

**DOWNTOWN  
HOUSTON+**



**Board of Directors Meeting**  
June 20, 2024

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**MINUTES OF THE REGULAR MEETING  
OF THE  
HOUSTON DOWNTOWN MANAGEMENT DISTRICT**

May 9, 2024

THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

The Board of Directors of the Houston Downtown Management District (the “District”) convened in person on May 9, 2024, at 12:00 PM for a regular meeting session, open to the public, in the H-Town Conference Room located inside the District’s office at 1221 McKinney Street, Suite 4250, Houston, TX 77010, and the roll was called of the duly appointed members of the Board, to-wit:

**BOARD MEMBERS**

Crystal Allen	Toni Jackson
Sean Alley	Lacee Jacobs
Leslie Ashby	Robbi Jones
Kinder Baumgartner	Roland Kennedy
Genora Boykins	Sean Liu
Clay Crawford	Ben Llana
Marcus Davis	Nick Massad
Terry Demchak	Sherea McKenzie
Jacques D’Rovencourt	Kenny Meyer
Kelly Foreman	Randy Pryor
Irma Galvan	Edna Ramos
Marian Harper	Frem Reggie
Gilbert Herrera	Grace Rodriguez
C.C. Huang	John Schafer
Angus Hughes	Richard Torres

and all of the above were present, except for Directors D’Rovencourt, Foreman, Harper, Liu, Massad, Reggie, Rodriguez, and Schafer.

Also present were Kris Larson, President/CEO of the District; Allen Douglas, COO & General Counsel for the District; Jana Gunter, Director of Finance of the District; and staff members Scott Finke, Jacque Gonzalez-Garcia, Keith Gould, Brendan Harrison, Aaron Hernandez, Cassie Hoeplich, Amanda Marquez, Dusty McCartney, Jamie Perkins, Albert Sanchez, Clint Self and Ann Taylor, all with the District; Algenita Davis, Consultant for the District; and outside counsel Clark Lord with Bracewell.

Additional attendees included Linda Trevino with METRO; Sergeant Fontenot, Sergeant Duplechain, and Lieutenant LeBlanc with the Houston Police Department (“HPD”); Captain

Leonard Chan with the Houston Fire Department; Robby Robertson with Joyride Houston; Humberto Martinez with Space City Burrito; and Eugene Lee with Market Square Parking attended from the public.

### **WELCOME**

Chair Ashby presided over the meetings and welcomed all directors, consultants, and other meeting attendees. Jamie Perkins served as Assistant Secretary.

Quorum was established and the meeting began at approximately 12:10 p.m.

### **PUBLIC COMMENT**

Chair Ashby asked if anyone from the public had comments. There were no comments from the public.

### **APPROVAL OF MINUTES**

The Board considered approving the minutes of the April 11, 2024 board meeting. Not hearing any questions or corrections, Chair Ashby called for a motion, which was moved and seconded, and the April 11<sup>th</sup> minutes were approved as presented.

### **ITEMS PERTAINING TO FINANCE AND ADMINISTRATIVE MATTERS**

#### **Certificate of Appreciation Presented By HPD**

Chair Ashby invited the two Sergeants and Lieutenant attending on behalf of HPD to the podium. Sergeant Duplechain opened by sharing words of thanks and expressed appreciation for HPD's continued partnership with the District. He then presented a Certificate of Appreciation to the District Board. Chair Ashby accepted the Certificate of Appreciation on behalf of the District Board. Questions were asked and answered. No further action was necessary.

#### **Review and Ratification of Expenditures for Month Ending April 30, 2024**

Chair Ashby called on Richard Torres, Treasurer & Investment Officer of the District, to provide updates on the prior month's finance and administrative matters. Treasurer Torres shared highlights from the April check registers.

He noted the April financial statements were unavailable before the May 9<sup>th</sup> meeting, and therefore not included in the materials previously provided. Treasurer Torres then stated the April financials would be included in the June Board packet for the Board to review. There were no questions or comments.

A motion was called by Chair Ashby; moved by Director Hughes and seconded by Director Kennedy; and the Board accepted the April check registers as presented.

### Chair's Recommendation for Collaborative Committee Liaisons and Action Thereon

Chair Ashby opened by sharing a list of nominees, all being District directors, who volunteered to serve as a Collaborative Committee liaison of each their respective Collaborative Committees. In her capacity as Board Chair, and under the terms defined in the District's Policies and Procedures Manual, specifically Board Governance, Section 3D2; Chair Ashby nominated the following directors to serve as a Collaborative Committee Liaison: Terry Demchak for the Enhance Committee; Nick Massad for the Connect Committee; Edna Ramos for the Thrive Committee; and Angus Hughes for the Engage Committee. She concluded by reminding the Board that those nominated as a liaison will also automatically join the Executive Committee.

Chair Ashby called for questions. Hearing none, a motion was called; moved by Director Davis and seconded by Director Crawford, and the Board accepted the recommended Directors to serve as Collaborative Committee Liaisons.

### Report from Nominating Committee and Action Thereon

Vice Chair Jones, serving as Chair of the Nominating Committee, shared a report with the Board. She presented the Committee's recommendation to re-appoint Directors currently seated in Positions 1-6 to serve for another four-year term, noting the need to search for candidates to fill recently vacated Position 7.

She also provided the Committee's recommendation to consider Antoinette "Toni" Jackson to Chair the Audit Committee. Vice Chair Jones concluded and noted upon Board approval of the aforementioned nominations, the slate of nominees will go to the City of Houston Boards and Commissions for vetting and approval.

Chair Ashby called on the Board for a vote to approve the recommended nominees to re-appoint Directors serving in Positions 1-6, leaving Position 7 open for the time being, and elect Antoinette "Toni" Jackson as Chair of the Audit Committee. Of those present, the Board unanimously approved the Nominating Committee's recommended appointments, with no objections.

### **PROJECT SPOTLIGHT: MEDIA ENGAGEMENT**

Chair Ashby invited Ann Taylor, Director of Engagement, to review highlights of the District's media engagement. Ms. Taylor shared a presentation and spoke in detail of recent notable interactions with the media. She also shared upcoming plans and topics to be communicated through various methods of media. There were no questions or discussions that took place. No further action was required.

## **PROGRAM AUTHORIZATIONS**

Operations - Brett DeBord presented four items for Board consideration on behalf of the Operations & Maintenance team:

- (i) Authorize an agreement and related expenditures for emergency standby contractor services with Teamwork Construction Services, in an amount not to exceed \$5,000. Discussion did not take place and no questions were asked. Upon a motion duly made, moved by Director Ramos; seconded by Director Kennedy; the Board approved this request as presented.
- (ii) Authorize an agreement and related expenditures to pay the remaining 2024 Operations Center rent to the new owner, Bill GStreet LLC, in an amount not to exceed \$150,000. No questions were asked, and discussion did not occur. Chair Ashby called for a motion; which was moved and seconded; and the Board approved this request as presented.
- (iii) Authorize a new five-year lease agreement and related expenditures with WE 68 for 2024 warehouse lease space, in an amount not to exceed \$36,000. Questions were not raised, and discussion did not occur. A motion was called by Chair Ashby; moved by Director Kennedy; and seconded by Director Crawford; and the request for 2024 warehouse rent was approved as presented.
- (iv) Authorize entering into an agreement with LD Systems, and related expenditures for repairs to the media equipment in the projector kiosk at Main Street Market Square, in an amount not to exceed \$50,000. No questions were raised, and discussion did not occur. A motion was called, moved by Director Crawford; seconded by Director Meyer; and the Board approved this request as presented.

Economic Development – Cassie Hoeprich presented an item for Board consideration on behalf of the Economic Development team:

- (i) Authorize the execution of an agreement with EcoCounter, and related expenditures for a pedestrian counting system, in an amount not to exceed \$49,000. Questions were asked and answered. Upon a motion made, moved by Director Ramos; seconded by Vice Chair Jones; the Board approved this item as presented.

## **STRATEGIC ALIGNMENT UPDATES**

President Larson shared updates on the progress made the month prior toward the company's Strategic Alignment Goals. Questions were asked and answered. No further action was taken.

**OTHER BUSINESS**

President Larson stated plans are in motion for an offsite Board retreat and requested Board input concerning the date, time, and place. He concluded by mentioning a short survey to gather these preferences will be distributed by the end of the week.

Next, Chair Ashby announced there will be no Board or Committee meetings taking place in July, and noted the next Board meeting is scheduled for August 8, 2024. Finally, she asked if any additional business needed to come forth before the Board. Hearing none, Chair Ashby adjourned the meeting at 1:07 PM.

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Jamie Perkins, Assistant Secretary  
Houston Downtown Management District

DRAFT

# YTD May 2024 Balance Sheet

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## Assets

Operating Cash Balance is \$152K

TexPool Investments \$19M

2023 Assessments Due: 98.3% have been collected

2023 Assessments Receivable \$364K

## Liabilities

Reserves for Property Value Protests are \$1.6M

\$482K in refunds have been returned to property owners due to lower HCAD property values as a result of protests.

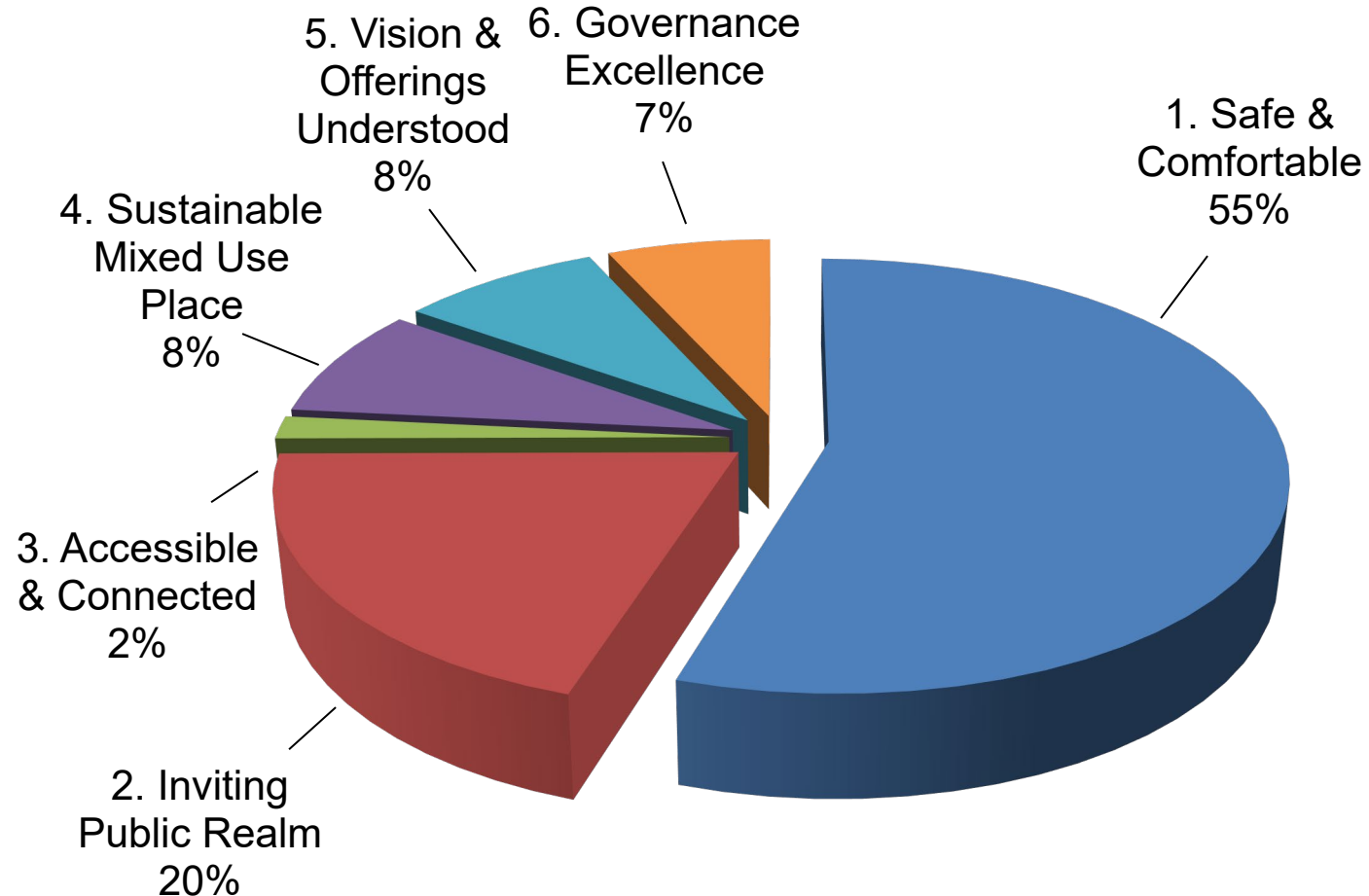
Based on the 5-year loss rate of 12.2% the District needs to increase reserves by \$47K, a 3% increase.

## Fund Balance

Unrestricted Fund Balance is \$13.1M, \$8.3M in excess of 2023 Minimum Fund Balance Target of \$4.8M set October 31, 2023



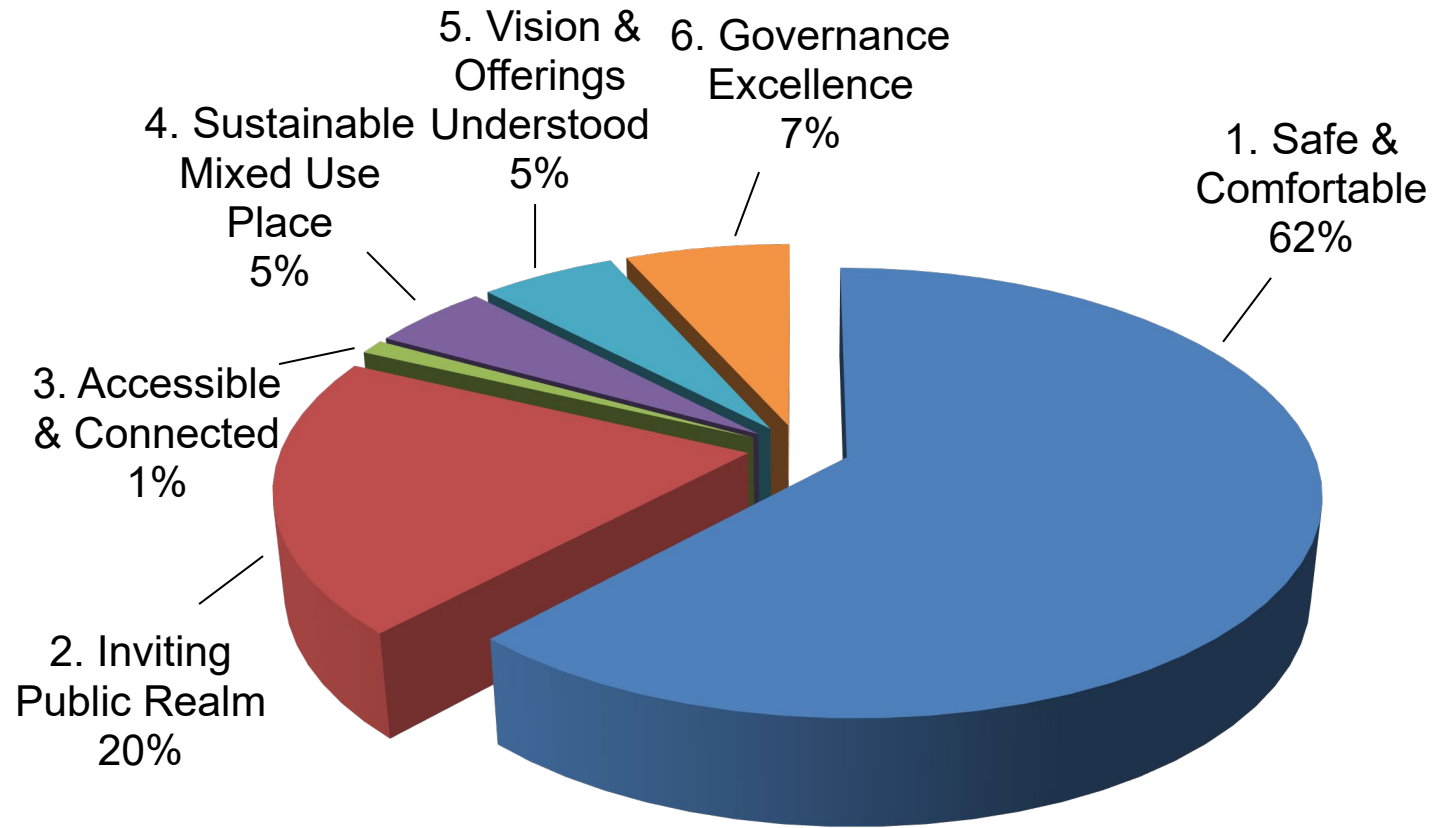
# 2024 Annual Budget



**Total: \$22,918,133**

Operating: \$20,132,219 Capital: \$2,785,914

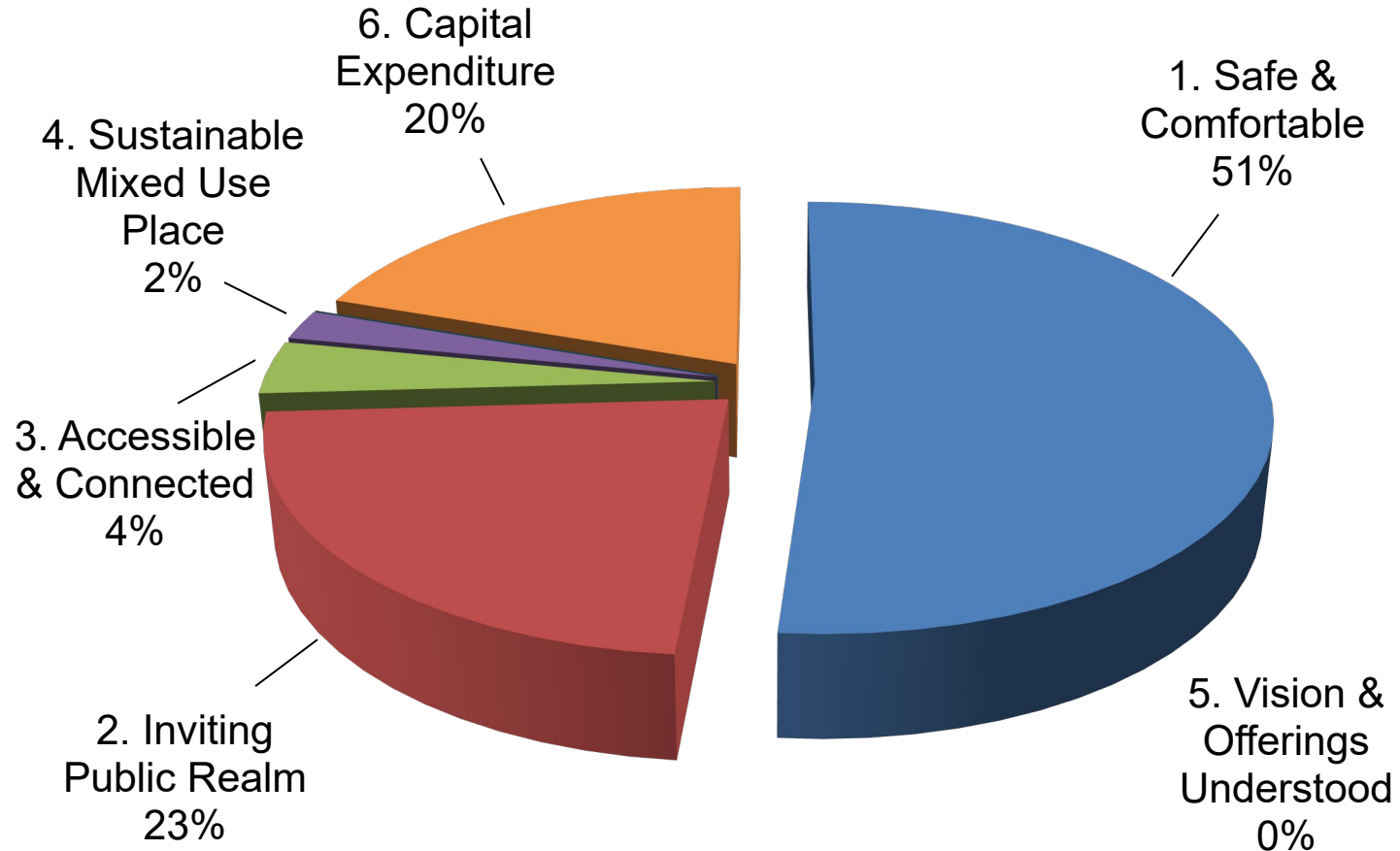
# May 2024 Operating Spending



**Total: \$5,735,217**

Variance from budget (\$1,494,657) or (21%) under budget

# May 2024 Capital Spending



**Total: \$357,857**

Variance from budget (\$1,286,343) or (78%) under budget

## May 2024 Budget Highlights

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Operating – (\$1.5M) or (21%) under budget

- **Safe & Comfortable for All (\$541K) or 13% under budget**
  - Under budget (\$145K) in Safety Guides and Law Enforcement support.
  - Under budget (\$265K) in Homeless Outreach programs.
  - Under budget (\$162K) in Maintenance, Repairs and Landscaping.
  - The District recognized \$55K of \$200K anticipated expenses for clean up work after the derecho storm on May 16. Application for FEMA reimbursement is underway.
- **Public Realm is Charming (\$417K) or 27% under budget**
  - Under budget (\$358K) in Holiday Logistics and Installation and (\$37K) in Art and Holiday Programming.

## May 2024 Budget Highlights

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Operating – (\$1.5M) or (21%) under budget

- **Vibrant, Sustainable Mixed-Use Place (\$172K) or 38% under budget**
  - Under budget (\$79K) in cost of producing Quarterly Reports.
  - Under budget (\$81K) in DLI payments not funded yet and (\$12K) in Residential Programming.
- **Vision & Offering Understood by All (\$283K) or 47% under budget**
  - Under budget (\$193K) in Marketing Expenditures.
  - Under budget (\$82K) in Planning and Consulting for Transportation and Placemaking studies.
- **Governance Known for Excellence (\$81K) or 18% under budget**
  - Under budget (\$81K) in Administration costs, Training and Depreciation.

## May 2024 Budget Highlights

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Capital Improvement – (\$1.3M) or (78%) under budget

- **Safe & Comfortable (\$48K) or 21% under budget**
  - Under budget (\$46K) in Landscape Amenities-Irrigation and (\$1K) in Staffing.
- **Inviting Public Realm (\$554K) or 87% under budget**
  - Under budget (\$304K) in Banners, (\$75K) in Lighting Plan Implementation, (\$75K) in Placemaking and Improved Pedestrian Connection, (\$99K) in Park improvements.
- **Accessible to Region (\$661K) or 98% under budget**
  - Under budget (\$661) in Southeast Sidewalks TxDOT forecasted to be completed this summer and under budget (\$336K)

# Check register for May 2024

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- Total checks issued in May 2024 were \$1.4 million
  - Block by Block
    - Safety Guides/Street Teams Contract Services - \$627,914
  - Color Specialist Landscaping, Inc.
    - Contract Services- \$203,445
  - Seal Security Solutions, LLC
    - Contract Services - \$78,327
  - Gulf Coast Pavers
    - Contract Services - \$66,600
  - Pfeiffer & Son, LTD
    - Contract Services - \$52,369



To Management  
Houston Downtown Management District

Management is responsible for the accompanying financial statements of the Houston Downtown Management District (the District), which comprise the governmental fund balance sheets and statements of net position as of April 30, 2024 and 2023, and the related statements of activities for the months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America and the required supplementary information that the Government Accounting Standards Board (GASB) requires to be presented to supplement the basic financial statements. If the omitted disclosures, and GASB required supplementary information were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The Variance Analysis on page 4 is presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements. The Variance Analysis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Sincerely,

A handwritten signature in blue ink that reads 'nctp cpas, pllc' in a cursive, lowercase style.

Houston, Texas  
June 10, 2024



**Houston Downtown Management District  
Governmental Fund Balance Sheets and  
Statement of Net Position  
For the month ended April 2024, and April 2023**

	2024			2023		
	Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)	HDMD Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)
<b>Assets</b>						
Cash	16,888,131	4,756,334	21,644,465	16,516,791	4,664,519	21,181,310
Assessments Due	882,485	73,144	955,629	612,822	52,609	665,432
Accounts Receivable	843,540	-	843,540	149,147	-	149,147
Prepaid Expense	26,235	-	26,235	26,235	-	26,235
Property & Equipment, Net	581,408	0	581,408	558,493	747	559,240
Right of Use Lease Assets, Net	2,407,995	-	2,407,995	2,616,094	-	2,616,094
Intercompany Rec/Pay	(1,237,929)	1,237,929	-	(1,191,788)	1,191,788	-
<b>Total Assets</b>	<b>20,391,864</b>	<b>6,067,407</b>	<b>26,459,271</b>	<b>19,287,795</b>	<b>5,909,663</b>	<b>25,197,458</b>
<b>Liabilities</b>						
Accounts Payable & Accrued Expenses	1,148,011	-	1,148,011	330,338	35,795	366,133
Lease Liabilities	2,591,497	-	2,591,497	2,754,606	-	2,754,606
Deferred Revenue	-	-	-	-	-	-
Reserve for Refunds due to Property Protests	1,850,834	134,318	1,985,152	1,297,731	99,636	1,397,368
<b>Total Liabilities &amp; Deferred Revenue</b>	<b>5,590,341</b>	<b>134,318</b>	<b>5,724,659</b>	<b>4,382,676</b>	<b>135,431</b>	<b>4,518,108</b>
<b>Fund Balances</b>						
Unreserved, Undesignated	14,001,522	-	14,001,522	14,105,118	-	14,105,118
Unreserved, Designated for Catastrophy	800,000	-	800,000	800,000	-	800,000
Reserved for Capital Projects	-	5,933,089	5,933,089	-	5,774,232	5,774,232
	<b>14,801,522</b>	<b>5,933,089</b>	<b>20,734,611</b>	<b>14,905,118</b>	<b>5,774,232</b>	<b>41,358,701</b>
<b>Total Liabilities, Deferred Revenue &amp; Fund Balances</b>	<b>20,391,864</b>	<b>6,067,407</b>	<b>26,459,271</b>	<b>19,287,795</b>	<b>5,909,663</b>	<b>25,197,458</b>

**Houston Downtown Management District**  
**Statement of Activities**  
**For the month ended April 2024, and April 2023**

	Operating YTD Actual	Capital YTD Actual	Total YTD Actual	YTD Budget	Fav (Unfav) Variance	% Var
<b>Revenue</b>						
Assessment Revenue	-	-	-	-	-	N/A
Operations Revenue	238,890	-	238,890	263,625	(24,735)	-9%
Project Revenue	3,293	-	3,293	10,000	(6,707)	-67%
Other Income	5,528	-	5,528	-	5,528	N/A
Interest Income	250,046	72,694	322,741	383,400	(60,659)	-16%
<b>Total Revenues</b>	<b>\$ 497,758</b>	<b>\$ 72,694</b>	<b>\$ 570,453</b>	<b>\$ 657,025</b>	<b>\$ 86,572</b>	<b>13%</b>
<b>Expenses</b>						
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>						
Collaboration to Maintain Low Crime Rate	679,070	-	679,070	1,010,527	331,457	33%
Reduced Presence of Homeless & Street Persons	209,501	-	209,501	504,468	294,967	58%
Downtown Sidewalks are Comfortably Lighted	24,263	-	24,263	59,912	35,649	60%
Downtown Clean & Well-Kept Appearance	995,179	-	995,179	1,555,940	560,761	36%
Remove Signs of Disorder in Downtown	19,603	-	19,603	20,914	1,311	6%
Prepare for Emergencies	34,886	-	34,886	36,608	1,722	5%
	1,962,501	-	1,962,501	3,188,367	1,225,866	38%
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>						
Key Pedestrian Streets are Inviting	209,720	-	209,720	210,986	1,266	1%
Public Spaces Managed, Programmed, & Delightful	559,218	-	559,218	642,651	83,433	13%
Place of Civic Celebration	136,946	-	136,946	222,238	85,292	38%
	905,884	-	905,884	1,075,875	169,992	16%
<b>Accessible to Region &amp; Easy to Get Around</b>						
Effective Transit Access More Places, More Hours	6,614	-	6,614	6,715	102	2%
Convenient Circulation Without Personal Vehicle	-	-	-	-	-	N/A
Easy to Find Way Around	16,310	-	16,310	15,667	(644)	-4%
Connect Neighborhoods & Districts Inside/Outside Downtown	21,287	-	21,287	21,226	(61)	0%
Convenient, Understandable & Managed Parking	4,203	-	4,203	4,260	57	1%
	48,414	-	48,414	47,868	(546)	-1%
<b>Vibrant, Sustainable Mixed-Use Place</b>						
Best Place to Work in Region	127,676	-	127,676	170,285	42,609	25%
Exciting Neighborhoods to Live In	105,400	-	105,400	197,370	91,971	47%
Competitive Shopping Place	6,302	-	6,302	5,101	(1,200)	-24%
Remarkable Destination for Visitors	5,679	-	5,679	5,772	93	2%
	245,056	-	245,056	378,529	133,472	35%
<b>Downtown's Vision &amp; Offering Understood By All</b>						
Market to Region	144,925	-	144,925	319,774	174,849	55%
Promote Downtown's Ease of Use	37,892	-	37,892	41,278	3,386	8%
Vision/Development Framework Understood By All	34,459	-	34,459	99,923	65,463	66%
Tools to Assist Continued Redevelopment	8,564	-	8,564	9,485	921	10%
Develop & Main Information to Support Downtown	7,631	-	7,631	7,813	182	2%
	233,471	-	233,471	478,272	244,801	51%
<b>District Governance &amp; Service Known for Excellence</b>						
Engage Stakeholders in Decision Making	223,695	-	223,695	286,400	62,705	22%
Communications to Owners, Tenants & Others	22,373	-	22,373	23,774	1,401	6%
Preservation of District's Capital Assets	46,972	-	46,972	46,900	(72)	0%
	293,041	-	293,041	357,074	64,033	18%
<b>Capital Improvement &amp; Expenditures</b>						
Downtown Feels Safe & Comfortable	-	165,438	165,438	216,700	51,262	24%
Public Realm is Charming, Inviting & Beautiful	-	49,884	49,884	485,000	435,116	90%
Accessible to Region & Easy to Get Around	-	14,247	14,247	600,000	585,753	98%
Vibrant, Sustainable Mixed-Use Place	-	8,005	8,005	-	(8,005)	N/A
Downtown's Vision & Offering Understood By All	-	-	-	-	-	N/A
Capital Replacement Expenditure	-	58,604	58,604	82,000	23,396	29%
	-	296,178	296,178	1,383,700	1,087,522	79%
<b>Total Expenses</b>	<b>3,688,367</b>	<b>296,178</b>	<b>3,984,545</b>	<b>6,909,686</b>	<b>2,925,141</b>	<b>42%</b>
Depreciation Expense	29,944	-	29,944	49,948	20,004	40%
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>(3,220,553)</b>	<b>(223,483)</b>	<b>(3,444,036)</b>	<b>(6,302,609)</b>	<b>2,858,573</b>	<b>-45%</b>

**Houston Downtown Management District**  
**Statement of Activities**  
**For the month ended April 2024, and April 2023**

	Operating	Capital	2024	2023	Fav (Unfav)	%
	YTD Actual	YTD Actual	Total	Total	Variance	Var
			YTD Actual	YTD Actual		
<b>Revenue</b>						
Assessment Revenue	-	-	-	-	-	N/A
Operations Revenue	238,890	-	238,890	155,853	83,037	53%
Project Revenue	3,293	-	3,293	18,229	(14,936)	-82%
Other Income	5,528	-	5,528	1,092	4,436	406%
Interest Income	250,046	72,694	322,741	275,305	47,436	17%
<b>Total Revenues</b>	<b>\$ 497,758</b>	<b>\$ 72,694</b>	<b>\$ 570,453</b>	<b>\$ 450,479</b>	<b>\$ 119,974</b>	<b>27%</b>
<b>Expenses</b>						
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>						
Collaboration to Maintain Low Crime Rate	679,070	-	679,070	762,316	83,246	11%
Reduced Presence of Homeless & Street Persons	209,501	-	209,501	193,850	(15,651)	-8%
Downtown Sidewalks are Comfortably Lighted	24,263	-	24,263	34,916	10,653	31%
Downtown Clean & Well-Kept Appearance	995,179	-	995,179	1,448,808	453,629	31%
Remove Signs of Disorder in Downtown	19,603	-	19,603	29,318	9,716	33%
Prepare for Emergencies	34,886	-	34,886	38,014	3,128	8%
	1,962,501	-	1,962,501	2,507,222	544,722	22%
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>						
Key Pedestrian Streets are Inviting	209,720	-	209,720	190,915	(18,805)	-10%
Public Spaces Managed, Programmed, & Delightful	559,218	-	559,218	524,258	(34,960)	-7%
Place of Civic Celebration	136,946	-	136,946	317,023	180,077	57%
	905,884	-	905,884	1,032,196	126,312	12%
<b>Accessible to Region &amp; Easy to Get Around</b>						
Effective Transit Access More Places, More Hours	6,614	-	6,614	7,299	686	9%
Convenient Circulation Without Personal Vehicle	-	-	-	-	-	N/A
Easy to Find Way Around	16,310	-	16,310	10,218	(6,092)	-60%
Connect Neighborhoods & Districts Inside/Outside Downtown	21,287	-	21,287	25,977	4,690	18%
Convenient, Understandable & Managed Parking	4,203	-	4,203	2,254	(1,949)	-86%
	48,414	-	48,414	45,748	(2,666)	-6%
<b>Vibrant, Sustainable Mixed-Use Place</b>						
Best Place to Work in Region	127,676	-	127,676	145,753	18,078	12%
Exciting Neighborhoods to Live In	105,400	-	105,400	185,678	80,278	43%
Competitive Shopping Place	6,302	-	6,302	6,670	368	6%
Remarkable Destination for Visitors	5,679	-	5,679	5,412	(267)	-5%
	245,056	-	245,056	343,513	98,457	29%
<b>Downtown's Vision &amp; Offering Understood By All</b>						
Market to Region	144,925	-	144,925	102,945	(41,981)	-41%
Promote Downtown's Ease of Use	37,892	-	37,892	30,792	(7,100)	-23%
Vision/Development Framework Understood By All	34,459	-	34,459	52,262	17,803	34%
Tools to Assist Continued Redevelopment	8,564	-	8,564	8,764	200	2%
Develop & Main Information to Support Downtown	7,631	-	7,631	7,092	(539)	-8%
	233,471	-	233,471	201,855	(31,616)	-16%
<b>District Governance &amp; Service Known for Excellence</b>						
Engage Stakeholders in Decision Making	223,695	-	223,695	237,698	14,002	6%
Communications to Owners, Tenants & Others	22,373	-	22,373	16,388	(5,985)	-37%
Preservation of District's Capital Assets	46,972	-	46,972	44,561	(2,412)	-5%
	293,041	-	293,041	298,646	5,606	2%
<b>Capital Improvement &amp; Expenditures</b>						
Downtown Feels Safe & Comfortable	-	165,438	165,438	-	(165,438)	N/A
Public Realm is Charming, Inviting & Beautiful	-	49,884	49,884	23,392.86	(26,491)	-113%
Accessible to Region & Easy to Get Around	-	14,247	14,247	400,508	386,261	96%
Vibrant, Sustainable Mixed-Use Place	-	8,005	8,005	16,627	8,622	52%
Downtown's Vision & Offering Understood By All	-	-	-	-	-	N/A
Capital Replacement Expenditure	-	58,604	58,604	13,604	(44,999)	-331%
	-	296,178	296,178	454,132	157,954	35%
<b>Total Expenses</b>	<b>3,688,367</b>	<b>296,178</b>	<b>3,984,545</b>	<b>4,883,314</b>	<b>898,769</b>	<b>18%</b>
	29,944	-	29,944	29,749	(195)	-1%
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>(3,220,553)</b>	<b>(223,483)</b>	<b>(3,444,036)</b>	<b>(4,462,584)</b>	<b>(1,018,548)</b>	<b>23%</b>

## **Houston Downtown Management District Variance Analysis to the 2024 Budget For the Four Months Ended April 30, 2024**

### **Revenue**

1) Operations revenue is (\$25K) under budget due to (\$23K) of income forecasted from METRO Bus Stop Cleaning has not been received and (\$2K) of reimbursement from Houston First for the Cotswold Fountains. Project Revenue is (\$7K) under budget due to the reimbursements for utilities and rent from Tout Suite did not start until April 2024. Other income is over budget \$6K for vending receipts at Operations and miscellaneous reimbursements. Interest income is (\$61K) under budget due to the timing of assessment receipts invested for the first four months of 2024.

### **Operating Budget**

#### **Expenses**

2) Goal 1a-Collaboration to Maintain Low Crime Rate- Under budget (\$283K) in Safety Guides and Equipment due to delay in receiving Block by Block invoices, (\$7K) in ODO program and Law Enforcement support and (\$40K) in staffing Off Duty Officers.

3) Goal 1b-Reduced Presence of Homeless & Street Persons-Under budget (\$294K) in homeless outreach programs.

4) Goal 1c-Downtown Sidewalks are Comfortably Lighted-Under budget (\$35K) in Street Lighting Expense, amenities and maintenance.

5) Goal 1d-Downtown Noted for Cleanliness & Well-Kept Appearance- Under budget (\$360K) in Street Teams cleaning sidewalks and bus stops due to delay in receipt of Block by Block billing, (\$55K) in Trash Collection personnel and bags, (\$85K) in Paver repair and maintenance, (\$34K) in Landscaping, (\$17K) in Irrigation and (\$8K) in Operations overhead.

6) Goal 2b-Key Public Spaces Programmed and Delightful-Under budget (\$39K) in Main Street Square maintenance, (\$23K) in Trebly Park maintenance, (\$7K) in Cotswold Fountain maintenance reimbursed by Houston First, and (\$6K) in Market Square Park maintenance. Over budget \$39K in Market Square programming. Under budget (\$15K) in Trebly Park programming, (\$8K) in Event sponsorships, (\$19K) in Collaborative programming and (\$5K) in staffing.

7) Goal 2c-Place of Civic Celebration - Under budget (\$23K) in Seasonal Banner program and Pole & Pot maintenance, (\$61K) in Holiday logistics and install, (\$27K) in Art and Holiday Programming and (\$4K) in staffing. Over budget \$30K for Allen Parkway maintenance reimbursed by the Downtown Redevelopment Authority.

8) Goal 4a-Best Place to Work in the Region-Under budget (\$57K) in Economic Development and over budget \$15K in staffing.

9) Goal 4b-Exciting Neighborhoods To Live In-Under budget (\$81K) in DLI Grants and (\$10K) in Residential Programming.

10) Goal 5a-Market to Region-Under budget (\$170K) in marketing expenditures.

11) Goal 5c-Vision/Development Framework Understood by all - Under budget (\$65K) in Planning Consultants & Expenses.

12) Goal 6a-Engage Stakeholders in Decision Making - Under budget (\$40K) in Administration costs, Training, and Depreciation and (\$22K) in staffing.

#### **Capital Budget**

13) Safe and Comfortable - Under budget (\$51K) in Landscape Amenities-Irrigation.

14) Public Realm Is Charming - Under budget (\$285K) in Banners, (\$50K) in Lighting Plan Implementation, (\$50K) in Storefront/Streetscape Activation and Improved Pedestrian Connect, (\$3K) in Urban Canopy and (\$49K) in Market Square Park improvements. Over budget \$2K for More Space Main Street 2.0.

15) Accessible to Entire Region - Under budget (\$536K) for Southeast Sidewalks TxDOT and (\$50K) in Sidewalk Infill projects.

16) Vibrant Sustainable Mixed-Use Place -Over budget - \$8K for DLI grants.

17) District Governance - Under budget (\$22K) for Capital Replacement expenditures and (\$1K) in Assessment Fees.



To Management  
Houston Downtown Management District

Management is responsible for the accompanying financial statements of the Houston Downtown Management District (the District), which comprise the governmental fund balance sheets and statements of net position as of May 31, 2024 and 2023, and the related statements of activities for the months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America and the required supplementary information that the Government Accounting Standards Board (GASB) requires to be presented to supplement the basic financial statements. If the omitted disclosures, and GASB required supplementary information were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The Variance Analysis on page 4 is presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements. The Variance Analysis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Sincerely,

A handwritten signature in blue ink that reads 'nctp cpas, pllc' in a cursive, lowercase style.

Houston, Texas  
June 17, 2024

**Houston Downtown Management District  
Governmental Fund Balance Sheets and  
Statement of Net Position  
For the period ended May 2024, and May 2023**

	2024			2023		
	Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)	HDMD Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)
<b>Assets</b>						
Cash	15,086,410	4,693,064	19,779,475	15,406,100	4,649,351	20,055,451
Assessments Due	336,134	27,445	363,579	407,727	35,155	442,881
Accounts Receivable	682,687	-	682,687	198,859	-	198,859
Prepaid Expense	26,235	-	26,235	26,235	-	26,235
Property & Equipment, Net	573,719	0	573,719	579,433	653	580,087
Right of Use Lease Assets, Net	2,381,938	-	2,381,938	2,694,621	-	2,694,621
Intercompany Rec/Pay	(1,242,844)	1,242,844	-	(1,194,439)	1,194,439	-
<b>Total Assets</b>	<b>17,844,280</b>	<b>5,963,354</b>	<b>23,807,633</b>	<b>18,118,536</b>	<b>5,879,598</b>	<b>23,998,134</b>
<b>Liabilities</b>						
Accounts Payable & Accrued Expenses	648,223	7,000	655,223	449,503	35,795	485,298
Lease Liabilities	2,568,405	-	2,568,405	2,836,951	-	2,836,951
Deferred Revenue	-	-	-	-	-	-
Reserve for Refunds due to Property Protests	1,534,419	105,467	1,639,886	1,138,789	84,833	1,223,622
<b>Total Liabilities &amp; Deferred Revenue</b>	<b>4,751,047</b>	<b>112,467</b>	<b>4,863,514</b>	<b>4,425,243</b>	<b>120,628</b>	<b>4,545,871</b>
<b>Fund Balances</b>						
Unreserved, Undesignated	12,293,233	-	12,293,233	12,893,293	-	12,893,293
Unreserved, Designated for Catastrophe	800,000	-	800,000	800,000	-	800,000
Reserved for Capital Projects	-	5,850,887	5,850,887	-	5,758,970	5,758,970
	<b>13,093,233</b>	<b>5,850,887</b>	<b>18,944,119</b>	<b>13,693,293</b>	<b>5,758,970</b>	<b>38,904,527</b>
<b>Total Liabilities, Deferred Revenue &amp; Fund Balances</b>	<b>17,844,280</b>	<b>5,963,354</b>	<b>23,807,633</b>	<b>18,118,536</b>	<b>5,879,598</b>	<b>23,998,134</b>

**Houston Downtown Management District**  
**Statement of Activities**  
**For the period ended May 2024, and May 2023**

	Operating YTD Actual	Capital YTD Actual	Total YTD Actual	YTD Budget	Fav (Unfav) Variance	% Var
<b>Revenue</b>						
Assessment Revenue	-	-	-	-	-	N/A
Operations Revenue	286,836	-	286,836	325,250	(38,414)	-12%
Project Revenue	3,293	-	3,293	12,500	(9,207)	-74%
Other Income	5,528	-	5,528	-	5,528	N/A
Interest Income	254,359	72,694	327,053	473,100	(146,047)	-31%
<b>Total Revenues</b>	<b>\$ 550,017</b>	<b>\$ 72,694</b>	<b>\$ 622,711</b>	<b>\$ 810,850</b>	<b>\$ (188,139)</b>	<b>-23%</b>
<b>Expenses</b>						
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>						
Collaboration to Maintain Low Crime Rate	1,182,779	-	1,182,779	1,327,393	144,614	11%
Reduced Presence of Homeless & Street Persons	358,118	-	358,118	623,885	265,767	43%
Downtown Sidewalks are Comfortably Lighted	50,025	-	50,025	74,889	24,865	33%
Downtown Clean & Well-Kept Appearance	1,829,646	-	1,829,646	1,991,441	161,795	8%
Remove Signs of Disorder in Downtown	27,651	-	27,651	26,767	(884)	-3%
Prepare for Emergencies	105,212	-	105,212	50,305	(54,907)	-109%
	3,553,430	-	3,553,430	4,094,680	541,250	13%
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>						
Key Pedestrian Streets are Inviting	218,184	-	218,184	219,566	1,382	1%
Public Spaces Managed, Programmed, & Delightful	769,618	-	769,618	792,001	22,383	3%
Place of Civic Celebration	162,425	-	162,425	555,423	392,998	71%
	1,150,227	-	1,150,227	1,566,990	416,763	27%
<b>Accessible to Region &amp; Easy to Get Around</b>						
Effective Transit Access More Places, More Hours	8,271	-	8,271	8,394	123	1%
Convenient Circulation Without Personal Vehicle	-	-	-	-	-	N/A
Easy to Find Way Around	19,496	-	19,496	19,583	87	0%
Connect Neighborhoods & Districts Inside/Outside Downtown	26,532	-	26,532	26,533	1	0%
Convenient, Understandable & Managed Parking	5,254	-	5,254	5,325	71	1%
	59,553	-	59,553	59,835	282	0%
<b>Vibrant, Sustainable Mixed-Use Place</b>						
Best Place to Work in Region	152,355	-	152,355	231,606	79,251	34%
Exciting Neighborhoods to Live In	107,693	-	107,693	201,963	94,270	47%
Competitive Shopping Place	7,881	-	7,881	6,377	(1,504)	-24%
Remarkable Destination for Visitors	7,102	-	7,102	7,215	113	2%
	275,031	-	275,031	447,161	172,130	38%
<b>Downtown's Vision &amp; Offering Understood By All</b>						
Market to Region	206,607	-	206,607	399,718	193,111	48%
Promote Downtown's Ease of Use	45,392	-	45,392	51,597	6,205	12%
Vision/Development Framework Understood By All	42,664	-	42,664	124,903	82,239	66%
Tools to Assist Continued Redevelopment	10,870	-	10,870	11,857	987	8%
Develop & Main Information to Support Downtown	9,538	-	9,538	9,766	228	2%
	315,071	-	315,071	597,840	282,769	47%
<b>District Governance &amp; Service Known for Excellence</b>						
Engage Stakeholders in Decision Making	307,742	-	307,742	386,751	79,008	20%
Communications to Owners, Tenants & Others	27,189	-	27,189	29,717	2,528	9%
Preservation of District's Capital Assets	46,972	-	46,972	46,900	(72)	0%
	381,904	-	381,904	463,368	81,464	18%
<b>Capital Improvement &amp; Expenditures</b>						
Downtown Feels Safe & Comfortable	-	183,861	183,861	231,700	47,839	21%
Public Realm is Charming, Inviting & Beautiful	-	81,257	81,257	635,000	553,743	87%
Accessible to Region & Easy to Get Around	-	14,247	14,247	675,000	660,753	98%
Vibrant, Sustainable Mixed-Use Place	-	8,005	8,005	-	(8,005)	N/A
Downtown's Vision & Offering Understood By All	-	-	-	-	-	N/A
Capital Replacement Expenditure	-	70,487	70,487	102,500	32,013	31%
	-	357,857	357,857	1,644,200	1,286,343	78%
<b>Total Expenses</b>	<b>5,735,217</b>	<b>357,857</b>	<b>6,093,073</b>	<b>8,874,074</b>	<b>2,781,001</b>	<b>31%</b>
Depreciation Expense	37,632	-	37,632	62,435	24,803	40%
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>(5,222,832)</b>	<b>(285,162)</b>	<b>(5,507,995)</b>	<b>(8,125,659)</b>	<b>2,617,665</b>	<b>-32%</b>

**Houston Downtown Management District**  
**Statement of Activities**  
**For the period ended May 2024, and May 2023**

	Operating YTD Actual	Capital YTD Actual	2024 Total YTD Actual	2023 Total YTD Actual	Fav (Unfav) Variance	% Var
<b>Revenue</b>						
Assessment Revenue	-	-	-	-	-	N/A
Operations Revenue	286,836	-	286,836	238,295	48,541	20%
Project Revenue	3,293	-	3,293	24,531	(21,238)	-87%
Other Income	5,528	-	5,528	3,487	2,041	59%
Interest Income	254,359	72,694	327,053	366,232	(39,179)	-11%
<b>Total Revenues</b>	<b>\$ 550,017</b>	<b>\$ 72,694</b>	<b>\$ 622,711</b>	<b>\$ 632,546</b>	<b>\$ (9,835)</b>	<b>-2%</b>
<b>Expenses</b>						
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>						
Collaboration to Maintain Low Crime Rate	1,182,779	-	1,182,779	1,029,478	(153,301)	-15%
Reduced Presence of Homeless & Street Persons	358,118	-	358,118	236,960	(121,158)	-51%
Downtown Sidewalks are Comfortably Lighted	50,025	-	50,025	42,642	(7,383)	-17%
Downtown Clean & Well-Kept Appearance	1,829,646	-	1,829,646	1,883,393	53,747	3%
Remove Signs of Disorder in Downtown	27,651	-	27,651	36,683	9,032	25%
Prepare for Emergencies	105,212	-	105,212	47,965	(57,246)	-119%
	3,553,430	-	3,553,430	3,277,120	(276,311)	-8%
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>						
Key Pedestrian Streets are Inviting	218,184	-	218,184	199,341	(18,843)	-9%
Public Spaces Managed, Programmed, & Delightful	769,618	-	769,618	665,640	(103,979)	-16%
Place of Civic Celebration	162,425	-	162,425	368,006	205,581	56%
	1,150,227	-	1,150,227	1,232,987	82,759	7%
<b>Accessible to Region &amp; Easy to Get Around</b>						
Effective Transit Access More Places, More Hours	8,271	-	8,271	9,124	854	9%
Convenient Circulation Without Personal Vehicle	-	-	-	-	-	N/A
Easy to Find Way Around	19,496	-	19,496	12,967	(6,530)	-50%
Connect Neighborhoods & Districts Inside/Outside Downtown	26,532	-	26,532	32,635	6,103	19%
Convenient, Understandable & Managed Parking	5,254	-	5,254	3,005	(2,249)	-75%
	59,553	-	59,553	57,731	(1,822)	-3%
<b>Vibrant, Sustainable Mixed-Use Place</b>						
Best Place to Work in Region	152,355	-	152,355	160,898	8,543	5%
Exciting Neighborhoods to Live In	107,693	-	107,693	187,999	80,306	43%
Competitive Shopping Place	7,881	-	7,881	8,338	457	5%
Remarkable Destination for Visitors	7,102	-	7,102	6,765	(337)	-5%
	275,031	-	275,031	363,999	88,968	24%
<b>Downtown's Vision &amp; Offering Understood By All</b>						
Market to Region	206,607	-	206,607	128,388	(78,219)	-61%
Promote Downtown's Ease of Use	45,392	-	45,392	38,490	(6,902)	-18%
Vision/Development Framework Understood By All	42,664	-	42,664	315,328	272,664	86%
Tools to Assist Continued Redevelopment	10,870	-	10,870	11,037	167	2%
Develop & Main Information to Support Downtown	9,538	-	9,538	9,520	(19)	0%
	315,071	-	315,071	502,763	187,692	37%
<b>District Governance &amp; Service Known for Excellence</b>						
Engage Stakeholders in Decision Making	307,742	-	307,742	295,707	(12,035)	-4%
Communications to Owners, Tenants & Others	27,189	-	27,189	20,896	(6,293)	-30%
Preservation of District's Capital Assets	46,972	-	46,972	44,561	(2,412)	-5%
	381,904	-	381,904	361,164	(20,740)	-6%
<b>Capital Improvement &amp; Expenditures</b>						
Downtown Feels Safe & Comfortable	-	183,861	183,861	20,837	(163,024)	-782%
Public Realm is Charming, Inviting & Beautiful	-	81,257	81,257	34,211	(47,046)	-138%
Accessible to Region & Easy to Get Around	-	14,247	14,247	400,508	386,261	96%
Vibrant, Sustainable Mixed-Use Place	-	8,005	8,005	16,627	8,622	52%
Downtown's Vision & Offering Understood By All	-	-	-	-	-	N/A
Capital Replacement Expenditure	-	70,487	70,487	16,807	(53,680)	-319%
	-	357,857	357,857	488,990	131,134	27%
<b>Total Expenses</b>	<b>5,735,217</b>	<b>357,857</b>	<b>6,093,073</b>	<b>6,284,753</b>	<b>191,680</b>	<b>3%</b>
Depreciation Expense	37,632	-	37,632	37,464	(169)	0%
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>(5,222,832)</b>	<b>(285,162)</b>	<b>(5,507,995)</b>	<b>(5,689,671)</b>	<b>(181,676)</b>	<b>3%</b>



# Houston Downtown Management District

## Variance Analysis to the 2024 Budget

### For the Five Months Ended May 31, 2024

#### Revenue

1) Operations revenue is (\$38K) under budget due to (\$47K) of income forecasted from METRO Bus Stop Cleaning has not been received and (\$9K) short in the Trash Program. Over budget \$8K in Main Street Fountain reimbursement, \$2K in Buffalo Bayou Park Irrigation reimbursements and \$7K in Cotswold Fountain reimbursements. Project revenue is (\$9K) under budget due to an absence of a kiosk tenant paying park rent and utility reimbursements. Other income is over budget \$6K for vending receipts at Operations and miscellaneous reimbursements. Interest income is (\$146K) under budget due to the timing of assessment receipts invested for the first five months of 2024.

#### **Operating Budget**

##### Expenses

- 2) Goal 1a-Collaboration to Maintain Low Crime Rate- Under budget (\$99K) in Safety Guides and Equipment, (\$6K) in ODO program and Law Enforcement support and (\$40K) in staffing Off Duty Officers.
  - 3) Goal 1b-Reduced Presence of Homeless & Street Persons-Under budget (\$265K) in homeless outreach programs.
  - 4) Goal 1c-Downtown Sidewalks are Comfortably Lighted-Under budget (\$25K) in Street Lighting Expense, amenities and maintenance.
  - 5) Goal 1d-Downtown Noted for Cleanliness & Well-Kept Appearance- Under budget (\$67K) in Street Teams cleaning sidewalks and bus stops, (\$48K) in Paver repair and maintenance, (\$31K) in Landscaping, (\$12K) in Irrigation and (\$3K) in Operations overhead.
  - 6) Goal 1f-Prepare for Emergencies - Over budget \$55K due to May 16 derecho storm. Board authorized \$200K of Reserve fund to offset expenses. FEMA reimbursement through the TDEM will be requested.
  - 7) Goal 2b-Key Public Spaces Programmed and Delightful-Under budget (\$24K) in Main Street Square maintenance and (\$5K) in Trebly Park maintenance. Over budget \$17K in Cotswold Fountain maintenance reimbursed by Houston First, and \$9K in Market Square Park maintenance. Over budget \$39K in Market Square programming. Under budget (\$11K) in Trebly Park programming, (\$10K) in Event sponsorships, (\$27K) in Collaborative programming and (\$2K) in staffing. Over budget \$36K in Market Square Park programming.
  - 8) Goal 2c-Place of Civic Celebration - Under budget (\$28K) in Banner and Pole & Pot maintenance, (\$358K) in Holiday Logistics and Installation, (\$37K) in Art and Holiday Programming and (\$6K) in staffing. Over budget \$34K in Allen Parkway maintenance to be reimbursed by the Downtown Redevelopment Authority..
  - 9) Goal 4a-Best Place to Work in the Region-Under budget (\$86K) in Economic Development and over budget \$7K in staffing.
  - 10) Goal 4b-Exciting Neighborhoods To Live In-Under budget (\$81K) in DLI Grants, (\$12K) in Residential Programming and (\$1K) in staffing.
  - 11) Goal 5a-Market to Region-Under budget (\$193K) in marketing expenditures.
  - 12) Goal 5b-Promote Downtown's Ease of Use - Under budget (\$6K) in staffing.
  - 13) Goal 5c-Vision/Development Framework Understood by all - Under budget (\$82K) in Planning Consultants & Expenses.
  - 14) Goal 6a-Engage Stakeholders in Decision Making - Under budget (\$55K) in Administration costs, Training, and Depreciation and (\$24K) in staffing.
  - 15) Goal 6b-Communication to Owners, Tenants& Others - Under budget (\$3K) in staffing.
- #### **Capital Budget**
- 16) Safe and Comfortable - Under budget (\$46K) in Landscape Amenities-Irrigation and (\$1K) in staffing.
  - 17) Public Realm Is Charming - Under budget (\$304K) in Banners, (\$75K) in Lighting Plan Implementation, (\$75K) in Storefront/Streetscape Activation and Improved Pedestrian Connect, (\$50K) in Trebly Park Furnishings, (\$3K) in Urban Canopy and (\$49K) in Market Square Park improvements. Over budget \$2K for More Space Main Street 2.0.
  - 18) Accessible to Entire Region - Under budget (\$661K) for Southeast Sidewalks TxDOT.
  - 19) Vibrant Sustainable Mixed-Use Place Under budget - (\$8K) for DLI grants.
  - 20) District Governance - Under budget (\$30K) for Capital Replacement expenditures and (\$2K) in Assessment Fees.

**Company name:** Houston Downtown Management District  
**Report name:** Check register  
**Created on:** 6/6/2024  
**Location:** HDMD--Houston Downtown Management District  
**JP Morgan Chase, N.A. - Account no: 1890323643**

Bank	Date	Payee	Amount
<b>HDMD Operating 3643</b>			
	5/22/2024	VEN-00439--1st Response Medic Services	1,920.00
	5/29/2024	VEN-00380--ABC Home & Commercial services	145.00
	5/6/2024	VEN-00380--ABC Home & Commercial services	145.00
	5/14/2024	VEN-00501--Air Tech of Katy LLC	289.00
	5/22/2024	VEN-00339--All American Poly	14,616.00
	5/14/2024	VEN-00496--Amanda Marquez	1,175.00
	5/8/2024	VEN-00496--Amanda Marquez	474.15
	5/22/2024	VEN-00009--Ann Werme group	2,149.50
	5/29/2024	VEN-00530--Antoine Holmes	260.00
	5/22/2024	VEN-00530--Antoine Holmes	1,300.00
	5/29/2024	VEN-00404--AT&T	1,496.37
	5/6/2024	VEN-00404--AT&T	1,496.37
	5/29/2024	VEN-00408--Avalon Music	1,350.00
	5/22/2024	VEN-00408--Avalon Music	575.00
	5/14/2024	VEN-00408--Avalon Music	6,775.00
	5/22/2024	VEN-00521--Biggs Family Brands	1,000.00
	5/22/2024	VEN-00497--BIII GStreet LLC	21,007.05
	5/30/2024	VEN-00321--BLOCK BY BLOCK	627,913.81
	5/29/2024	VEN-00525--Brandon Kpotie	260.00
	5/22/2024	VEN-00525--Brandon Kpotie	1,040.00
	5/14/2024	VEN-00325--BRYAN BENNETT	1,460.70
	5/22/2024	VEN-00505--Capital One Trade Credit	71.94
	5/14/2024	VEN-00505--Capital One Trade Credit	226.21
	5/14/2024	VEN-00028--Carr Riggs & Ingram	20,000.00
	5/14/2024	VEN-00499--Catherine Sdao	3,623.49
	5/22/2024	VEN-00425--Centra 417 San Jacinto LLC	3,125.00
	5/14/2024	VEN-00503--Challenge Entertainment	450.00
	5/29/2024	VEN-00526--Charles Franklin	780.00
	5/22/2024	VEN-00526--Charles Franklin	1,397.50
	5/14/2024	VEN-00412--Chiagozi Nebe	4,650.00
	5/29/2024	VEN-00531--Christopher Gilliam	260.00
	5/6/2024	VEN-00037--City of Houston-Dept of Public Works	1,841.66
	5/14/2024	VEN-00393--CKP Communications Group LLC	15,000.00
	5/6/2024	VEN-00322--COLOR SPECIALIST LANDSCAPING, INC	203,445.10
	5/14/2024	VEN-00372--Coopwoods Air Conditioning Inc.	1,319.97
	5/29/2024	VEN-00042--Corner Bakery Cafe	432.34
	5/29/2024	VEN-00374--CoStar Realty Information, Inc.	1,614.60
	5/6/2024	VEN-00374--CoStar Realty Information, Inc.	1,614.60
	5/29/2024	VEN-00044--Crest Printing	1,578.00
	5/22/2024	VEN-00044--Crest Printing	320.00
	5/14/2024	VEN-00044--Crest Printing	809.00
	5/29/2024	VEN-00519--David Russell	520.00
	5/22/2024	VEN-00519--David Russell	780.00
	5/14/2024	VEN-00330--Directv	104.98
	5/22/2024	VEN-00056--Egidio Narvaez Photographer	1,670.00
	5/14/2024	VEN-00056--Egidio Narvaez Photographer	1,490.00
	5/29/2024	VEN-00517--Franklin Burnett	260.00
	5/22/2024	VEN-00517--Franklin Burnett	520.00
	5/29/2024	VEN-00076--Grainger	36.85

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**JP Morgan Chase, N.A. - Account no: 1890323643**

Bank	Date	Payee	Amount
<b>HDMD Operating 3643</b>			
	5/14/2024	VEN-00323--Gulf Coast Pavers, Inc	66,600.00
	5/14/2024	VEN-00081--Hamilton Plumbing Services	930.00
	5/14/2024	VEN-00082--Hardy & Hardy	3,550.00
	5/14/2024	VEN-00083--Harris County Treasurer	9,700.00
	5/14/2024	VEN-00086--Home Depot Credit Services	576.19
	5/22/2024	VEN-00368--Houston Defender Network	374.07
	5/14/2024	VEN-00500--Houston Public Media	11,333.86
	5/22/2024	VEN-00102--Incontrol Construction LLC	3,800.00
	5/14/2024	VEN-00102--Incontrol Construction LLC	18,891.92
	5/6/2024	VEN-00102--Incontrol Construction LLC	18,075.00
	5/29/2024	VEN-00532--Ivan Sosa-Castillo	520.00
	5/29/2024	VEN-00527--Jacob Pena	260.00
	5/22/2024	VEN-00527--Jacob Pena	520.00
	5/29/2024	VEN-00520--Jennifer Kennedy	616.00
	5/23/2024	VEN-00520--Jennifer Kennedy	1,430.25
	5/29/2024	VEN-00528--JOELL MATHEWS	260.00
	5/22/2024	VEN-00528--JOELL MATHEWS	520.00
	5/14/2024	VEN-00502--John Mills-McCoin	1,250.00
	5/6/2024	VEN-00447--Jordan Dunn-Ridgill	2,000.00
	5/29/2024	VEN-00524--Jose Teran	780.00
	5/22/2024	VEN-00524--Jose Teran	1,300.00
	5/22/2024	VEN-00522--LANDSCAPE FORMS, INC	450.00
	5/14/2024	VEN-00141--Leonard Lockett Jr	220.00
	5/14/2024	VEN-00146--Lincoln Colwell	1,840.00
	5/14/2024	VEN-00147--Lone Star Flags	845.50
	5/22/2024	VEN-00523--Marcus Labbe	1,040.00
	5/22/2024	VEN-00159--Maurice Duhon Jr	300.00
	5/14/2024	VEN-00160--Medley Inc.	8,000.00
	5/14/2024	VEN-00164--Michael Loessin	500.00
	5/29/2024	VEN-00529--Moises Alfaro	1,040.00
	5/22/2024	VEN-00529--Moises Alfaro	2,600.00
	5/22/2024	VEN-00179--Orkin	66.00
	5/29/2024	VEN-00185--Pfeiffer & Son, LTD.	17,720.10
	5/22/2024	VEN-00185--Pfeiffer & Son, LTD.	16,767.95
	5/14/2024	VEN-00185--Pfeiffer & Son, LTD.	12,611.13
	5/6/2024	VEN-00185--Pfeiffer & Son, LTD.	5,269.76
	5/22/2024	VEN-00192--Power Pest Corp dba Texas Bird Services	7,820.00
	5/14/2024	VEN-00199--Rae Security	220.00
	5/29/2024	VEN-00200--Raffle Parking Company	900.00
	5/6/2024	VEN-00200--Raffle Parking Company	900.00
	5/29/2024	VEN-00518--Raven Mathis	260.00
	5/22/2024	VEN-00518--Raven Mathis	845.00
	5/14/2024	VEN-00212--Ronald Cooks	385.00
	5/22/2024	VEN-00217--Sabrina Naulings	385.00
	5/6/2024	VEN-00217--Sabrina Naulings	385.00
	5/29/2024	VEN-00218--Scott Finke	42.65
	5/14/2024	VEN-00218--Scott Finke	66.62
	5/6/2024	VEN-00218--Scott Finke	53.71
	5/14/2024	VEN-00219--Seal Security Solutions, LLC	78,327.20

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Bank	Date	Payee	Amount
<b>HDMD Operating 3643</b>			
	5/29/2024	VEN-00220--SEARCH Homeless Services	44,988.75
	5/14/2024	VEN-00360--Stephanie Ipena	385.00
	5/14/2024	VEN-00318--STERLING EXPRESS SERVICES	154.60
	5/11/2024	VEN-00318--STERLING EXPRESS SERVICES	-92.20
	5/29/2024	VEN-00240--Streetsense	12,000.00
	5/29/2024	VEN-00251--Texas Outhouse	1,046.14
	5/22/2024	VEN-00251--Texas Outhouse	452.54
	5/14/2024	VEN-00251--Texas Outhouse	1,354.98
	5/6/2024	VEN-00251--Texas Outhouse	593.60
	5/22/2024	VEN-00448--The Brandsoup Agency LLC	3,950.00
	5/14/2024	VEN-00260--The Harris Center For Mental Health & IDD	21,863.42
	5/22/2024	VEN-00504--Today's Landscape	22,511.61
	5/14/2024	VEN-00504--Today's Landscape	16,445.00
	5/22/2024	VEN-00271--Touch Agree Property	2,547.20
	5/14/2024	VEN-00271--Touch Agree Property	2,547.20
	5/22/2024	VEN-00276--TriK Motorsports	800.00
	5/14/2024	VEN-00276--TriK Motorsports	7,548.49
	5/14/2024	VEN-00279--TXU Energy	7,258.90
	5/14/2024	VEN-00283--Universal Plumbing Supply	48.15
	5/14/2024	VEN-00289--UTS, LLC	11,330.18
	5/14/2024	VEN-00290--Verizon Wireless	599.55
	5/22/2024	VEN-00299--We 68 LLC	4,512.51
	5/6/2024	VEN-00299--We 68 LLC	3,720.64
	5/14/2024	VEN-00302--Westpark Communications, L.P.	82.67
	5/14/2024	VEN-00303--Wholesale Electric Supply	1,735.64
	5/6/2024	VEN-00303--Wholesale Electric Supply	3,164.80
	5/14/2024	VEN-00305--Young Audiences, Inc. of Houston	750.00
	5/6/2024	VEN-00305--Young Audiences, Inc. of Houston	395.00
<b>Total for HDMD Operating 3643</b>			<b>1,430,631.47</b>

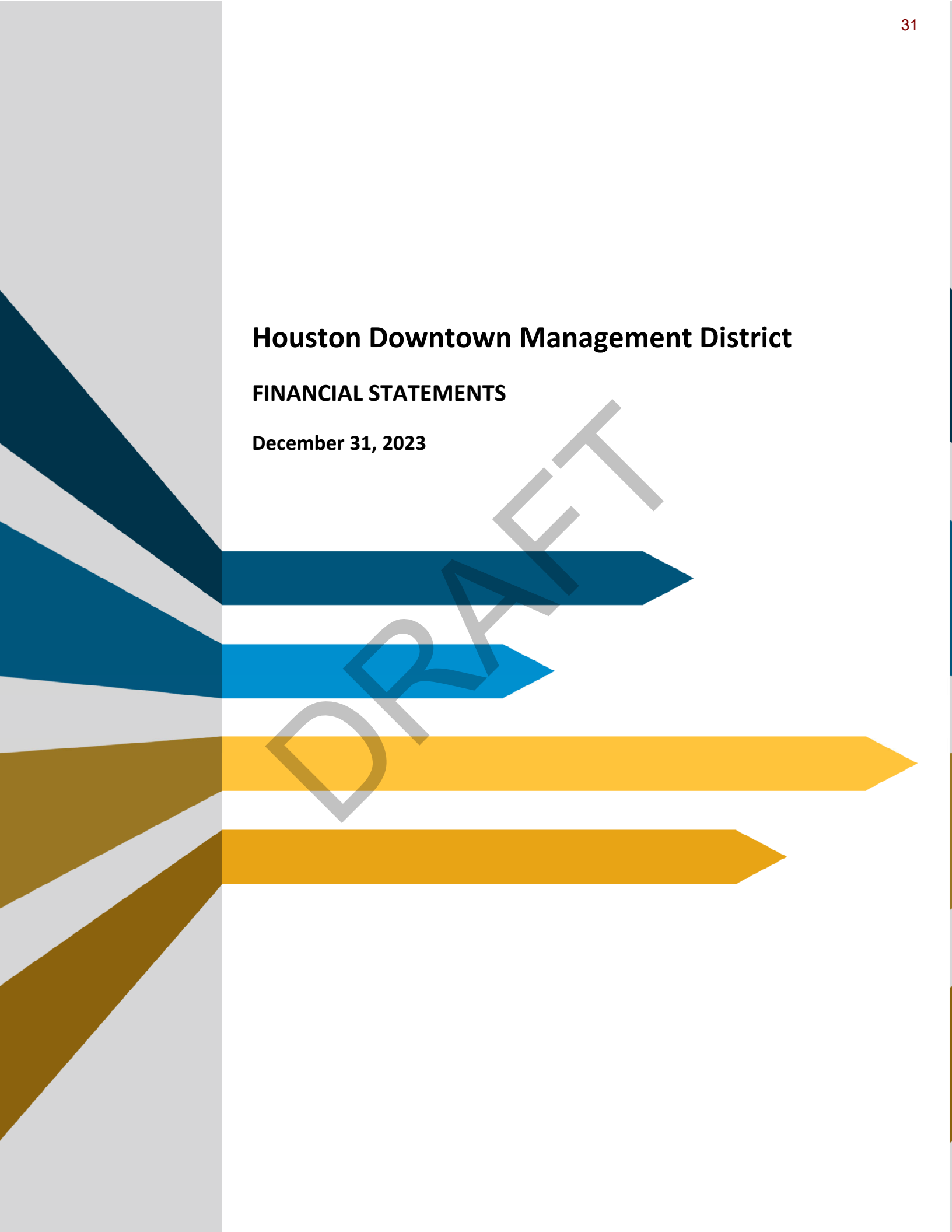


<b>AGENDA ITEM</b>	FY23 Audit Report
<b>FIRM</b>	Carr, Riggs & Ingram, LLC
<b>REQUEST</b>	Review and discuss the current draft of the FY23 Audit Report for year ending December 31, 2023.
<b>ITEM HISTORY</b>	<p><b>12/14/23</b> – Board granted full approval of Carr, Riggs &amp; Ingram as auditors for FY23.</p> <p><b>6/13/2024</b> – Audit Committee authorized a recommendation for full Board approval of the drafted FY23 audit report as presented.</p>
<b>ACTION ITEM</b>	Authorize approval of the drafted FY23 audit report as presented.
<b>CONTACTS</b>	Carr, Riggs & Ingram, LLC: Jessica Ortiz, Partner HDMD: Jana Gunter, Director of Finance HDMD: Kris Larson, President/CEO

# Houston Downtown Management District

## FINANCIAL STATEMENTS

December 31, 2023





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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Houston Downtown Management District  
Houston, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Houston Downtown Management District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District'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 Houston Downtown Management District, as of December 31, 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 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 Houston Downtown Management District, 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 Houston Downtown Management District'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 Houston Downtown Management District'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 Houston Downtown Management District'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 budgetary comparison schedule – General Fund (Service Plan Operations) on pages 4 through 18 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule – Capital Projects Fund (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 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

June XX, 2024

## Houston Downtown Management District Management's Discussion and Analysis

The following discussion and analysis of Houston Downtown Management District's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2023.

Please read in conjunction with the District's financial statements and notes.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Comparative information between the current year and the prior year is included in the MD&A.

### Organization

#### Creation

The District was created in the regular session of the Texas Legislature in the spring of 1995 by legislation co-sponsored by Senator Rodney Ellis and Representative Garnet Coleman. This legislation created a Municipal Management District under Chapter 375 of the Local Government Code and is currently codified in Chapter 3801 of the Texas Special Districts Code. The District became effective on August 2, 1995 and was organized on August 29, 1995. In 1999, the District's boundaries were expanded by the Texas Legislature to include all 1,178 acres that lie primarily within the freeway ring around the City of Houston's (City) center.

#### Purpose

Building on the momentum of the Houston Downtown Public Improvement District created by the City in 1991, the District's purpose is to continue the pursuit of a plan for downtown's revitalization to make it a diverse, desirable, accessible, and perpetually active core of the Houston region.

#### Board of Directors

The Board of Directors (Board) is made up of a 30-member board with additional ex-officio, non-voting, members that include City department heads from the Police, Public Works, Parks and Recreation, Convention and Entertainment Facilities, and Planning departments, METRO's president and certain chairs of other downtown organizations. Board member qualifications are ownership, tenancy or residence of property within the District or an agent or employee thereof. The Board shall have experience in energy, commercial banking, real estate, finance, insurance, retail, service, utilities and the general issues that the District addresses. Two thirds of the directors shall be City residents. Board members have staggered four-year terms. New appointments and renewals are confirmed by City Council. Unexpired terms with replacements need not be confirmed by City Council.

## Houston Downtown Management District Management's Discussion and Analysis

### Organization (Continued)

#### Powers

In addition to the rights, powers, privileges, authority and functions of a district created under Chapter 375 of the Local Government Code and the aforementioned Chapter 3801 of the Texas Special Districts Code, to accomplish its purposes, the District may employ the rights granted to political subdivisions under Article 16, Section 59, of the Texas Constitution, including those conferred by Chapter 54 of the Texas Water Code, and the powers under Article 3, Section 52, of the Texas Constitution and Chapters 365 and 441 of the Texas Transportation Code. The District does not have power of eminent domain and cannot finance by assessment services or improvements unless a petition has been filed with the Board signed by a requisite number of landowners. As each new service and improvement plan (normally every five years) is put in place, a petition is signed by a requisite number of landowners.

On November 11, 2020, the District's Board of Directors approved the current service and improvement plan which is funded by annual assessments based on the Harris County Appraisal District values at the end of each year. This is the second year of the service and improvement plan. The District may levy assessments, ad valorem taxes and/or impact fees. Pursuant to Chapter 3801, the District may incur liabilities, borrow, issue bonds, or other obligations, acquire and dispose of property, construct, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety and the public welfare.

Specifically, the District was created to provide services and improvements which supplement those presently provided by the City to promote, develop, encourage, and maintain employment, commerce, economic development, and public welfare within the District in downtown Houston. To that end, the District presently provides services in five main areas of operation:

- Operations (public safety and maintenance)
- Capital Projects
- Economic and Business Development
- Planning
- Marketing and Communications

#### Bonds and Assessments

The District may issue bonds payable by assessments or ad valorem taxes. The City must approve the bond issue or any capital improvements budget that is financed from a bond issue. The District must hold an election and obtain voter approval to impose a maintenance tax or to issue bonds payable from ad valorem taxes or assessments. At present, the District has no outstanding bonds.

#### Intergovernmental Agreements

The District is a governmental agency and political subdivision of the State of Texas and may enter into intergovernmental agreements with other units of government at the Federal, state and local level.

## Houston Downtown Management District Management's Discussion and Analysis

### Organization (Continued)

#### Policies and Procedures

The District's Board adopted policies and procedures regarding personnel, procurement, contract administration, disadvantaged business enterprise program, budget, accounting, property ownership, insurance, ethics and investments. The District has contracted with Central Houston, Inc., a 501(c)(6) not-for-profit corporation, for the provision of administrative and managerial personnel, thereby realizing certain economies of operation expense. The District will contract out for all other services in accordance with adopted policies and procedures.

#### Disadvantaged Business

The District attempts to stimulate the growth of disadvantaged businesses within its boundaries by encouraging full participation in all phases of procurement. The District strives to increase participation of disadvantaged businesses in contract awards. The program is reviewed on an annual basis and a quarterly report is made to the Board.

### FINANCIAL HIGHLIGHTS

#### Torts Claims

On December 31, 2023, there were no known claims.

#### Assessment Plan

Assessments for 2023 were based on the 2023 certified rolls of the Harris County Appraisal District, as supplemented, for taxable, non-excluded properties within the 1999 expanded boundaries of the Houston Downtown Management District pursuant to the 2021-2025 Assessment Plan adopted in November 2020.

#### Assessment Revenues

The District's assessment rate for 2023 was 13.25¢/\$100 in valuation based on 2023 certified Harris County Appraisal District rolls, as supplemented, within the 1999 expanded boundaries of the District. 12.25¢ was for operations and resulted in net revenues of \$15,429,645. 1.00¢ was for capital and resulted in net revenues of \$1,259,569.

#### Capital Projects

During 2023, the District installed a Hydropoint Data Smart Water System throughout downtown to schedule the proper amount of water and detect leaks within the irrigation system to allow for quick resolution of the leak and conservation of water. The total cost of the system was \$230,062. The District had costs of \$9,724 for Trebly Park repairs and maintenance which included re-enforcements to the coffee bar at the Tout Suite restaurant and replacement of mesh panels. The District also replaced the turf at Market Square Park at a cost of \$191,298.

## Houston Downtown Management District Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS (CONTINUED)

The District incurred costs of \$35,000 to remove and replace a curb and gutter on Prairie Street and \$15,969 for banners promoting the Final Four College basketball tournament. More Space Main Street 2.0, an expansion of More Space: Main Street, conceived during the pandemic engaged Design Workshop in 2023 to design and plan a seven-block promenade down Main Street at a cost of \$237,008. The basis of design includes repurposing the former vehicular lanes into dynamic public spaces by raising the roadway to sidewalk level to enhance accessibility and adding new elements such as seating, shade, events, and greening. Huitt-Zollars completed their engineering work for the Southeast Sidewalks Improvement Project at a cost of \$100,300 prior to TxDOT starting construction in 2023. TxDOT received funds from the District of \$362,259 for the shared costs as reflected in the Advanced Funding Agreement for the Southeast Sidewalks executed in January 2022 in the amount of \$632,000. The project is scheduled for completion in early 2024. During 2023 \$92,994 was incurred for updates and maintenance to vehicular wayfinding signs throughout the District. The District also incurred \$4,998 updating pedestrian wayfinding in the tunnel system around the renovated 919 Milam. Capital replacements included: \$25,000 for pavers, \$37,901 for repairs to Lauren's fountain and the dog park at Market Square Park, \$11,852 for repairs and maintenance at Main Street Square, \$9,677 for power washing "Welcome to Houston" letters, \$7,596 for trash cans and \$15,196 for miscellaneous repairs throughout downtown. Downtown Living Initiative grants funded in 2023 were \$87,060. The remaining \$7,900 was spent on assessment fee collections, depreciation, and miscellaneous other capital replacement items.

#### Downtown Living Initiative

The District, in conjunction with the City of Houston and the Downtown Redevelopment Authority, created a program in 2012 called the Downtown Living Initiative (DLI), which is designed to incentivize residential development downtown. Developers are eligible to receive a rebate equal to 75% of the incremental District assessment and City of Houston property taxes generated by the project upon completion for a fifteen-year period up to a maximum of \$15,000 per unit. There was an overall cap of units available to participate in the program of 5,000. The application deadline for the DLI program was June 30, 2016, and the program is now closed.

The District has executed DLI agreements with fifteen developers totaling 4,257 units. Projects opened as of the end of 2023 include: SoDo on Main, Block 334, Market Square Tower, the Star, Aris Market Square, Eighteen25, Catalyst, 1414 Texas, 1711 Caroline, the Marlowe, Parkside Residences, and the Camden Downtown. Estimated completion dates for the additional development projects range through the end of 2024. The residential projects are geographically dispersed throughout several areas of the District, including the Ballpark District, the Historic District, and the southern portion of downtown. Developers are required to meet certain deadlines and follow design guidelines to benefit from the incentive program, although extensions may be granted if approved by the Board. The District's liability for DLI assessment rebates to developers is contingent upon renewal of subsequent service plans beyond 2025. During 2023, \$994,286 was paid by the District in assessment rebates under the DLI residential program.

#### Grant Programs

The District awarded an economic development grant in 2013 to Finger-FSC Crawford, Ltd. for construction of a 397-unit residential development on blocks 50 and 51 in the District.



## Houston Downtown Management District Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS (CONTINUED)

Awarded prior to the creation of the DLI program, this grant is equal to 75% of the incremental District assessment generated by the project for a term of fifteen years from the date of completion and its inclusion on the District's tax assessment roll. This residential project, which includes two street level restaurants on Texas Avenue, was completed in 2016 and a reimbursement payment was made in 2023 for the reimbursement of \$69,927 due for tax year 2022 for this project.

#### Downtown Maintenance Agreement

The District is responsible for maintaining improvements (pavers, trees, landscaping, irrigation systems, lighting, etc.) within the public right of way that were installed as part of the various improvement projects (Cotswold, Transit Streets, Dallas Street/Shopping District, Main Street, Market Square Park, and Main Street Square). A signed agreement with the City delineates the maintenance responsibility for the District.

During 2023, the District expended \$356,552 for paver repair work, \$147,295 for light maintenance, \$814,579 for landscaping/irrigation maintenance, \$515,297 for plants and floral displays, \$367,294 for Main Street Square maintenance, \$281,134 for Market Square Park maintenance and \$265,090 for Trebly Park maintenance. Adjacent property owners reimbursed the District \$59,870 for Main Street Square fountain maintenance. Rent and utility reimbursements from the food kiosk vendor generated \$46,694 of revenue for Market Square Park. The lease was terminated by the vendor in November 2023.

#### Street Lighting

In 1999, the District signed a street lighting agreement with the City. The agreement provided for upgraded street lighting to be installed and for the District to pay for the additional power use for the increased lamp wattage and additional streetlights added. During 2023, the District incurred approximately \$25,000 for additional power usage.

#### Litter and Trash Program

Maintaining a clean and safe downtown environment is a primary part of the District's mission. During 2023, the Street Team program was funded in the amount of \$3,398,030 to provide litter and trash pick-up on a seven day a week basis, sidewalk pressure washing, graffiti, rodent, and bird abatement, and a recycle program. The trash subscription program provided \$185,515 in offsetting revenues. Also, the District provided METRO bus stop cleaning services and received \$271,593 in offsetting revenues for this effort.

#### Downtown Public Safety Guides

The Downtown Public Safety Guide program was created to provide a customer service-oriented visible presence downtown. Safety Guides assist visitors, connect homeless individuals to social services and act as a deterrent to crime. The District spent \$1,603,191 for the guide program during 2023. In addition, the District engages Off-Duty Houston Police Officers on a part-time basis to deploy in strategic areas. The District spent \$317,672 for the Off-Duty Officer program during 2023. The District spent \$912,124 on uniformed and armed private security officers contracted through S.E.A.L. Security.



## Houston Downtown Management District Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Homelessness

The District is committed to, and funded, programs to reduce homelessness, spending \$664,712 during 2023 with the outreach partners SEARCH, Harris Center, and Coalition for the Homeless. In 2023, the District opened the Downtown Public Safety Office across the street from the Beacon, a day center for the unhoused. The Downtown Public Safety Office serves as a rest stop for the Houston Police Department and houses staff from SEARCH and the Harris Center to provide outreach services to homeless individuals in the area.

#### Operations Center

During 2018, the District entered into a fifteen-year lease agreement with LVA4 Greenstreet, LP to relocate the District Operations Center to 1313 Main in space adjacent to the Greenstreet garage. The District was able to approximately double its square footage to accommodate the growth in operations which has added personnel to meet the needs of the emerging 24/7 environment in the District. Construction was completed and the District moved to its new Operations Center facility in 2019. The District occupies the first floor of the building of approximately 12,500 sqft and has an option on the second-floor space of approximately 11,000 sqft.

The District also leases additional warehouse storage space for equipment and extra stock storage.

Rent, utilities and supplies for office and warehouse space totaled \$439,384 for 2023.

#### Allen Parkway Maintenance

During 2023, the District continued maintenance of the street improvements, including streetlights, trees, and landscaping, installed by the Downtown Redevelopment Authority (the Authority) on Allen Parkway. The District incurred \$210,440 in expenditures and will be fully reimbursed by the Authority.

#### Banner Poles and Holiday Decorations

The District provides street banners, lighted/landscaped poles, and holiday decorations for downtown. In 2021, a three-year lease agreement was entered into for new holiday décor for Bagby Street which included extensive pole décor over the length of the street, angel wings on the Houston Public Library, and light tunnels at Tranquility Park, Sam Houston Park, and the Aquarium. During 2023, \$948,092 was spent on banner changes, pole/pot maintenance, and installation of holiday decorations.

#### Wayfinding Maintenance

The District has made a significant capital investment in the 69 vehicular and 115 pedestrian wayfinding signs in the downtown area in the current service plan. A maintenance agreement was established to provide regular cleaning, repairs, and replacement of damaged signs. A total of \$51,533 was spent during 2023 on wayfinding signage maintenance.

## Houston Downtown Management District Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Marketing and Communications Program

The Marketing and Communications Program works to promote a vibrant and diverse Downtown image through advertising, public relations, partnerships, events, community relations and other promotional materials. The overarching goal is to position Downtown as a place with BIG personality that embraces everything people love about Houston.

In 2023, return-to-office trends stabilized, visitation revived, and as part of the Strategic Alignment Plan, HDMD continued to move into closer alignment and more strategic focus with its sister organizations, Downtown Redevelopment Authority (DRA) and Central Houston Improvement (CHI). To better reflect this streamlining of silos and synergies of staff, the marketing and communications team, with robust engagement of boards and key stakeholders, launched a new umbrella brand and single, upgraded website to bring six splintered online outlets into one. **DowntownHouston+** and the new [DowntownHouston.org](https://DowntownHouston.org) debuted in November 2023 before an audience of almost 800 Downtown leaders. The legacy brands of CHI, HDMD, and DRA remain identifiers for each entity's board and financial stewardship, while the **DowntownHouston+** brand provides a user-friendly "front door" to diverse programs, initiatives, and outreach efforts of our shared teams. The Downtown District engaged public relations firm CKP Group as PR agency of record, and scored major coverage in Houston Business Journal, Houston Chronicle, Channel 11 News, NPR Radio, and other outlets.

Additional highlights for 2023 include: festooning Downtown with "Welcome to Downtown" NCAA Final Four banners and sidewalk art of basketballs to celebrate March Madness, Murals and Mimosas unveiling of more than two dozen murals in phase two of Big Art. Bigger Change., and reimagining the Above and Below Map and the Downtown Houston magazine into a "Field Guide". Total expenses for marketing and communications were \$907,598 in 2023.

#### Economic Development

The District is committed to building relationships with the business community in downtown and acting as a resource for information regarding office market trends, commute solutions for the workforce, and the benefits of locating a business downtown. The District spent \$130,656 on its economic development program during 2023, which is conducted in partnership with Central Houston, Inc.

#### Planning

The planning efforts of the District continue to be largely focused on planning for the North Houston Highway Improvement Plan, including traffic studies of specific areas impacted by the highway reconfiguration. A total of \$250,000 was spent by the District on highway planning during 2023. The District also participated in a public realm lighting study at a cost of \$178,600.

## Houston Downtown Management District Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS (CONTINUED)

#### Public Space Programming

The District uses programming to attract visitors downtown. Programming is extensive at Market Square Park in the Historic District, offering seasonal events such as concerts, culinary evenings, movie nights, blanket bingo, special markets, and other creative offerings. The District spent \$251,443 during 2023 on programming in Market Square Park which included reviving the 1854 open air Farmer's Market from September to November of 2023. Programming costs were offset by \$13,551 in revenue from the events.

In 2023, The District spent \$132,803 on programming for Trebly Park which included the grand opening, yoga, music, movies, special markets, and promotions by the on-site café Tout Suite.

In 2023, the District continued its suspension of regular programming at Main Street Square due to the overall decline in foot traffic along Main Street. The District spent \$222,731 on collaborative events and programming during the Holiday Season turning Downtown into Houston's home for the holidays, as almost 1 million visitors were here during the season of holiday lights, double-decker bus tours, and jolly activations.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Under GASB Statement No. 34, the District qualifies as a special purpose government with one program—revitalization of the downtown area.

Government-wide statements report information about the District using accounting methods like those used in private-sector companies. The statement of net position includes all the District's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The fund financial statements report information about the District on the modified accrual basis, which only account for revenues that are measurable and available within the current period or soon enough thereafter to pay liabilities of the current period. Adjustments are provided to reconcile the fund statements to the government-wide statements. Explanations for the reconciling items are provided as part of the financial statements.

## Houston Downtown Management District Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### *Statement of Net Position*

The statement of net position reflects the District's assets and liabilities using the full accrual basis of accounting and represents the financial position as of the conclusion of the year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the District for any lawful purpose. Restricted net position has constraints on resources, which are imposed by law through contractual provision of enabling legislations.

The following table reflects condensed information on the District's net position:

<i>December 31,</i>	<b>2023</b>	2022
Capital assets, net	\$ <b>3,109,007</b>	\$ 3,297,695
Other assets:		
Cash and cash equivalents	<b>9,092,414</b>	10,504,905
Assessment due from tax collector, net	<b>15,850,898</b>	15,553,785
Accounts receivable, prepaid expenses and due from affiliates	<b>518,383</b>	301,745
<b>Total assets</b>	<b>28,570,702</b>	29,658,130
Accounts payable, accrued expenses and due to affiliate	<b>1,436,764</b>	1,763,302
Lease liability - current	<b>253,786</b>	229,727
Lease liability - long-term	<b>2,428,045</b>	2,599,482
<b>Total liabilities</b>	<b>4,118,595</b>	4,592,511
<b>Net position</b>		
Invested in capital assets	<b>427,176</b>	468,486
Restricted for capital projects	<b>6,136,050</b>	6,130,902
Unrestricted	<b>17,888,881</b>	18,466,231
<b>Total net position</b>	<b>\$ 24,452,107</b>	\$ 25,065,619

#### Assets

As of December 31, 2023, the District's assets totaled \$28,570,702 versus \$29,658,130 as of December 31, 2022. At year end, the District had \$3,863,996 of cash on hand for service plan operations, \$5,228,418 for capital projects. Funds not needed for immediate operations are invested in TexPool Prime accounts or in JPMorgan U.S. Government Money Market Fund. Investments are reviewed quarterly by the Board of Directors. Net capital assets of the District were \$3,109,007 as of December 31, 2023, which reflects \$106,496 of new depreciable asset acquisitions, \$104,584 of new amortizable assets, \$98,701 of depreciation expense, \$301,067 of amortization expense from the net capital asset balance of \$3,297,695 as of December 31, 2022.

## Houston Downtown Management District Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Assessment due from tax collection as of December 31, 2023 totaled \$15,850,598 versus \$15,553,785 as of December 31, 2022. The 2023 assessment due from tax collection is reported net of a reserve for delinquent accounts and refunds that has been established for properties protesting HCAD valuations in the amount of \$2,123,077 as compared to \$1,390,336 in 2022. The \$732,741 increase reflects the best estimate of property values, historic loss percentages, and the current number of protests.

#### Liabilities

At December 31, 2023, the District's accounts payable and accrued expenses and due to affiliate totaled \$1,436,764 versus \$1,763,302 as of December 31, 2022. During 2023, the District added a lease liability of \$104,584 and paid \$251,962 in principal payments resulting in an outstanding balance of \$2,681,831 as of December 31, 2023. During 2022, the District added a lease liability of \$85,498 and paid \$197,728 in principal payments resulting in an outstanding balance of \$2,829,209 as of December 31, 2022.

#### Net Position

Net position at year end in 2023 totaled \$24,452,107. Net position in 2023 is classified as invested in capital assets, restricted for capital projects and unrestricted, which totaled \$427,176, \$6,136,050, and \$17,888,881, respectively. Net position at year end in 2022 totaled \$25,065,619. Net position in 2022 is classified as invested in capital assets, restricted for capital projects, and unrestricted, which totaled \$468,486, \$6,130,902, and \$18,466,231, respectively.

Net position for the District decreased by \$613,512.

#### **Statement of Activities**

The following tables identify operating revenues earned and expenses incurred by the District:

<i>For the years ended December 31,</i>	<b>2023</b>	2022
<b>Revenues</b>		
Assessments, net - service plan operations	\$ 15,429,645	\$ 14,886,653
Assessments, net - capital projects	1,259,569	1,267,451
Interest and other	2,389,388	922,252
<b>Total revenues</b>	<b>\$ 19,078,602</b>	<b>\$ 17,076,356</b>

In 2023, revenues totaled \$19,078,602 compared to \$17,076,356 in 2022. Assessment revenues increased by \$535,110 due to a \$.005/\$100 increase in the service plan operations assessment rate as concerns about the increasing rate of property protests were impacting projected revenues over the remainder of the service plan period. In addition, operations revenue increased by \$160,584 due to reimbursements from Houston First for the District's maintenance of the Cotswold Fountains and from Buffalo Bayou Park for irrigation. Interest income increased \$570,649 due to more favorable interest rates during 2023 and the addition of a sweep account. Also included in operations revenue are reimbursements for Allen Parkway maintenance which increased \$90,447 due to an increase in maintenance and repairs along the street. Market Square Park revenue decreased by \$9,131 due to Niko Nikos terminating their lease in November 2023.

## Houston Downtown Management District Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

<i>For the years ended December 31,</i>	<b>2023</b>	2022
<b>Expenses</b>		
Service plan operations	\$ 18,208,214	\$ 16,875,576
Capital projects	1,483,900	871,938
<b>Total expenses</b>	<b>\$ 19,692,114</b>	<b>\$ 17,747,514</b>

In 2023, expenses totaled \$19,692,114 compared to \$17,747,514. Service plan operations expense increased over 2022 by \$1,332,638 due to an increase in accent plants and floral displays of \$19,556, in maintenance for Main Street and Cotswold fountains of \$288,092, in collaborative and Trebly Park programming of \$458,609, in Allen Parkway maintenance of \$90,498, in holiday logistics and installation of \$67,468, in tax rebates for the Downtown Living Initiative program of \$387,108, in personnel, planning and consulting for the public realm lighting study and North Houston Highway Improvement Project of \$346,984. The increases were offset by a \$367,134 decrease in marketing and communication costs as a result of eliminating retainers and refining the District's overall marketing strategy and \$386,481 in less funding for the homeless in 2023. In 2022, the District fulfilled a pledge of \$450,000 to the CCHP program designed to use federal COVID-19 relief funds and private philanthropy to provide rapid housing and take approximately 5,000 individuals off the streets of the Houston area. Capital spending increased \$629,349 due to the installation of a smart landscape irrigation system of \$230,062, planning and consulting for More Space Main Street 2.0 of \$237,008, and the District's share of expenses associated with TxDot's work on the Southeast Sidewalks of \$301,388. The increases were offset by a decrease in capital repairs and maintenance of \$195,382.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed as follows:

#### Governmental Funds

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

As of December 31, 2023, the District's governmental funds reported an ending fund balance of \$23,223,359 which is a decrease of \$741,976 from last year's total of \$23,965,335. As a measure of the General Fund's liquidity (Service Plan Operations), it may be useful to compare fund balance to total fund expenditures. The unassigned General Fund's fund balance (Service Plan Operations) represents 89% of total General Fund's expenditures (Service Plan Operations).

## Houston Downtown Management District Management's Discussion and Analysis

### BUDGETARY HIGHLIGHTS

During the year, appropriations for general fund (service plan operations) and capital projects experienced adjustments between the original and final budget. These changes were due to the reallocation of available funds, which became possible, as certain expenditures in other areas were lower than anticipated.

#### General Fund (Service plan operations)

	2023		2022	
	Actual	Budget	Actual	Budget
<b>Revenues</b>	<b>\$ 17,590,675</b>	<b>\$ 16,605,416</b>	<b>\$ 15,723,316</b>	<b>\$ 14,567,879</b>
<b>Expenses</b>				
Downtown feels safe and comfortable	9,576,069	9,994,069	9,656,052	9,826,526
Public realm is charming, inviting, beautiful	4,250,269	4,046,224	3,224,088	3,554,465
Accessible to region and easy to get around	252,278	402,573	154,180	314,494
Vibrant, sustainable mixed-use place	1,382,249	1,683,158	1,076,373	1,382,759
Downtown's vision understood by all	1,729,913	1,861,782	1,807,625	2,555,097
District governance and service known for excellence	1,017,436	1,267,489	957,258	1,065,295
<b>Total expenses</b>	<b>18,208,214</b>	<b>19,255,295</b>	<b>16,875,576</b>	<b>18,698,636</b>
<b>Change in net position</b>	<b>\$ (617,539)</b>	<b>\$ (2,649,879)</b>	<b>\$ (1,152,260)</b>	<b>\$ (4,130,757)</b>

- Overall, 2023 service plan operations revenues were above budget by \$985,259 due primarily to the increase to the service plan operations assessment rate of \$.005/\$100 due to concerns about increasing property value protests during 2023.
- Service plan operations expenses for 2023 were less than budget by \$1,047,081 (5.4%). Personnel costs were under budget \$165,542 (4.6%). Operations and maintenance expenses were under budget by \$226,217 (2.0%) due to safety guides, off duty officer support and private security being under budget by \$330,786 because of open positions, homeless planning and services under budget by \$235,288, street lighting expenses, landscaping, and irrigation \$14,922 and \$98,424, respectively, less than forecasted. Offsetting the decreases from budget were increases of \$263,033 in street teams cleaning sidewalks and bus stops; \$28,611 in trash collections; \$18,565 in accent plants; \$67,060 in Cotswold fountain maintenance; \$21,302 in Trebly Park maintenance and \$18,071 in banner program, pole and pot maintenance and \$53,379 in Allen Parkway maintenance. Marketing expenses were \$162,824 (9.7%) under budget, planning and design was under budget by \$37,218 (7.6%) due to postponing the traffic study. Fort Bend Transit System was under budget by \$150,000 due to delays in restoring service to downtown.



## Houston Downtown Management District Management's Discussion and Analysis

### BUDGETARY HIGHLIGHTS

#### Capital projects

	2023		2022	
	Actual	Budget	Actual	Budget
Revenues	\$ 1,487,927	\$ 1,497,662	\$ 1,353,040	\$ 1,288,372
<b>Expenses</b>				
Downtown feels safe and comfortable	230,062	270,837	-	-
Public realm is charming, inviting, beautiful	455,239	1,474,243	266,145	707,500
Accessible to region and easy to get around	595,551	1,289,936	227,195	1,177,000
Vibrant, sustainable mixed-use place	87,060	329,500	57,925	86,000
Capital improvement and expenditures	115,988	224,400	320,673	257,000
Total expenses	1,483,900	3,588,916	871,938	2,227,500
Change in net position	\$ 4,027	\$ (2,091,254)	\$ 481,102	\$ (939,128)

- Capital projects revenues for 2023 were under budget by \$9,735, primarily attributable to interest rates.
- Capital expenditures for 2023 were \$2,105,016 less than budget due to a delay in procurement of new banners in the amount of \$319,031 and furnishings for Trebly Park of \$44,680. \$650,000 attributed to delayed projects which included storefront/streetscape activation and improved pedestrian connection; \$500,000, and landscape enhancements-urban canopy: \$150,000. Additionally, Southeast Sidewalks projects are less than budget by \$532,028, and sidewalk infill projects are \$165,000 under budget. Other amounts under budget were \$250,000 in retail challenge grants and \$92,278 in capital replacement projects due to repairs and maintenance being less than forecasted.



## Houston Downtown Management District Management's Discussion and Analysis

### CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets - The District's capital assets as of December 31, 2023 amounts to \$3,109,007 (net of accumulated depreciation and amortization). These capital assets includes:

<i>For the year ended December 31, 2023</i>	2023	2022
Capital assets, being depreciated		
Machinery and equipment	\$ 629,380	\$ 612,782
Holiday decorations	224,576	224,576
Infrastructure improvements	725,973	664,637
Furniture and fixtures	108,656	108,656
Operations IT infrastructure	71,701	43,139
Capital assets being depreciated	1,760,286	1,653,790
Less: accumulated depreciation	(1,163,501)	(1,064,800)
Total capital assets being depreciated, net	596,785	588,990
Right-to-use lease assets, being amortized	3,304,809	3,200,225
Less: accumulated amortization	(792,587)	(491,520)
Total right-to-use lease assets being amortized, net	2,512,222	2,708,705
Total capital assets, net	\$ 3,109,007	\$ 3,297,695

Long-term debt – The only non-current liability is related to the lease liabilities associated to the right-to-use lease assets. The lease liability balance totaled \$2,681,831 and \$2,829,209 as of December 31, 2023 and 2022, respectively.

## Houston Downtown Management District Management's Discussion and Analysis

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

In considering the budget for the 2024, the Board and management took into account the goals outlined in the 2021-2025 Service Plan adopted in November 2020, estimated increases in property values and potential protests, as well as estimated increases to the assessment rate.

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This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jana Gunter, Director of Finance, Houston Downtown Management District, 1221 McKinney, Suite 4250, Houston, Texas 77010.

DRAFT

**Houston Downtown Management District  
Basic Financial Statements**

DRAFT

## Houston Downtown Management District Statement of Net Position

	Primary Government Governmental Activities
December 31, 2023	
<b>Assets</b>	
Cash and cash equivalents	\$ 9,092,414
Assessment due from tax collector, net	15,850,898
Accounts receivable	299,713
Due from affiliates	192,435
Prepaid expenses	26,235
Capital assets, net	3,109,007
<hr/>	
Total assets	\$ 28,570,702
<hr/>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 1,277,774
Due to affiliate	158,990
Non-current lease liability	
Due within one year	253,786
Due in more than one year	2,428,045
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Total liabilities	4,118,595
<hr/>	
<b>Net position</b>	
Invested in capital assets	427,176
Restricted for capital projects	6,136,050
Unrestricted	17,888,881
<hr/>	
Total net position	\$ 24,452,107
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*The accompanying notes are an integral part of these basic financial statements.*

## Houston Downtown Management District Statement of Activities

<i>For the year ended December 31, 2023</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government				
Governmental activities	\$ 19,630,699	\$ 17,006,212	\$ 1,259,569	\$ (1,364,918)
Interest charge	61,415	-	-	(61,415)
<b>Total primary government</b>	<b>19,692,114</b>	<b>17,006,212</b>	<b>1,259,569</b>	<b>(1,426,333)</b>
General revenues				
Interest				812,821
<b>Total general revenues</b>				<b>812,821</b>
Change in net position				(613,512)
Net position, beginning of year				25,065,619
<b>Net position, end of year</b>				<b>\$ 24,452,107</b>

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

## Houston Downtown Management District Balance Sheet – Governmental Funds

<i>December 31, 2023</i>	General (Service Plan Operations)	Capital Projects	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,863,996	\$ 5,228,418	\$ 9,092,414
Assessment due from tax collector, net	14,637,715	1,213,183	15,850,898
Accounts receivable	281,614	18,099	299,713
Due from affiliates	192,435	-	192,435
Prepaid expenses	26,235	-	26,235
Interfund (payable) receivable	(20,274)	20,274	-
<b>Total assets</b>	<b>\$ 18,981,721</b>	<b>\$ 6,479,974</b>	<b>\$ 25,461,695</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 933,849	\$ 343,925	\$ 1,277,774
Due to affiliate	52,198	-	52,198
<b>Total liabilities</b>	<b>986,047</b>	<b>343,925</b>	<b>1,329,972</b>
<b>Deferred Inflows of Resources</b>			
Deferred tax assessment	839,808	68,556	908,364
<b>Fund Balances</b>			
Nonspendable-prepayments	26,235	-	26,235
Restricted for capital projects	-	6,067,493	6,067,493
Assigned for catastrophe	800,000	-	800,000
Unassigned	16,329,631	-	16,329,631
<b>Total fund balances</b>	<b>17,155,866</b>	<b>6,067,493</b>	<b>23,223,359</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,981,721</b>	<b>\$ 6,479,974</b>	<b>\$ 25,461,695</b>

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

## Houston Downtown Management District Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

*December 31, 2023*

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Total fund balances - total governmental funds	\$	23,223,359
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Amounts reported for governmental activities in statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds

Governmental capital assets	\$	5,065,095	
Less accumulated depreciation and amortization		(1,956,088)	3,109,007

Some revenues will not be collected within 60 days after the close of the District's fiscal year-end and are not considered as "available" revenue in the governmental funds, and therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities.

		908,364
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Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds

Compensated absences	(106,792)	
Lease liability	(2,681,831)	(2,788,623)

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Net position of governmental activities	\$	24,452,107
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*The accompanying notes are an integral part of these basic financial statements.*

## Houston Downtown Management District Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

<i>For the year ended December 31, 2023</i>	General (Service Plan Operations)	Capital Projects	Total Governmental Funds
<b>Revenues</b>			
Assessments, net	\$ 15,267,267	\$ 1,248,666	\$ 16,515,933
Project revenue	1,576,567	-	1,576,567
Interest	584,463	228,358	812,821
<b>Total revenues</b>	<b>17,428,297</b>	<b>1,477,024</b>	<b>18,905,321</b>
<b>Expenditures</b>			
<b>Downtown feels safe and comfortable at all times</b>			
Collaboration to maintain low crime rate	2,978,271	-	2,978,271
Reduced presence of homeless and street persons	789,919	-	789,919
Downtown sidewalks are comfortably lighted	197,400	-	197,400
Downtown clean and well-kept appearance	5,235,683	-	5,235,683
Remove signs of disorder in downtown	93,146	-	93,146
Prepare for emergencies	130,248	-	130,248
Debt service			
Principal payments	251,962	-	251,962
Interest charge	61,415	-	61,415
	9,738,044	-	9,738,044
<b>Public realm is charming, inviting, beautiful and celebrates the life of the city</b>			
Key pedestrian streets are inviting	655,294	-	655,294
Public spaces managed, programmed and delightful	1,882,747	-	1,882,747
Place of civic celebration	1,712,228	-	1,712,228
	4,250,269	-	4,250,269
<b>Accessible to region and easy to get around</b>			
Effective transit access more places, more hours	31,346	-	31,346
Easy to find way around	89,727	-	89,727
Connect neighbors and districts inside/outside downtown	122,344	-	122,344
Convenient, understandable and managed parking	8,861	-	8,861
	252,278	-	252,278
<b>Vibrant, sustainable mixed-use place</b>			
Best place to work in region	301,875	-	301,875
Exciting neighborhoods to live in	1,033,632	-	1,033,632
Competitive shopping place	27,358	-	27,358
Remarkable destination for visitors	19,384	-	19,384
	1,382,249	-	1,382,249

(Continued)

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



**Houston Downtown Management District  
Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds (Continued)**

<i>For the year ended December 31, 2023</i>	General (Service Plan Operations)	Capital Projects	Total Governmental Funds
<b>Downtown's vision and offering understood by all</b>			
Market to region	\$ 831,537	\$ -	\$ 831,537
Promote downtown's ease of use	115,827	-	115,827
Vision/development framework understood by all	724,599	-	724,599
Tools to assist continued redevelopment	31,382	-	31,382
Develop and maintain information to support downtown	26,568	-	26,568
	1,729,913	-	1,729,913
<b>District governance and service known for excellence</b>			
Engage stakeholders in decision making	808,415	-	808,415
Communications to owners, tenants and others	63,373	-	63,373
Preservation of districts' capital assets	44,560	-	44,560
	916,348	-	916,348
<b>Capital improvement and expenditures</b>			
Downtown feels safe and comfortable	-	230,062	230,062
Public realm is charming, inviting and beautiful	-	455,239	455,239
Accessible to region and easy to get around	-	595,551	595,551
Vibrant, sustainable mixed-use place	-	87,060	87,060
Capital replacement expenditure	-	114,868	114,868
	-	1,482,780	1,482,780
Total expenditures	18,269,101	1,482,780	19,751,881
Deficiency of revenues under expenditures	(840,804)	(5,756)	(846,560)
<b>Other financing sources</b>			
Issuance of lease liability	104,584	-	104,584
Net change in fund balances	(736,220)	(5,756)	(741,976)
Fund balances, beginning of year	17,892,086	6,073,249	23,965,335
Fund balances, end of year	\$ 17,155,866	\$ 6,067,493	\$ 23,223,359

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

## Houston Downtown Management District Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

*For the year ended December 31, 2023*

Net change in fund balance - total governmental funds	\$ (741,976)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.	
This is the amount by which capital outlay exceed depreciation in the current period	112,379
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	
	(104,584)
Repayment of the principal is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position.	
	251,962
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	
	(3,507)
Some revenues will not be collected within 60 days after the close of the District's fiscal year-end are not considered as "available" revenues in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized.	
	173,281
Change in net position of governmental activities	\$ (613,512)

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

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Houston Downtown Management District (the District), is a municipal management district created under Chapter 375 of the Local Government Code and is currently codified in Chapter 3801 of the Texas Special Districts Code. The District's boundaries include all of the 1,178 acres that lie primarily within the freeway ring around the City of Houston's central business district. The District is governed by a 30-member Board of Directors, representing property owners, managers and tenants in downtown.

The District's main areas of operation are geared towards ensuring that downtown always feels safe and comfortable; public realm is charming, inviting, beautiful and celebrates life of the city; accessible to region and easy to get around; vibrant, sustainable mixed-use place; Downtown's vision and offering understood by all; District governance and service known for excellence; and capital projects. All programs are provided for under a five-year service plan (2021 - 2025) for downtown revitalization which was adopted by the Board in November 2020.

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

#### ***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 District does not have any component units or business-type activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***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. Annual assessments are recognized as revenues in the year for which they 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.

## Houston Downtown Management District Notes to Basic Financial Statements

### 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 acquisitions under capital leases are reported as other financing sources.

Assessments, certain project revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven project revenue is recognized as revenue when the qualifying expenditures have been incurred, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

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

The government-wide and fund financial statements are interrelated. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### ***Fund Financial Statements***

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

##### General (Service Plan Operations)

The *General Fund (Service Plan Operations)* is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another funds. This fund was established to account for an annual assessment of up to 14.00 cents per \$100 valuation of taxable real property according to the annual tax roll of the Harris County Appraisal District, as supplemented, pursuant to the 2021-2025 Service Plan. These funds are to be used for operating expenses including public safety, homelessness initiatives, cleanliness, maintenance, landscaping services, urban planning, economic and business development, marketing and communications necessary to build a constituency of support for a thriving, economical and vital downtown.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Fund Financial Statements (Continued)***

##### Capital Projects

The *Capital Projects* fund was established to account for an assessment set annually not to exceed 1.00 per cent per \$100 valuation of taxable real property according to the annual tax roll of the Harris County Appraisal District, as supplemented, pursuant to the 2021-2025 Service Plan. These funds are to be used for major capital improvements to revitalize downtown including lighting, parks, streetscape enhancements, wayfinding signage, and retail and catalytic project grants.

##### ***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund (Service Plan Operations Fund) and Capital Projects. The capital projects funds are appropriated on a project-length basis.

The appropriated budget is prepared by fund and goals. After adoption, increases and decreases in the budget may be made upon Board of Directors' approval. A review of revenues and expenditures compared to budget is provided monthly to the Board of Directors with the monthly financial statements. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

In addition to approval of the annual budget, the District's Board of Directors must authorize an expenditure more than \$25,000 in advance of the purchase or contract for services. A copy of the check register is provided monthly to the Board of Directors.

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

##### *Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand and time deposits, and short term investments with original maturities of three months or less from the date of acquisition: funds maintained in public funds investment pools and sweep account that invests in a money market fund.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Investments*

Investments for the District meets all of the specified criteria in GASBC Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the value of the District's position of its pools is the same as the fair value of the pool shares.

The investment policy of the District sets forth specific investment guidelines to ensure safety, liquidity, diversification, yield, and public trust. The Board of Directors has adopted a written investment policy regarding the investment of its funds pursuant to Chapter 2256 of the Texas Government Code and Chapter 49 of the Texas Water Code, effective as of December 11, 2014. The investments of the District follow the Board of Directors' investment policy. Such investments may include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) TexPool local government investment pools; and (4) various other items that comply with the Public Funds Investment Act and the District's Investment Policy.

##### *Receivables and Payables*

Assessment due from tax collector – Amount due from tax collector is recorded in the funds for special assessment levied during current and prior tax rolls not collected before year-end.

Allowance for delinquent accounts and refunds – Assessment due from tax collection have been reported net of the allowance for delinquent accounts and refunds for properties protesting HCAD valuations. Assessment due from tax collector in excess of 120 days are subject to being considered as uncollectible.

Accounts receivable and due from affiliates – Revenue earned at year-end and not yet received primarily related to expense reimbursements under executed agreements and services provided.

Payables, accruals and due to affiliate – Expenses incurred at year-end and not yet paid primarily related to vendor invoices and staffing services provided by an affiliate.

##### *Interfund Activities and Transactions*

During the course of operations, certain transactions occur between individual funds that are considered temporary loans that will be repaid in less than one year. These receivables and payables are classified as "due from other fund" and "due to other funds" within the fund financial statements. These amounts are eliminated from the government-wide financial statements.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### *Capital Assets*

Capital assets, which include property, plant, equipment, right-to-use lease assets, and infrastructure improvements are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

Capital assets, except right to use lease assets, are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Machinery and equipment	3-10
Holiday decorations	3
Infrastructure improvements	3-15
Furniture and fixtures	5
Operations IT infrastructure	5

The right to use lease assets are amortized by the straight-line method over the shorter of the useful life of the asset or the lease term.

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

##### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of December 31, 2023.

In addition to liabilities, the statements of financial 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.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Deferred Outflows/Inflows of Resources (Continued)*

The District has one item that qualify for reporting as deferred inflows of resources related to billing of special assessments not available within the current period or soon enough thereafter to pay liabilities of the current period. These billings are deferred and recognized as an inflow of resources in the period the amount becomes available.

##### *Compensated Absences*

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the District and, accordingly upon separation from service, no monetary obligation exists.

##### *Leases*

Leases contracts that provide the District with control of a non-financial asset, such as office space or equipment, for a period of time in excess of twelve months are reported as a right to use lease asset with a related lease liability in the government-wide financial statements. The lease liability is recorded at the present value of the future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees, if applicable. As most of the leases do not provide an implicit rate, management uses the estimated incremental borrowing rate based on the information available at the commencement date in determined the present value of lease payments. The intangible right to use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial indirect costs to place the asset in service. The right to use lease assets are amortized by the straight-line method over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

In the fund financial statements, the leased asset used in the governmental fund operations is accounted for as a capital outlay expenditure of the appropriate governmental fund upon acquisition and the related lease liability is reported as other financing sources.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District's lease agreements may contain lease and non-lease components, which are accounted for separately in accordance with GASB 87. The determination of the expense/expenditure for non-lease components has been made based on relative stand-alone prices of these components.



## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Leases (Continued)*

The variable lease payments, which are primarily comprised of common area maintenance, utilities and real estate taxes, are recognized in as an expense/expenditure in the period in which the obligation for those payments was incurred.

##### *Categories and Classifications of Net Position and Fund Balance*

*Net position flow assumption* – Sometimes the District 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. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

*Invested in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by any bonds, notes, lease liability or other borrowings.

*Restricted* – This component of net position consists of constraints on use placed on net position 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 do not meet the definition of “restricted” or “invested in capital assets”.

*Fund balance flow assumptions* – Sometimes the District 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. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. 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 governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment committed fund balance) or an assignment (assigned fund balance).

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### *Categories and Classifications 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 balances are 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 District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Only the Board of Directors may assign amounts for specific purposes. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. 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 General Fund.

#### ***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as *program revenue* includes operating special assessments, grant and contributions (capital special assessments) and project revenue: 1) reimbursement for certain costs incurred pursuant to terms of executed agreements, 2) trash subscription program including bag sales, 3) bus stop cleaning services and 4) lease revenue and special assessments. Interest is reported as general revenues rather than as program revenues.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Revenues and Expenditures/Expenses (Continued)*

The District's 2023 assessment was levied in November 2023 based on assessed values as of January 1, 2023 for all real property located in the District. Under the new Service Plan adopted by the Board in November 2020, the District's assessment over the five years of the plan (2021-2025) will be based on each year's current tax year values. These assessments are due in January 31 of the years 2022 through 2026 and are delinquent if not paid before February 1 of that year. The District's Board of Directors determines the rate for each year and the combined Service Plan Operations and Capital Projects rate for 2023 was 13.25 cents per \$100 valuation. The District contracts with a tax assessor/collector for assessment collection services.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in 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 allowance for delinquent accounts and refunds, fair value of investments, depreciation and amortization of capital assets.

#### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, Month XX, 20XX 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*

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There was no impact of implementing this Statement.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Recently Issued and Implemented Accounting Pronouncements (Continued)*

In May 2020, the GASB issued GASB Statement No 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. 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:

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Recently Issued and Implemented Accounting Pronouncements (Continued)*

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

In December 2023, the GASB issued 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, and is effective for fiscal years beginning after June 15, 2024.

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

### Note 2: DETAILED NOTES ON ALL FUNDS

#### *Deposits and Investments*

Under the Texas Local Government Investment Pool (TexPool) Participation Agreement, administrative, and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares.

TexPool is subject to annual review by an independent auditor consistent with the Public Fund Investment Act. Audited financial statements of the pool are available at First Public, 12008 Research Blvd. Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller Office. Due to its short-term, highly liquid nature, TexPool investments have been reported as cash equivalents.

As of December 31, 2023, the District held \$5,501,675 in the TexPool Prime fund. The District's investment in the TexPool Prime fund is rated AAA by Standard & Poor's and maintains a weighted average maturity of 60 days or less. The District limits its exposure to interest rate risk by investing in securities that assure safety of public funds, maintain liquidity and achieve the highest rate of return. The TexPool Prime fund invests in a combination of commercial paper, repurchase agreements, variable rate notes, and government securities.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (Continued)*

As of December 31, 2023, the District also held \$2,194,539 in a sweep account that invest in the JPMorgan U.S. Government Money Market fund. The District's investment in the JPMorgan U.S. Government Money Market fund is rated AAA by Standard & Poor's and maintains a weighted average maturity of 60 days or less. The District limits its exposure to interest rate risk by investing in securities that assure safety of public funds, maintain liquidity and achieve the highest rate of return. The JPMorgan U.S. Government Money Market fund invests exclusively in high quality, short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies and instrumentalities. Some of the securities purchased by the fund may be subject to repurchase agreements. Due to its short-term, highly liquid nature, JPMorgan investments have been reported as cash equivalents.

Under GASBC Section 150: Investments, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transactions amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of December 31, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that were to limit the District's access to 100 percent of their account value in either external investment pool.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution a government may not be able to recover deposits. The District's investment policy requires pledging of collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits and the District has entered into a Collateral Pledge Agreement with JPMorgan to provide this service. At December 31, 2023, the carrying amount of the District's deposit totaled \$1,396,200 and the bank balances totaled \$1,878,375. As of December 31, 2023, \$106,281 of District's deposits were undercollateralized.

#### *Receivables*

Assessments due from tax collector as of December 31, 2023 are summarized as follows:

	General (Service Plan Operations)	Capital Projects	Total
Assessment due from tax collector	\$ 16,617,443	\$ 1,356,532	\$ 17,973,975
Less: allowance for delinquent accounts and refunds	(1,979,728)	(143,349)	(2,123,077)
	\$ 14,637,715	\$ 1,213,183	\$ 15,850,898

A reserve for delinquent accounts and refunds has been established for properties protesting HCAD valuations in the amount of \$2,123,077 as of December 31, 2023.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### Receivables (Continued)

The District deems all accounts receivable collectable therefore an allowance for doubtful accounts is not necessary.

#### Capital Assets

The following is a summary of changes in capital assets during the year ended December 31, 2023:

<i>For the year ended December 31, 2023</i>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, being depreciated				
Machinery and equipment				
Banners and banner arms	\$ 476,982	\$ -	\$ -	\$ 476,982
Forklift	5,500	-	-	5,500
Golf carts - street team	39,263	16,598	-	55,861
Street sweeper	9,995	-	-	9,995
Auto Scrubber	33,089	-	-	33,089
Trolley map stands	20,775	-	-	20,775
Vehicles - Smart Car	27,178	-	-	27,178
Holiday decorations	224,576	-	-	224,576
Infrastructure improvements				
Operations center 1313 Main build-out	664,637	-	-	664,637
421 San Jacinto Buildout	-	61,336	-	61,336
Furniture and fixtures				
Operations center furnishings	108,656	-	-	108,656
Operations IT infrastructure	43,139	28,562	-	71,701
Capital assets being depreciated	1,653,790	106,496	-	1,760,286
Less: accumulated depreciation	(1,064,800)	(98,701)	-	(1,163,501)
Total capital assets being depreciated, net	588,990	7,795	-	596,785
Right-to-use lease assets, being amortized				
Operations center	3,114,727	-	-	3,114,727
421 San Jacinto	-	104,584	-	104,584
Operations warehouse	85,498	-	-	85,498
Right-to-use lease assets, being amortized	3,200,225	104,584	-	3,304,809
Less: accumulated amortization	(491,520)	(301,067)	-	(792,587)
Total right-to-use lease assets being amortized, net	2,708,705	(196,483)	-	2,512,222
Governmental activities capital assets, net	\$ 3,297,695	\$ (188,688)	\$ -	\$ 3,109,007

All property and equipment purchased by the District is the property of the District until the District is terminated. If the infrastructure is integrated in and used as a part of the City's infrastructure, it may be conveyed to the City of Houston, as is the case with the District's capital projects.

Depreciation and amortization expense for the year ended December 31, 2023 totaled \$301,067 reported as downtown clean and well-kept appearance, \$97,581 reported as preservation of districts' capital assets and \$1,120 reported as capital replacement expenditure in the accompanying statement of activities.



## Houston Downtown Management District Notes to Basic Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### *Long-Term Debt and Liabilities*

##### *Leases - Lessee*

The District, as lessee, agrees to certain conditions for the use of an office space for the purpose of operating an operations center under an operating lease agreement expiring in March 2034. Per the agreement, the monthly lease payment of \$18,567 starting in April 2019 is adjusted by 2.5% annually through the duration of the agreement. The District has used the District's estimated incremental borrowing rate of 2.14% to discount the annual lease payments to recognize the leased asset and the related lease liability as of January 1, 2021, adoption date. As of December 31, 2023, the District has a lease liability outstanding related to the operations center of \$2,577,106.

The District also entered into a warehouse lease in July 2022 expiring in June 2024. Per the agreement, the monthly lease payment starting July 2022 is \$3,562 and increases to \$3,760 in July 2023 through end of the agreement. The District has used the District's estimated incremental borrowing rate of 2.84% to discount the annual lease payments to recognize the leased asset and the related lease liability as of July 1, 2022, commencement date. As of December 31, 2023, the District has a lease liability outstanding related to the warehouse of \$22,377.

The District also entered into a lease for a satellite office in May 2023 expiring in May 2026, including 2 additional 12 months renewal terms which are expected to be renewed. Per the agreement, the monthly lease payment starting May 2023 is \$3,125 through end of the agreement. The District has used the District's estimated incremental borrowing rate of 5.08% to discount the annual lease payments to recognize the leased asset and the related lease liability as of May 1, 2023, commencement date. As of December 31, 2023, the District has a lease liability outstanding related to the satellite office of \$82,348.

The following is a schedule by years of minimum future lease payments from lease agreements as of December 31:

For the years ending December 31,	Principal Payments	Interest Expense	Total
2024	\$ 253,786	\$ 56,817	\$ 310,603
2025	243,772	50,532	294,304
2026	231,240	44,484	275,724
2027	230,246	39,559	269,805
2028	242,034	34,517	276,551
2029-2033	1,402,330	87,648	1,489,978
2034	78,423	280	78,703
	<u>\$ 2,681,831</u>	<u>\$ 313,837</u>	<u>\$ 2,995,668</u>



## Houston Downtown Management District Notes to Basic Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows for governmental activities:

Beginning balance	\$ 2,829,209
Additions	104,584
Reductions	(251,962)
<hr/>	
Ending balance	\$ 2,681,831
<hr/>	
Due within one year	\$ 253,786
<hr/>	

#### Deferred Inflows of Resources – Governmental Funds

As of December 31, 2023, deferred inflows of resources in the Service Plan Operations and Capital Projects Fund consisted for earned revenue but unavailable – special assessments of \$839,808 and \$68,556, respectively.

#### Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities
Capital assets (net)	\$ 3,109,007
Outstanding debt related to capital assets	(2,681,831)
<hr/>	
Net investment in capital assets	\$ 427,176
<hr/>	

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 3: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, and destruction of assets, errors and omissions, personal injuries, and natural disasters. The risk of loss is covered by the Texas Municipal League Intergovernmental Risk Pool. In addition, a portion of the unrestricted fund balance in the amount of \$800,000 has been designated as assigned for catastrophe. There have been no significant reductions in insurance coverage and no settlements.

### Note 4: COMMITMENTS AND CONTINGENCIES

#### Finger-FSC Crawford, Ltd.

In February of 2013, the District entered into an economic development agreement with Finger-FSC Crawford, Ltd. to provide a grant equal to 75% of the incremental District assessment generated by the project for a term of fifteen years from the date of completion of the project and its inclusion on the District's tax assessment roll. The project was for development of approximately 397 residential units and 10,000 square feet of retail on blocks 50 and 51 in the District. In addition, the City of Houston provided a Chapter 380 grant to the owner of the project in the amount that the owner would otherwise be required to pay the City for abandoning the right-of-way of the 1500 block of Prairie Street. The residential property was completed in 2016. Fourth payment of \$69,927 was made to Finger-FSC Crawford, Ltd. in 2023.

#### Downtown Living Initiative

The District, in conjunction with the City of Houston and the Downtown Redevelopment Authority (DRA) created a program in 2012 called the Downtown Living Initiative (DLI), which is designed to incentivize residential development in downtown. Developers are eligible to receive a rebate equal to 75% of the incremental District assessment and City of Houston property taxes generated by the project upon completion for a fifteen-year period up to a maximum of \$15,000 per unit. There was an overall cap of units able to participate in this program of 5,000 units. The application deadline for the DLI program was June 30, 2016 and the program is now closed.

The District has executed DLI agreements with fifteen developers totaling 4,257 units. Projects opened as of the end of 2023 include: SoDo on Main, Block 334, Market Square Tower, the Star, Aris Market Square, Eighteen25, Catalyst, 1414 Texas, 1711 Caroline, the Marlowe, Parkside Residences and the Camden Downtown. Estimated completion dates for the additional development projects range through the end of 2024. The residential projects are geographically dispersed throughout several areas of the District, including the Ballpark District, the Historic District, and the southern portion of downtown. During 2023, \$994,286 was paid by the District in assessment rebates under the DLI residential program.

Developers are required to meet certain deadlines and be in compliance with design guidelines in order to benefit from the incentive program, although extensions may be granted if approved by the Board. The District's liability for DLI assessment rebates to developers is contingent upon renewal of subsequent service plans beyond 2025.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 4: COMMITMENTS AND CONTINGENCIES (Continued)

#### Downtown Living Initiative (Continued)

Assuming the service plan is renewed in its current form, the District's commitment for future years is as follows:

For the years ending December 31,	
2024	\$ 967,969
2025	1,054,320
2026	1,057,062
2027	957,040
2028	894,494
Thereafter	4,395,307
	\$ 9,326,192

#### Service Agreements

The District entered into an agreement with Block by Block to provide personnel, equipment and supplies for public safety, cleaning and maintenance services for the District beginning on January 1, 2016. The 2023 expenditures by the District under the existing services agreement is \$5,177,225.

The District has entered into several other smaller service agreements for cleaning, landscaping, engineering, design and various consultants to provide professional services.

#### Southeast Sidewalk Improvements Project

In January 2022, the District entered into an advance funding agreement with Texas Department of Transportation (TxDOT) to provide funding equal to \$1,186,800 based on total estimated costs of \$3,446,245 for the Downtown Houston Southeast Sidewalk Improvements project (the Sidewalk project). The remaining funding of \$2,259,445 is provided by federal and state funding. In the event that the actual costs of the Sidewalk project exceed the estimated costs, any excess costs will be responsibility of the District. A payment of \$362,259 was paid by the District during the year ended December 31, 2023. Cumulative payments through December 31, 2023 total \$372,299. Subsequent payments will be made as the construction progresses.

## Houston Downtown Management District Notes to Basic Financial Statements

### Note 5: RELATED PARTY TRANSACTIONS

The District has an administrative contract with Central Houston, Inc., whereby Central Houston, Inc. provides certain administrative and management services to the District. The District and Central Houston, Inc. share executive management, office space, and administrative support. Central Houston, Inc. provided staffing services to the District in the amount of \$3,328,224 in 2023. As of December 31, 2023, the District had a due to affiliate of \$158,990. In addition, the District had a due from affiliate of \$167,188 as of December 31, 2023 related to an overpayment of expenses paid by CHI.

In addition, the District paid approximately \$250,000 in 2023 to Central Houston Civic Improvement, Inc. for NHHIP Civic Opportunities. Such amounts are included in expenses in the accompanying financial statements.

DRAFT

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

## Houston Downtown Management District Budgetary Comparison Schedule – General Fund (Service Plan Operations)

<i>For the year ended December 31, 2023</i>	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>Revenues</b>				
Assessments, net	\$ 15,141,762	\$ 15,141,762	\$ 15,429,645	\$ 287,883
Project revenue	1,026,500	938,416	1,576,567	638,151
Interest and other	240,000	525,238	584,463	59,225
<b>Total revenues</b>	<b>16,408,262</b>	<b>16,605,416</b>	<b>17,590,675</b>	<b>985,259</b>
<b>Expenses</b>				
<b>Downtown feels safe and comfortable at all times</b>				
Collaboration to maintain low crime rate	3,424,045	3,365,014	2,978,271	386,743
Reduced presence of homeless and street persons	1,015,130	1,015,130	789,919	225,211
Downtown sidewalks are comfortably lighted	209,526	206,742	197,400	9,342
Downtown clean and well-kept appearance	4,992,788	5,199,040	5,387,085	(188,045)
Remove signs of disorder in downtown	87,321	87,321	93,146	(5,825)
Prepare for emergencies	128,767	120,822	130,248	(9,426)
	9,857,577	9,994,069	9,576,069	418,000
<b>Public realm is charming, inviting, beautiful and celebrates the life of the city</b>				
Key pedestrian streets are inviting	644,323	611,055	655,294	(44,239)
Public spaces managed, programmed and delightful	1,800,904	1,764,965	1,882,747	(117,782)
Place of civic celebration	1,761,228	1,670,204	1,712,228	(42,024)
	4,206,455	4,046,224	4,250,269	(204,045)
<b>Accessible to region and easy to get around</b>				
Effective transit access more places, more hours	172,227	172,227	31,346	140,881
Easy to find way around	131,316	127,849	89,727	38,122
Connect neighbors and districts inside/outside downtown	95,111	95,111	122,344	(27,233)
Convenient, understandable and managed parking	7,386	7,386	8,861	(1,475)
	406,040	402,573	252,278	150,295
<b>Vibrant, sustainable mixed-use place</b>				
Best place to work in region	621,326	619,926	301,875	318,051
Exciting neighborhoods to live in	1,143,640	1,026,441	1,033,632	(7,191)
Competitive shopping place	20,311	20,311	27,358	(7,047)
Remarkable destination for visitors	16,480	16,480	19,384	(2,904)
	1,801,757	1,683,158	1,382,249	300,909
<b>Downtown's vision and offering understood by all</b>				
Market to region	1,305,386	1,093,546	831,537	262,009
Promote downtown's ease of use	94,672	94,672	115,827	(21,155)
Vision/development framework understood by all	725,281	625,281	724,599	(99,318)
Tools to assist continued redevelopment	26,687	26,687	31,382	(4,695)
Develop and maintain information to support downtown	21,596	21,596	26,568	(4,972)
	2,173,622	1,861,782	1,729,913	131,869
<b>District governance and service known for excellence</b>				
Engage stakeholders in decision making	1,153,062	1,111,379	811,922	299,457
Communications to owners, tenants and others	52,550	52,133	63,373	(11,240)
Preservation of districts' capital assets	103,880	103,977	142,141	(38,164)
	1,309,492	1,267,489	1,017,436	250,053
<b>Total expenses</b>	<b>19,754,943</b>	<b>19,255,295</b>	<b>18,208,214</b>	<b>1,047,081</b>
<b>Change in net position</b>	<b>\$ (3,346,681)</b>	<b>\$ (2,649,879)</b>	<b>\$ (617,539)</b>	<b>\$ 2,032,340</b>

(Continued)

**Houston Downtown Management District  
Budgetary Comparison Schedule – General Fund (Service Plan Operations)  
(Continued)**

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation, except as noted below:

	General (Service Plan Operations)
Actual amounts (budgetary basis) "total revenues" as reported on the statement of activities - budget to actual	\$ 17,590,675
Assessments that are not remitted to the District within availability periods are not considered as revenues in governmental funds	(162,378)
<hr/>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 17,428,297</u>
<hr/>	
	General (Service Plan Operations)
Actual amounts (budgetary basis) "total expenses" as reported on the statement of activities - budget to actual	\$ 18,208,214
Expenditures budgeted on accrual basis rather than modified accrual basis	(3,507)
Capital outlay	211,080
Repayment of principal	251,962
Amortization expense	(301,067)
Depreciation expense	(97,581)
<hr/>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 18,269,101</u>

## Houston Downtown Management District Budgetary Notes to Required Supplementary Information

Annual budget is adopted on a full accrual basis. Reconciliation of budgetary basis to modified accrual is included with the budgetary comparison schedule. The legal level of control is at the fund level.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to December 31, the District's Board will review and approve the budget for the succeeding year. Assessment rate is set in the fourth quarter prior to the first year of a new five-year service plan and prior to each succeeding year of a service plan if changes to the initial rates are to be made.
- b. Budget preparation also involves the following before adoption:
  1. Review of needs and priorities within the District.
  2. Review of draft budget by Board committees.
  3. Review of draft budget by the District's Board.
  4. Receipt of property owner input through Town Hall Meetings or another format.

Prior to December 31, the budget is legally enacted through passage of a Board resolution by the favorable vote of a majority of the members of the Board. Amendments made to the original budget during the year must be approved by the Board of Directors. The budget was amended during the year.



**SUPPLEMENTARY INFORMATION**

DRAFT

## Houston Downtown Management District Budgetary Comparison Schedule –Capital Projects Fund

<i>For the year ended December 31, 2023</i>	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Assessments, net	\$ 1,288,661	\$ 1,288,661	\$ 1,259,569	\$ (29,092)
Interest and other	120,000	209,001	228,358	19,357
<b>Total revenues</b>	<b>1,408,661</b>	<b>1,497,662</b>	<b>1,487,927</b>	<b>1,566,832</b>
<b>Expenses</b>				
<b>Capital improvement and expenditures</b>				
Downtown feels safe and comfortable	375,000	270,837	230,062	40,775
Public realm is charming, inviting and beautiful	1,918,000	1,474,243	455,239	1,019,004
Accessible to region and easy to get around	1,651,736	1,289,936	595,551	694,385
Vibrant, sustainable mixed-use place	329,500	329,500	87,060	242,440
Capital replacement expenditure	254,400	224,400	115,988	108,412
<b>Total expenses</b>	<b>4,528,636</b>	<b>3,588,916</b>	<b>1,483,900</b>	<b>2,105,016</b>
<b>Change in net position</b>	<b>\$ (3,119,975)</b>	<b>\$ (2,091,254)</b>	<b>\$ 4,027</b>	<b>\$ (538,184)</b>

**ACTION ITEM** Authorization of \$35,500 for expenditures and to continue an agreement with MJB Consulting to author the Downtown Houston Retail Strategy.

**SERVICE PLAN** 2021-2025

Account Code 621.502

Budget & Year \$35,000 2024

**REQUEST** Not to exceed \$35,000

**DESCRIPTION** Consistent with the policy direction of Goal 4, and specifically Goals 4.1, 4.4, 4.11, and 4.12; this authorization will allow MJB Consulting's expert services to continue and support the development of a Downtown Houston Retail Strategy by the end of Q3 2024.

**DISCUSSION** This consulting assistance will mark the third and final phase of developing a Downtown Houston Retail Strategy for the Downtown Houston+ team.

MJB Consulting's work began last year in close collaboration with the Thrive Collaborative Committee, the District's Economic Development Team, and dozens of diverse stakeholders across the Central Houston area. MJB Consulting conducted analysis of Houston's retail climate and the strengths, weaknesses, and opportunities within Downtown. At the end of 2023, MJB Consulting began a new, deeper investigation into the possibilities for the Downtown trade area, street-level storefronts, and how street-level strategies could work alongside the tunnel network and adjacent submarkets.

As part of the Retail Strategy development, MJB Consulting will be able to provide national context and critical direction on what tools to utilize and how (e.g., Retail Challenge Grants, marketing, out-of-state recruitment, trade area findings), and define metrics for success, ensuring the District's accountability to the goal of supporting, recruiting and retaining storefront businesses in Downtown.

**DBE Participation** MJB Consulting is not a DBE

<b>ACTION ITEM</b>	Authorization of \$475,000 for expenditures and to enter into an agreement with Gehl Architects to advance the development of a Downtown Houston Placemaking & Connectivity Action Plan.
<b>SERVICE PLAN</b>	2021-2025
Account Code	773-400 - \$237,500 583-810 - \$237,500
Budget & Year	\$475,000 2024
<b>REQUEST</b>	Not to exceed \$475,000
<b>DESCRIPTION</b>	In alignment with the policy direction of Goal 2, Goal 3, and Goal 4.3 and Goal 4.14, this authorization of \$475,000 will be funded equally by the Capital Projects budget and the Planning budget for expenditures and to enter into an agreement with Gehl Architects, the consultant team recommended by District Staff and the RFP review panel to advance the development of a Downtown Houston Placemaking & Connectivity Action Plan.

## DISCUSSION

According to data analysis (e.g., Placer.ai, TABC, documented event attendance), activity in Downtown tends to be episodic, transactional, and isolated. Visitors, workers, and even residents rarely depart from the ¼-mile radius around the node of activity they are in. Framed another way, unlike Chicago, New York City, Mexico City, and Washington D.C.—or cities known for sidewalks and public spaces that are reliably and dynamically active—Downtown Houston has yet to nurture a cohesive Downtown experience.

Throughout 2023, the Downtown District conducted several public realm studies and identified resources to invest in future urban design improvements and new programming. Furthermore, the Downtown District team consulted with sister organizations in other major cities. The best practice for realizing comprehensive, immediate public realm transformations proved to be Public Realm Action Plans.

In conjunction with ongoing capital improvement projects and a robust programming series at both Market Square Park and Trebly Park, an Action Plan will provide a strategic playbook for how to leverage the findings from these studies and determine what, how, and where to implement new urban design and/or programming improvements, achieve greater stakeholder coordination, and pursue investment for the benefit of establishing a sense of place and connection in Downtown. This includes the creation of a defined list of near-term and long-term projects, their anticipated cost, location(s), and metrics for success.

Additionally, this Action Plan aligns with the HDMD Service plan goal (3d): *Connected walkable neighborhoods and districts inside and outside of downtown.*

- *Action: Promote and further develop pedestrian, rail and bus, bicycle and vehicular connections.*
- *Action: Improve the quality of pedestrian sidewalk connections within downtown and to adjacent neighborhoods primarily focusing on newly developing districts including Midtown, East Downtown and the Northside.*

## DBE Participation

Yes – 10% of the Consulting Team

<b>ACTION ITEM</b>	Authorization of \$250,000 for the re-establishment of the Downtown Houston Retail Challenge Grant program.
<b>SERVICE PLAN</b>	2021-2025
Account Code	579.xxx, 800.xxx
Budget & Year	\$250,000 2024
<b>REQUEST</b>	Not to exceed \$250,000
<b>DESCRIPTION</b>	In alignment with Goals 4.1, 4.11, 4.12 and 4.13; this authorization to reestablish of Downtown Houston+'s legacy Retail Challenge Grant program for Downtown storefront businesses.
<b>DISCUSSION</b>	<p>Building on the multi-decade success of Downtown Houston+'s retail incentives, the revival of this program stands to yield critically important and catalytic tenancies of keystone, street-level retail spaces in and around our Downtown retail nodes (e.g., historic core, Main Street, Dallas Street, SoDo).</p> <p>The grant award criteria, requirements, and application materials will be defined by the research and findings of MJB Consulting, the Thrive Collaborative Committee, and the forthcoming Downtown Houston Retail Strategy as well as relevant economic development data.</p>
<b>DBE Participation</b>	TBD

<b>ACTION ITEM</b>	Authorize the President/CEO to execute an agreement for consultant services related to design and engineering documents for kiosk improvements and additions at Market Square Park.
<b>SERVICE PLAN</b>	2021-2025
Account Code	588.800
Budget & Year	\$50,000      2024
<b>REQUEST</b>	Not to exceed \$50,000
<b>DESCRIPTION</b>	To develop and prepare bidding documents for a future capital improvement project to be implemented by the Downtown Redevelopment Authority.
<b>DISCUSSION</b>	Niko Niko's moved out of Market Sq Park in November 2023 after 13 years of serving as the kiosk food operator. In January, an RFQ for a restaurant consultant was issued to assist in identifying possible vendors for the kiosk, followed by the issuance of an RFP for potential food and beverage operators. Six (6) proposals were received and reviewed by an Evaluation Panel consisting of HDMD staff, Board Member, and Consultants. The level of requested kiosk improvements and additions from the various applicants was one of many factors taken into consideration by the review panel. The selected operator proposed modest improvements and additions to the space, which we feel can be accomplished without altering Park aesthetics.
<b>M/WBE Participation</b>	TBD

<b>ACTION ITEM</b>	Authorize the President/CEO to execute an agreement for consultant services related to design and engineering documents for shade structures at Trebly Park.
<b>SERVICE PLAN</b>	2021-2025
Account Code	588.600
Budget & Year	\$175,000      2024
<b>REQUEST</b>	Not to exceed \$50,000
<b>DESCRIPTION</b>	To develop and prepare bidding documents for a future capital improvement project to be implemented by the Downtown Redevelopment Authority.
<b>DISCUSSION</b>	Since the completion of Trebly Park, a need for more shade in certain areas of the park has been identified, particularly at the playscape and seating area and in the large dog park. A recent shade analysis confirmed these areas receive little to no shade throughout the day. Initial concepts are to install a combination of large umbrellas and permanent structures that provide optimal shade while also matching the overall aesthetics and architectural design of the Park.
<b>M/WBE Participation</b>	TBD



<b>ACTION ITEM</b>	Authorize the President/CEO to execute agreements and related expenditures for May 16 <sup>th</sup> derecho storm response and recovery.
<b>SERVICE PLAN</b>	2021-2025
Account Code	927.000
Budget & Year	\$800,000 Storm Reserve 2024
<b>REQUEST</b>	Not to exceed \$200,000
<b>DESCRIPTION</b>	Reserve funds were used to cover the cost of landscape, electrical and general contracting services required to clean up from the May 16 derecho storm event and repair certain items within the public rights of way. These funds were used for street sweeping, hauling services, tree removal, tree pruning, and traffic signal repair. [Funds pulled from reserves]
<b>DISCUSSION</b>	On May 17, 2024, the President & CEO received emergency approval from all of the officers of the Board to authorize \$200,000 in funds to be used toward emergency response efforts. The funds were used in a manner consistent with HDMD Fund Balance Policy and Reserve Fund. Due to the sudden nature of the storm event and the resultant limited communications capacity, a full Board authorization was not possible within the constraints of the damage. However, information about the emergency authorization was sent to all Board members on the afternoon of May 17. This action will provide the Board with a retroactive opportunity to formally authorization the funding.
<b>M/WBE Participation</b>	3 of the 9 contractors retained to provide clean up and recovery services are certified DBE.

<b>ACTION ITEM</b>	Authorize expenditure to the City of Houston for enhanced street lighting electricity expenses for 2023.
<b>SERVICE PLAN</b>	2021-2025
Account Code	812.200
Budget	\$50,000
<b>REQUEST</b>	Not to exceed \$39,000
<b>DESCRIPTION</b>	This annual payment is related to the incremental electricity cost increase for improved street lighting above and beyond the cost the City of Houston would have incurred based on the lighting scheme prior to new street lights being installed. The District pays the electricity costs for the incremental light wattage increase.
<b>DISCUSSION</b>	The current invoice amount is based on the streetlights installed through the end of 2023. Last year's invoice amount was approximately \$28,000.
<b>DBE Participation</b>	City of Houston is not a DBE.

**ACTION ITEM** Approve expenditures and authorize the President & CEO to negotiate and enter into agreements with the vendor(s) selected by the project review committee for Downtown holiday décor and light installations.

**SERVICE PLAN** 2021-2025  
 Account Code 834.207  
 Budget Amount \$700,000 2024

**REQUEST** Not to exceed \$685,000

**DESCRIPTION** The Downtown holiday décor program is ready to be refreshed with the three-year lease of Bagby Street décor from Always in Season having expired in 2023. An evaluation committee, consisting of District staff and Board/Collaborative Committee members, reviewed the proposals and directed staff to negotiate a holiday program with vendor(s) that could possibly include:

- An interactive immersive light and sound experience that engages visitors to Market Square Park.
- A lighting display and “Polar Express style” boat tour departing from Allen’s Landing.
- Main Street twinkle lights and light pole décor.
- Trebly Park tree, lighting, and mistletoe ball.
- Power relocation & pole décor installation/de-installation.

Anticipated costs will include commissions for local artists, storage, labor, installation, de-installation, and basic refurbishment.

**DISCUSSION** World-class cities have spectacular holiday décor. Unique and differentiating winter holiday installations can position Downtown as a local and regional holiday destination, a welcoming and walkable area for all ages. While including holiday lighting and décor in other areas of Downtown, bringing a special focus to the northwest quadrant of Downtown, where 40% of street-level food and beverage establishments are concentrated will support retail spending. Collaborating with Houston First’s “Downtown City Lights” theme, while introducing innovation + activation will leverage enhanced positive PR and buzz.

**DBE PROGRAM** TBD



06.07.24 - mid-year progress update  
Approved Externally-Facing Top 20

Achieved or near completion  
Underway, on schedule  
Underway, behind schedule  
Limited progress

#	Objective	Lead Board	Dept.	Good	Better	Best	June 7 status
1	Establish new and nurture existing partnerships with civic leaders	CHI	Admin	Meet with at least 10 new civic leaders	GOOD + DTH+ leadership receives cell phone numbers of at least 10 new civic leaders	BETTER + Identify & pursue collaborative opportunities and partnerships with at least 5 new leaders	
2	Build new relationships bolstering DTH+'s engagement with Houston's diverse community	CHI	Admin	DTH+ leadership meets with at least 5 leaders of entities with whom they do not currently have relationships	GOOD + DTH+ leadership identifies ways to support initiatives of at least 5 new extra-organizational entities	BETTER + DTH+ accomplishes at least 3 partnership / co-production opportunities with partners new to the organization	
3	Create fund development strategy & pursue grants that expand impact	CHI	Admin	CHI Board approved Fund Development strategy & at least five grants are pursued	GOOD + At least \$250,000 is raised outside of federal grants for NHHIP	GOOD + More than \$500,000 is raised outside of federal grants for NHHIP	
4	Expand ability to facilitate office conversions	DRA	Planning	DRA Board adopts office conversion support policy	GOOD + City of Houston adopts office conversion policy	BETTER + Another level of local government adopts conversion support policy	
5	Complete Montrose St. Bridge design and engineering	DRA	Planning	Complete design and engineering for project	GOOD + DRA Board approves budget to construct bridge	BETTER + Bid construction contract	
6	Establish a third-party event hosting program for DTH+ parks	HDMD	Legal	Create legal & enabling policies	GOOD + Permit two unique producers to program parks	GOOD + Permit four unique producers to program parks	
7	Develop a special events & programming strategy	HDMD	Engagement	HDMD Board adopts strategy	GOOD + events incorporate strategy in subsequent events' program design	BETTER + incorporate metrics to measure impact toward strategic outcomes	
8	Identify and install distinctive, strategically positioned 2024 holiday décor	HDMD	Engagement	New Décor is identified, procured and installed	GOOD + Holiday decor areas attract 500,000 visitors	GOOD + Holiday décor areas attract 1M visitors	
9	Re-envision and deploy new street pole banners	HDMD	Engagement	All poetry banners replaced & new banners installed within budget	GOOD + banner program helps accentuate place branding for key destinations	BETTER + engage adjacent stakeholders in design process to further community engagement	
10	Create tools to communicate NHHIP Segment 3's schedule & community impact	CHI	NHHIP	Create video & messaging toolkit	GOOD + Distribute video and toolkit to at least 100 commercial real estate professionals	BETTER + At least two members of the media incorporate DTH+ messaging into reporting about NHHIP construction / timelines	
11	Position the EaDo cap project for federal grant submission	CHI	NHHIP	Prepare and submit one federal grant submission	Prepare and submit two federal grant submissions	Be awarded at least \$1M in federal funds to support NHHIP	
12	Refresh Downtown Living Initiative to attract a broader spectrum of households	DRA	Planning	Host DRA housing workshop, determine preferred approach to attainable housing strategy	GOOD + DRA approves program or budget to accomplish housing objectives	BETTER + At least one developer or partner is approved to help deliver non-market-based housing	
13	Pilot a Flock camera network	HDMD	Ops	Design and install system to be operational by 3Q 2024	GOOD + Get reporting from HPD about arrests, etc. to measure efficacy	BETTER + Access and utilize available data collected to provide secondary benefits to Downtown	
14	Foster a new homeless engagement-focused unit within safety program	HDMD	Ops	Deploy new program in 2Q 2024	GOOD + conduct 2,000 homeless outreach engagements	GOOD+ conduct 4,000 homeless outreach engagements	
15	Publish and promote quarterly market reports	HDMD	Planning	Design and produce 4 reports within 30 days of close of quarter	GOOD + grow direct distribution to at least 100 real estate investors and professionals	BETTER+ have data cited in at least three media reports to expand organization's reputation for data & research	
16	Produce a storefront recruitment strategy & support program	HDMD	Planning	Finalize strategy & HDMD Board approves support program	GOOD + process 2 applications to program	GOOD + process 5 applications to program	
17	Plan for and enhance connections among Downtown destinations	HDMD	Planning	Develop the placemaking strategy & present to HDMD Board	GOOD + develop program to activate targeted corridors	BETTER + partner with private property owners on at least 3 streetscape improvements	
18	Construct priority initiatives from pedestrian lighting master plan	DRA	Planning	DRA approves lighting investment plan & budget	GOOD + At least 50% of budget available is committed to be invested within DRA FY 24-25	GOOD + 100% of budget available is committed to be invested within DRA FY 24-25	
19	Enhance murals through façade lighting	HDMD	Planning	Develop strategic approach and program to market mural lighting opportunities	GOOD + Illuminate at least 3 murals	GOOD + Illuminate at least 5 murals	
20	Advance engineering for Main Street Promenade	DRA	Planning	Issue RFQ / select qualified consultant for design & engineering. Achieve DRA contract authorization.	GOOD + secure at least two dozen letters of support for the program from Main Street area stakeholders	BETTER + Secure the Mayor's support for the project	





DOWNTOWN HOUSTON+

# STRATEGIC ALIGNMENT PLAN UPDATES

JUNE 2024



# GOAL 1



Champion major projects, initiatives and investments that improve Downtown.

## 1.1 Build and maintain cross-sector relationships with area leaders so that CHI can support, facilitate or lead on catalytic opportunities.

**Highlight:** Concerns about public safety on METRO's Red Line are rising. To address this, METRO representatives have expressed interest in partnering with DTH+ to develop a comprehensive multi-agency strategy. This initiative will boost the presence of uniformed officers on trains and platforms, connect METRO with The Way Home's network for essential services and housing for the homeless, and ensure consistent enforcement. DTH+ has also facilitated partnerships between METRO, the Houston Police Department, and key leaders in housing and homeless services, including the City of Houston's Director of Housing and Community Development.

### Participating Agencies:



## 1.5 Collaborate with partners such as the City of Houston, Harris County, Greater Houston Partnership and Houston First to leverage opportunities for shared strategies to improve Downtown Houston.

**Highlight:** Just hours after the May 16 derecho storm event tore through Downtown Houston, leadership from DTH+ and the City of Houston were in communication to begin external messaging, assessment and clean-up and recovery efforts. Through consistent communication and collaboration, each agency was able to rely on its respective strengths to help protect public safety while working to stabilize and re-open the Downtown economy. HDMD was able to rapidly deliver labor through its staff and contractors while the City of Houston contributed heavy machinery and other assets required to facilitate Downtown's recovery.

### Participating Agencies:



# GOAL 2



Enhance and maintain a comfortable, welcoming, and well-managed public realm.

## 2.10 Broadly address the needs of people experiencing homelessness and the associated impacts.

**Highlight:** Houston faces a fiscal crisis as pandemic-era Federal funding directed toward homeless services ends later this year. This change will threaten a potential spike in homelessness with an estimated 9,000 formerly unhoused people falling back into homelessness within three years. DTH+, Clutch Consulting, Coalition for the Homeless, and the City of Houston's Housing and Community Services department have developed a bold and ambitious strategy to end street homelessness by 2025. The existing system forces individuals to wait for housing; the new plan changes this approach and requires \$70M annually. Collaborative efforts with the Mayor's office are in progress to secure sustainable funding and support for this initiative.

### Participating Agencies:



## 2.11 Prepare for and respond to emergencies.

**Highlight:** During the evening of May 16, 2024, a violent storm ripped through our community in which Downtown suffered significant property damage, including downed trees, damaged traffic lights, shattered windows, and more. At the request of City's Public Works, DTH+ was tasked with coordinating and overseeing the cleanup efforts to get Downtown back up and running as quickly as possible. With the HDMD Board providing an emergency authorization of funds to advance the clean-up efforts, staff instantly brought in crews from several local contractors to supplement the Operations Team. In addition to clean up efforts, DTH+ has also been at the forefront of coordinating and providing information and updates on street closures and building stabilization efforts to the Mayor's office, City, media, and stakeholders.

### Participating Agencies:



# GOAL 3



Drive vibrancy through improved street-level connectivity, a commitment to walkability, and inclusive programming strategies.

### **3.3 Partner with Houston First in advancing strategies that connect visitors to Downtown places and experiences.**

**Highlight:** At the request of Houston First, DTH+ volunteered to assist the City Nation Place conference planners through the provision of program design and content. The conference brought hundreds of place marketing professionals to Downtown Houston for a multi-day program focused on improving place identity. As a key highlight, DTH+ designed and led a tour of HDMD’s Big Art. Bigger Change. murals to spotlight on how art and art’s message can be a representation of a community’s identity. Dozens of visiting conference attendees attended the walking tour of the murals.

#### **Participating Agency:**



### **3.7 Utilize public art and other place enhancement strategies to improve walkability where built conditions limit storefront activations.**

**Highlight:** In collaboration with several of Downtown’s key destinations, DTH+ is advancing a place branding strategy through an updated pole banner program. This program, to be implemented through the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2024, will replace all the existing “poetry” themed pole banners with new banners that highlight key destinations for visitors, provide wayfinding benefits, and become a broader expression of community identity. A full inventory of existing banners and banner pole hardware has been completed, funding has been authorized by the HDMD Board, design is in the final stages and installation contractors have been secured.

#### **Participating Agency:**





# GOAL 4

Foster a vital and thriving economy through business growth, residential expansion, and enhanced reasons to be in Downtown.

## 4.5 Work with local government to build partnerships to reform regulatory processes to expedite timetables and decrease barriers to entry.

**Highlight:** Two days following the May 16 storm, the Mayor's Office requested DTH+ to convene meetings with property owners and managers whose properties were affected by the storm. Though the first meeting was held on a Sunday afternoon, dozens of stakeholders and City leaders participated to understand the needs of property owners to get their properties safe and stabilized. Since the initial meeting on May 18, DTH+ has convened an ever-expanding group of stakeholders an additional 8 times, averaging three meetings per week. The meetings have led to collaborative problem solving amongst neighboring properties whose decisions affect one another, plus crucial information sharing and coordination to facilitate recovery while protecting public safety. Additionally, the meetings have led to critical time-saving efforts by the City of Houston, including the adoption of trust-based approach to permitting to allow property owners to operate in a fluid and efficient manner to stabilize their properties and effect a more expedient recovery and return-to-office for their tenants.

Participating Agencies:



## 4.11 Foster a thriving storefront economy, prioritizing recruitment efforts, where possible, to fill vacant properties that have favorable co-tenancy on key corridors.

**Highlight:** Following a Dec 2023 authorization, national retail consulting firm MJB conducted submarket research, rigorous data analysis, and stakeholder engagement to develop a strategic retail strategy for DTH+. Findings were presented at the May 2024 Thrive Collaborative Committee meeting and shaped by committee members' input. Key takeaways include opportunities for Downtown's unique retail nodes, the trade area demand Downtown can fulfill, and near-term considerations for the District's Retail Challenge Grant program. MJB will present these findings and next steps to the HDMD Board on June 20th, including recommendations for reviving the District's catalytic Retail Challenge Grant program. DTH+ management will propose two authorization requests: continuing MJB Consulting's work to author the official Downtown retail strategy document and allocating \$250,000 to the Retail Challenge Grant program.

Participating Agency:



## GOAL 5

Develop a hivemind of intelligence and goodwill by genuinely engaging and convening stakeholders.

### 5.3 Evolve and optimize the CHI Membership model to expand audience and increase stakeholder engagement.

**Highlight:** At the May 2024 meeting, the CHI Board of Directors reviewed and discussed the membership value proposition crafted by the Development Committee and DTH+ management. After refining it based on board feedback, the final proposition highlights three main pillars: Champion, Connect, and Advance. It states, "*Central Houston champions a thriving Downtown by connecting influential leaders through initiatives that advance the future of business and community for all.*" Additionally, the DTH+ team is working to produce high-quality materials to illustrate this value proposition, showcasing past and ongoing initiatives as a critical resource for member recruitment and retention.

#### Participating Agency:



### 5.6 Improve and expand external communications to increase awareness of CHI, its actions, and general Downtown happenings.

**Highlight:** One of the most important roles that DTH+ plays during a weather-related emergency is that of the spokesperson. Given the severity and relative unique nature of the derecho storm event, there was media interest beginning immediately and a need to communicate rapidly to stakeholders. DTH+ conducted interviews with both national and local media, including the *Wall Street Journal*, *Houston Business Journal*, *Houston Chronicle*, KHOU, *Inc.* magazine, and others. Additionally, DTH+ leveraged, and continues to utilize, its various communications platforms and executive communications tools to communicate daily updates through social media, newsletters, news blasts, email updates, maps, and its website to keep the community apprised of ongoing recovery and restoration work.

#### Participating Agency:



Engagements

**58,186**

Total

Homeless Count

**275**

Average

Sidewalk Cleaning

**4.25**

Average

Garbage Disposed (Tons)

**728**

Total

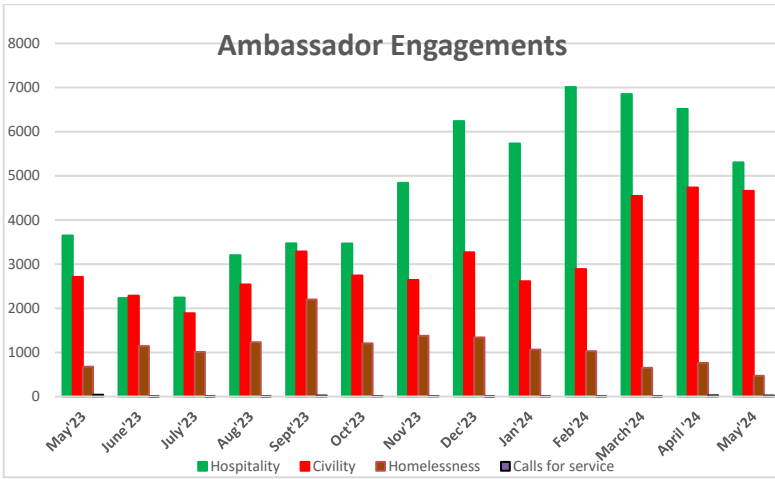
Reliability

**92%**

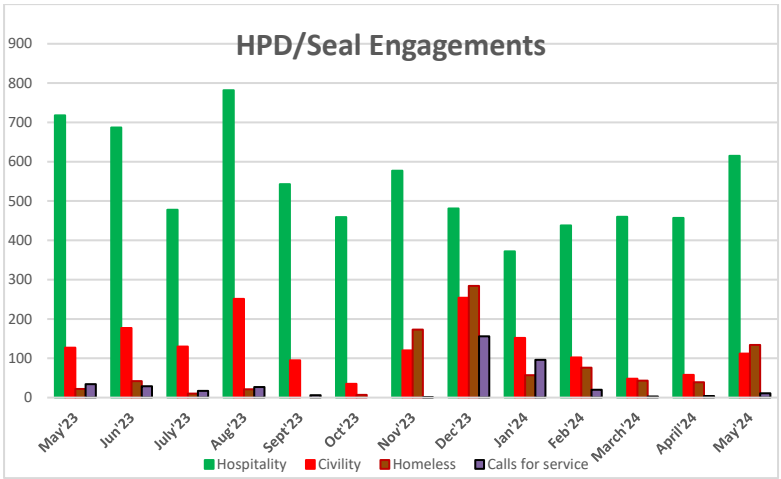
Average

## Safety & Quality Control

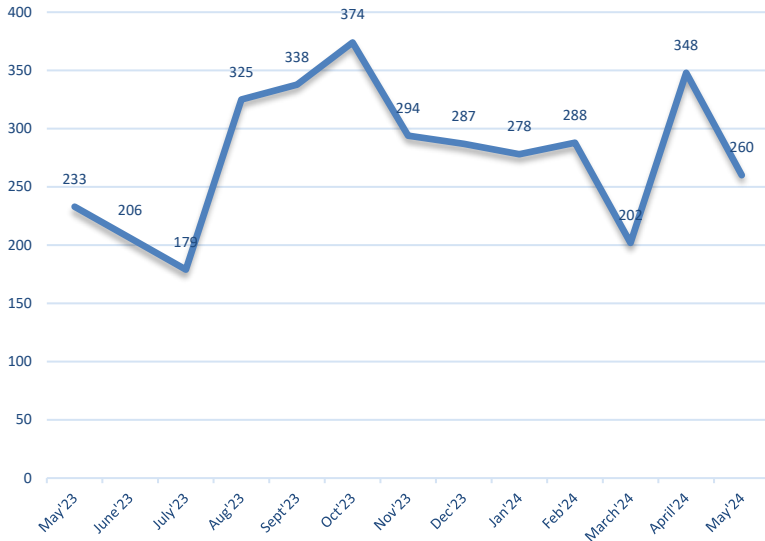
Ambassador Engagements



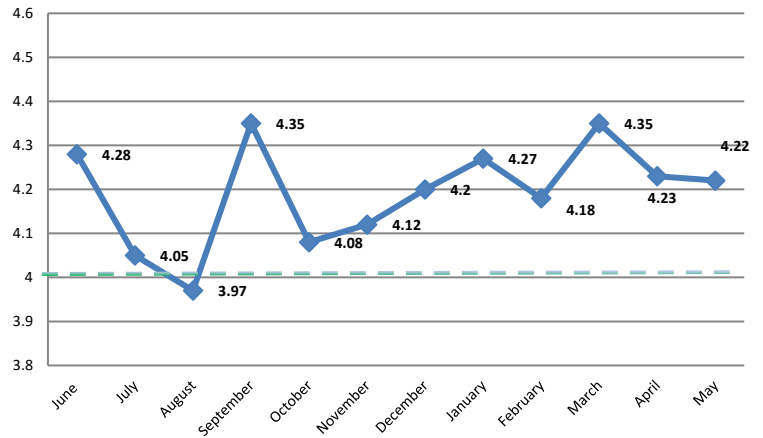
HPD/Seal Engagements



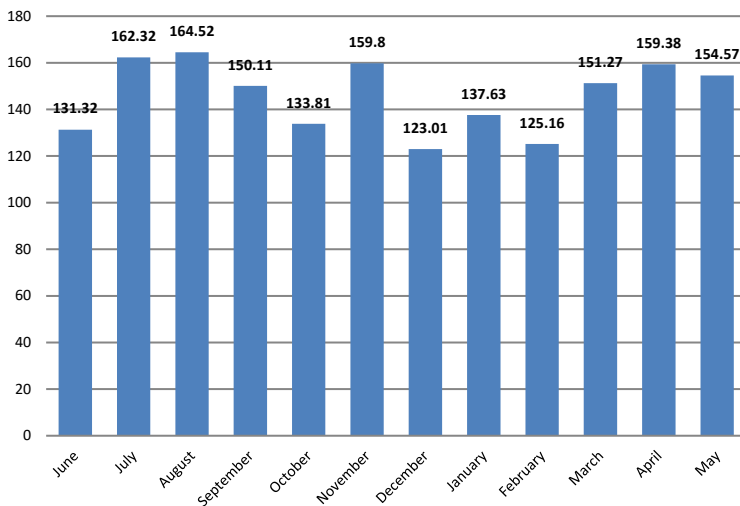
Homeless Count



Sidewalk Cleaning



Garbage Disposed (Tons)



Reliability

