DOWNTOWN HOUSTON+

downtown district

Board of Directors Meeting

June 11, 2026

Houston Downtown Management District
Board of Directors Meeting
June 11, 2026

downtown district

TABLE OF CONTENTS

MINUTES OF THE REGULAR MEETING
OF THE
HOUSTON DOWNTOWN MANAGEMENT DISTRICT

May 14, 2026

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

The Board of Directors of the Houston Downtown Management District (the "District") convened in person on May 14, 2026 at 12:00 p.m. 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

Sean Alley	Roland Kennedy
Leslie Ashby	Spencer Lightsy
Kinder Baumgardner	Sean Liu
Genora Boykins	Ben Llana
Clay Crawford	Nick Massad
Marcus Davis	Sherea McKenzie
Jacques D'Rovencourt	Tyler Merritt
Kelly Foreman	Kenny Meyer
Irma Galvan	Brandon Oliver
Marian Harper	Edna Ramos
C.C. Huang	Frem Reggie
Angus Hughes	Joey Sanchez
Antoinette "Toni" Jackson	Richard Torres
Robbi Jones	Reggie Wilson

All of the above were present, with the exception of Directors Davis, Foreman, Galvan, Jackson, Llana, Massad, McKenzie, Merritt, Oliver, and Sanchez.

Also present were Kris Larson, President/CEO; Allen Douglas, COO & General Counsel; Jana Gunter, Director of Finance; and staff members Scott Finke, Allie Fraser, Jacque Gonzalez-Garcia, James Kennedy, Amanda Marquez, Alyssa Mason, Kim Mickelson, Jamie Perkins, and Ann Taylor, all with the District. Clark Lord, outside counsel, with Greenberg Traurig, LLP was also present. Guests included Robert Williamson with the City of Houston, Jeff Scott with Historic Magnolia Ballroom, and other members of the public.

WELCOME & QUORUM

Chair Ashby presided over the meeting and welcomed all directors, staff, and attendees. Marian Harper served as Secretary. Quorum was established and the meeting began at 12:09 PM.

EXECUTIVE SESSION

Chair Ashby announced that the Board would convene in Executive Session, closed to the public, pursuant to Texas Government Code §551.071 and §551.074, to deliberate regarding a contracting matter. A motion to enter closed session was made, seconded, and approved at 12:12 PM. All non-board members exited the room. Those present in closed session included District Board members, along with Allen Douglas, Kris Larson, and Jamie Perkins. Upon conclusion, a motion to resume open session was made, seconded, and approved; open session reconvened at 12:22 PM.

PUBLIC COMMENT

Chair Ashby welcomed all non-board members back and asked if anyone had a public comment. Jeff Scott, with the Historic Magnolia Ballroom, indicated he did and Chair Ashby read the required statement per the Texas Open Meetings Act. Mr. Scott addressed the Board on behalf of approximately sixteen Downtown venue owners, expressing concern that World Cup activations could redirect foot traffic away from nearby businesses and describing a collective marketing initiative — including a bar crawl and shared party bus transportation — to draw visitors back to Main Street. He requested the Board's support for the effort. No action was taken.

AUTHORIZE ENGAGEMENT OF LEGAL COUNSEL

Chair Ashby called on Allen Douglas to present the action item arising from closed session. Mr. Douglas advised that the District's outside counsel, Clark Lord, has departed Bracewell and joined Greenberg Traurig, LLP, and that staff recommended following Mr. Lord to his new firm given his niche expertise with Management Districts. No discussion occurred. Chair Ashby called for a motion to authorize the District's COO to negotiate, execute, and deliver an engagement agreement with Greenberg Traurig, LLP on terms acceptable to the District, for execution by the President/CEO. The motion was moved by Director Hughes, seconded by Director Kennedy, and the motion passed.

APPROVAL OF MINUTES

The Board considered approval of the March 5, 2026 minutes. Hearing no questions or corrections, Chair Ashby called for a motion to approve. The motion was moved by Director Ramos, seconded by Director Crawford, and the minutes were approved as presented.

FINANCE AND ADMINISTRATIVE MATTERS

Review and Acceptance of Unaudited Financial Statements and Ratification of Expenditures

Treasurer Torres shared highlights of the April 2026 financial statements and check registers for February, March, and April 2026 with the Board. Hearing no questions, Chair Ashby called for a motion to accept. Director Crawford moved, Director Kennedy seconded, and the April 2026 financial statements and check registers for February, March, and April 2026 were accepted as presented.

Review and Ratification of First Quarter Investment Report

Treasurer Torres presented the First Quarter Investment Report. No questions were raised. Chair Ashby called for a motion to accept; moved by Director Ramos, seconded by Director Baumgardner, and the Board accepted the First Quarter Investment Report as presented.

Update from Nominating Committee

Vice Chair Jones provided a verbal update on the Nominating Committee's recent activity. She noted interviews are ongoing, and several are scheduled for potential board candidates in the upcoming weeks. Vice Chair Jones concluded by stating that the Committee is on target to bring a full slate to the Board for consideration in June. No further action was required.

PROJECT SPOTLIGHT: DISASTER PREPAREDNESS AND RESILIENCY

Chair Ashby invited James Kennedy to present on 2026 Disaster Preparedness planning. Mr. Kennedy provided an overview of the District's emergency preparedness framework, including its core role of inform, assess, and recover, and its coordination with regional partners including HPD, Metro, Public Works, CenterPoint Energy, and the National Weather Service.

Next, Alyssa Mason shared a video about the Disaster Resiliency Project, a $10,000 grant-funded initiative through the Houston Arts Alliance that commissioned artists to create graphic design posters placed throughout Downtown buildings with QR codes linking to the District's newly developed resiliency webpage.

President Larson offered closing remarks commending the operations team and recognizing the project's value in engaging both seasoned and new Downtown stakeholders, noting the District's emergency response plan is updated annually and available on the District's website. Questions were raised and answered. No further action was required.

PROGRAM AUTHORIZATIONS

Economic Development Team: Authorize Execution of Agreements for Implementation of Via Fútbol

Jacque Gonzalez-Garcia presented the request, building on the Board's March authorization. Via Fútbol is a temporary pedestrian mobility and activation plan along Texas, Preston, Main, and Congress Streets for FIFA World Cup 2026, encompassing water and concrete barricades, ground plane murals, temporary wayfinding, additional restrooms, and other enhancements. She noted competitive bids were solicited for all categories and required City permits were issued the prior week, with installation set to begin the following week. Questions were raised and answered.

Chair Ashby called for a motion to authorize the President/CEO to negotiate and execute agreements with various vendors necessary for implementation of the Via Fútbol project. The motion was moved by Director Hughes, seconded by Director Kennedy, and passed without opposition.

Development Team: Authorize Resolution in Support of Applying for a U.S. Department of Transportation Safe Streets Grant

Alyssa Mason presented a request to the Board for approval of a resolution in support of the District applying for a U.S. Department of Transportation Safe Streets Grant. She provided details of the grant opportunity and the District's proposed application. Questions were raised and answered. Chair Ashby called for a motion to authorize approval of the resolution. The motion was moved by Director Meyer, seconded by Director Wilson, and passed without opposition.

Operations & Maintenance Team: Authorize Agreement for Bus Stop Cleaning

Scott Finke presented a request to authorize an agreement for bus stop cleaning and provided an overview of the proposed scope of services. No questions were raised. Chair Ashby called for a motion to authorize the agreement. The motion was moved by Director Alley, seconded by Director Crawford, and passed without opposition.

STRATEGIC ALIGNMENT UPDATES + DASHBOARDS

President Larson provided a recap of Strategic Alignment Plan initiatives for April and May 2026, reviewing progress across the organization's five strategic goals. Questions were raised and discussion occurred. No further action was required.

OTHER BUSINESS & ADJOURNMENT

Hearing no further business, Chair Ashby announced upcoming events, including the Main Street Promenade Ribbon Cutting scheduled for Saturday, May 30th at 10:30 AM at The Crystal Ballroom at The Rice Hotel, and the next Board Meeting scheduled for Thursday, June 11, 2026 at 12:00 PM at the District's office. The meeting was adjourned at 1:26 PM.

____

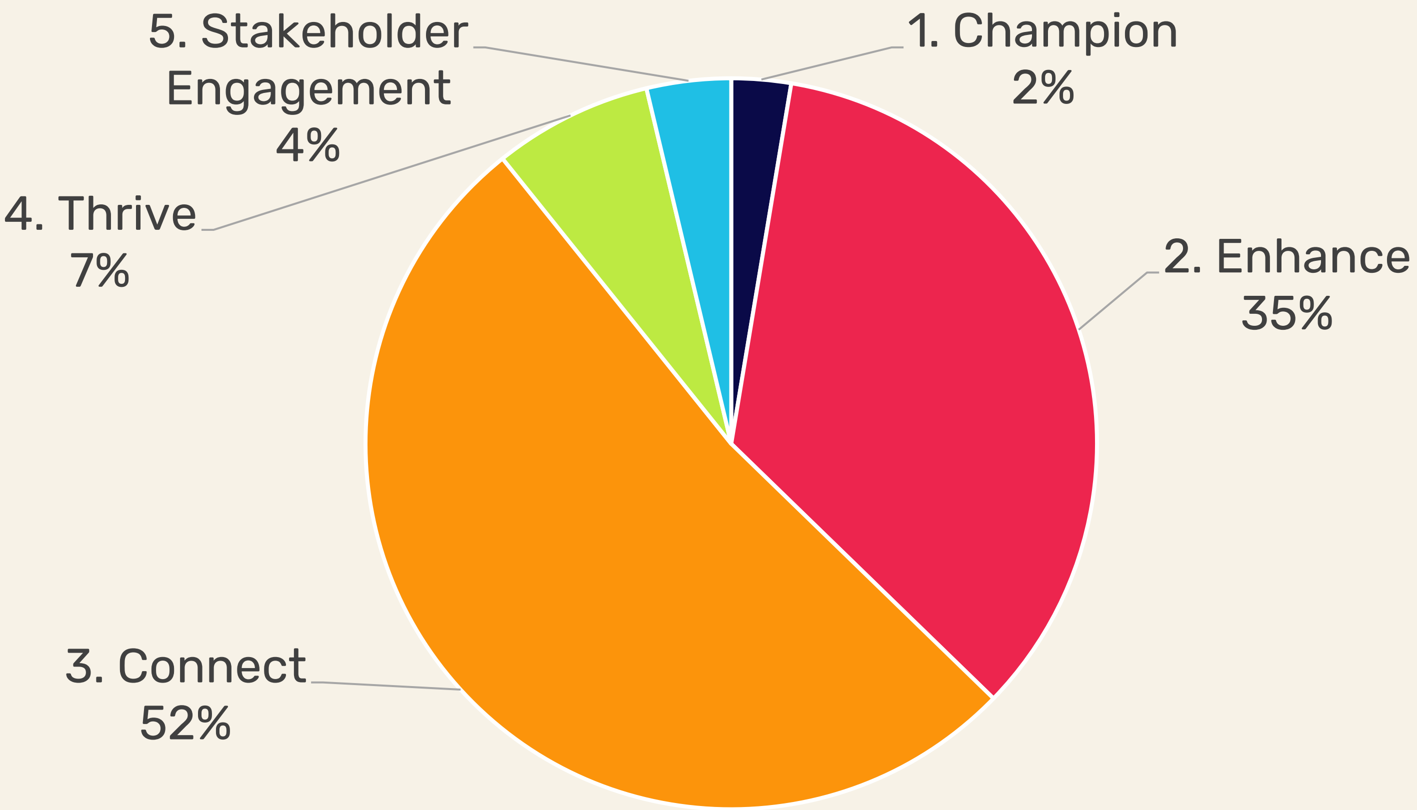
Marian Harper, Secretary
Houston Downtown Management District

HDMD FINANCIAL SUMMARY MAY 2026

JUNE 11, 2026

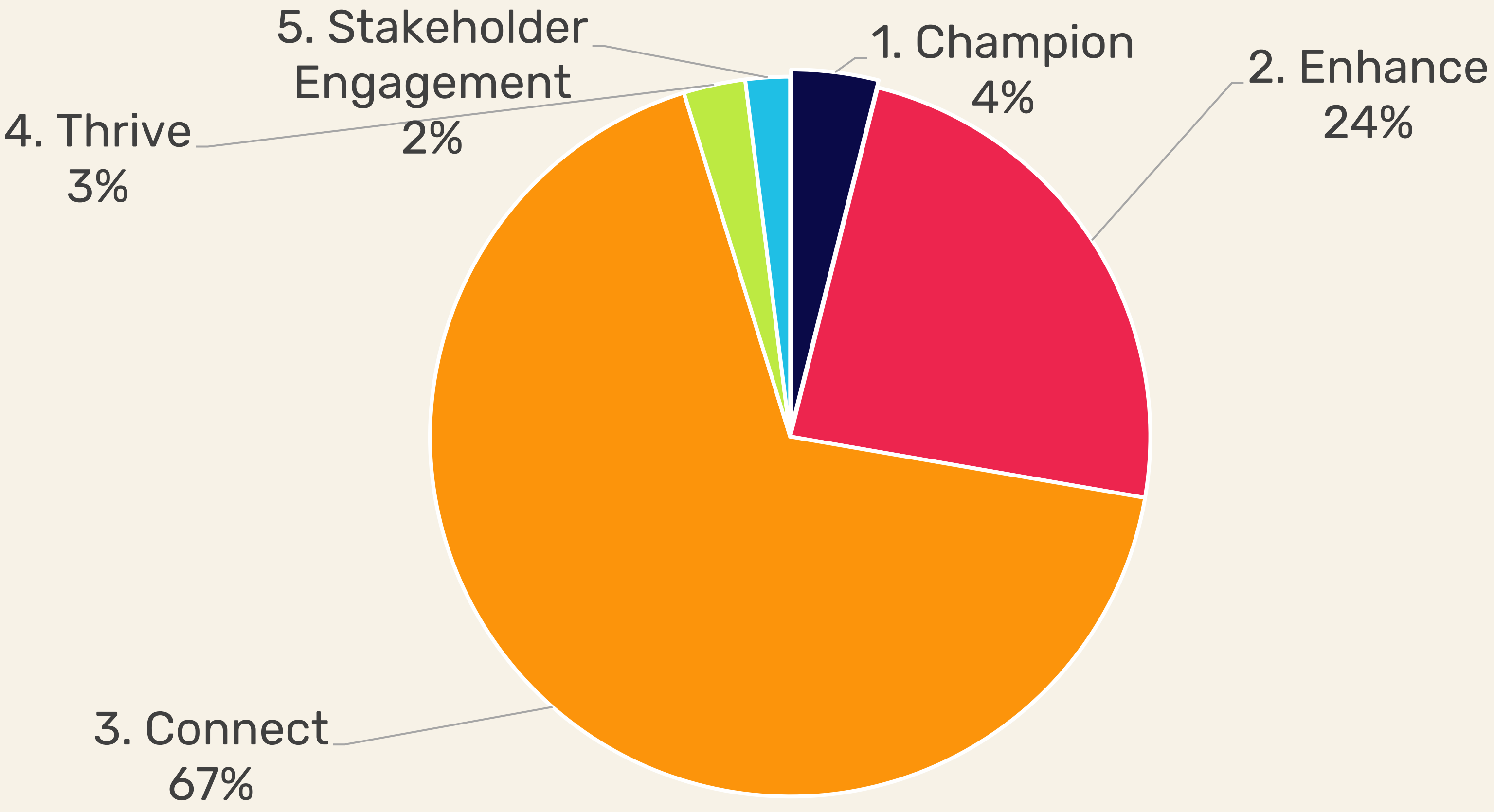
DOWNTOWN HOUSTON+

2026 ANNUAL BUDGET



Total $43,082,582

YTD MAY 2026 OPERATING EXPENSES



Total $18,962,185

Budget Expended 44% at May 31, 2026

BALANCE SHEET

May 2026

- Assets
  - Cash and Investments $11.4M
  - 2025 Assessments Receivable $607K
    - ➢ 98.3% have been collected
  - Accounts Receivable - $10.8M
    - ➢ $9.8M in Federal Grants
    - ➢ $1M in accrued receivables from City of Houston for DLI and reimbursements for services
- Liabilities
  - Accounts Payable and accrued expenses $4.6M
  - Reserve for Assessments Refunds $2.3M
- Fund Balance
  - Unrestricted Fund Balance $13.5M
  - Capital Restricted Fund Balance is $3.1M

YTD MAY 2026 REVENUE AND EXPENSES

- Revenues are ahead of budget, driven by strong project reimbursements and stakeholder-funded initiatives, partially offset by lower investment earnings.

- Expenses are below budget due to timing of major capital projects, public realm improvements, and World Cup-related initiatives.

- The District remains financially strong, with most budget variances attributable to timing delays in project spending and incentive disbursements rather than changes in planned activities.

CHECK REGISTER

May 2026

- Total checks issued were $2.8 million

  - Block by Block - $491K – contract services
  - DPR Downtown Houston, LLC - $271K – DLI
  - Central Houston, Inc. - $268K – admin contractor (April)
  - DPR Eighteen25, LLC - $229K – DLI
  - Houston Convention Center Hotel - $203K – assessment refund
  - Gulf Coast Pavers, Inc. - $188K – paver attic stock, maintenance and repairs
  - SCD Blk 250 Houston, LLC - $138K – assessment refund
  - CenterPoint Energy Properties - $132K – assessment refund
  - Seal Security Solutions, LLC - $114K – contract services

DOWNTOWN HOUSTON+

NCTP
CPAs
OPERATIONAL & FINANCIAL CONSULTING

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, 2026 and 2025, 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,

nctp cpas, pllc

Houston, Texas
June 8, 2026

Houston Downtown Management District
Governmental Fund Balance Sheets and
Statement of Net Position
For the period ended May 2026, and May 2025

	2026			2025		
	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)
Assets						
Cash	10,432,067	954,851	11,386,918	13,938,192	5,185,943	19,124,135
Assessments Due	606,603	-	606,603	320,393	24,112	344,505
Accounts Receivable	1,023,122	9,814,418	10,837,539	566,599	-	566,599
Prepaid Expense	52,485	60,000	112,485	40,342	64,875	105,217
Property & Equipment, Net	532,865	278,495	811,361	501,596	226,843	728,439
Right of Use Lease Assets, Net	1,979,604	-	1,979,604	2,291,554	-	2,291,554
Intercompany Rec/Pay	4,408,314	(4,408,314)	-	(1,004,122)	1,004,122	-
Total Assets	19,035,060	6,699,450	25,734,510	16,654,553	6,505,896	23,160,449
Liabilities						
Accounts Payable & Accrued Expenses	1,023,529	3,564,133	4,587,662	890,533	-	890,533
Lease Liabilities	2,234,175	-	2,234,175	2,519,307	-	2,519,307
Deferred Revenue	-	-	-	-	-	-
Reserve for Refunds due to Property Protests	2,297,951	-	2,297,951	1,608,241	92,085	1,700,325
Total Liabilities & Deferred Revenue	5,555,655	3,564,133	9,119,788	5,018,081	92,085	5,110,166
Fund Balances						
Unreserved, Undesignated	13,055,962	-	13,055,962	11,465,699	-	11,465,699
Unreserved, Designated for Catastrophy	423,443	-	423,443	423,443	-	423,443
Reserved for Capital Projects	-	3,135,317	3,135,317	-	6,161,141	6,161,141
	13,479,405	3,135,317	16,614,722	11,889,142	6,161,141	18,050,283
Total Liabilities, Deferred Revenue & Fund Balances	19,035,060	6,699,450	25,734,510	16,907,223	6,253,225	23,160,449

Houston Downtown Management District
Statement of Activities
For the period ended May 2026, and May 2025

	Total YTD Actual	2026 Budget	% Budget Received	% Year Elapsed	Notes
Revenue					
Assessment Revenue	-	18,391,688	0%	42%	1
Operations Revenue	830,303	2,228,923	37%	42%	
Project Revenue	12,014,392	19,258,750	62%	42%	2
Other Income	1,554	-	N/A	42%	3
Interest Income	171,933	514,429	33%	42%	4
Total Revenues	**$ 13,018,181**	**$ 40,393,790**	32%	42%	
			% Budget Expended		
Expenses					
Goal 1. Champion					
1a. Cultivate Relations Across Sectors to Drive Catalytic Opportunities	-	-	0%	42%	
1b. Design Parks and Open Spaces Made Possible by NHHIP	24,021	176,715	14%	42%	
1c. Plan Collaboratively for Evolving Edges, Connections & Major Attractions	12,208	35,578	34%	42%	
1d. Excel in Hosting Major Sporting Events	25,833	62,660	41%	42%	
1e. Explore Opportunites to Manage and Mitigate Climate Change	430,662	400,000	108%	42%	
1f. Champion Safe, Connected Transit and Non-Motorized Options	248,961	457,347	54%	42%	
Total Goal 1:	$ 741,685	$ 1,132,300	66%	42%	
Goal 2. Enhance					
2a. Maintain and Enhance Downtown's Cleanliness & Appearance	2,161,455	6,838,392	32%	42%	
2b. Grow and Enhance Downtown's Trees, Planters & Green Spaces	404,539	1,452,861	28%	42%	
2c. Enhance Downtown Wayfinding to Connect Visitors to Key Destinations	21,446	328,654	7%	42%	
2d. Deploy Ambassador Teams to Enhance Visitor Experience & Public Safety	809,601	2,778,698	29%	42%	
2e. Expand Collaboration & Apply Prove Strategies to Keep Downtown Safe	686,591	2,106,911	33%	42%	
2f. Shape Perceptions and Narratives to Strengthen Downtown's Reputation	22,027	54,544	40%	42%	
2g. Address the Needs of People Experiencing Homelessness	378,504	1,285,550	29%	42%	
2h. Prepare and Respond to Emergencies	30,442	79,090	38%	42%	
Total Goal 2:	$ 4,514,606	$ 14,924,700	30%	42%	
Goal 3. Connect					
3a. Plan and Build Public Infrastructure that Promotes Safety and Equity	9,619	38,340	25%	42%	
3b. Collaborate with Partners to Connect People to Downtown Destinations	8,138	36,601	22%	42%	
3c. Work with Property Owners to Beautify Corridors & Improve Connectivity	17,341	60,377	29%	42%	
3d. Facilitate Pop-Ups and Activations to Enliven Public Realm	-	-	N/A	42%	
3e. Focus Public Realm Investments on Key Corridors than Enhance Connectivity	11,886,090	18,032,856	66%	42%	
3f. Use Public Art and Placemaking to Improve Walkability	30,000	100,000	30%	42%	
3g. Prioritize Pedestrian Lighting on Key Corridors	76,701	355,830	22%	42%	
3h. Maintain Sidewalks & Hardscapes to Ensure Downtown Remains Accessible	364,571	798,661	46%	42%	
3i. Implement an Events Strategy that Engages Diverse Audiences	404,191	2,950,478	14%	42%	
3j. Leverage Partners to Bring High-Impact Experiences to Downtown	1,271	10,000	13%	42%	
3k. Create Programs and Strategies to Connect Employes & Residents with Parks	2,826	10,000	28%	42%	
Total Goal 3:	$ 12,800,748	$ 22,393,143	57%	42%	
Goal 4. Thrive					
4a. Promote Downtown as the Region's Hub for Business, Entertainment & Culture	20,846	72,738	29%	42%	
4b. Partner with Local Agencies to Elevate Downtown Houston's National Image	65	20,000	0%	42%	
4c. Partner to Shape Downtown's Economic Vision & Strategy	2,271	24,000	9%	42%	
4d. Promote Downtown as a Desirable, Livable Neighborhood	31,504	106,023	30%	42%	
4e. Support Retention & Recruitment of Downtown Office Tenants	682	100,000	1%	42%	
4f. Foster a Strong Storefront Economy by Targeting Recruitment in Key Areas	-	-	N/A	42%	
4g. Create Targeted Marketing & Incentives to Improve Storefronts & Attract Tenants	245,773	1,918,349	13%	42%	
4h. Promote New Attractions that Broaden Downtown's Offerings	123,875	506,706	24%	42%	
4i. Serve as the Leading Source for Downtown Market Intelligence	4,738	11,542	41%	42%	
4j. Expand Data and Reporting to Deliver Deeper Insights to Stakeholder's	96,757	267,936	36%	42%	
Total Goal 4:	$ 526,511	$ 3,027,293	17%	42%	
Goal 5. Stakeholder Engagement					
5a. Establish a Stakeholder Engagement Process to Guide Downtown's Future	219,645	1,148,758	41%	42%	
5b. Create and Engagement Structure that Allows Stakeholders to Inform & Advise	3,410	21,750	16%	42%	
5c. Advance Branding & Marketing Campaigns to Elevate Downtown's Profile	22,789	40,000	57%	42%	
5d. Offer User-Friendly Digital Platforms the Promote Downtown	1,864	31,000	6%	42%	
5e. Enhance Communications to Boost Awareness of HDMD & Downtown Events	41,394	115,135	36%	42%	
5f. Develop Materials & Programs to Welcome New Companies, Employees & Residents	22,092	76,539	29%	42%	
5g. Create Tools to Welcome & Orient New Companies, Employees & Residents	6,320	18,000	35%	42%	
5h. Highlight the People, Businesses & Initiatives in Downtown	21,640	53,564	40%	42%	
5i. Engage Residents to Strengthen the Downtown Community	39,482	100,401	39%	42%	
Total Goal 5:	$ 378,636	$ 1,605,146	24%	42%	
Total Expenses	$ 18,962,185	$ 43,082,582	44%	42%	
Depreciation Expense	75,666				
Fund Balance Allocation		2,688,792			
Excess of Revenue over a GAAP basis	$ (6,019,670)	-			

Houston Downtown Management District
Statement of Activities
For the period ended May 2026, and May 2025

	2026 Total YTD Actual	2025 Total YTD Actual	Fav (Unfav) Variance	% Var
Revenue				
Assessment Revenue	-	-	-	N/A
Operations Revenue	830,303	673,031	157,272	23%
Project Revenue	12,014,392	31,998	11,982,394	37447%
Other Income	1,554	55,977	(54,423)	-97%
Interest Income	171,933	319,907	(147,974)	-46%
Total Revenues	**$ 13,018,181**	**$ 1,080,913**	**$ 11,937,269**	**1104%**
Expenses				
Goal 1. Champion				
1a. Cultivate Relations Across Sectors to Drive Catalytic Opportunities	0	30,160	30,160	100%
1b. Design Parks and Open Spaces Made Possible by NHHIP	24,021	20,980	(3,041)	-14%
1c. Plan Collaboratively for Evolving Edges, Connections & Major Attractions	12,208	11,246	(962)	-9%
1d. Excel in Hosting Major Sporting Events	25,833	13,206	(12,627)	-96%
1e. Explore Opportunites to Manage and Mitigate Climate Change	430,662	5,475	(425,187)	-7766%
1f. Champion Safe, Connected Transit and Non-Motorized Options	248,961	256,906	7,945	3%
Total Goal 1:	$ 741,685	$ 337,973	$ (403,711)	-119%
Goal 2. Enhance				
2a. Maintain and Enhance Downtown's Cleanliness & Appearance	2,161,455	1,877,734	(283,721)	-15%
2b. Grow and Enhance Downtown's Trees, Planters & Green Spaces	404,539	552,502	147,963	27%
2c. Enhance Downtown Wayfinding to Connect Visitors to Key Destinations	21,446	42,580	21,133	50%
2d. Deploy Ambassador Teams to Enhance Visitor Experience & Public Safety	809,601	807,976	-1,625	0%
2e. Expand Collaboration & Apply Prove Strategies to Keep Downtown Safe	686,591	837,789	151,198	18%
2f. Shape Perceptions and Narratives to Strengthen Downtown's Reputation	22,027	10,935	(11,092)	-101%
2g. Address the Needs of People Experiencing Homelessness	378,504	421,914	43,410	10%
2h. Prepare and Respond to Emergencies	30,442	39,865	9,423	24%
Total Goal 2:	$ 4,514,606	$ 4,591,295	$ 76,689	2%
Goal 3. Connect				
3a. Plan and Build Public Infrastructure that Promotes Safety and Equity	9,619	11,941	2,323	19%
3b. Collaborate with Partners to Connect People to Downtown Destinations	8,138	7,706	(432)	-6%
3c. Work with Property Owners to Beautify Corridors & Improve Connectivity	17,341	18,487	1,145	6%
3d. Facilitate Pop-Ups and Activations to Enliven Public Realm	-	-	-	N/A
3e. Focus Public Realm Investments on Key Corridors than Enhance Connectivity	11,886,090	21,271	(11,864,818)	-55778%
3f. Use Public Art and Placemaking to Improve Walkability	30,000	-	(30,000)	N/A
3g. Prioritize Pedestrian Lighting on Key Corridors	76,701	98,346	21,645	22%
3h. Maintain Sidewalks & Hardscapes to Ensure Downtown Remains Accessible	364,571	125,407	(239,164)	-191%
3i. Implement an Events Strategy that Engages Diverse Audiences	404,191	292,622	(111,569)	-38%
3j. Leverage Partners to Bring High-Impact Experiences to Downtown	1,271	-	(1,271)	N/A
3k. Create Programs and Strategies to Connect Employes & Residents with Parks	2,826	3,037	211	7%
Total Goal 3:	$ 12,800,748	$ 578,818	$ (12,221,930)	-2112%
Goal 4. Thrive				
4a. Promote Downtown as the Region's Hub for Business, Entertainment & Culture	20,846	40,513	19,667	49%
4b. Partner with Local Agencies to Elevate Downtown Houston's National Image	65	4,000	3,935	98%
4c. Partner to Shape Downtown's Economic Vision & Strategy	2,271	5,563	3,292	59%
4d. Promote Downtown as a Desirable, Livable Neighborhood	31,504	19,177	(12,327)	-64%
4e. Support Retention & Recruitment of Downtown Office Tenants	682	-	(682)	N/A
4f. Foster a Strong Storefront Economy by Targeting Recruitment in Key Areas	-	-	-	N/A
4g. Create Targeted Marketing & Incentives to Improve Storefronts & Attract Tenants	245,773	273,252	27,479	10%
4h. Promote New Attractions that Broaden Downtown's Offerings	123,875	148,937	25,062	17%
4i. Serve as the Leading Source for Downtown Market Intelligence	4,738	10,161	5,423	53%
4j. Expand Data and Reporting to Deliver Deeper Insights to Stakeholder's	96,757	61,629	(35,128)	-57%
Total Goal 4:	$ 526,511	$ 563,232	$ 36,720	7%
Goal 5. Stakeholder Engagement				
5a. Establish a Stakeholder Engagement Process to Guide Downtown's Future	219,645	249,948	30,303	12%
5b. Create and Engagement Structure that Allows Stakeholders to Inform & Advise	3,410	7,816	4,406	56%
5c. Advance Branding & Marketing Campaigns to Elevate Downtown's Profile	22,789	6,784	(16,005)	N/A
5d. Offer User-Friendly Digital Platforms the Promote Downtown	1,864	4,717	2,853	60%
5e. Enhance Communications to Boost Awareness of HDMD & Downtown Events	41,394	31,512	(9,882)	-31%
5f. Develop Materials & Programs to Welcome New Companies, Employees & Residents	22,092	10,355	(11,737)	-113%
5g. Create Tools to Welcome & Orient New Companies, Employees & Residents	6,320	6,933	613	9%
5h. Highlight the People, Businesses & Initiatives in Downtown	21,640	21,061	(580)	-3%
5i. Engage Residents to Strengthen the Downtown Community	39,482	33,164	(6,318)	-19%
Total Goal 5:	$ 378,636	$ 372,290	$ (6,346)	-2%
Total Expenses	$ 18,962,185	$ 6,443,607	$ (12,518,578)	-194%
Depreciation Expense	75,666			
Fund Balance Allocation				
Excess of Revenue over a GAAP basis	$ (6,019,670)			

Houston Downtown Management District
Budget Notes
For the five months ended May 31, 2026

Revenue Overview

1) Assessment Revenue

Assessment revenue was invoiced in November 2025 in accordance with the District's annual billing cycle. Collections are tracking consistent with expectations at this stage of the fiscal year.

2) Operations Revenue

Operations revenue is $165K above budget year-to-date. The timing of trash revenue and reimbursements from METRO and Discovery Green, which are invoiced in the month following service delivery, resulted in a temporary unfavorable variance of $33K. This variance has been more than offset by $198K in unbudgeted Main Street Promenade reimbursements related to stakeholder-requested property repairs during the renovation.

3) Project Revenue

Project revenue is $791K above budget year-to-date. Federal reimbursements for the Main Street Promenade and Downtown Overlay Projects are $879K above budget, and DRA reimbursements for Allen Parkway maintenance are $73K above budget. These favorable variances are partially offset by a $161K shortfall resulting from delays in the opening of Market Square Park's Petit Lucie, lower-than-budgeted DRA reimbursements for Cool Corridors, and reduced event sponsorship revenue.

4) Interest Income

Interest income is $102K below budget year-to-date, reflecting lower-than-anticipated earnings on operating cash and investments.

Operating Budget

Expenses

Goal 1 – Champion Major Projects, Initiatives, and Investments that Improve Downtown

Expenses are $242K over budget year-to-date. The unfavorable variance is primarily attributable to unbudgeted planning and design costs associated with the Cool and Connected Corridors initiative.

Goal 2 – Enhance and Maintain a Comfortable, Welcoming, and Well-Managed Public Realm

Expenses are $1.3M below budget year-to-date. Major initiatives within this goal include park maintenance, trash collection, sidewalk sweeping, floral displays, wayfinding, public safety efforts, homelessness response, and emergency preparedness. The favorable variance is primarily due to the timing of program activities, capital expenditures, and vendor invoicing, including Block by Block services.

Goal 3 – Drive Vibrancy Through Improved Street-Level Connectivity, Walkability, and Inclusive Programming

Expenses are $5.7M below budget year-to-date. Major initiatives include the Main Street Promenade, Downtown Overlay Project coordination, and event programming. The favorable variance is driven primarily by the timing of expenditures for the Main Street Promenade and Downtown Overlay Projects, which together account for approximately $4.4M of the variance. Additional factors include $450K budgeted for Holiday Logistics, $500K for World Cup installations, and $200K for paver stock, repairs, and maintenance that have not yet

Goal 4 – Foster a Vital and Thriving Economy Through Business Growth and Residential Expansion

Expenses are $423K below budget year-to-date. Major initiatives include economic development incentive programs such as DLI, Thrive, Vinyl, and Al Fresco, as well as office tenant retention and recruitment, quarterly market research, and marketing initiatives. The favorable variance is primarily attributable to delayed DLI disbursements resulting from property tax protests and slower-than-anticipated incentive reimbursements pending receipt of required documentation.

Goal 5 – Develop a Hivemind of Intelligence and Goodwill Through Stakeholder Engagement

Expenses are $123K below budget year-to-date. Major initiatives include stakeholder engagement and communications, digital platforms, wayfinding initiatives, and field guides. The favorable variance is primarily attributable to legal and insurance costs coming in below budget, as well as the timing of administrative, marketing, and stakeholder engagement expenditures.

Company name:	Central Houston
Report name:	Check register
Created on:	6/4/2026
Location:	District--HDMD and Funds

Bank	Date	Vendor	Document no.	Amount
HDMD Operating 3643 - JP Morgan Chase, N.A.	**Account no: 1890323643**			
	5/11/2026	VEN-00579--1415 LOUISIANA LLC	36238	65,457.87
	5/26/2026	VEN-00380--ABC Home & Commercial services	81112487	154.42
	5/20/2026	VEN-01009--Alex Navarro Music LLC		1,000.00
	5/12/2026	VEN-01006--AMB Architects, PLLC		600.00
	5/26/2026	VEN-00530--Antoine Holmes		520.00
	5/12/2026	VEN-00530--Antoine Holmes		1,040.00
	5/12/2026	VEN-00324--Associated Landscape Services LLC		10,226.57
	5/26/2026	VEN-00404--AT&T	81112630	1,639.14
	5/20/2026	VEN-00404--AT&T	81094835	175.27
	5/11/2026	VEN-01033--Baker Paula or Cameron Clark	36228	377.70
	5/20/2026	VEN-00016--Bartlett Tree Experts		5,150.00
	5/20/2026	VEN-01008--Better Block Foundation		1,810.70
	5/12/2026	VEN-01008--Better Block Foundation		33,024.28
	5/26/2026	VEN-00497--BIII GStreet LLC		22,067.62
	5/26/2026	VEN-00321--Block by Block	81113709	490,579.77
	5/20/2026	VEN-00386--Blumenthal	81094832	900.00
	5/26/2026	VEN-00525--Brandon Kpotie		1,560.00
	5/20/2026	VEN-00525--Brandon Kpotie		520.00
	5/12/2026	VEN-00525--Brandon Kpotie		780.00
	5/11/2026	VEN-00626--Camden Property Trust	36235	17,275.03
	5/11/2026	VEN-00637--CENTERPOINT ENERGY PROPERTIES INC	36236	132,459.43
	5/26/2026	VEN-00425--Centra 417 San Jacinto LLC		3,125.00
	5/22/2026	VEN-00032--Central Houston, Inc	36245	268,243.36
	5/26/2026	VEN-00526--Charles Franklin		1,300.00
	5/12/2026	VEN-00526--Charles Franklin		1,300.00
	5/12/2026	VEN-00035--Christal Ayala		11.90
	5/26/2026	VEN-00569--Christina LaFour		260.00
	5/12/2026	VEN-00569--Christina LaFour		260.00
	5/12/2026	VEN-00531--Christopher Gilliam		520.00
	5/12/2026	VEN-00039--Cold Creek Productions		126.37
	5/12/2026	VEN-00372--Coopwoods Air Conditioning Inc.		354.18
	5/26/2026	VEN-00374--CoStar Realty Information, Inc.		1,769.93
	5/20/2026	VEN-00374--CoStar Realty Information, Inc.		1,769.93
	5/12/2026	VEN-00044--Crest Printing		385.00
	5/20/2026	VEN-00390--Davey Resource Group		7,500.00
	5/26/2026	VEN-00519--David Russell		195.00
	5/12/2026	VEN-00519--David Russell		780.00
	5/12/2026	VEN-00327--DirecTV		111.98
	5/20/2026	VEN-00351--Dog Waste Depot		559.88
	5/15/2026	VEN-00900--DPR Downtown Houston LLC	36244	270,962.00
	5/15/2026	VEN-00862--DPR Eighteen25, LLC	36243	228,985.00
	5/26/2026	VEN-00695--Engage by Cell		1,500.00
	5/20/2026	VEN-00369--Environmental Design INC	81095352	9,700.00
	5/26/2026	VEN-00430--EUPHORIA FLOWERS		1,800.00
	5/26/2026	VEN-00446--GB Tech		1,998.11
	5/12/2026	VEN-00663--GlobalSpeak Translations		1,175.00
	5/12/2026	VEN-00323--Gulf Coast Pavers, Inc		188,067.00
	5/20/2026	VEN-00081--Hamilton Plumbing Services		1,155.00

Company name:	Central Houston
Report name:	Check register
Created on:	6/4/2026
Location:	District--HDMD and Funds

Bank	Date	Vendor	Document no.	Amount
HDMD Operating 3643 - JP Morgan Chase, N.A.	**Account no: 1890323643**			
	5/12/2026	VEN-00081--Hamilton Plumbing Services		1,296.39
	5/26/2026	VEN-00082--Hardy & Hardy		4,950.00
	5/20/2026	VEN-00082--Hardy & Hardy		5,087.50
	5/12/2026	VEN-00082--Hardy & Hardy		3,550.00
	5/12/2026	VEN-00083--Harris County Treasurer		10,370.00
	5/21/2026	VEN-01042--Houston Barricades and Supply LLC		35,559.00
	5/12/2026	VEN-00088--Houston Business Journal		5,000.00
	5/11/2026	VEN-00647--HOUSTON CONVENTION CENTER HOTEL LLC	36233	203,046.88
	5/20/2026	VEN-00102--Incontrol Construction LLC		19,306.32
	5/12/2026	VEN-00376--INCONTROL water systems-DO NOT USE		1,640.00
	5/11/2026	VEN-01034--Interra Esperson, LP C/O Wilson & Franco	36229	37,425.70
	5/26/2026	VEN-00532--Ivan Sosa-Castillo		1,040.00
	5/12/2026	VEN-00532--Ivan Sosa-Castillo		1,040.00
	5/26/2026	VEN-00527--Jacob Pena		780.00
	5/12/2026	VEN-00527--Jacob Pena		520.00
	5/11/2026	VEN-01031--Jairo or Antoinette Alba	36226	8.58
	5/11/2026	VEN-01035--Jeffrey Adcock	36230	707.35
	5/26/2026	VEN-00520--Jennifer Kennedy		2,003.88
	5/12/2026	VEN-00520--Jennifer Kennedy		642.00
	5/20/2026	VEN-00115--Jerdon Enterprise, LP	81095284	17,501.72
	5/26/2026	VEN-00595--Joe O'Neal		1,560.00
	5/12/2026	VEN-00595--Joe O'Neal		1,560.00
	5/26/2026	VEN-00502--John Mills-McCoin		350.00
	5/26/2026	VEN-00447--Jordan Dunn-Ridgill		8,400.00
	5/26/2026	VEN-01027--Joshua Garcia Esparza		520.00
	5/12/2026	VEN-01027--Joshua Garcia Esparza		520.00
	5/20/2026	VEN-00126--Keith Gould		81.25
	5/12/2026	VEN-00126--Keith Gould		77.57
	5/12/2026	VEN-00146--Lincoln Colwell		1,700.00
	5/11/2026	VEN-00495--Linebarger Goggan Blair & Sampson, LLP	36239	172.27
	5/26/2026	VEN-00147--Lone Star Flags		486.00
	5/12/2026	VEN-00147--Lone Star Flags		24,100.00
	5/26/2026	VEN-00523--Marcus Labbe		520.00
	5/26/2026	VEN-00721--Mario Maldonado		260.00
	5/26/2026	VEN-00159--Maurice Duhon Jr		350.00
	5/26/2026	VEN-00529--Moises Alfaro		2,600.00
	5/12/2026	VEN-00529--Moises Alfaro		1,300.00
	5/20/2026	VEN-00170--Moonstar Cinema Services		772.90
	5/28/2026	VEN-01043--MTZ Foods, LLC	36246	9,345.59
	5/20/2026	VEN-00829--Muck Rack LLC		6,000.00
	5/14/2026	VEN-00973--Nadeem M Ashraf		-975.00
	5/26/2026	VEN-00604--Nancy Jones	81113152	260.00
	5/26/2026	VEN-00172--NCTP-CPAS PPLC*		1,800.00
	5/12/2026	VEN-00172--NCTP-CPAS PPLC*		8,014.00
	5/12/2026	VEN-00174--Neon Electric Corporation		3,335.00
	5/12/2026	VEN-00890--New answerNet Inc. dba Westpark Communications		89.00
	5/11/2026	VEN-01038--NIAM 014 Management, LLC	36242	50,000.00
	5/11/2026	VEN-01036--Nicholas Wharton	36231	164.31

Company name: Central Houston

Report name: Check register

Created on: 6/4/2026

Location: District--HDMD and Funds

Bank	Date	Vendor	Document no.	Amount
HDMD Operating 3643 - JP Morgan Chase, N.A.	**Account no: 1890323643**			
	5/20/2026	VEN-00752--Over the Top Events		5,200.00
	5/20/2026	VEN-00185--Pfeiffer & Son, LTD.	81096103	27,583.88
	5/20/2026	VEN-00192--Power Pest Corp dba Texas Bird Services		8,470.00
	5/12/2026	VEN-00208--Renfrow Metalsmiths, LLC		5,876.00
	5/11/2026	VEN-01030--Riverway Title Group, LLC	36225	11.56
	5/11/2026	VEN-00735--RLJ S HOUSTON HUMBLE LP	36234	7,309.96
	5/26/2026	VEN-00875--Rogelio Ruiz		260.00
	5/26/2026	VEN-00979--Sabrina Oseguera		243.75
	5/12/2026	VEN-00979--Sabrina Oseguera		260.00
	5/26/2026	VEN-00560--SASHA SHEPARD		520.00
	5/12/2026	VEN-00560--SASHA SHEPARD		260.00
	5/11/2026	VEN-01037--SCD Blk 250 Houston, LLC	36232	137,882.39
	5/20/2026	VEN-00219--Seal Security Solutions, LLC		114,020.00
	5/12/2026	VEN-00318--STERLING EXPRESS SERVICES		55.00
	5/12/2026	VEN-00239--Street Art Mankind Corp		15,000.00
	5/12/2026	VEN-00244--SWA Group		44,464.68
	5/26/2026	VEN-00245--Swank Motion Pictures		785.00
	5/26/2026	VEN-00251--Texas Outhouse		614.41
	5/29/2026	VEN-00563--TEXAS PRIDE DISPOSAL		2,090.54
	5/22/2026	VEN-00563--TEXAS PRIDE DISPOSAL		-2,090.54
	5/11/2026	VEN-00668--THE GIBBS FIRM	36237	31,626.44
	5/12/2026	VEN-00260--The Harris Center For Mental Health and IDD		22,541.67
	5/12/2026	VEN-00504--Today's Landscape		29,936.15
	5/26/2026	VEN-00271--Touch Agree Property		2,598.40
	5/12/2026	VEN-00271--Touch Agree Property		2,598.40
	5/21/2026	VEN-01040--Tricon Precast Ltd		47,349.00
	5/20/2026	VEN-00279--TXU Energy	81096424	5,965.62
	5/12/2026	VEN-00279--TXU Energy		236.50
	5/20/2026	VEN-00283--Universal Plumbing Supply	81096397	171.57
	5/26/2026	VEN-00285--Up Art Studio		59,150.00
	5/11/2026	VEN-00289--UTS, LLC	36240	4,065.88
	5/11/2026	VEN-01032--Valika Ral Estate, LLC	36227	346.83
	5/12/2026	VEN-00534--Vestis Group, Inc		225.71
	5/26/2026	VEN-00299--We 68 LLC		5,414.65
	5/20/2026	VEN-00963--Yellowstone Landscape	81096070	6,610.20
Total for HDMD Operating 3643				**2,843,724.30**

AGENDA ITEM	Report from Audit Committee and acceptance of audited financial statements for the year ending December 31, 2025.
FIRM	Carr, Riggs & Ingram, LLC
REQUEST	Review and discuss the current draft of the FY25 Audit Report for year ending December 31, 2025.
ITEM HISTORY	**12/11/2025** – The Board granted approval to engage Carr, Riggs & Ingram as the District's auditors for FY25. **6/4/2026** – The District's Audit Committee reviewed the draft audit report and authorized a recommendation for full Board approval of the drafted FY25 audit report as presented.
ACTION ITEM	Accept the draft audited financial statements for the year ending December 31, 2025.
CONTACTS	Carr, Riggs & Ingram, LLC: Jessica Ortiz, Partner HDMD: Jana Gunter, Director of Finance HDMD: Kris Larson, President/CEO

DRAFT 06/01/26

Houston Downtown Management District

Financial Statements
and Independent Auditors' Report
for the year ended December 31, 2025

DRAFT 06/01/26

Houston Downtown Management District

Table of Contents

DRAFT 06/01/26

Independent Auditors' Report

To the Board of Directors of
Houston Downtown Management District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Houston Downtown Management District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Houston Downtown Management District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 management's discussion and analysis, and the required supplementary information, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Major Fund – General Fund, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, Budgetary Comparison Schedule – Capital Projects Fund is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information included in the schedule of expenditures of federal awards for the year ended December 31, 2025 as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE OPEN on our consideration of Houston Downtown Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Houston Downtown Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston Downtown Management District's internal control over financial reporting and compliance.

DATE OPEN PENDING MANAGEMENT REVIEW AND APPROVAL

Houston Downtown Management District
Management's Discussion and Analysis
For the year ended December 31, 2025
(unaudited)

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, 2025. 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 its 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 (the 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 (the 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.

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 is put in place, a petition is signed by a requisite number of landowners.

On November 11, 2020, the District's Board approved the current service and improvement plan which is funded by annual assessments based on the Harris County Appraisal District (HCAD) values at the end of each year. This is the fifth 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.

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.

FINANCIAL HIGHLIGHTS

Assessment Plan

Assessments for 2025 were based on the 2024 certified rolls of HCAD, as supplemented, for taxable, non-excluded properties within the 1999 expanded boundaries of the District pursuant to the 2021-2025 Assessment Plan adopted in November 2020.

Assessment Revenues

The District's assessment rate for 2025 was 16.95¢/$100 in valuation based on 2024 certified Harris County Appraisal District rolls, as supplemented, within the 1999 expanded boundaries of the District resulting in net revenues of approximately $18,205,000.

Capital Projects

The District initiated the renovation of the Main Street Promenade and expended project costs of $4,872,545 during the year ended December 31, 2025. This project represents a significant public investment designed to enhance urban mobility, improve pedestrian safety, and support economic vitality along approximately 11 blocks in the Downtown corridor. The project is partially funded by a $12,000,000 grant from the Houston-Galveston Area Council (H-GAC) through the Federal Transit Administration (FTA), which carries specific compliance requirements related to allowable costs, reporting, and grant regulations. Management has established controls to ensure funds are properly tracked, segregated, and used in accordance with H-GAC and FTA guidelines.

Another major initiative is the Downtown Overlay Project, supported by a $11,490,000 grant from H-GAC and funded through TxDOT. This project focuses on improving roadway conditions, safety, and overall functionality on 120 blocks within the Downtown corridor, aligning with the City's broader goal of maintaining critical infrastructure and enhancing transportation reliability. In 2025, the District expended $1,152,270 on this initiative.

The Downtown Homeless Initiative reflects a coordinated effort to address homelessness through outreach, services, and regulatory measures. As part of this effort, the City implemented a 24/7 ordinance restricting sidewalk occupancy to promote safety, accessibility, and cleanliness in high-traffic areas. In 2025, the District contributed $1,000,000 to the Coalition for the Homeless of Houston/Harris County to support housing-focused solutions.

Building on the success of the Main Street Promenade, the District launched the Cool + Connected Corridors initiative. This project will enhance Texas Avenue, McKinney Street, and Preston Street with trees, native plantings, shade structures, lighting, and wayfinding elements. Planning and design costs included $518,100 paid to SWA Group, $106,725 to art consultant Piper Faust, and $9,386 for RFP posting, printing, and compliance management.

The District continued its partnership with the Houston Police Department (HPD) to address public safety concerns Downtown. In 2025, the District renewed its subscription to Flock cameras at a cost of $153,750, which are used by HPD to monitor vehicular traffic.

Improvements at Trebly Park also progressed. After engaging Gensler in 2024 to design shade structures, final design costs of $4,210 were incurred in 2025. Additionally, $17,576 was paid to Renfrow Metalsmiths, LLC for refinishing park furniture.

Renovations at Market Square Park continued, including $29,404 paid to Victory Stanley for 15 trash receptacles, $12,974 for kitchen equipment, and $4,649 for a City of Houston building permit.

Other capital expenditures included $38,055 for paver attic stock, $22,417 for pedestrian wayfinding repairs and maintenance, $67,445 awarded to Thrive Grant recipients for façade improvements, and $79,072 in Downtown Living Initiative grants.

Capital replacement costs encompassed several projects, including tree replacement and irrigation repairs totaling $47,768 paid to Today's Landscape and $14,690 to Environmental Design, Inc.; $38,733 to Neon Electric Corporation for replacement of damaged pedestrian wayfinding signs; $11,415 to Talon Construction for railing repairs; a $10,269 tenant billback to BIII Gstreet LLC for chiller replacement; $7,213 for fountain repairs at 1000 Congress Street; $6,968 for bollard cover replacement at the Main Street fountain; $5,921 for electrical work related to holiday décor; and $3,980 for tree grates.

Downtown Living Initiative

The District, in conjunction with the City and the Downtown Redevelopment Authority (the 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 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 4,255 units. Projects open as of the end of 2025 include: SoDo on Main, Block 334, Market Square Tower, the Star, Aris Market Square, Eighteen25, Catalyst, 1414 Texas, 1711 Caroline, Marlowe, Parkside Residences, Camden Downtown and Fairfield 1810 Main. 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. In 2025, the District paid $995,667 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 the construction of a 397-unit residential development on blocks 50 and 51 in the District. Awarded before 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 of $83,615 for tax year 2024 was made in 2025.

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 District's maintenance responsibilities.

During 2025, the District expended $250,000 for paver repair work, $123,959 for light maintenance, $921,173 for landscaping/irrigation maintenance, $546,074 for plants and floral displays, $390,964 for Main Street Square maintenance, $296,626 for Market Square Park maintenance, $305,019 for Trebly Park maintenance and $170,008 for Cotswold fountain maintenance. Adjacent property owners reimbursed the District $80,092 for Main Street Square fountain maintenance. Houston First reimbursed the District $208,085 for Cotswold fountain maintenance. Rent and utility reimbursements from Tout Suite, the food kiosk vendor generated $75,596 of revenue for Trebly Park.

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 2025, the District incurred $50,591 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 2025, the Street Team program was funded in the amount of $3,547,880 to provide litter and trash pick-up on a seven day a week basis, sidewalk pressure washing, graffiti, rodent, and bird abatement, and a recycling program.

The trash subscription program provided $221,623 in offsetting revenues. Included in the program are METRO bus stop and rail cleaning services. The District received $574,197 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 $2,392,093 on the guide program during 2025. In addition, the District engages Off-Duty Houston Police Officers on a part-time basis to deploy in strategic areas.

The District spent $366,472 for the Off-Duty Officer program during 2025. The District also spent $959,388 on uniformed and armed private security officers contracted through S.E.A.L. Security. In 2024, the District entered into an agreement with Discovery Green to expand the Downtown Public Safety Guide and S.E.A.L Security program to include its park. The District spent $435,490 and offsetting revenues earned for this additional service was $589,485.

Homelessness

The District is committed to, and funded programs to reduce homelessness, spending $1,083,920 during 2025 with the outreach partners SEARCH, Harris Center, and Coalition for the Homeless. This cost also included $55,981 for rent and utilities for the Downtown Public Safety Office which sits across the street from The Beacon, a day center for the unhoused. The Downtown Public Safety Office also serves as a rest stop for HPD 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 which was assumed by BIII GSTREET, LLC in 2024, replacing the former landlord, LVA4 Greenstreet, LP. The District Operations Center is located at 1313 Main Street in a space adjacent to the Greenstreet garage. 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 square feet. The District also leases additional warehouse storage space for equipment and extra stock storage. Rent, utilities and supplies for office and warehouse space totaled $435,568 for 2025.

Allen Parkway Maintenance

During 2025, the District continued maintenance of the street improvements, including streetlights, trees, and landscaping, installed by the Authority on Allen Parkway. The District incurred $152,471 in expenditures during 2025 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. During 2025, $626,738 was spent on holiday decorations, installation and security, and holiday lights. This included $315,000 for Christmas lights, $285,283 for holiday décor, and the remaining $26,455 for installation costs. In addition, $77,121 was spent on street banners.

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 $54,907 was spent during 2025 on wayfinding signage maintenance.

Marketing and Communications Program

The Marketing and Communications Program advances a vibrant, connected, and thriving Downtown through strategic communications, partnerships, promotions, media relations, and community-focused initiatives. In 2025, the team sharpened its focus around key district priorities, with a strong emphasis on economic development, capital improvement projects, small business engagement, resident engagement, and office recruitment strategies. Through this work, the program helped elevate awareness of Downtown's continued momentum and communicate its value to businesses, property owners, residents, workers, and visitors. The District also created and facilitated storefront contests for small businesses during both Día de los Muertos and the holiday season. These activations were designed to encourage patronage, support local businesses, and contribute to a more connected neighborhood experience. By pairing promotional campaigns with place-based engagement, the program helped strengthen visibility for small businesses, foster a welcoming atmosphere, and reinforce the sense of vibrancy and connection that defines Downtown.

In 2025, the District brought public relations in house, strengthening its ability to respond quickly, shape proactive narratives, and build stronger relationships with local and regional media. That investment has helped nurture a more consistent and credible media presence for Downtown, resulting in coverage in outlets including the Houston Chronicle, Houston Business Journal, television and radio. The internal PR team also collaborated with other stakeholders to leverage earned media placements highlighting Downtown's growth, investment, and evolving role in the region in Fast Company, Dwell, and Bloomberg companies. Alongside earned media efforts, the program continued to support Downtown through strategic paid media placements designed to match the right message with the right audience. The District spent $382,583 on marketing and communications in 2025.

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 $153,239 on its economic development program during 2025.

Planning

The planning efforts of the District for the North Houston Highway Improvement Plan, including traffic studies of specific areas impacted by the highway reconfiguration, are ongoing. A total of $100,000 was spent by the District on highway planning during 2025. The District spent $31,482 on FIFA World Cup Connections Concept Planning in preparation for the 2026 FIFA World Cup games that will be hosted in Houston. An additional $27,023 was spent on administrative costs.

Public Space Programming

The District continues to leverage strategic programming to attract visitors Downtown and increase dwell time across key public spaces. Market Square Park remains a cornerstone of this effort in the Historic District, offering a robust mix of signature and recurring events. In 2025, programming included large-scale cultural celebrations such as the Lunar New Year Festival, alongside ongoing offerings like free fitness classes, Blanket Bingo, Movie Nights, Yappy Hour, and Get Down, Downtown. Seasonal highlights included the Art Car After Party and Día de los Muertos Weekend, featuring *Una Noche en Market Square Park*, as well as a comprehensive holiday programming lineup. These activations are designed to serve diverse audiences while reinforcing Market Square Park as a premier Downtown destination. The District spent $206,544 on strategic programming in 2025.

At Trebly Park, the District expanded community-focused programming with a mix of new and returning activations. The 2025 calendar included events such as Galentine's Day, fitness classes, Movie Nights, Trivia Nights, and *Game On*, in addition to holiday programming. Enhancements to the park experience also included the installation of a Little Library, further supporting neighborhood engagement and everyday use of the space. The District spent $104,584 on community-focused programming in 2025.

The District also continued its partnership with Houston First to support holiday activation of Lynn Wyatt Square, delivering markets and ongoing programming that contributed to a vibrant and active Downtown environment. These collaborative efforts strengthen cross-district connectivity and position Downtown as a premier holiday destination for residents, workers, and visitors. The District spent $132,138 on collaborative programming in 2025.

Overview of 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 accounts for revenues that are measurable and available within the current period or soon enough thereafter to pay liabilities of the current period. Adjustments are provided to reconcile the fund statements to the government-wide statements. Explanations for the reconciling items are provided as part of the financial statements.

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 provisions of enabling legislation.

Condensed Government-Wide Financial Information and Financial Analysis

Condensed Statements of Net Position:

	AS OF DECEMBER 31	
	2025	2024
Assets:		
Current and other assets:		
Cash and cash equivalents	$ 3,363,408	$ 9,169,496
Assessment due from tax collector, net	16,634,215	16,503,087
Accounts receivable, prepaid expenses and due from affiliates	1,738,541	930,204
Government grants receivable	6,024,815	
Capital assets, net	2,978,997	3,094,819
Total assets	$ 30,739,976	$ 29,697,606
Liabilities:		
Accounts payable, accrued expenses and due to affiliate	$ 5,460,566	$ 3,318,023
Current lease liabilities	273,035	277,832
Non-current lease liabilities	2,079,774	2,356,080
Total liabilities	$ 7,813,375	$ 5,951,935
Net position:		
Net investment in capital assets	$ 626,188	$ 460,907
Restricted	4,161,337	6,561,813
Unrestricted	18,139,076	16,722,951
Total net position	$ 22,926,601	$ 23,745,671
Total liabilities and net position	$ 30,739,976	$ 29,697,606

Assets

As of December 31, 2025, the District's assets totaled $30,739,976 versus $29,697,606 as of December 31, 2024. At year end, the District had $3,060,843 of cash on hand for service plan operations and $302,565 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.

Assessment receivable as of December 31, 2025, totaled $16,634,215 versus $16,503,087 as of December 31, 2024. The increase year over year is due to a rate increase to 16.95 cents per $100 in value from 14.25 cents per $100 in value in 2024. The 2025 assessment receivable is reported net of a reserve for refunds that has been established for properties protesting HCAD valuations in the amount of $4,020,922 as compared to $2,409,161 in 2024. The $1,759,094 increase reflects the 2024 loss percentages, the best estimate of property values, and the current number of protests.

Government grants receivable as of December 31, 2025, totaled $6,024,815 versus $0 as of December 31, 2024. In 2025, the District was awarded two federal grants. An FTA award of $12,000,000 to fund the construction of the Main Street Promenade and a TxDOT award of $11,490,000 to fund the Downtown Overlay project. The receivable reflects the reimbursable amounts due to the District from these awards.

Net capital assets of the District were $2,978,997 as of December 31, 2025, which reflects $348,865 of new depreciable asset acquisitions, $149,908 of depreciation expense, $314,779 of amortization expense from the net capital asset balance of $3,094,819 as of December 31, 2024.

Liabilities

At December 31, 2025, the District's accounts payable and accrued expenses and due to affiliates totaled $5,460,566 versus $3,318,023 as of December 31, 2024. Construction projects, new in 2025, had payables at December 31, 2025 of approximately $1,550,000. During 2025, the District paid $281,103 in principal payments, resulting in an outstanding balance of $2,352,809 as of December 31, 2025. During 2024, the District added a lease liability of $224,219 and paid $272,138 in principal payments, resulting in an outstanding balance of $2,633,912 as of December 31, 2024.

Net Position

Net position at year end in 2025 totaled $22,926,601. Net position in 2025 is classified as invested in capital assets, restricted for capital projects and unrestricted, which totaled $626,188, $4,161,337 and $18,139,076, respectively. Net position at year end in 2024 totaled $23,745,671. Net position in 2024 is classified as invested in capital assets, restricted for capital projects and unrestricted, which totaled $460,907, $6,561,813 and $16,722,951, respectively.

Net position for the District decreased by $819,070.

Condensed Statements of Activities:

	YEAR ENDED DECEMBER 31	
	2025	2024
REVENUE:		
Assessments, net – service plan operations	$ 18,391,737	$ 15,974,477
Assessments, net – capital projects		1,205,550
Restricted grant revenue	6,024,815	
Interest and other	2,667,494	2,290,294
Total revenue	27,084,046	19,470,321
EXPENSES:		
Service plan operations	19,337,191	19,309,082
Capital projects	8,565,925	867,675
Total expenses	27,903,116	20,176,757
CHANGES IN NET POSITION	(819,070)	(706,436)
Net position, beginning of year	23,745,671	24,452,107
Net position, end of year	$ 22,926,601	$ 23,745,671

Fiscal Year 2025

In 2025, total revenues reached $27,084,046, an increase from $19,470,321 in 2024. This growth was largely driven by a $6,089,992 rise in project revenue, including $6,024,815 in federal grants from the Federal Transit Administration for the Main Street Promenade and from TxDOT for the Downtown Overlay Project.

Interest and other revenues increased by $376,099. Operations and Projects revenue rose by $759,573, driven by a full year of expanded Downtown Safety Guides and SEAL Security coverage in Discovery Green, along with additional revenue from METRO rail platform cleaning. Interest income decreased by $236,517 due to lower following the derecho and Hurricane Beryl.

Total expenses in 2025 were $27,903,116, compared to $20,176,757 in 2024 reflecting an increase of $7,698,250 in capital expenditures. Service plan operations expenses remained relatively stable, increasing by $28,109 year over year.

Notable expense increases included $525,265 for safety guides, off-duty officers, and private security due to expanded coverage at Discovery Green; $95,074 for homeless planning and services; $43,660 for street lighting; and $405,197 for clean street teams, including expanded METRO rail cleaning. These increases were partially offset by a $10,100 decrease in graffiti abatement and a $620,556 reduction in emergency services expenses, reflecting the absence of storm-related costs incurred in 2024.

Additional reductions included $123,998 in media and advertising, $57,099 in public relations contract services, $150,000 in NHHIP planning costs, and $102,001 in administrative expenses, including legal fees, assessment collection fees, and departmental overhead.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following describes the District's governmental funds.

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, 2025, the District's governmental funds reported an ending fund balance of $15,470,690 which is a decrease of $7,192,491 from last year's total of $22,600,181. 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 80% of total General Fund's expenditures (Service Plan Operations).

Budgetary Highlights

During 2025, appropriations for the General Fund (Service Plan Operations) and capital projects were revised from the original to the final budget. These adjustments reflect the reallocation of available funds made possible by federal grant awards, as well as lower-than-anticipated expenditures in certain areas.

The General Fund is the only fund required by law to adopt a budget. A summary of the General Fund budget compared to actual amounts is presented as follows:

	2025 BUDGET AMOUNTS ORIGINAL	2025 BUDGET AMOUNTS FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Total revenues	$ 19,116,157	$ 19,116,157	$ 20,731,756	$ 1,615,599
Expenditures:				
Downtown feels safe and comfortable	12,153,998	12,146,948	11,863,148	283,800
Public realm is charming, inviting, and beautiful	4,266,553	4,266,553	3,796,972	469,581
Accessible to region and easy to get around	352,888	352,888	362,235	(9,347)
Vibrant, sustainable mixed-use place	1,456,579	1,456,579	1,410,465	46,114
Downtown's vison understood by all	1,297,428	1,297,428	1,144,098	153,330
District governance and service known of excellence	1,238,504	1,120,425	971,818	148,607
Total expenditures	20,765,950	20,640,821	19,548,736	1,092,085
Excess (deficiency)	$ (1,649,793)	$ (1,524,664)	$ 1,183,020	$ 2,707,684

- Overall, 2025 service plan operating revenues were $1,615,599 over budget. Assessment revenue exceeded budget by $2,428,386, while project revenue fell short by $241,906. Interest income was $209,118 below budget as rates came in lower than forecasted. Other income also the budget reflecting trailed $220,316 in anticipated FEMA reimbursements, and reimbursements for 2024 storms that were received prior to year end 2024.
- Service plan operations for 2026 were $1,092,085 (5.3%) below budget. Variances by strategic initiative are summarized below.

Public Realm

Public Realm expenditures were $469,581 (11.0%) under budget. The favorable variance was primarily attributable to lower-than-budgeted costs for downtown park and fountain maintenance and programming activities associated with Main Street, Market Square Park, and Trebly Park, totaling $304,148 under budget. In addition, holiday logistics and installation, holiday programming, and art contract expenses were collectively $184,924 below budget. Savings were achieved in part through leveraging partnerships with downtown stakeholders to reduce operational costs.

Safe and Comfortable

Safe and Comfortable contract services were $283,800 (2.3%) under budget. Contributing factors included savings of $129,392 related to Downtown Safety Guides, $101,529 in off-duty officer and SEAL security costs, and $427,935 in reduced street team cleaning expenses for sidewalks and bus stops. These savings were partially offset by $375,056 in capital outlays associated with Operations center rent and communications equipment for street teams.

Downtown's Vision, Understood by All

Expenditures related to the "Downtown's Vision, Understood by All" initiative were $153,330 (11.8%) under budget. The variance was primarily driven by lower planning and design costs associated with the Cool Connected Corridors project, combined with staffing savings totaling $103,529. Marketing expenditures were also $69,359 below budget, partially offset by an additional $19,558 in staffing-related expenses.

District Governance

District Governance expenditures were $148,607 (13.3%) below budget due to lower-than-anticipated costs related to assessment collection, legal fees, insurance, and general operational expenses.

Vibrant, Sustainable Mixed-Use Place

The Vibrant, Sustainable Mixed-Use Place initiative was $46,114 (3.2%) under budget as a result of delays in funding economic development grants pending receipt of required supporting documentation.

Accessible to Region

Accessible to Region expenditures exceeded budget by $9,347, primarily due to additional staffing costs associated with wayfinding initiatives and support for the Fort Bend Park and Ride program.

Capital Projects

	2025 BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	POSITIVE (NEGATIVE)
Total revenues	$ 1,403,356	$ 12,633,356	$ 140,628	$(12,492,728)
Expenditures:				
Downtown feels safe and comfortable	150,620	1,150,620	1,161,404	(10,784)
Public realm is charming, inviting, and beautiful	1,470,303	12,440,304	6,896,195	5,544,109
Accessible to region and easy to get around	224,989	169,989	40,013	129,976
Vibrant, sustainable mixed-use place	887,272	887,272	248,179	639,093
Capital expenditures	265,765	390,765	170,460	220,305
Total expenditures	2,998,949	15,038,950	8,516,251	6,522,699
Excess (deficiency)	$ (1,595,593)	$ (2,405,594)	$ (8,375,623)	$ (5,970,029)

- Capital project revenues in 2025 came in $12,492,728 below budget. Federal grant reimbursements were $11,230,000 below projections, primarily due to the timing of expenditures associated with the Main Street Promenade and Downtown Overlay projects. Assessment revenue was $1,204,781 under budget, consistent with the Board's decision to direct the full assessment toward the operating budget. Interest income also fell short of expectations by $57,947 as rates were lower than anticipated.
- Capital project expenditures for 2025 were $6,522,699 under budget, largely driven by project timing delays. The Main Street Promenade was $2,112,762 under budget, and the Downtown Overlay Project was $2,677,000 under budget. The Retail Challenge Grant program, initiated in 2024, was $682,555 under budget, as only four vendors submitted reimbursement requests totaling $67,445. Paver attic stock expenditures were $401,945 below budget due to delays in installing pavers along the METRO rail line. Banner costs totaled $159,054, leaving $75,946 unspent. Planning and design work for the Cool and Connected Corridors project was $165,789 under budget, and the $100,000 allocation for sidewalk infill projects was not utilized. Additional favorable variances included Pedestrian Wayfinding $32,583, Trebly Park furnishings $3,214, capital replacement $217,912, Downtown Living Initiative (DLI) $3,928, staffing costs $64,259, and assessment processing fees $3,740. These savings were partially offset by budget overruns in Market Square improvements ($39,713), Flock camera installations ($9,750), and depreciation expense ($18,424).

CAPITAL ASSETS ADMINISTRATION

Capital Assets

Condensed Capital Assets:

	2025	2024
Depreciable and amortizable capital assets:		
Right-to-use lease assets	$ 3,529,028	$ 3,529,028
Machinery and equipment	1,021,324	786,460
Holiday decorations	224,576	224,576
Infrastructure improvements	725,973	725,973
Furniture and fixtures	222,657	108,656
Operations IT infrastructure	86,269	86,269
Total depreciable and amortizable capital assets	5,809,827	5,460,962
Less: Accumulated depreciation	(1,409,733)	(1,259,825)
Less: Accumulated amortization	(1,421,097)	(1,160,318)
Depreciable capital assets, net	$ 2,978,997	$ 3,040,819

Capital assets decreased $61,882, or 2%, from $3.04 million at December 31, 2024 to $2.98 million at December 31, 2025. The reduction in capital assets includes accumulated depreciation and amortization expense of $2.83 million offset by additions of depreciable assets of $348,865.

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 $2,352,809 and $2,633,912 as of December 31, 2025 and 2024, respectively.

Debt obligations are as follows:

	2025	2024
Long-term lease liability	$ 2,352,809	$ 2,633,912
Total debt instruments	$ 2,352,809	$ 2,633,912

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A new ten-year service plan was adopted in 2025, setting the assessment rate at $0.1695 per $100 of assessed valuation on non-exempt land and improvements. This rate reflects the funding needed to support services, maintenance, and operations authorized by the District Board, based on total certified property values of $11,284,925,103 within the District. Revenue projections used in the new plan also allowed for the growing impact of property value protests.

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.

Contacting the District's Financial Management

The financial report is designed to discuss issues that may be material to the operation of the District. Questions concerning any of the information in this report or requests for additional information should be addressed to Jana Gunter, Director of Finance, Houston Downtown Management District, 1221 McKinney Street, Suite 4250, Houston, Texas 77010.

BASIC FINANCIAL STATEMENTS

Houston Downtown Management District

Statement of Net Position as of December 31, 2025

ASSETS	
Cash and cash equivalents *(Note 3)*	$ 3,363,408
Assessments due from tax collector, net *(Note 4)*	16,634,215
Accounts receivable	958,454
Government grants receivable	6,024,815
Due from affiliate	296,644
Prepaid expenses	483,443
Capital assets, net *(Note 5)*	2,978,997
TOTAL ASSETS	$ 30,739,976
LIABILITIES	
Accounts payable and accrued expenses	$ 3,341,501
Due to affiliate	570,795
Construction payables	1,548,270
Lease liabilities *(Note 6)*:	
Due within one year	273,035
Due in more than one year	2,079,774
TOTAL LIABILITIES	7,813,375
Commitments and contingencies *(Notes 10 and 11)*	
NET POSITION	
Net investment in capital assets *(Note 8)*	626,188
Restricted for capital projects	4,161,337
Unrestricted	18,139,076
TOTAL NET POSITION	22,926,601
TOTAL LIABILITIES AND NET POSITION	$ 30,739,976

See accompanying notes to financial statements.

Houston Downtown Management District

Statement of Activities for the year ended December 31, 2025

		PROGRAM REVENUE			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities:					
General government	$ 27,840,146	$ 20,436,323		$ 6,024,815	$ (1,379,008)
Interest on debt	62,970				(62,970)
Total governmental activities	$ 27,903,116	$ 20,436,323	$ 0	$ 6,024,815	(1,441,978)
General revenue:					
Interest					622,908
Total general revenue					622,908
CHANGES IN NET POSITION					(819,070)
Net position, beginning of year					23,745,671
Net position, end of year					$ 22,926,601

See accompanying notes to financial statements.

DRAFT 06/01/26

Houston Downtown Management District

Balance Sheet – Governmental Funds as of December 31, 2025

	GENERAL (SERVICE PLAN OPERATIONS)	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents *(Note 3)*	$ 3,060,843	$ 302,565	$ 3,363,408
Assessments due from tax collector, net *(Note 4)*	16,634,215		16,634,215
Accounts receivable	958,454		958,454
Government grants receivable		6,024,815	6,024,815
Due from affiliate	296,644		296,644
Prepaid expenses	71,235	412,208	483,443
Interfund (payable) receivable	781,000	(781,000)	
TOTAL ASSETS	$ 21,802,391	$ 5,958,588	$ 27,760,979
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	$ 3,216,359	$ 125,143	$ 3,341,502
Construction payables		1,548,270	1,548,270
Due to affiliate	458,181		458,181
Total liabilities	3,674,540	1,673,413	5,347,953
Deferred inflows of resources *(Note 7)*:			
Deferred government grants		6,024,815	6,024,815
Deferred tax assessment	980,521		980,521
Total deferred inflows of resources	980,521	6,024,815	7,005,336
Fund balances:			
Non spendable – prepayments	71,235	412,208	483,443
Restricted for capital projects		(2,151,848)	(2,151,848)
Assigned for catastrophe *(Note 9)*	423,443		423,443
Unassigned	16,652,652		16,652,652
Total fund balances	17,147,330	(1,739,640)	15,407,690
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 21,802,391	$ 5,958,588	$ 27,760,979

See accompanying notes to financial statements.

Houston Downtown Management District

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
as of December 31, 2025

Total fund balances, governmental funds	$ 15,407,690
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources; therefore, are not reported in the fund financial statements. The cost of the assets is $4,388,731 and the accumulated depreciation and amortization is $1,409,734.	2,978,997
Deferred inflows are not available to pay for current period expenditures; therefore, are reported as unavailable revenue in the governmental funds.	
Unavailable property tax	980,521
Unavailable government grants	6,024,815
Certain liabilities and deferred inflows of resources that are not due and payable in the current period are not reported as liabilities in the governmental fund financial statements, but are reported in the governmental activities of the statement of net position.	
Compensated absences	(112,613)
Long-term leases	(2,352,809)
Net position of governmental activities in the statement of net position	$ 22,926,601

See accompanying notes to financial statements.

Houston Downtown Management District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended December 31, 2025

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE:			
Assessments, net	$ 18,204,890		$ 18,204,890
Project revenue	2,044,586		2,044,586
Interest	482,280	$ 140,628	622,908
Total revenue	20,731,756	140,628	20,872,384
EXPENDITURES:			
Downtown feels safe and comfortable:			
Collaboration to maintain low crime rate	4,312,813		4,312,813
Reduced presence of homeless and street persons	1,164,375		1,164,375
Downtown sidewalks are comfortably lighted	251,343		251,343
Downtown clean and well-kept appearance	5,609,044		5,609,044
Remove signs of disorder in downtown	68,270		68,270
Prepare for emergencies	113,480		113,480
Debt service:			
Principal payments	280,853		280,853
Interest charge	62,970		62,970
Total	11,863,148		11,863,148
Public realm is charming, inviting, beautiful and celebrates the life of the city:			
Key pedestrian streets are inviting	665,057		665,057
Public spaces managed, programmed, and delightful	1,952,537		1,952,537
Place of civic celebration	1,179,378		1,179,378
Total	3,796,972		3,796,972
Accessible to the region and easy to get around:			
Effective transit access more places, more hours	183,469		183,469
Easy to find way around	88,379		88,379
Connect neighbors and districts inside/outside downtown	74,420		74,420
Convenient, understandable and managed parking	15,967		15,967
Total	362,235		362,235

(continued)

DRAFT 06/01/26

Houston Downtown Management District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
for the year ended December 31, 2025 *(continued)*

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Vibrant, sustainable mixed-use place:			
Best place to work in region	211,367		211,367
Exciting neighborhoods to live in	1,115,242		1,115,242
Competitive shopping place	59,158		59,158
Remarkable destination for visitors	24,698		24,698
Total	1,410,465		1,410,465
Downtown's vision and offering understood by all:			
Market to region	657,776		657,776
Promote downtown's ease of use	93,875		93,875
Vision/development framework understood by all	255,002		255,002
Tools to assist continued redevelopment	53,260		53,260
Develop and maintain information to support downtown	84,185		84,185
Total	1,144,098		1,144,098
District governance and service known for excellence:			
Engage stakeholders in decision making	805,788		805,788
Communications to owners, tenants & others	112,757		112,757
Preservation of district's capital assets	53,273		53,273
Total	971,818		971,818
Capital improvement and expenditures:			
Downtown feels safe and comfortable		1,161,404	1,161,404
Public realm is charming, inviting, and beautiful		6,896,195	6,896,195
Accessible to region and easy to get around		40,013	40,013
Vibrant, sustainable mixed-use place		248,179	248,179
Capital replacement expenditure		170,348	170,348
Total		8,516,139	8,516,139
Total expenditures	19,548,736	8,516,139	28,064,875
EXCESS OF REVENUES OVER/UNDER EXPENDITURES AND CHANGES IN FUND BALANCE	1,183,020	(8,375,511)	(7,192,491)
Fund balance, beginning of year	15,964,310	6,635,871	22,600,181
Fund balance, end of year	$ 17,147,330	$ (1,739,640)	$ 15,407,690

See accompanying notes to financial statements.

DRAFT 06/01/26

Houston Downtown Management District

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities for the year ended December 31, 2025

Changes in fund balances	$ (7,192,491)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. The statement of activities recognizes the cost of outlays allocated over estimated useful lives as depreciation expense.	
Capital outlay	348,865
Depreciation expense	(149,908)
Amortization expense	(314,779)
Governmental funds do not recognize revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	
Property tax assessments	186,847
Government grants	6,024,815
Government funds report repayment of lease principal as an expenditure. The statement of activities treats such repayments as long-term liabilities and proceeds as an increase in long-term liabilities.	
Principal repayments on debt	280,853
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	
Changes in accrued compensation and related deferred outflows and inflows of resources	(3,272)
Changes in net position of governmental activities	$ (819,070)

See accompanying notes to financial statements.

Houston Downtown Management District

Notes to Financial Statements for the year ended December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF 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 (the Board), 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; the public realm is charming, inviting, beautiful, and celebrates life of the city; accessible to region and easy to get around; a 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 financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

The financial statements of the District include all government activities, organizations and functions which the District oversees. The criteria considered in determining governmental activities to be reported within the District's financial statements are based on and consistent with those set forth in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. As defined in this section, oversight responsibility is derived from the governmental unit's power and includes the following:

1. Financial interdependency,
2. Selection of governing authority,
3. Designation of management,
4. Ability to significantly influence operations, and
5. Accountability for fiscal matters.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include a statement of net position and a statement of activities. The government-wide statement of activities demonstrate the degree to which the direct expenses of a given function or activity are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue. These statements present information on all of the activities of the primary government.

The governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balances. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the donor have been met.

Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Revenue susceptible to accrual includes property tax, franchise taxes, sales tax, permit fees and grants. Under the modified accrual basis of accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for debt service expenditures, which are recognized when due. Investment earnings are recorded on the accrual basis of accounting.

Government Fund Types

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *General Fund* (Service Plan Operations) is the District's unassigned operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. This fund was established to account for an annual assessment of up to 14 cents per $100 valuation of taxable real property according to the annual tax roll of HCAD, as supplemented, pursuant to the 2021-2025 Service Plan. The fund is 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 Downtown that is a connected and thriving place for everyone.

Capital Projects

The *Capital Projects* fund was established to account for an assessment set annually not to exceed 1 cent per $100 valuation of taxable real property according to the annual tax roll of HCAD, 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 GAAP 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 approval. A review of revenues and expenditures compared to budget is provided monthly to the Board 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. In addition to approval of the annual budget, the District's Board 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.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCES

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 a sweep account that invests in a money market fund.

Investments

Investments for the District meets all of the specified criteria in GASB Codification Section 150: *Investments,* to qualify to elect to measure its 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 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's 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 – The 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 – Assessments due from tax collection have been reported net of the allowance for delinquent accounts and refunds for properties protesting Harris County Appraisal District (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 represents revenue earned at year end and not yet received primarily related to expense reimbursements under executed agreements and services provided. Accounts receivable also includes amounts for unbilled revenue which are recorded for services rendered but not yet billed as of the end of the fiscal year, as well as amounts due from the City of Houston (the City) related to the Downtown Living Initiative (see Note 10), but not yet billed as of the end of the fiscal year. Billings are generated subsequent to fiscal year end.

Allowance for doubtful accounts – As of December 31, 2025, the District believes all accounts receivable are fully collectible, and, accordingly, no allowance has been created.

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

lnterfund 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 funds" and "due to other funds" within the fund financial statements. These amounts are eliminated from the government-wide financial statements.

Prepaid Expenses

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. The District uses a threshold of $20,000 for recording prepaid expenses.

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 CLASS	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 statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of December 31, 2025.

In addition to liabilities, the statement 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 then. The District has one item that qualifies 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. This billing is 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

Lease 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 determining 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 standalone prices of these components.

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

Fund Balances and Net Position

Fund balances are classified based upon the relative strength of spending constraints placed upon the purposes for which resources can be used, as follows:

- *Nonspendable fund balance* includes amounts that are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balance* includes amounts constrained to specific purposes by resource providers, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* includes amounts constrained to specific purposes by the resolution of highest level of decision-making authority, which is the Board. Similarly, the Board may modify or rescind by resolution previously committed funds.
- *Assigned fund balance* includes amounts that are set aside by the District for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance* includes amounts that are available for the District's future use for any purpose.

Net position represents the difference between the District's total assets and deferred outflows and total liabilities and deferred inflows. Restricted net position can only be used for purposes specified by resource providers. Unrestricted net position is available for general use. When both restricted and unrestricted net position are available for use, it is the District's policy to use restricted net position first, and then unrestricted net position. The District reports three categories of net position, as follows:

- *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's Certificates of Obligation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted net position* consists of all other net position that does not meet the definition of the above two categories and is available for general use by the District.

Revenues and Expenditures/Expenses

<u>Program revenue</u> – Amounts reported as *program revenue* include operating special assessments, grants and contributions (including capital special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment, and project revenue including: 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 revenue rather than as program revenue.

The District's 2025 assessment was levied in November 2025 based on assessed values as of January 1, 2025 for all real property located in the District. Under the 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 determines the rate for each year and the combined Service Plan Operations and Capital Projects rate for 2025 was 16.95 cents per $100 valuation. The District contracts with a tax assessor/collector for assessment collection services.

Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ACCOUNTABILITY AND COMPLIANCE

New Accounting Standards

The District adopted the following GASB statements during the year ended December 31, 2025:

Statement No. 102, *Certain Risk Disclosures*, was implemented, as required by GASB. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures, if applicable, would provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. There were no significant changes to the financial statements as a result of this adoption.

The GASB has issued the following statements which will be effective in future years, as described below. The City has not yet determined the impact of implementing these new statements.

Statement No. 103, *Financial Reporting Model Improvements*, is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

Statement No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The statement modifies the definition of the subsequent events time frame throughout the GASB literature and requires disclosure of the date through which subsequent events have been evaluated. Additionally, the statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

NOTE 3 – CASH AND CASH EQUIVALENTS

The District's cash and investments at December 31, 2025 consist of the following:

Demand deposits	$ 505,154
Cash equivalents (TexPool)	2,858,254
Total cash and cash equivalents	$ 3,363,408

Authorization for Deposits and Investments

The Public Funds Investment Act, as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the District. The District's Investment Policy addresses safety of principal, liquidity, yield, maturity and legality, with emphasis on safety of principal. In accordance with the District's Investment Policy, authorized investments include the following:

- Texas Local Government Investment Pool (TexPool) a public funds investment pool created under the Interlocal Cooperation Act and administered by the Texas State Treasury Department. Investments in TexPool will be made only after adoption of a resolution and a Participation Agreement by the Board which specifically authorized such investment.

Deposit Risk Disclosures

GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, and interest rate risk. Exposure of deposited funds and invest risks are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's policy for deposits requires that they be insured by the Federal Deposit Insurance Corporation (FDIC), and to the extent not insured, be secured by collateral pledged to the extent of the fair market value of the amount deposited, plus accrued interest.

Deposits and Investments

Under the 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, 2025, the District held $2,858,254 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, AAA-rated money market mutual funds, U. S. government securities, and certificates of deposit.

As of December 31, 2025, the District also has a sweep account that invests 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 and 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.

Under GASB Codification 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, 2025, 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 its 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 FDIC limits and the District has entered into a Collateral Pledge Agreement with JPMorgan to provide this service. At December 31, 2025, U. S. treasury bonds with a market value of $951,095 were pledged as collateral. Bank balances, net of $250,000 FDIC coverage, were $953,498. Texas Public Funds Collateral Act requires collateral coverage of 102% of public funds deposited and, thus, balances were undercollateralized by approximately $21,500.

NOTE 4 – TAX ASSESSMENT RECEIVABLES

Assessments due from tax collector as of December 31, 2025 are summarized as follows:

	GENERAL (SERVICE PLAN OPERATIONS)	CAPITAL PROJECTS	TOTAL
Assessments due from tax collector	$ 20,655,137		$ 20,655,137
Less: Allowance for delinquent accounts and refunds	(4,020,922)		(4,020,922)
Total assessments due from tax collection, net	$ 16,634,215	$ 0	$ 16,634,215

At December 31, 2025, a reserve for delinquent accounts and refunds in the amount of $4,020,922 has been established for properties protesting HCAD valuations.

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended December 31, 2025:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities				
Capital assets being depreciated:				
Machinery and equipment:				
Banners and banner arms	$ 602,142	$ 234,864		$ 837,006
Forklift	5,500			5,500
Golf carts – street team	55,861			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
Eco-counters	31,920			31,920
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, fixtures and equipment:				
Operations center	108,656	114,001		222,657
Operations IT infrastructure	86,269			86,269
Total capital assets being depreciated	1,931,934	348,865		2,280,799
Less: Accumulated depreciation	(1,259,825)	(149,908)		(1,409,733)
Capital assets being depreciated, net	672,109	198,957		871,066
Right-to-use assets being amortized:				
Operations center	3,114,727			3,114,727
421 San Jacinto	104,584			104,584
Operations warehouse	309,717			309,717
Total right-to-use lease assets being amortized	3,529,028			3,529,028
Less: Accumulated amortization	(1,106,318)	(314,779)		(1,421,097)
Right-to-use lease assets being amortized, net	2,422,710	(314,779)		2,107,931
Governmental activities capital assets, net	$ 3,094,819	$ (115,822)	$ 0	$ 2,978,997

For the year ended December 31, 2025, depreciation and amortization expense was charged to the following functions:

Downtown clean and well kept	$ 314,779
Preservation of districts assets	149,908
Total depreciation expense	$ 464,687

DRAFT 06/01/26

NOTE 6 – LONG-TERM LIABILITIES

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 its estimated incremental borrowing rate of 2.14% to discount the annual lease payments to recognize the lease asset and the related lease liability as of January 1, 2021, the adoption date. As of December 31, 2025, the District has a lease liability outstanding related to the operations center of $2,171,905.

The District also entered into a warehouse lease in July 2024 expiring in June 2029. Per the agreement, the monthly lease payment is $4,037.50 and increases annually by approximately 4.3% until the end of the agreement. The District has used its estimated incremental borrowing rate of 6.57% to discount the annual lease payments to recognize the lease asset and the related lease liability as of July 1, 2022, the commencement date. The District has used its estimated incremental borrowing rate of 6.57% to discount the annual lease payments to recognize the lease asset and the related lease liability as of July 1, 2024, the commencement date. As of December 31, 2025, the District has a lease liability outstanding related to the warehouse of $168,785.

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 in May 2023 is $3,125 through end of the agreement. The District has used its estimated incremental borrowing rate of 5.08% to discount the annual lease payments to recognize the lease asset and the related lease liability as of May 1, 2023, the commencement date. As of December 31, 2025, the District has a lease liability outstanding related to the satellite office of $12,369.

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

	PRINCIPAL PAYMENTS	INTEREST EXPENSE	TOTAL
2026	$ 273,035	$ 54,346	$ 327,381
2027	277,074	46,525	323,599
2028	294,234	38,247	332,481
2029	282,208	29,756	311,964
2030	266,896	23,654	290,550
2031-2034	959,362	35,056	994,418
Total	$ 2,352,809	$ 227,584	$ 2,580,393

Long-term liability activity for the year ended December 31, 2025 was as follows for the governmental activities:

Beginning balance	$ 2,633,912
Reductions	(281,103)
Ending balance	$ 2,352,809
Due within one year	$ 273,035

NOTE 7 – DEFERRED INFLOWS OF RESOURCES – GOVERNMENTAL FUNDS

As of December 31, 2025, deferred inflows of resources in the Operations Fund and Capital Fund consisted of earned revenue, but were unavailable as of December 31, 2025 and are as follows:

	GOVERNMENTAL ACTIVITIES
Tax assessments	$ 980,521
Downtown overlay project	1,152,270
Main Street Promenade project	4,872,545
Net investment in capital assets	$ 7,005,336

NOTE 8 – NET INVESTMENT IN CAPITAL ASSETS

The elements of this calculation as of December 31, 2025 are as follows:

	GOVERNMENTAL ACTIVITIES
Capital assets, net	$ 2,978,997
Outstanding debt related to capital assets	(2,352,809)
Net investment in capital assets	$ 626,188

NOTE 9 – 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 $423,443 has been designated as assigned for catastrophe. There have been no significant reductions in insurance coverage and no settlements.

NOTE 10 – ECONOMIC DEVELOPMENT INCENTIVES COMMITMENTS

The District has entered into agreements with developers to provide incentives for development in the district.

Finger-FSC Crawford, Ltd.

In February 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 the 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 of Houston for abandoning the right-of-way of the 1500 block of Prairie Street. The residential property was completed in 2016. A payment of $83,615 was made to Finger-FSC Crawford, Ltd. in 2025.

Downtown Living Initiative

The District, in conjunction with the City of Houston and the Downtown Redevelopment Authority (the Authority), 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 4,255 units. Projects opened as of the end of 2025 include: So Do on Main, Block 334, Market Square Tower, the Star, Aris Market Square, Eighteen25, Catalyst, 1414 Texas, 1711 Caroline, the Marlowe, Parkside Residences, the Camden Downtown, and the Fairfield 1810 Main. 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 2025, $995,667 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.

Potential development incentives

The District's commitments to Finger-FSC Crawford, Ltd. and Downtown Living Incentive Developers for future years is as follows:

2026	$ 1,299,170
2027	1,227,137
2028	1,047,665
2029	1,071,463
2030	923,048
Thereafter	3,255,605
Total	$ 8,824,088

NOTE 11 – OTHER CONTACTS, COMMITMENTS AND CONDITIONAL GRANT CONTRIBUTIONS

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 2025 expenditures by the District under the existing services agreement is $5,655,080. Services are to be provided under the 2026 agreement with costs not to exceed approximately $7.4 million. The District has entered into several other smaller service agreements for cleaning, landscaping, engineering, design and various consultants to provide professional services.

Discovery Green Conservancy

The District entered into a security agreement with Discovery Green Conservancy (DGC) to implement the current 2021 through 2025 Service and Improvement Plan and Assessment Plan. Under the agreement, the District would provide third-party security personnel and related services to DGC in Discovery Green Park. In return, DGC agreed to pay the District an amount not to exceed $600,000 for services rendered during the term of the agreement, which was from January 1, 2025 through December 31, 2025. The contract was renewed for 2026 requiring services to be rendered up to an amount not to exceed $600,000.

During 2025, the District provided services totaling $598,485. Of that amount, $532,481 was received as of year end, with the remaining $50,094 recorded as accounts receivable in the accompanying statement of net position as of December 31, 2025. The outstanding balance was collected within 60 days after year end.

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, the Authority, 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 $3,256,151 in 2025. The District has a payable to Central Houston of $570,795 as of December 31, 2025. Under the terms of the 2026 agreement, staffing services are to be provided with costs not to exceed approximately $4 million.

As of December 31, 2025, the District has a due from the Authority of $296,644 related to reimbursable expenses incurred by the District towards maintenance projects.

In addition, the District paid approximately $100,000 in 2025 to Central Houston Civic Improvement, Inc., and $100,000 for North Houston Highway Improvement Project (NHHIP) Civic Opportunities.

Government grants and construction commitments

The District is a party to contracts with the U. S. Department of Transportation. Government grants and contracts require fulfillment of certain conditions as set forth in the agreements and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of noncompliance with the terms of the agreements. Management believes such disallowances, if any, would not be material to the District's net position.

At December 31, 2025, the District has approximately $17.5 million of conditional contributions which have not been recognized in the accompanying financial statements because the conditions have not been met. The District will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

These grant awards provide funding for the Downtown Overlay project and the Main Street Promenade project. At December 31, 2025, the District has several related construction contracts with total outstanding commitments of approximately $15 million.

DRAFT 06/01/26

Houston Downtown Management District

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual –
Major Fund – General Fund
For the Fiscal Year Ended December 31, 2025

	BUDGET			VARIANCE POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Assessments	$ 15,963,351	$ 15,963,351	$ 18,391,737	$ 2,428,386
Project revenue	2,519,356	2,519,356	2,044,586	(474,770)
Interest	633,450	633,450	482,280	(151,170)
Total revenues	19,116,157	19,116,157	20,918,603	1,802,446
EXPENDITURES:				
Downtown feels safe and comfortable:				
Collaboration to maintain low crime rate	4,545,784	4,545,784	4,312,813	232,971
Reduced presence of homeless and street persons	1,177,417	1,177,417	1,164,375	13,042
Downtown sidewalks are comfortably lighted	252,526	252,526	251,343	1,183
Downtown clean and well-kept appearance	6,006,162	6,006,162	5,636,415	369,747
Remove signs of disorder in downtown	60,906	60,906	68,270	(7,364)
Prepare for emergencies	104,153	104,153	113,480	(9,327)
Total	12,146,948	12,146,948	11,546,696	600,252
Public realm is charming, inviting, beautiful and celebrates the life of the city:				
Key pedestrian streets are inviting	645,561	645,562	665,057	(19,495)
Public spaces managed, programmed, delightful	2,279,119	2,256,693	1,952,537	304,156
Place of civic celebration	1,341,872	1,364,300	1,179,378	184,922
Total	4,266,552	4,266,555	3,796,972	469,583
Accessible to region and easy to get around:				
Effective transit access more places, more hours	178,221	178,221	183,469	(5,248)
Convenient circulation without personal vehicle				
Easy to find way around	95,425	95,425	88,379	7,046
Connect neighbors and districts inside/outside downtown	64,503	64,503	74,420	(9,917)
Convenient, understandable and managed parking	14,739	14,739	15,967	(1,228)
Total	352,888	352,888	362,235	(9,347)

(continued)

DRAFT 06/01/26

Houston Downtown Management District

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual –
Major Fund – General Fund
For the Fiscal Year Ended December 31, 2025 *(continued)*

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Vibrant, sustainable mixed-use place:				
Best place to work in region	222,195	222,195	211,367	10,828
Exciting neighborhoods to live in	1,156,553	1,156,553	1,115,242	41,311
Competitive shopping place	57,695	57,695	59,158	(1,463)
Remarkable destination for visitors	20,136	20,136	24,698	(4,562)
Total	1,456,579	1,456,579	1,410,465	46,114
Downtown's vision and offering understood by all:				
Market to region	727,134	727,134	657,776	69,358
Promote downtown's ease of use	84,604	84,604	93,875	(9,271)
Vision/development framework understood by all	358,529	358,529	255,002	103,527
Tools to assist continued redevelopment	46,291	46,291	53,260	(6,969)
Develop and maintain information to support downtown	80,870	80,870	84,185	(3,315)
Total	1,297,428	1,297,428	1,144,098	153,330
District governance and service known for excellence:				
Engage stakeholders in decision making	957,106	957,106	809,363	147,743
Communications to owners, tenants and others	111,619	111,619	112,757	(1,138)
Preservation of districts' capital assets	51,700	51,700	153,507	(101,807)
Total	1,120,425	1,120,425	1,075,627	44,798
Total expenses	20,640,820	20,640,823	19,336,093	1,304,730
Changes in net position	$ (1,524,663)	$ (1,524,666)	$ 1,582,510	$ 3,107,176

Note: 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 in the statement of activities – budget to actual	$ 20,918,603
Assessments that are not remitted to the District within availability periods are not considered as revenues in governmental funds	(186,847)
Total revenue as reported in the statement of revenue, expenditures and changes in fund balances	$ 20,731,756

(continued)

DRAFT 06/01/26

Houston Downtown Management District

Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Major Fund – General Fund
For the Fiscal Year Ended December 31, 2025 *(continued)*

	GENERAL (SERVICE PLAN OPERATIONS)
Actual amounts (budgetary basis) "total expenses" as reported in the statement of activities – budget to actual	$ 19,336,093
Expenditures budgeted on accrual basis rather than modified accrual basis	(2,312)
Capital outlay	348,865
Repayment of principal	281,103
Amortization expense	(314,779)
Depreciation expense	(100,234)
Total expenditures as reported in the statement of revenue, expenditures and changes in fund balances	$ 19,548,736

Houston Downtown Management District

Notes to Required Supplementary Information
For the Fiscal Year Ended December 31, 2025

Budgetary Compliance:

Houston Downtown Management District (the District) has complied with all material budget requirements for the year ended December 31, 2025.

The 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 of Directors (the Board) will review and approve the budget for the succeeding year. The 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) The 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.

The 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. The budget was amended during the year.

SUPPLEMENTARY INFORMATION

DRAFT 06/01/26

Houston Downtown Management District

Budgetary Comparison Schedule – Capital Projects Fund
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Assessments, net	$ 1,204,781			
Grant revenue		$ 11,230,000		$(11,230,000)
Interest and other	198,575	198,575	$ 140,628	(57,947)
Total revenues	1,403,356	11,428,575	140,628	(11,287,947)
EXPENDITURES:				
Capital improvement and expenditures				
Downtown feels safe and comfortable	150,620	150,620	1,161,404	(1,010,784)
Public realm is charming, inviting, and beautiful	1,470,303	12,700,303	6,896,195	5,804,108
Accessible to region and easy to get around	224,989	224,989	40,013	184,976
Vibrant, sustainable mixed-use place	887,272	887,272	248,179	639,093
Capital replacement expenditure	265,765	265,765	170,348	95,417
Total expenses	2,998,949	14,228,949	8,516,139	5,712,810
Changes in net position	$(1,595,593)	$ (2,800,374)	$ (8,375,511)	$ 5,575,137

Houston Downtown Management District

Schedule of Expenditures of Federal Awards for the year ended December 31, 2025

GRANTOR Pass-through Grantor Program Title & Period	Assistance Listing Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through Texas Department of Transportation:				
#1 Highway Planning and Construction				
Federal Highway Administration				
04/23/25 – (a)	20.205		$11,490,000	$ 1,152,270
Passed through Federal Transit Administration:				
#2 Federal Transit Formula Grants – Federal Transit Cluster				
Urbanized Area Formula Program; Section 5307				
03/25/26 – 05/01/28	20.507	TX-2026-021	$12,000,000	4,872,545
Total U. S. Department of Transportation				4,872,545
TOTAL FEDERAL AWARDS				$ 6,024,815

(a) Grant period ends upon completion of the construction.

See accompanying note to schedule of expenditures of federal awards.

Houston Downtown Management District

Note to Schedule of Expenditures of Federal Awards for the year ended December 31, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal expenditures include allowable costs funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance and include both costs that are capitalized and costs that are recognized as expenses in the District's financial statements in conformity with generally accepted accounting principles. The District does not have any subrecipients, does not have an approved indirect cost rate, and has elected not to use the 10% de minimis rate for indirect costs.

Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Houston Downtown Management District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated DATE OPEN.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DATE OPEN PENDING MANAGEMENT REVIEW AND APPROVAL

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Houston Downtown Management District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Houston Downtown Management District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Houston Downtown Management District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Houston Downtown Management District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Houston Downtown Management District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Houston Downtown Management District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Houston Downtown Management District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Houston Downtown Management District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Houston Downtown Management District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Houston Downtown Management District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Houston Downtown Management District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DATE OPEN PENDING MANAGEMENT REVIEW AND APPROVAL

DRAFT 06/01/26

Houston Downtown Management District

Schedule of Findings and Questioned Costs for the year ended December 31, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? ☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)	Name of Program or Cluster
20.205	Highway Planning and Construction
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between Type A and Type B federal programs: $1,000,000

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a).

MEMORANDUM
June 11, 2026

TO: Board of Directors

FROM: Nominating Committee

ACTION: Recommendation of Nominees for District Board of Directors

We respectfully request the Board of Directors approve the following new and renewal of incoming appointments for submission to the City of Houston's Director of Boards & Commissions:

Position 1: Unexpired term ending 6/1/2028

Pos. #	Appointment	Name	Affiliation	Replacing
1	Renewing	Edna Ramos	Current Board Member, transferring from Pos. 16	Brandon Oliver
6	New	Matt Asvestas	Stream Realty Partners	Vacant Seat

Position 9: Unexpired term ending 6/1/2029

Pos. #	Appointment	Name	Affiliation	Replacing
9	New	Anna Mod	Downtown Resident / Prop. Owner	Tyler Merritt

Positions 16 thru 23: 4 year terms expiring 6/1/2030

Pos. #	Type	Name	Affiliation	Replacing
16	New	Stephen Hester	CenterPoint Energy	Edna Ramos
17	New	David Anderson	Off The Record	Sherea McKenzie
18	Renewing	Jacques D'Rovencourt	Hilton Americas	
19	New	Tiger Lyon	Gensler	Vacant Seat
20	Renewing	Marian Harper	The Astros Foundation	
21	Renewing	Kelly Foreman	Amegy Bank	
22	Renewing	Ben Llana	Skanska	
23	Renewing	Kenny Meyer	Property Owner	

Biographies for new appointees are included on the pages that follow. With your approval of the proposed slate, Positions 1, 6, 9, and 16-23 will be submitted to the City of Houston Boards and Commission Director for confirmation by City Council.

Recommended Motion: Approve the Nominating Committee's recommended slate, appointing new and returning directors, for submittal to the City of Houston Boards and Commissions Director for vetting and approval.

Anna Mod

Director, Historic Tax Credits
Ryan
1233 W Loop South, 16th Floor
Houston, TX 77027
713-470-0057   anna.mod@ryan.com

Anna Mod is the Director of Historic Tax Credits at Ryan's Houston office, where she specializes in Section 106 compliance and historic tax credit strategy for developers, non-profits, and public entities throughout Texas.

Ms. Mod brings extensive experience from previous roles as Senior Historic Preservation Specialist at SWCA Environmental Consultants, Historic Preservation Specialist at LFC Engineering, Principal of Anna Mod Historic Preservation, Director of Special Projects at Fifth Ward Community Redevelopment Corporation, and Director of Residential Programs at the Galveston Historical Foundation.

A widely recognized expert in her field, Ms. Mod lectures nationally and is a published author, with contributions to the National Trust for Historic Preservation, Texas Society of Architects, Preservation Texas, Preservation Houston, and publications including Buildings of Texas: Central, South and Gulf Coast, Building Modern Houston, Cite: The Architectural and Design Review of Houston, Texas Architect, and the Houston Chronicle.

She is a Board Member of Docomomo-US, an Associate Professor at Prairie View A&M University, and a Lecturer at the University of Houston Gerald D. Hines College of Architecture. Ms. Mod holds a Master of Science in Historic Preservation from the University of Vermont and a Bachelor of Arts in Art History and Latin American Studies from Tulane University of Louisiana and is a Secretary of the Interior qualified professional in the areas of History and Architectural History.

David Anderson, III

Partner, Off The Record | Founder, The Heist Agency | Co-Founder, LCN Hospitality LLC
Off The Record
416 Main St
Houston, TX 77002
713.409.0854   david@trendignitor.com

David Anderson, III is a Houston-based cultural architect, entrepreneur, and civic leader whose work sits at the intersection of commerce, community, and creative placemaking. As a partner at Off The Record, a vinyl-driven listening bar and cultural destination located in the heart of downtown Houston, he brings an operator's perspective and a community builder's instinct to the future of the district.

Through The Heist Agency, his arts and entertainment management and brand partnership firm, Anderson has spent more than a decade brokering relationships between global brands, local creators, and civic institutions, including Anheuser-Busch, PepsiCo Frito-Lay, DIAGEO, LVMH, and Bacardi. Through LCN Hospitality, he co-founded Fancy's, an elevated supper club that has quickly become one of Houston's most recognized dining and entertainment destinations. His work consistently demonstrates what is possible when business strategy meets cultural fluency and genuine community investment.

Beyond his entrepreneurial portfolio, Anderson serves on the Board of Directors of the Contemporary Arts Museum Houston and the Miller Outdoor Theatre Advisory Board, two of the city's most important public-facing cultural institutions. His board service reflects a consistent philosophy: strengthen the rooms that bring Houston together. He is a longtime resident of the City of Houston and a committed stakeholder in downtown's continued growth, vitality, and identity as a world-class urban core.

Matt Asvestas

Managing Director

Stream Realty Partners

3040 Post Oak Blvd., Suite 600
Houston, TX 77056

832-652-6480 Matthew.Asvestas@streamrealty.com

Matt Asvestas is a Managing Director on the Office Landlord Representation team in Stream's Houston office, where he leads the group's strategic direction and day-to-day operations. In this role, Matt drives the growth of Stream's office leasing portfolio, identifies strategic investment and development opportunities for the firm and its clients, and oversees the marketing and leasing of office assets across the Houston market. His career has been firmly rooted in the leasing, underwriting, and acquisition of institutional-grade office properties.

Throughout his career, Matt has overseen a substantial institutional portfolio and completed more than 940 lease transactions. His ability to balance high-performance client service with meaningful team mentorship has earned him a reputation as both a trusted advisor and a consistent top producer.

Matt's strengths include active property marketing, financial lease analysis, lease structuring and negotiation, and comprehensive underwriting of office acquisitions. His deep understanding of asset-level performance drivers—combined with his extensive market expertise—enables him to evaluate investment opportunities, navigate varying ownership objectives, and execute leasing strategies that maximize asset value.

As a multi-year Top Producer at Stream, Matt remains a market leader in landlord representation and a driving force behind the continued success of the firm's Houston office platform. He holds a Bachelor of Science in Advertising from The University of Texas at Austin and a McCombs Real Estate Finance and Investment Certificate, and is a Texas Licensed Real Estate Salesperson.

Stephen Hester

Senior Vice President, Supply Chain

CenterPoint Energy

1111 Louisiana St
Houston, TX 77002

713-207-2307 stephen.hester@centerpointenergy.com

Stephen Hester serves as CenterPoint Energy's Senior Vice President, Supply Chain. In this role, Stephen is responsible for key areas of the company's performance, including procurement, materials, fleet, shops and radio, and logistics.

Stephen is a seasoned supply chain executive with more than 25 years of global experience operating at scale across complex, capital-intensive industries including Westinghouse Nuclear Energy, LyondellBasell Chemical, and ConocoPhillips. He has a strong track record of leading successful organizational transformations to enable value delivery and growth, while significantly enhancing the commercial and operational acumen of the teams he leads. Most recently, he served as Vice President Procurement & Chief Procurement Officer for AdvanSix, an American chemical company that produces nylon 6 and related chemicals such as caprolactam and ammonium sulfate fertilizers.

He earned a bachelor's degree in economics from Westminster College in Missouri and a Master of Business Administration from The University of Texas at Austin.

Tiger Lyon, AIA

Design Director, Studio Director

Gensler

909 Fannin Street, Suite 200
Houston, TX 77010

713-209-7954   tiger_lyon@gensler.com

Tiger Lyon is a Design Director and Studio Director in Gensler's Houston office, bringing more than 17 years of professional experience, including nearly 12 years with Gensler. In his dual leadership role, he oversees design excellence while guiding multidisciplinary studio teams delivering complex, urban-scale projects across Houston and the broader region.

Tiger believes that great architecture and successful urban environments emerge from a shared vision, strong collaboration, and a deep understanding of context. His work is grounded in a commitment to people—the clients he serves, the design professionals he leads, and the communities that experience the spaces his teams help create. His portfolio includes complex master plans, high-performance office buildings, mixed-use developments, and essential government facilities.

Guided by a philosophy of placemaking, Tiger prioritizes context-driven, pedestrian-oriented environments that strengthen neighborhood identity and enhance daily life. His work emphasizes quality, walkability, and the human experience, helping clients realize visions that are commercially successful while advancing broader civic and environmental goals.

Tiger is actively engaged in professional and civic service. He serves on the University of Houston Architecture Alumni Board and is a UH Class Agent for the Gerald D. Hines College of Architecture and Design. He is a member of ULI Houston and the ULI Next Leadership Group, and serves as Gensler's South Central Region Practice Area Leader for Office Developers. He is a Registered Architect in Texas and a member of the American Institute of Architects.

ACTION ITEM	Authorize agreements and 2026 expenditures for Downtown holiday décor and light installations
SERVICE PLAN Account Code Budget Amount	2026-2035 834.207 $900,000 2026
REQUEST	Not to exceed $700,000
DESCRIPTION	The Downtown holiday décor program will provide enhanced twinkle light corridors, gateway installations, Sweet Spots, and signature holiday experiences at Market Square Park, Trebly Park and the Main Street Promenade.
DISCUSSION	A Request For Proposals (RFP) was issued in May for the 2026 holiday décor. The RFP laid out 3 different proposal options: 1 year lease, 3-year lease and purchase. An evaluation committee, consisting of District staff and board members, reviewed the proposals and recommend utilizing Bright Lights for Sweet Spots including the parks and Décor IQ for twinkle lights and gateway installations. The recommendation of the evaluation panel is to sign 3-year leases for décor and a 1-year lease for twinkle lights that will cost $477,450 for this year. The 3-year lease option will save approximately $69,000 annually and include flexibility to refresh, rotate, and relocate installations from year to year with comparable décor.
DBE PROGRAM	Bright Lights and Décor IQ do not qualify as a DBE entity.

ACTION ITEM	Authorize agreement and remaining 2026 expenditures with Harris County for support services for outreach teams.
SERVICE PLAN	2026-2035
Account Code	851.200
Budget & Year	$1,148,496 2026
REQUEST	Not to exceed $32,000
DESCRIPTION	The Harris County Sheriff's Office will continue to provide support services in partnership with the Harris Center's Care Coordinator. Partnering together they will provide support services and long-term housing to homeless individuals suffering with mental illness or intellectual disability within our district. The new contract term is from October 1, 2026 to September 30, 2027.
DISCUSSION	The Harris County Sheriff's Office will continue to work in partnership with the District's program with the Harris Center for Mental Health & IDD to further the Chronic Consumer Assistance Program (CCAP) that engages individuals identified by the District as being chronically homeless and suffering from serious mental illness. The Sheriff's Office will provide a full-time Deputy to partner with the Harris Center Care Coordinator to act as a liaison between the homeless population and area housing, medical, and mental health providers. The Deputy will provide a law enforcement presence and offer more options in dealing with a very tough population, such as being able to issue emergency detention orders (EDO) for individuals that pose a danger to themselves and others. The amount requested is for October 2026 – December 2026.
DBE Participation	Harris Center for Mental Health and IDD is the state designated local Mental Health Authority for Harris County. The Sheriff is an employee of Harris County.

ACTION ITEM	Authorize 2026 expenditure to Neon Electric Corporation (NEC) to replenish the District's pedestrian wayfinding signage attic stock
SERVICE PLAN Account Code Budget & Year	2026-2035 596.800 $60,000 2026
REQUEST	Not to exceed $60,000
DESCRIPTION	This action allows the District to pay our contractor to order and store commonly used signage utilized throughout downtown.
DISCUSSION	The District's Pedestrian Wayfinding signage system is a vital tool used throughout Downtown to help guide visitors, employees, residents, and tourists to key destinations and amenities. Over time, several signs have been damaged by vehicle impacts and general street activity, requiring replacement using the District's existing attic stock inventory. That reserve inventory has now been depleted, and additional signage components are needed to maintain the functionality, appearance, and consistency of the Downtown wayfinding system.
M/WBE Participation	N/A

DOWNTOWN HOUSTON+

STRATEGIC ALIGNMENT PLAN UPDATES

June 2026

GOAL 1

Champion major projects, initiatives and investments that improve Downtown.

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: In December 2025, a flawed AI-generated video touting FIFA World Cup host cities sparked a better idea. After Kris Larson flagged the opportunity and Mayor Whitmire agreed, DTH+ united 31 agencies and seven lead planning partners to tell Houston's story the right way, highlighting the scale of public projects underway and citywide collaboration to improve life for residents and visitors years beyond 2026. The video, "Ready for the World," earned strong backing of all partners and the Mayor launched it on May 30 during the Main Street Promenade ribbon-cutting celebration.

Participating Agency:

Central Houston

1.7 Partner with METRO, the City of Houston, and others to plan and support a variety of safe and efficient mobility options for people to get to, from, and around Downtown, including a robust transit network and non-motorized transportation

Highlight: Downtown's 2026 FIFA World Cup mobility plan combines expanded transit service with pedestrian-first street improvements to move fans safely and efficiently between hotels, light rail, POST HTX, the Main Street Promenade and the FIFA Fan Festival in EaDo. Throughout the 39-day tournament, METRO will extend hours, increase rail and bus frequency, expand Park & Ride service seven days a week and maintain affordable fares. Meanwhile, DTH+'s Via Futbol tactical urbanism project will create a "yellow brick road" of clearer, shaded, walkable corridors with expanded walkways, temporary lane closures, streetscape treatments and entertainment, improving both event access and the visitor experience.

Participating Agency:

downtown district

GOAL 2

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

2.2 Cultivate nature across Downtown, including its urban forest, planters, and other greenspace elements.

Highlight: The Main Street Promenade planting strategy advances a more climate-responsive and people-centered vision for Downtown's core. Rather than treating planting as a decorative layer, the strategy uses trees, native landscaping, planters and irrigation as essential infrastructure for shade, cooling and long-term resilience. The improved planting palette helps soften the corridor, reduce heat exposure and create a more comfortable setting for walking, dining, gathering and everyday storefront activity. By expanding tree canopy and introducing more durable, place-appropriate plantings, the Promenade now offers a greener and more welcoming experience that supports both daily use and major events, while reinforcing Main Street as one of Downtown's most important civic corridors.

Participating Agencies:

Downtown Redevelopment Authority
downtown district

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

Highlight: The opening of the 419 Emancipation "Super Hub" in mid-May provided an integral step forward in Houston's strategy to reduce street homelessness downtown by creating a low-barrier facility where people can move from sidewalks and encampments into safety, services and housing pathways. With 24/7 operations, up to 225 beds, onsite health, psychiatric and substance-use support, and capacity for walk-ins, outreach and law-enforcement drop-offs, the facility fills gaps traditional shelters cannot. For Downtown, it offers a coordinated alternative to crisis response, connecting vulnerable residents to stabilization while supporting cleaner, safer public spaces. With 419 Emancipation now in operation, it provides an expanded ability for law enforcement to use the expanded civility ordinance to move people living on the street into a safer, more dignified facility where they can receive care and a pathway toward housing.

Participating Agencies:

Central Houston
Downtown Redevelopment Authority
downtown district

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

3.1 Plan, design, and construct public infrastructure that supports safety and equity.

Highlight: The May 30 opening of the Main Street Promenade marked a defining milestone in Downtown Houston's transformation ahead of the 2026 FIFA World Cup, converting seven blocks of Main Street into a shaded, pedestrian-first destination for dining, entertainment, public art and daily gathering. Building on the pandemic-era More Space program, the project strengthens downtown connectivity, supports small businesses and positions the historic Main Street corridor as a welcoming front door for residents, workers and global visitors alike. Its opening was cerebrated with a large ribbon cutting ceremony and an afternoon-long block party which showcased the Promenade's ability to serve as a primary activation corridor.

Participating Agencies:

Central Houston · Downtown Redevelopment Authority · downtown district

3.6 Facilitate the development of pop-up uses, temporary installations, and other storefront or site activation strategies to help enliven the public realm.

Highlight: Downtown Houston+ is advancing Goal 3.6 through the Good Times on Main initiative, using temporary activations and business partnerships to enliven the Main Street Promenade. The Main Street Promenade Grand Opening and Good Times on Main preview event served as a day-long celebration reintroducing Main Street as a walkable pedestrian destination, showcasing a nine-block activation concept with participation from 20 Promenade businesses and 28 local pop-up vendors. Throughout Summer 2026, staff will continue coordinating with businesses and property owners to establish the preferred activation cadence, timing, and programming framework for a recurring monthly Good Times on Main series launching in Fall 2026.

Participating Agency:

downtown district

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 build partnerships to reform regulatory processes to expedite timetables and decrease barriers to entry.

Highlight: Following the adoption of the ordinances delegating licensing authority to the District, we worked closely with business along Main Street to put in place interim agreements for outdoor dining spaces and improvements. By the date of the ribbon cutting, 35 businesses had started or completed the process and installed outdoor areas. This coordination with businesses and the City is ongoing to evaluate and continue to streamline the processes.

Participating Agencies:

Central Houston; Downtown Redevelopment Authority; downtown district

4.14 Encourage, support and promote new attractions that expand what Downtown offers.

Highlight: With construction complete, the Main Street Promenade is moving from capital project to destination asset. Downtown Houston+ is using Datafy, a destination intelligence and advertising platform, to better understand visitor behavior, identify target audiences, and measure marketing impact. This work will support data-informed promotion of the Promenade as a welcoming, walkable experience for residents, workers, visitors, and World Cup guests. By pairing real-world visitation insights with targeted digital marketing, we can tell a stronger story, drive awareness, and track how marketing efforts translate into actual visits to Main Street and Downtown Houston.

Participating Agencies:

downtown district; Downtown Redevelopment Authority

GOAL 5

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

5.2 Expand CHI-produced events and engagement opportunities to offer broader opportunities for stakeholders to engage with and participate in the Downtown community.

Highlight: The Main Street Promenade Reception, presented by CenTrio Energy, welcomed 174 attendees, including CHI members, board members, business leaders, community partners, project stakeholders, and elected officials. The event marked the completion of a major public realm project and gave Downtown stakeholders a chance to gather, connect, and celebrate the work behind it. Remarks were provided by Mayor John Whitmire, Council Member Mario Castillo, Council Member Joaquin Martinez, and CenTrio Energy CEO Eric Miller. The program also featured the premiere of Houston: Ready for the World, highlighting major projects completed across the region ahead of the World Cup.

Participating Agency:

Central Houston

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

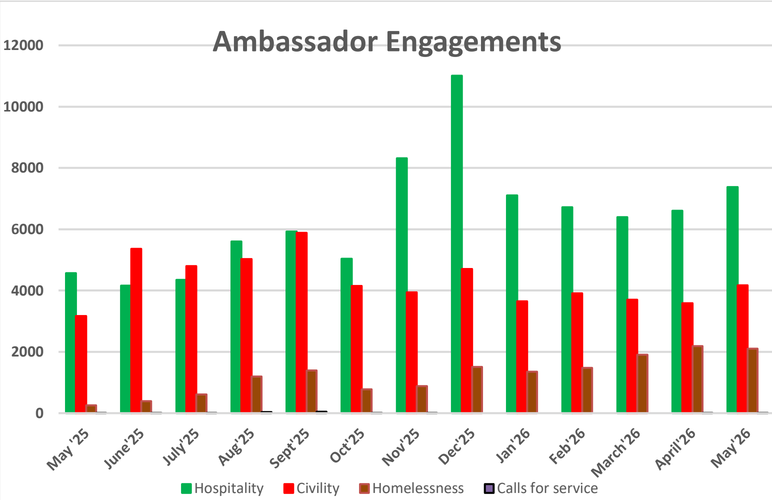
Highlight: In May, Main Street Promenade opening and DTH+'s work to transform Downtown with lasting investments in trees, landscaping, shade, and lighting, garnered widespread, positive media coverage. Strategic messages about walkability, pedestrian comfort, vibrancy, and connections to key destinations featured in 59 articles. Media ranged from local ABC, CBS, CW, Fox, NBC, and Telemundo broadcast outlets to the Houston Chronicle, Houston Business Journal, Axios, Bisnow, CultureMap, community newspapers, MSN and Yahoo. Popular social media influencers (ex: Claudy Morales: 62K followers, Explore with Omar: 22.2K followers) generated tens of thousands of additional positive impressions.

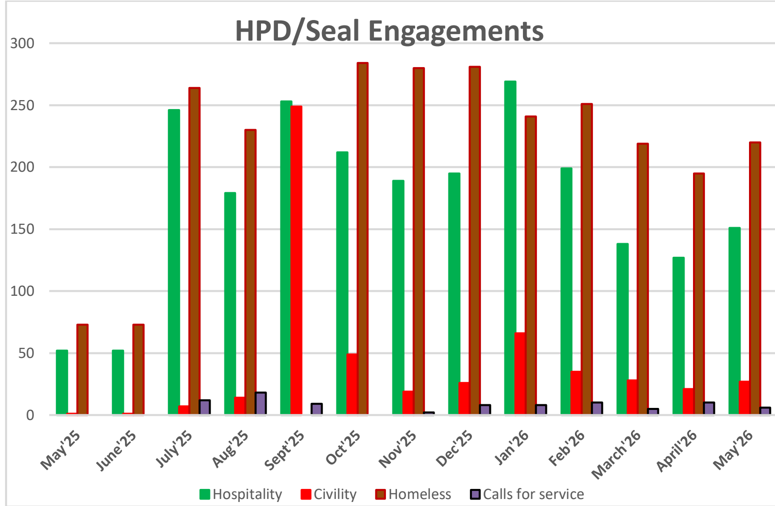
Participating Agencies:

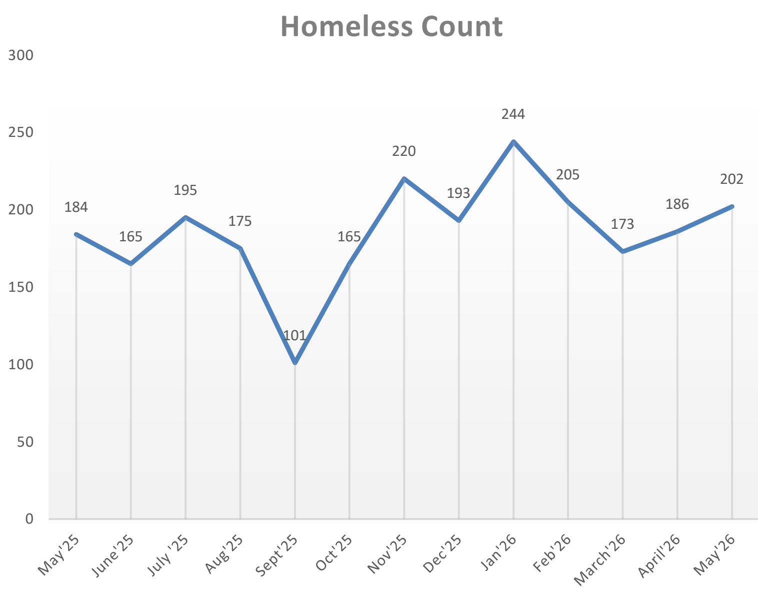
Central Houston downtown district Downtown Redevelopment Authority

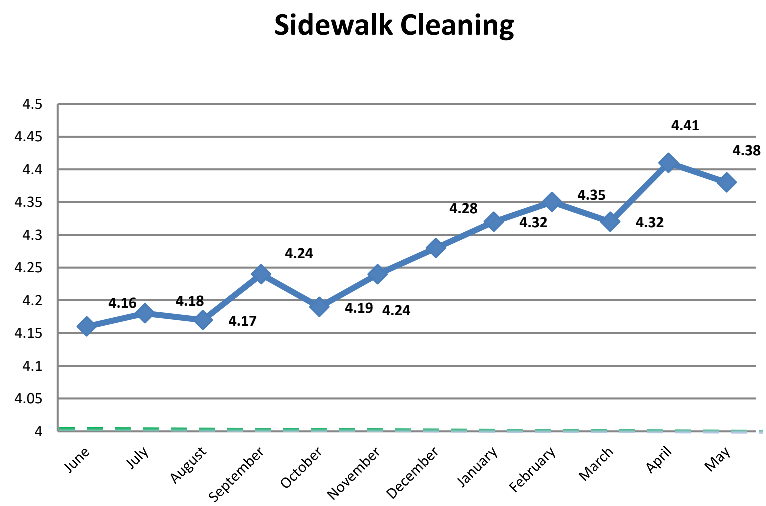
Engagements	Homeless Count	Sidewalk Cleaning	Garbage Disposed (Tons)	BF Clean/Graffiti/Bio
64,478	**202**	**4.36**	**685**	**94519/4319/8760**
Total	Average	Average	Total	Total

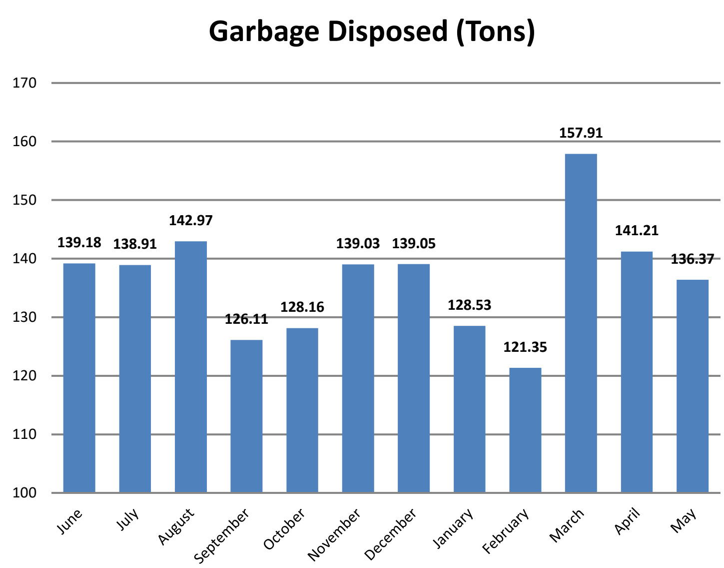
Safety & Quality Control

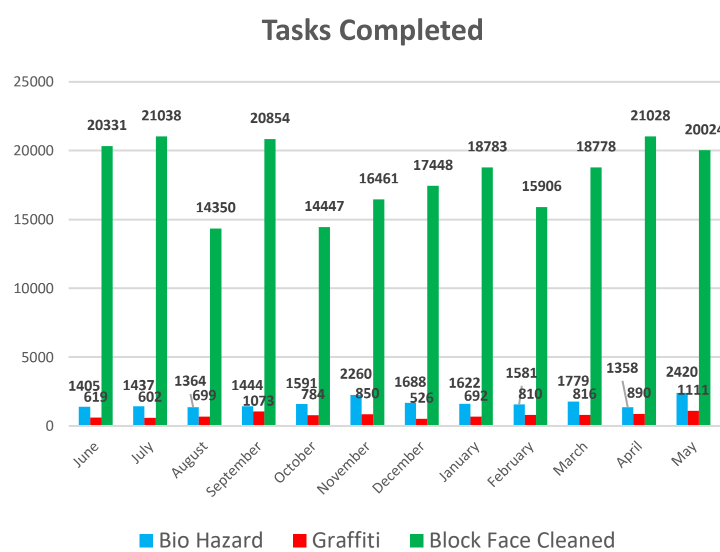












Digital Performance Snapshot

May 2026

SOCIAL

Social Metrics

	Instagram	Facebook	X	TikTok	LinkedIn
Total Reach	2.6M	856,188	262,313	229,000	13,094
Total Impressions	360,549	97,937	17,216	12,000	8,311
Total Followers	203,425 (No Change)	174,330 (+1,951)	159,537 (No Change)	12,782 (+1,055)	6,082 (+245)

Followers by Age

18-24 · 25-34 · 35-44 · 45-54 · 55-64 · 65+

Followers by Gender

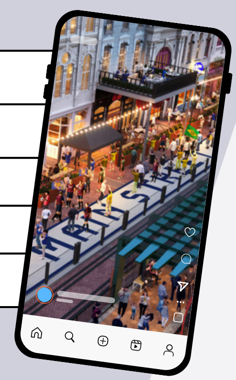
Female · Male

Top Content of the Month

Good Times on Main: Grand Opening Block Party at Main Street Promenade

The Grand Opening Block Party at Main Street Promenade brought together Houstonians and visitors for a day of live entertainment, local vendors, family-friendly activities, and celebration of the newly transformed Main Street.

Views	422,899
Likes	8,925
Comments	1,414
Shares	6,110
Saves	2,078



WEBSITE

Top 3 Viewed Pages

	Page	Visits	Unique Visitors	Views/User
1	Calendar	16,010 Visits	8,785	1.82
2	Tunnels	12,294 Visits	7,442	1.65
3	Main Street Promenade	9,013 Visits	6,103	1.48