the South, and Hillcroft Avenue to the West complete with analysis of existing conditions, community engagement, developer scenarios, and recommended strategies and improvements. The Authority and Property Owners agree to pay a proportionate share for the costs of the study. The Property Owners agree to contribute \$125,000 in four installments. A total of \$93,750 has been collected from the Property Owners, of which, \$62,500 was collected in the current fiscal year. As of June 30, 2023, \$19,778 has been recorded as a receivable from Property Owners.

NOTE 13. INTERLOCAL AGREEMENTS

Effective May 25, 2021, the Authority entered into the Schumacher Street and Drainage Improvement Project Interlocal Agreement with the City and the Zone for the design and construction of the infrastructure and improvements of the roads within the southeast quadrant of the zone stated in this agreement. The City agrees to contribute \$2,205,000 for the construction of these improvements. The City contributed \$2,100,000 during the prior fiscal year. The Authority is responsible to fund all additional cost in excess of the City's contribution.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13. INTERLOCAL AGREEMENTS (Continued)

Effective November 1, 2021, the Authority entered into the Safe Sidewalk Project Interlocal Agreement with the City and the Zone for the design and construction of a side walk along Bering Ditch from Windswept Lane to Beverly Hill Street to improve access to Pilgrim Academy and Wisdom High School. The City agrees to contribute \$50,000 for the construction of these improvements. The City contributed \$50,000 during the prior fiscal year. The Authority is responsible to fund all additional cost in excess of the City's contribution.

The Authority entered into the Joint Participation Interlocal Agreement with the County for the design and construction of the Schumacher Area Drainage and Mobility Improvements project. The County agrees to contribute \$2,100,000 for the construction of these improvements. The County contributed \$2,100,000 during the current fiscal year. The Authority is responsible to fund all additional cost in excess of the County's contribution.

The Authority entered into the Joint Participation Interlocal Agreement with the County for the design and construction improvements of 8' sidewalks along the east side of the W142-00-00 Channel, from Westpark Drive to Windswept Lane. The County agrees to contribute \$150,000 for the construction of these improvements. The County contributed \$150,000 during the current fiscal year. The Authority is responsible to fund all additional cost in excess of the County's contribution.

NOTE 14. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority participates in the Texas Municipal League's Intergovernmental Risk Pool ("TML") to provide general liability, errors and omission and automobile liability. The Authority, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 15. BOND SALE

On July 6, 2022, the Authority closed on the sale of its \$11,085,000 Tax Increment Contract Revenue Bonds, Series 2022. The proceeds of the bond sale will be used to fund construction of streets and related storm sewer improvements, sidewalks and landscaping, and cost related to the development of parks. Additional proceeds will be used to cover issuance costs of the bonds.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND, DEBT SERVICE FUND AND
CAPITAL PROJECTS FUND COMBINED
FOR THE YEAR ENDED JUNE 30, 2023

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|------------------------------|-----------------------|------------------------------------|
| REVENUES | | | |
| Tax Increment Revenue | \$ 2,615,729 | \$ 2,567,345 | \$ (48,384) |
| Investment Revenues | 67,471 | 882,665 | 815,194 |
| TOTAL REVENUES | \$ 2,683,200 | \$ 3,450,010 | \$ 766,810 |
| EXPENDITURES | | | |
| Maintenance and Operations | \$ 274,200 | \$ 214,713 | \$ 59,487 |
| Capital Improvements | 19,431,901 | 16,109,276 | 3,322,625 |
| Debt Service | 1,923,565 | 2,389,480 | (465,915) |
| TOTAL EXPENDITURES | \$ 21,629,666 | \$ 18,713,469 | \$ 2,916,197 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ (18,946,466) | \$(15,263,459) | \$ 3,683,007 |
| OTHER FINANCING SOURCES(USES) | | | |
| Long-Term Debt Issued | \$ 11,013,113 | \$ 11,085,000 | \$ 71,887 |
| Bond Discount | | (96,615) | (96,615) |
| Bond Premium | | 805,607 | 805,607 |
| Contributed by Other Governmental Unit | 2,380,000 | 2,250,000 | (130,000) |
| Grant Revenues | 800,000 | | (800,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 14,193,113 | \$ 14,043,992 | \$ (149,121) |
| NET CHANGE IN FUND BALANCE | \$ (4,753,353) | \$ (1,219,467) | \$ 3,533,886 |
| FUND BALANCE - JULY 1, 2022 | 17,874,416 | 17,874,416 | |
| FUND BALANCE - JUNE 30, 2023 | \$ 13,121,063 | \$ 16,654,949 | \$ 3,533,886 |

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SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

SUPPLEMENTARY INFORMATION

REQUIRED BY CITY OF HOUSTON

JUNE 30, 2023

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SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
OPERATING EXPENSES – GENERAL FUND AND
DEBT SERVICE FUND COMBINED
FOR THE YEAR ENDED JUNE 30, 2023

| Category | Vendor | Budget |
|---|--|-------------------|
| ADMINISTRATION AND OVERHEAD | | |
| Administration Consultant | Hawes Hill & Associates, LLP | \$ 36,000 |
| Insurance | TML | 4,000 |
| Bookkeeping | ETI Bookkeeping | 20,000 |
| Annual Financial Report | Burton Accounting, P.L.L.C. | 3,000 |
| Auditor | McCall Gibson Swedlund Barfoot PLLC | 13,000 |
| Financial Advisor | Masterson Advisors LLP | 7,000 |
| Bond Paying Agent | The Bank of New York | |
| Website | Busy Bee Creatives | 4,200 |
| Office Expenses | | <u>8,000</u> |
| SUBTOTAL | | <u>\$ 95,200</u> |
| PROGRAM AND PROJECT CONSULTANTS | | |
| Planning Consultants | | \$ 50,000 |
| Property Tax Consultant | Equi-Tax | 3,000 |
| Legal-General Counsel | Allen Boone Humphries Robinson LLP | 40,000 |
| Project Management | Hawes Hill & Associates, LLP | 74,000 |
| Zoning Enforcement | Saint George Place Management District | <u>12,000</u> |
| SUBTOTAL | | <u>\$ 179,000</u> |
| TOTAL MANAGEMENT CONSULTING SERVICES | | <u>\$ 274,200</u> |

See accompanying independent auditor's report.

| <u>Actual Expenditure</u> | <u>Variance Positive (Negative)</u> |
|-------------------------------|---|
| \$ 36,000 | \$ |
| 4,717 | (717) |
| 21,550 | (1,550) |
| 2,500 | 500 |
| 12,000 | 1,000 |
| 3,500 | 3,500 |
| 10,000 | (10,000) |
| 4,200 | |
| <u>5,612</u> | <u>2,388</u> |
| | |
| \$ <u>100,079</u> | \$ <u>(4,879)</u> |
| | |
| \$ | \$ 50,000 |
| 2,635 | 365 |
| 25,887 | 14,113 |
| 74,000 | |
| <u>12,112</u> | <u>(112)</u> |
| | |
| \$ <u>114,634</u> | \$ <u>64,366</u> |
| | |
| \$ <u>214,713</u> | \$ <u>59,487</u> |

See accompanying independent auditor's report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
CAPITAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

| Category | Vendor |
|--|---------------------------------------|
| Project T-0107: Chimney Rock (Richmond Ave. to US 59) Acquisition | Charter Title Company |
| Design | Lockwood, Andrews & Newman, Inc., |
| Construction | Goodman Corp., Gauge Engineering |
| Other | |
| Project T-0108: Anderson Park Improvements | |
| Design | SWA Group Inc, The Goodman Corp. |
| Construction | |
| Project T-0109: Bering Drive (Richmond to US 59) | |
| Design | SWA Group Inc, Gauge Engineering, LLC |
| Construction | |
| Other | SMC Landscaping Services |
| Project T-0115: Richmond Avenue Medians Beautifications | |
| Design | SWA Group Inc |
| Construction | Landscape Art Inc., Redbud Gallery |
| Other | |
| Project T-0116: Sidewalk Replacement and Improvements | |
| Design | The Goodman Corp. |
| Construction | |
| Project T-0116A: Safe Sidewalks | |
| Design | The Goodman Corp. |
| Construction | LAC Services LLC |
| Other | |
| Project T-0117: Regional Flood Mitigation Project | |
| Planning | Gauge Engineering |
| Project T-0120: Schumacher & Star Lane Reconstruction | |
| Construction | SER Construction Partners, LLC |
| Other | Gauge Engineering, SWA Group Inc. |
| Project T-0121: Fountain View and Richmond Intersection | |
| Design | The Goodman Corp. |
| Project T-0123: East & West Greenridge Safety Improvements | |
| Design | The Goodman Corp. |
| Construction | |
| Other | |

TOTAL CAPITAL EXPENDITURES

See accompanying independent auditor's report.

| <u>Budget</u> | <u>Actual Expenditure</u> | <u>Variance Positive (Negative)</u> |
|----------------------|-------------------------------|---|
| \$ | \$ 500,000 | \$ (500,000) |
| | 64,882 | (64,882) |
| 1,400,000 | | 1,400,000 |
| 98,000 | | 98,000 |
| 125,000 | 135,491 | (10,491) |
| 75,000 | | 75,000 |
| 210,000 | 260,329 | (50,329) |
| 1,150,000 | | 1,150,000 |
| 80,000 | 9,905 | 70,095 |
| | 15,872 | (15,872) |
| 73,500 | 82,161 | (8,661) |
| 30,000 | | 30,000 |
| 50,000 | 1,539 | 48,461 |
| 200,000 | | 200,000 |
| | 76,145 | (76,145) |
| 315,400 | 277,031 | 38,369 |
| 15,770 | | 15,770 |
| 280,731 | 118,725 | 162,006 |
| 13,620,000 | 13,893,137 | (273,137) |
| 821,000 | 671,359 | 149,641 |
| | 1,000 | (1,000) |
| 100,000 | 1,700 | 98,300 |
| 750,000 | | 750,000 |
| <u>37,500</u> | | <u>37,500</u> |
| <u>\$ 19,431,901</u> | <u>\$ 16,109,276</u> | <u>\$ 3,322,625</u> |

See accompanying independent auditor's report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
PROJECT PLAN RECONCILIATION
AS OF THE YEAR ENDED JUNE 30, 2023

| | <u>Project Plan Estimated Amount</u> | <u>Cumulative Expenditures as of the Fiscal Year Ended 2023</u> | <u>Variance Positive (Negative)</u> |
|--|--|---|---|
| Project Costs | | | |
| Capital Costs: | | | |
| Storm Drainage, Water, Wastewater and other Utilities | \$ 24,973,315 | \$ 2,975,502 | \$ 21,997,813 |
| Roadway, Sidewalk, Intersection, Pedestrian Pathways, and other Mobility-Related Corridor Improvements | 60,875,419 | 27,833,568 | 33,041,851 |
| Landscaping and Barrier Fencing | 14,393,480 | 2,889,760 | 11,503,720 |
| Parks, Open Space and Amenities | 1,000,000 | 680,184 | 319,816 |
| Contingencies | 11,027,913 | 518 | 11,027,395 |
| Other Costs: | | | |
| Financing Costs* | 2,280,000 | 11,212,787 | (8,932,787) |
| Engineering, Planning and Legal Advice and Services | 793,000 | 832,283 | (39,283) |
| Organizational, Operating Costs and Zoning Enforcement | 542,000 | 8,134,575 | (7,592,575) |
| Educational Facilities | 18,771,094 | 8,646,579 | 10,124,515 |
| Affordable Housing | <u>31,785,702</u> | <u>21,610,744</u> | <u>10,174,958</u> |
| Total Project Costs | <u>\$ 166,441,923</u> | <u>\$ 84,816,500</u> | <u>\$ 81,625,423</u> |

* Includes issuance of \$3,170,000 of Series 2001 Tax Increment Contract Revenue and Refunding Bonds to refund \$2,100,000 of previously issued TIRZ bonds issued by the City of Houston, Texas for the construction of water and sanitary sewer facilities within the TIRZ.

See accompanying independent auditor's report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2023

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
JUNE 30, 2023

TAX INCREMENT CONTRACT
REVENUE AND REFUNDING BONDS
SERIES - 2019

| Due During Fiscal Years Ending June 30 | Principal Due September 1 | Interest Due September 1/ March 1 | Total |
|--|---------------------------------|---|----------------------|
| 2024 | \$ 610,000 | \$ 671,512 | \$ 1,281,512 |
| 2025 | 635,000 | 646,613 | 1,281,613 |
| 2026 | 660,000 | 620,712 | 1,280,712 |
| 2027 | 685,000 | 593,813 | 1,278,813 |
| 2028 | 715,000 | 565,812 | 1,280,812 |
| 2029 | 745,000 | 536,612 | 1,281,612 |
| 2030 | 775,000 | 506,213 | 1,281,213 |
| 2031 | 805,000 | 474,612 | 1,279,612 |
| 2032 | 840,000 | 441,712 | 1,281,712 |
| 2033 | 875,000 | 407,413 | 1,282,413 |
| 2034 | 745,000 | 377,806 | 1,122,806 |
| 2035 | 770,000 | 353,188 | 1,123,188 |
| 2036 | 795,000 | 327,259 | 1,122,259 |
| 2037 | 825,000 | 299,922 | 1,124,922 |
| 2038 | 850,000 | 271,125 | 1,121,125 |
| 2039 | 885,000 | 240,209 | 1,125,209 |
| 2040 | 915,000 | 207,584 | 1,122,584 |
| 2041 | 950,000 | 173,781 | 1,123,781 |
| 2042 | 985,000 | 138,094 | 1,123,094 |
| 2043 | 1,025,000 | 100,406 | 1,125,406 |
| 2044 | 1,060,000 | 61,313 | 1,121,313 |
| 2045 | 1,105,000 | 20,719 | 1,125,719 |
| 2046 | | | |
| | <u>\$ 18,255,000</u> | <u>\$ 8,036,430</u> | <u>\$ 26,291,430</u> |

See accompanying independent auditor's report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
JUNE 30, 2023

TAX INCREMENT CONTRACT
REVENUE BONDS
SERIES - 2022

| Due During Fiscal Years Ending June 30 | Principal Due September 1 | Interest Due September 1/ March 1 | Total |
|--|---------------------------------|---|----------------------|
| 2024 | \$ 170,000 | \$ 513,900 | \$ 683,900 |
| 2025 | 175,000 | 505,275 | 680,275 |
| 2026 | 185,000 | 496,275 | 681,275 |
| 2027 | 200,000 | 486,650 | 686,650 |
| 2028 | 205,000 | 476,525 | 681,525 |
| 2029 | 215,000 | 466,025 | 681,025 |
| 2030 | 225,000 | 455,025 | 680,025 |
| 2031 | 240,000 | 443,400 | 683,400 |
| 2032 | 250,000 | 431,150 | 681,150 |
| 2033 | 265,000 | 418,275 | 683,275 |
| 2034 | 440,000 | 400,650 | 840,650 |
| 2035 | 460,000 | 378,150 | 838,150 |
| 2036 | 485,000 | 354,525 | 839,525 |
| 2037 | 510,000 | 329,650 | 839,650 |
| 2038 | 540,000 | 303,400 | 843,400 |
| 2039 | 560,000 | 275,900 | 835,900 |
| 2040 | 595,000 | 246,281 | 841,281 |
| 2041 | 625,000 | 214,256 | 839,256 |
| 2042 | 660,000 | 180,525 | 840,525 |
| 2043 | 690,000 | 149,400 | 839,400 |
| 2044 | 720,000 | 121,200 | 841,200 |
| 2045 | 745,000 | 91,900 | 836,900 |
| 2046 | 1,925,000 | 38,500 | 1,963,500 |
| | <u>\$ 11,085,000</u> | <u>\$ 7,776,837</u> | <u>\$ 18,861,837</u> |

See accompanying independent auditor's report.

SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
JUNE 30, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending June 30 | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|--|------------------------|-----------------------|--|
| 2024 | \$ 780,000 | \$ 1,185,412 | \$ 1,965,412 |
| 2025 | 810,000 | 1,151,888 | 1,961,888 |
| 2026 | 845,000 | 1,116,987 | 1,961,987 |
| 2027 | 885,000 | 1,080,463 | 1,965,463 |
| 2028 | 920,000 | 1,042,337 | 1,962,337 |
| 2029 | 960,000 | 1,002,637 | 1,962,637 |
| 2030 | 1,000,000 | 961,238 | 1,961,238 |
| 2031 | 1,045,000 | 918,012 | 1,963,012 |
| 2032 | 1,090,000 | 872,862 | 1,962,862 |
| 2033 | 1,140,000 | 825,688 | 1,965,688 |
| 2034 | 1,185,000 | 778,456 | 1,963,456 |
| 2035 | 1,230,000 | 731,338 | 1,961,338 |
| 2036 | 1,280,000 | 681,784 | 1,961,784 |
| 2037 | 1,335,000 | 629,572 | 1,964,572 |
| 2038 | 1,390,000 | 574,525 | 1,964,525 |
| 2039 | 1,445,000 | 516,109 | 1,961,109 |
| 2040 | 1,510,000 | 453,865 | 1,963,865 |
| 2041 | 1,575,000 | 388,037 | 1,963,037 |
| 2042 | 1,645,000 | 318,619 | 1,963,619 |
| 2043 | 1,715,000 | 249,806 | 1,964,806 |
| 2044 | 1,780,000 | 182,513 | 1,962,513 |
| 2045 | 1,850,000 | 112,619 | 1,962,619 |
| 2046 | 1,925,000 | 38,500 | 1,963,500 |
| | <u>\$ 29,340,000</u> | <u>\$ 15,813,267</u> | <u>\$ 45,153,267</u> |

See accompanying independent auditor's report.

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SAINT GEORGE PLACE REDEVELOPMENT AUTHORITY
BOARD MEMBERS AND CONSULTANTS
JUNE 30, 2023

Authority Mailing Address - Saint George Place Redevelopment Authority
P.O. Box 22167
Houston, TX 77227-2167

Authority Telephone No. - (713) 595-1200

| Board Members | Position |
|-------------------------------|-----------------|
| Berzin Bhandara, Secretary | 1 |
| Frank Donnelly, III, Chairman | 2 |
| Michael Roa | 3 |
| Randy Sim, Asst. Secretary | 4 |
| Bill Hutz, Vice-Chairman | 5 |
| Cross Mocerì | 6 |
| Edward Taravella | 7 |
| Bob Gonzalez | 8 |
| Hachem Domloj | 9 |

Zone Administrator

Mr. David Hawes
Hawes Hill & Associates, LLP
P.O. Box 22167
Houston, TX 77227-2167

See accompanying independent auditor's report.

