

NOTICE OF PUBLIC HEARING OF THE GREATER SOUTHEAST MANAGEMENT DISTRICT TO CONSIDER: 1) THE ADVISABILITY OF IMPROVEMENT PROJECTS AND SERVICES; AND 2) APPROVING THE ASSESSMENT PLAN, ASSESSMENT ROLL, AND THE LEVY OF ASSESSMENTS ON PROPERTY WITHIN THE DISTRICT

DATE: Tuesday, November 6, 2018
TIME: 11:00 a.m.
PLACE: 5445 Almeda Road, Suite 502, Houston, Texas 77004

GENERAL NATURE OF THE PROPOSED IMPROVEMENTS AND SERVICES:

The Greater Southeast Management District (the “District”) was created to provide services and improvements in the Greater Southeast area of the City of Houston, Texas, as authorized by House Bill 3692, 77th Legislature, Regular Session, 2001, and is governed by Chapter 375, Texas Local Government Code, and 3815 Texas Special Districts Local Laws Code. The District proposes that assessments for services and improvements be levied over a ten-year period for the Service and Improvement Plan and Assessment Plan (the “Plan”) as allowed in the Plan. The first assessment would be levied in 2018 for services to commence in 2019. Funds received from this assessment will be used to provide services and improvements for the following:

1. **Enhanced Public Safety** - To deter and/or reduce crime within the District, respecting the civil and human rights of all persons in the District; and promote coordinated approach to emergency preparedness for commercial property owners and businesses within the District, while making the best use of public and private resources, thereby encouraging business and commercial activity within the District..
2. **Environmental, Urban Design & Visual Improvement** – To enhance the District's image and amenities, support the creation of places with distinct beauty and identity, and assure that the public realm is functional, attractive, and sustainable.
3. **Transportation and Local Mobility** – To improve the local mobility infrastructure thereby increasing ease of mobility and resulting in increased retail and residential activity.
4. **Business and Economic Development** – To provide the tools necessary to stabilize, revitalize and expand the businesses within the District.
5. **Marketing, Public Relations and Perception Enhancement** – To market the District and increase awareness of businesses and amenities within District.
6. **District Administration** – To operate and manage the District’s Plan in an effective and cost-efficient manner.

ESTIMATED COST OF THE PROPOSED SERVICES AND IMPROVEMENTS:

The cost of the services to be provided is estimated to average \$2,387,063 annually and be \$23,870,625 over the ten-year period of the Plan.

PROPOSED METHOD OF ASSESSMENT:

Under the Plan, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for the projects within the major areas of service outlined. The assessment for each year of the Plan may not exceed \$0.115 for each \$100 of value based on the taxable property value as certified by the Harris County Appraisal District ("HCAD") with respect to that calendar year. Services and improvements are intended to be provided on a pay-as-you-go basis with assessments made to fund projects. If the Board of Directors (the "Board") determines that projects are needed which cannot be financed on this basis, the Board may authorize bonds or other debt financing after calling a public hearing regarding the financing options.

MORE DETAILED INFORMATION ON THE SERVICE AND IMPROVEMENT PLAN:

Property Subject to Assessment. The property subject to assessment will be the land and improvements of the commercial properties within the boundaries of the District. 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 or 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.

Yearly Budgets and Assessment Rates. The Board will evaluate annually the need for and advisability of the services authorized under the Plan to determine the specific projects within the Plan that will be undertaken the following year. The Board will then set and approve a budget for the following year consistent with the annual 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 the Plan is ten years in length, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, the Plan allows the Board the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

The District proposes to set the rate of assessment at an amount not to exceed \$0.115 per \$100 valuation for each year of the Plan based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will be made after the District's tax rolls are certified by HCAD each year to generate funds for implementation of the Plan in the following year. The assessment roll will be revised and amended as necessary to accommodate certified valuation changes or additions made by HCAD from time to time. This would mean that a property subject to assessment valued by HCAD at \$1 million in any given year would pay an assessment of \$1,150 to fund projects in the following year if the rate of assessment were \$0.115 per \$100 valuation.

Assessment Rate Increases. Pursuant to the 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 \$0.115 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 Plan.

Basis for Assessment. In each year of the Plan, the assessment will be based on the HCAD certified taxable value for each property in such year as established by HCAD.

Annexations and New Construction. 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 the Plan, any new improvements or substantially rehabilitated improvements (collectively, "Improvements") under construction on the January 1 preceding the first year of the Plan or constructed in the District after the January 1 preceding the first year of the Plan, will be added to the District's assessment roll at the value shown on the tax rolls of HCAD for each year. 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.

Assessments would become due and payable and become delinquent and incur penalties and interest in accordance with the provisions relating to ad valorem taxation contained in the Texas Tax Code. Assessments will also be subject to the recapture provisions, which apply to change in use of agricultural land in accordance with the Texas Tax Code.

The delivery of the services and improvements is anticipated to add value to all properties within the District. The District property owners will be able to collectively 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 directly and also the Houston metropolitan region at large. A boundary map of the District is attached to the Plan.

You are receiving this notice because the District believes that you own property that is subject to assessment by the District.

All residents and property owners within the District and all other interested persons are hereby invited to appear in person, or by their attorney, and contend for or contest the assessment plans of the District, the proposed improvement projects and services, the proposed assessment roll of the District, and each proposed assessment, and offer testimony pertinent to any issue presented on the amount of the assessments, purpose of the assessments, special benefits of the assessments, and the penalties and interest on delinquent assessments. Oral or written objections to the District's proposed improvement projects and services, assessment plans, assessment rolls and the levy of assessments as to any parcel in the District will be considered at the hearing.

For further information, please call Theola Petteway, Interim Executive Director, for the District, at (713) 942-0500.