

GREATER SOUTHEAST MANAGEMENT DISTRICT

UPDATED AND ONGOING

SERVICE AND IMPROVEMENT AND ASSESSMENT PLAN

THROUGH-2018

APPROVED September 12, 2007

INTRODUCTION AND BACKGROUND

The Greater Southeast Management District (the "District") was created in 2001 by the 77th Texas Legislature pursuant to House Bill 3692 (the "Special Act"). The City of Houston ("City") gave its formal consent to the creation of the District. This Service and Improvement and Assessment Plan lays out the mission and goals of the District, the nature of the services and improvements to be provided by the District, the proposed assessment for such services, the basis on which assessments will be charged and the estimated costs of such services for the life of this plan, through 2018 (the "Service Plan"). The District began providing District-wide services to the are described in Exhibit "B" attached hereto in 2004 pursuant to the Service Plan originally adopted by the District on April 26, 2004, pursuant to petitions of the requisite number of commercial property owners subject to assessment in the entire District petitioning for the services and improvements carried forth and described in the original Service Plan and levied an 11.5¢ annual assessment on all commercial property owners in the District to pay for such services and improvements (the "Original Service Plan"). The commercial property owners in the portion of the District described in Exhibit "A" attached hereto ("Western District") were not assessed for tax years 2006-2007, and the Western District did not receive services or improvements in those years. It is anticipated that the District will begin to provide services and improvements under this Service Plan to the entire District on or about January 1, 2009, or as soon as the District has taken all steps necessary to levy the assessments to provide the services and improvements described in this Service Plan. The District may at any time prior to the expiration of the Original Service Plan, at its option, pursuant to this Service Plan, terminate the Original Service Plan, and begin to provide the service and improvements under this Service Plan on or about January 1, 2008, or as soon as the District has taken all steps necessary to levy assessments and to implement this Service Plan.

The District will levy an assessment on the commercial property owners within the District to provide the following services and improvements: (i) Enhanced Public Safety; (ii) Visual Improvements and Services, (iii) Local Mobility Improvements; (iv) Business and Economic Development Services; (v) Marketing and Perception Enhancement; and (vi) District Administration.

The land included within the District as described in Exhibit "B" is a mixed-use urban area of the City in need of revitalization and redevelopment. Revitalization efforts for a portion of the area included in the District were begun by the City, the Old Spanish Trail/Almeda Corridors Redevelopment Authority (the "Authority") and Reinvestment Zone Number 7 (the "OST TIRZ"). The District services and improvements provided in accordance with the Original Service Plan brought increased public safety, enhanced the economic development opportunities for businesses in the District, and resulted in the following benefits to the District:

- The District obtained the Federal Transit Administration (FTA) Grantee Status that will allow the District to receive federal funds for pedestrian improvements throughout the District.

- Crime rate has decreased more than fifteen (15) percent since the inception of the District's Public Safety Program, over 800 properties have had graffiti removed, and approximately 40 crime prevention surveys have been conducted.
- The District has published several newsletters and business directories that promote existing businesses in the District.
- A completed market research has been conducted detailing the current and future potential for retail development in the District.
- Litter has decreased significantly along all major corridors within the District. Hundreds of trees were planted to enhance the beautification of the District.

The following plan will outline the nature of the services and improvements to be provided by the District and will be implemented by the District working in conjunction with the property owners, service providers, residents and the public sector to develop and carry out programs that will help to achieve the goals of the District. All programs will be approved, monitored, and adjusted as necessary on an ongoing basis by the Board of Directors of the District.

The District will undertake certain projects with widespread benefits that are beyond the ability of individual property owners to provide. The Board has adopted the following Mission Statement to guide its efforts as it develops, implements, and refines specific projects.

GREATER SOUTHEAST MANAGEMENT DISTRICT MISSION STATEMENT:

To establish and implement projects and programs to:

- Enhance and promote the image of the District;**
- Create a desirable area to attract more businesses, investments, and residents to the District;**
- Provide services and information that will stimulate business growth in the District;**
- Provide for easy access to, from and through the District; and**
- Create a safe environment for businesses and residents in the District in order to increase the revitalization, and spur the redevelopment of this mixed-use urban neighborhood for all property owners, residents and tenants.**

SERVICE AND IMPROVEMENT PLAN

This Service Plan was developed with input from stakeholders and by the Board of Directors of the District who represents a variety of property owners and businesses in the District. The following are the major components of the District Service Plan:

1. Enhanced Public Safety;
2. Visual Improvements and Services;
3. Local Mobility Improvements;
4. Business and Economic Development Services;
5. Marketing and Perception Enhancement;
6. District Administration.

Each section provides detailed descriptions of the goals, together with objectives and programs consistent with the goals, and programs and estimated costs of such segment of the Service Plan.

1. Enhanced Public Safety

Goal:

Deter and/or reduce crime within the District, respecting the civil and human rights of all persons in the District, while making the best use of public and private resources, thereby encouraging business and commercial activity within the District.

Objectives:

- Provide a comprehensive public safety program
- Increase the visibility of crime deterrence measures in the District
- Enhance the District's positive public image as a safe area in which to work and transact business
- Provide a public relations program for information dissemination to promote and improve public awareness emphasizing public safety

Programs:

- Formation of a District Safety Initiative that coordinates the efforts of the Houston Police Department, Harris County Constable Precinct 7, METRO Police, HISD Police, Texas Southern University Campus Police, University of Houston Campus Police, and Houston Community College Campus Police to promote enhanced public safety, effective cooperation, and law enforcement information sharing within the District.
- Monitoring criminal activity within the District and providing periodic safety briefings, in conjunction with law enforcement entities, for property managers, interested citizens, and local private security personnel
- Monitoring the development of crime deterrence technology and programs in other areas and updating the District's programs as needed to provide safety services that are effective and cost-efficient
- Providing crime prevention, anti-gang and drug awareness programs and safety seminars for the benefit of the property owners, residents and tenants within the District
- Formation of a Fire Prevention Program that coordinates the efforts of the Houston Fire Department;
- Seek grant funding
- Expand Bike Patrol Program;
- Expand Constable Patrol Program

The estimated 2008 budget for Enhanced Public Safety is \$282,000.

Estimated Costs:

Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	5-Year Total:
\$250,000	\$275,000	\$303,000	\$333,000	\$366,000	\$1,527,000
Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	10-Year Total:
\$403,000	\$443,000	\$487,000	\$554,000	\$590,000	\$4,004,000

2. Visual Improvements and Services

Goal:

Enhance the District's image and amenities.

Objectives:

- Optimize the level of services provided to the District by governmental entities

- Design and install boundary signs reflecting a District visual identification program, including the establishment of “gateways” to the District
- Encourage relationships between property owners, business owners, and public entities to assist in coordinating their efforts
- Implement programs to improve the quality of life in the District
- Develop overall master plan for parks, green space, planting, landscaping, street lighting, streetscape and maintenance of the District

Programs:

- Removal of unsightly objects and clean-up of designated areas
- Removal of unsightly graffiti from buildings within the District
- Work diligently with City officials on remediation of hazardous buildings within the District
- Make periodic visits and reports to elected and appointed officials of the City, County and other agencies
- Promote urban connectivity such as parks, access to bayous, and neighborhoods, i.e. linking transportation routes to hike and bike trails;
- Promote esplanade and median adoption;
- Promote tree and pedestrian lighting adoption;
- Expand partnerships with like-minded organizations and agencies, i.e. Scenic Houston, Trees for Houston, and Houston Parks & Recreation;
- Removal of visual blight , i.e. bandit signs;
- Shape essentials for all transit routes.

The estimated 2008 budget for Visual Improvement and Services is \$305,000.

Estimated Costs:

Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	5-Year Total:
\$200,000	\$220,000	\$242,000	\$266,000	\$293,000	\$1,221,000
Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	10-Year Total:
\$322,000	\$354,000	\$390,000	\$429,000	\$472,000	\$3,188,000

3. Local Mobility Improvements

Goal:

To improve the local mobility infrastructure thereby increasing ease of mobility and resulting in increased retail and residential activity.

Objectives:

- Facilitate the implementation of more user-friendly transit services
- Increase commuter services to and from the District, and circulation within the District
- Provide more efficient pedestrian and transit connections within the District
- Improve current transportation infrastructure to meet current and future access and internal circulation needs
- Utilize transit facilities more efficiently

Programs:

- Work closely with METRO, the City of Houston, the Texas Department of Transportation, Gulf Coast Freight Rail District, Federal Transit Administration and other appropriate entities to address traffic problems, pedestrian and street improvements, and mass transportation plans within the District

- Transit-Oriented Development

The estimated 2008 budget for Local Mobility Improvements is \$100,000.

Estimated Costs:

Year 1: \$110,000	Year 2: \$121,000	Year 3: \$133,000	Year 4: \$146,000	Year 5: \$161,000	5-Year Total: \$672,000
Year 6: \$177,000	Year 7: \$195,000	Year 8: \$214,000	Year 9: \$236,000	Year 10: \$259,000	10-Year Total: \$1,752,000

4. Business and Economic Development Services

Goal: To provide the tools necessary to stabilize, revitalize and expand the businesses within the District.

Objective:

- Coordinate and provide businesses development services within the District
- Establish a cooperative business community
- Promote the District as a great place to do business

Programs:

- Create a District Small Business Information Center to centralize the information and services needed by the businesses in the District
- Promote the development of a District business and merchants association
- Partner with financial institutions to create a business incubator
- Develop demographic and market intelligence profiles of the District to distribute to current businesses, and those with the potential for relocating to the District

The estimated 2008 budget for Business and Economic Development Services is \$83,000.

Estimated Cost:

Year 1: \$75,000	Year 2: \$83,000	Year 3: \$91,000	Year 4: \$100,000	Year 5: \$110,000	5-Year Total: \$459,000
Year 6: \$121,000	Year 7: \$133,000	Year 8: \$146,000	Year 9: \$161,000	Year 10: \$177,000	10-Year Total: \$1,197,000

5. Marketing and Perception Enhancement

Goal:

Market the District and increase awareness of businesses and amenities within District.

Objectives:

- Identification of District name
- Create a positive image of the District as an outstanding place for business and investment
- Create a positive relationship with the media to communicate the District advantages to the public
- Encourage events in the District area that create a positive atmosphere and that attract people
- Encourage use of District name in merchant/business communications

- Encourage and facilitate greater market penetration by businesses within the District
- Provide support and opportunities for marketing District businesses
- Compile and publish the data required to paint a detailed picture of the District

Programs:

- Develop a District Business Directory to use as a marketing and promotions tool
- Develop a positive image campaign to communicate the advantages of the District
- Establish a media relations program to convey the District's story
- Develop a community relations program utilizing a District website, newsletters and circulars
- Promote area businesses through newsletter advertising and articles
- Develop a District logo
- Upgrading the office equipment document handling capacity & quality
- Expanding the distribution and circulation of District print publications to all stakeholders within district boundaries

The estimated 2008 budget for Marketing and Perception Enhancement is \$108,000.

Estimated Costs:

Year1:	Year 2:	Year 3:	Year 4:	Year 5:	5-Year Total:
\$85,000	\$94,000	\$103,000	\$113,000	\$125,000	\$520,000
Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	10-Year Total:
\$137,000	\$151,000	\$166,000	\$182,000	\$200,000	\$1,356,000

6. District Administration

Goal:

Design and implement the creation of the District and its Service Plan and budget and operate the District in an effective and cost-efficient manner.

Objectives:

- Balance the day-to-day needs of the District with the needs for long-term change
- Efficiently utilize resources to accomplish the District's programs
- Maximize the level of services provided to the District by government entities
- Provide oversight and management that is responsive to the needs of all District property and business owners
- Actively and fairly seek participation from all sectors of the property owners and businesses that make up the District
- Manage the District's costs efficiently
- Maximize the leveraging of District funds by seeking funds and services from external sources and by encouraging both public and private investment and partnership in District programs
- Establish and maintain a complete and regularly updated assessment roll for the District
- Have accurate and timely billing and collection of assessments
- Develop proactive approaches to potential legal issues

Programs:

A. Administration:

- (1) Administrative Staffing: The District will represent business and property owners, residents and tenants and operate the District for the business and property owners,

residents and tenants of the District area. The Board of Directors will lead the District towards the effective accomplishment of the Service Plan. Periodic Board meetings will be held, open to the public, and a proposed budget, which generally adheres to the Service Plan, will be submitted for approval of the Board of Directors annually. The staffing of the District will be lean but adequate. It will include adequate staff to accomplish the goals and objectives of the District. In order to reduce administrative and other costs, the District will continue to collaborate with the OST/Alameda Corridors Redevelopment Authority to maximize the effectiveness of both organizations and eliminate overlapping responsibilities and costs.

- (2) Office Space, Insurance, Professional Services and Other: The District will operate out of an office facility leased within the District. The office will serve as the point of coordination for all operations. The District will continue to strive to save substantial funds by sharing facilities, equipment, expertise and information with other organizations and businesses of the District, including the Authority. The District will closely coordinate with the government agencies operating ongoing programs in the District, such as the City, METRO, Texas Department of Transportation, Harris County and other public service delivery entities. Funds will be closely supervised and an annual audit will be required.

The estimated 2008 budget for District Administration is \$338,000.

(3) Estimated Cost:

Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	5-Year Total:
\$260,000	\$286,000	\$315,000	\$346,000	\$381,000	\$1,588,000
Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	10-Year Total:
\$419,000	\$461,000	\$507,000	\$557,000	\$613,000	\$4,145,000

PROPOSED ASSESSMENT, REVENUE AND EXPENDITURES

The District will provide funding to the six major project areas as outlined above. These figures are general projections based on needs and priorities anticipated today. From year to year priorities will change and this plan provides that the District's Board of Directors will retain the flexibility to adjust the application of resources to meet the changing needs of the area.

Each year the District's Board of Directors will re-evaluate the plan, determine the projects, approve a budget for that year, and evaluate the assessment rate levied for each year based on such needs and costs. The following table shows the projected annual expenditures for the services authorized under this Service Plan.

The estimated 2008 budget for the District are as follows:

• Enhanced Public Safety	\$282,000
• Visual Improvements and Services	\$305,000
• Local Mobility Improvements	\$100,000
• Business and Economic Development Services	\$ 83,000
• Marketing and Perception Enhancement	\$108,000
• District Administration	\$338,000

Enhanced Public Safety	YEAR 1 \$250,000	YEAR 2 \$275,000	YEAR 3 \$303,000	YEAR 4 \$333,000	YEAR 5 \$366,000	5-YR TOTAL \$1,527,000
	YEAR 6 \$403,000	YEAR 7 \$443,000	YEAR 8 \$487,000	YEAR 9 \$554,000	YEAR 10 \$590,000	10-YR TOTAL \$4,004,000
Visual Improvements & Services	YEAR 1 \$200,000	YEAR 2 \$220,000	YEAR 3 \$242,000	YEAR 4 \$266,000	YEAR 5 \$293,000	5-YR TOTAL \$1,221,000
	YEAR 6 \$322,000	YEAR 7 \$354,000	YEAR 8 \$390,000	YEAR 9 \$429,000	YEAR 10 \$472,000	10-YR TOTAL \$3,188,000
Local Mobility Improvements	YEAR 1 \$110,000	YEAR 2 \$121,000	YEAR 3 \$133,000	YEAR 4 \$146,000	YEAR 5 \$161,000	5-YR TOTAL \$672,000
	YEAR 6 \$177,000	YEAR 7 \$195,000	YEAR 8 \$214,000	YEAR 9 \$236,000	YEAR 10 \$259,000	10-YR TOTAL \$1,752,000
Business and Economic Development Services	YEAR 1 \$75,000	YEAR 2 \$83,000	YEAR 3 \$91,000	YEAR 4 \$100,000	YEAR 5 \$110,000	5-YR TOTAL \$459,000
	YEAR 6 \$121,000	YEAR 7 \$133,000	YEAR 8 \$146,000	YEAR 9 \$161,000	YEAR 10 \$177,000	10-YR TOTAL \$1,197,000
Marketing & Perception Enhancement	YEAR 1 \$85,000	YEAR 2 \$94,000	YEAR 3 \$103,000	YEAR 4 \$113,000	YEAR 5 \$125,000	5-YR TOTAL \$520,000
	YEAR 6 \$137,000	YEAR 7 \$151,000	YEAR 8 \$166,000	YEAR 9 \$182,000	YEAR 10 \$200,000	10-YR TOTAL \$1,356,000
District Administration	YEAR 1 \$260,000	YEAR 2 \$286,000	YEAR 3 \$315,000	YEAR 4 \$346,000	YEAR 5 \$381,000	5-YR TOTAL \$1,588,000
	YEAR 6 \$419,000	YEAR 7 \$461,000	YEAR 8 \$507,000	YEAR 9 \$557,000	YEAR 10 \$613,000	10-YR TOTAL \$4,145,000
Estimated Yearly Total for all programs	YEAR 1 980,000	YEAR 2 \$1,079,000	YEAR 3 \$1,187,000	YEAR 4 \$1,304,000	YEAR 5 \$1,436,000	5-YR TOTAL \$5,986,000
	YEAR 6 \$1,579,000	YEAR 7 \$1,737,000	YEAR 8 \$1,910,000	YEAR 9 \$2,146,000	YEAR 10 \$2,311,000	10-YR TOTAL \$15,669,000

Assessments will be paid in annual installments. Assessments will become due and payable in accordance with the Texas Tax Code. Delinquent payments will be subject to additional charges in accordance with the Texas Tax Code. Each year, a budget and assessment rate will be approved by the Board of Directors. The assessment for the first year of this plan (2009, or 2008 if the District terminates the Original Plan), will be 11.5¢ per \$100 valuation of property subject to assessment applied to the certified taxable values provided by the Harris County Appraisal District ("HCAD"). Estimated revenues based on the HCAD tax rolls of HCAD for the year 2008 of property within the District follow:

Estimated 2008 value of land and improvements within the District
\$1,049,551,000

Estimated annual revenue at the rate of 11.5¢ per \$100 of valuation
\$983,000

If this revenue projection is not met, the District will adjust the annual budget to reflect this. Similarly, if revenues exceed projections, the Board may allocate those additional revenues to the various program categories.

The following types of property will be exempt from assessment unless the owner consents:

- (1) Property of municipalities, counties, other political subdivisions;
- (2) Property, equipment or facilities of a utility;
- (3) Single family detached residential property, duplexes, triplexes, quadraplexes, or condominiums;
- (4) Property owned by organizations of purely public charity and organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code;
- (5) Property owned by a church or by a strictly religious society which yields no revenue whatever to such church or religious society and which is used as an actual place of religious worship or as a dwelling place for the ministry of such church or religious society;
- (6) Property owned by an association engaged in promoting the religious, educational, and physical development of children or young men or young women operating under a state or national organization of like character and used exclusively and necessarily for any such purpose; and
- (7) All other property exempt from assessment by the Special Act creating the District or other applicable law.

In subsequent years, the District will assess property on the basis of the then current year's certified taxable HCAD value. Under this Service Plan, the Board may vary the rate of assessment each year, provided that in no year may the rate be increased over the first year's rate of 11.5¢ per \$100 of valuation. Beginning the second year that a property is assessed, and each year thereafter, the total dollar assessment will be capped at 110% of the total assessment on such property for the previous year. The cap will be recalculated annually and will take effect the second year of the Service Plan.

Our plan will be to provide services and improvements on a pay-as-you-go basis with assessments made to fund projects in the following year. If the Board determines that projects are needed which cannot be financed on this basis, a public hearing will be called to determine whether the property owners subject to assessment support the sale of bonds.

The District proposes to have the Board of Directors evaluate annually the need for and advisability of the services authorized under this Service Plan to determine the specific projects within the Service Plan that will be undertaken the following year. The Board will then approve a budget for the following year consistent with the yearly plan and set the assessment rate for such year, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce.

As this plan is continues through 2018, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, this Service Plan allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

Any land and improvements annexed into the District will be added to the District's assessment roll at the value shown on the rolls of HCAD during the year in which the land and improvements are annexed and added to the rolls of the District. For years 2-5 of this Service Plan, any new improvements or substantially rehabilitated improvements (collectively, "Improvements") under construction on the January 1 preceding the first year of this Plan, or constructed in the District after the January 1 preceding the first year of this Plan, will be added to the District's assessment roll at the value shown on the tax rolls of HCAD for each year. A rehabilitation is substantial if the costs of such rehabilitation equal or exceed 25% of the value of the original improvements. Assessments on Improvements under construction will be based on the value of the portion of the Improvement that is complete, and such value shall not be subject to the 110% cap on assessments in subsequent years. Assessments on Improvements that have been completed will be based on the value of the completed Improvement as shown on the tax rolls of HCAD. Each year after such completed Improvement is added to the assessment roll, the total dollar assessment will be capped at 110% of the total assessment on such property for the previous year. After conducting a public hearing, the Board will prepare a supplemental assessment roll for such properties and levy assessments against such properties for the specific benefits to be received by the services and improvements to be provided by the District. Such Improvements in the District and annexations, if any, will generate additional revenue.

CONCLUSION

The successful delivery of the proposed services is anticipated to add value to all properties within the District. Property owners will be able to leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for the District. An improved District benefits property owners and tenants directly and also the Houston metropolitan region at large.

To implement this Service Plan, petitions must be signed by fifty (50) property owners within the District's boundaries. A public hearing will be held, after which the District's Board of Directors will approve the plan and authorize the levy of an assessment.

If you have any questions or wish to set up a personal visit with a Board member, please call Jason McLemore at 713-942-0500.

Exhibit "A": Western District

Exhibit "B": Boundary Map and Legal Description