

Near Northwest Management District Service, Improvement and Assessment Plan

(As of January 10, 2008)

This document is a Fifteen-Year Service, Improvement and Assessment Plan (this “Service Plan”) (anticipated to run from 2010 to 2025) that sets forth the vision of the Near Northwest Management District (the “District”), goals to be achieved, services to be rendered and improvements to be made for the benefit of the commercial property owners within the boundaries of the District. This Service Plan also outlines estimated costs and a proposal for funding of the proposed programs. This Service Plan will succeed the original Five-Year Service, Improvement and Assessment Plan approved by the Board of Directors of the District on June 9, 2005.

Introduction and Background

The District is a municipal management district created by the 77th Texas Legislature pursuant to H.B. 1990 (now codified as Chapter 3811, Texas Special District Local Laws Code, the “Act”) to address concerns about public safety and economic decline by promoting and coordinating the economic growth, cultural activities and public welfare of the property within its boundaries. The City of Houston, Texas (the “City”), consented to the creation of the District after the Act was passed. The District was modeled after other existing management districts in the City that have been successful in addressing the service needs of the commercial property owners within their boundaries, such as the Greenspoint District, the Westchase District and the Greater East End Management District.

The District boundaries include territory contained in the area bounded by T.C. Jester Boulevard on the east, Pinemont Drive on the south, Hollister Drive projected to State Road 249 on the west, and State Road 249 on the north as those roads exist on the effective date of the Act. The District, as a governmental entity, is a body politic and corporate, and is a political subdivision of the State of Texas, run by a 10-member board of directors that represents commercial property owners, tenants and residents in the near northwest area of Houston (the “Near Northwest Area”). District board meetings are open to the general public.

In 2005, the Board of Directors of the District (the “Board”) approved a five-year Service, Improvement and Assessment Plan (the “Existing Service Plan”) that has served as a guide in developing and administering services and programs for commercial property owners by District staff under the direction of the Board. Programs have been developed and implemented in the following areas:

- Security and Public Safety;
- Planning and Urban Design;
- Marketing and Perception Enhancement; and

- Administration.

The District now has a firm foundation of five (5) years of real accomplishments. Today, the Near Northwest Area is safer and cleaner than in 2001 when the District first began operations. The District is making real progress in changing the public perception of the Near Northwest Area as rundown, unsafe and unappealing for businesses or as a destination. The District looks forward to building on its accomplishments to further serve its constituency and position the District as the next great place to work, live and do business and increases economic opportunity for area businesses and commercial property owners.

The District's challenge is to stay the course by continuing to identify and serve constituent needs and by promoting economic development and public interest in the Near Northwest Area. Such challenges and needs include the following:

- Continue to make public safety a priority. Encourage the growing partnerships among the law enforcement entities that serve the Near Northwest Area.
- Identify and rectify the problems of aging and obsolete infrastructure – streets, drainage and traffic signalization.
- Address long-term land use alternatives and offer solutions that benefit landowners and the District as a whole.
- Provide up-to-date information that promotes the Near Northwest Area in a positive way with a well-rounded marketing and media program.

The Near Northwest Management District Fifteen-Year Service, Improvement and Assessment Plan

This Service Plan builds on the momentum of current revitalization as it follows a plan to make the Near Northwest Area a diverse, accessible and viable part of the greater Houston area. It was developed by the Board, who represent a variety of property owners and businesses in the District. The District will continue to provide services as initiated and implemented during the Existing Service Plan, will work diligently to expand and develop additional services and will undertake certain projects with widespread benefits that are beyond the ability of individual commercial property owners to provide.

The following outlines the nature of the services to be provided by the District and will be implemented by the District, working in conjunction with commercial property owners, service providers and the public sector. All programs will be approved and monitored on an on-going basis by the Board.



Goal I

Security and Public Safety

Security was foremost on the minds of those who created the District. With the challenges set up by economic development, overbuilding and challenged police protection, the Near Northwest has experienced increased concern about public safety. Plans to bring new investment to every aspect of the District include creating a safe environment in both perception and reality. Sophisticated law enforcement programs and a focus on redevelopment/investment opportunities will enable the Near Northwest area to become one of the safest neighborhoods in the City and Harris County.

The District has made, and hopes to continue to make, great strides in security and public safety. For example, the District has (i) contracted with Harris County for seven (7) Constable deputies to spend the majority of their time within the District, (ii) purchased and installed radios in the patrol cars of the District's contract deputies so that communications with other law enforcement agencies, including the Houston Police Department, are more efficient, (iii) established a multi-agency task force with federal and local law enforcement agencies in an effort to spear head and coordinate the identification and reduction of criminal elements and activity in the District.



Results in this area are dependent on community involvement, improved technology and communications, and cooperation between business employers and law enforcement. The results promise to be a safer Near Northwest area, which will allow the neighborhood and community to grow economically and competitively and be a vibrant place for workers and residents alike.

Goal:

- Continue to deter and/or reduce crime within the District while making the best use of public and private resources, thereby encouraging commercial activity within the District and creating a market advantage for those properties within the District..

Objectives:

- Maintain a proactive role in supporting and bringing together the many public law enforcement agencies within the District
- Continue to coordinate the security efforts of the public and private sectors

- Continue to provide a comprehensive public safety program that includes multifaceted enforcement tactics, and site-specific "zero tolerance" programs
- Continue to minimize the number of crimes committed and the commission of serious crimes, such as those committed directly against the person
- Continue to increase the visibility of crime deterrence measures in the District
- Continue to enhance the District's positive public image as safe area in which to shop, dine, relax and transact business
- Continue to provide a public relations program for information dissemination and improved public awareness emphasizing public safety
- Ensure enforcement of building codes and nuisance abatement statutes when private property owners do not maintain their property and buildings to code

Programs:

- Continue the District's Security Patrol Program, consistently monitor the patrol route schedule and the officer strength necessary to meet the District's needs so that the District's contract deputies are deployed to address "hot spots" of criminal activity identified through the District's crime analysis database
- Continue to provide law enforcement and security personnel, facilities and equipment to ensure pro-active enforcement of the law, including the apprehension and prosecution of offenders
- Continue to provide crime prevention, anti-gang and drug awareness programs and safety seminars for the benefit of the employees, residents, public schools, out-of-school youth and the owners or lessors of property within the District
- Continue to monitor criminal activity within the District and providing periodic security briefings for facility managers, interested citizens, and local security personnel
- Continue to monitor the development of crime deterrence technology and programs in other areas and update the District's programs as needed to provide security services that are effective and cost-efficient
- Continue to maintain the successful website communication program for reporting criminal activity within the District

- Establish and maintain a Super Block program that addresses and maximizes the combined efforts of small, contiguous areas that may include businesses, multi-family and homeowner association properties to jointly improve the safety, appearance, reputation and value of the shared neighborhood
- Establish a crime deterrent task force targeting retail centers and office buildings along the 290 corridor.

Goal 2

Planning and Urban Design

How the District looks and works affects the perceived value to the business and residential communities and to potential investors. The District's Planning and Urban Design focus is concerned with visual image and improvements, infrastructure and transportation, and green spaces such as parks, trails and open space. The aim is to upgrade streetscapes, park facilities and mobility in the District.

Attention to the District's appearance is impacted by a variety of landscape and maintenance initiatives. The District has implemented a graffiti abatement program that has improved the appearance of businesses and public spaces within the District. The District also has begun monitoring the efforts of businesses on Antoine Boulevard to maintain esplanades. The District plans to expand such efforts to include the enhancement of landscaping on freeway frontages within its boundaries. The District will continue to develop a District identity program, which includes perimeter markers, banners and flags. The District also will continue work with property owners, civic groups, and both private and public entities to coordinate maintenance of setbacks, rights-of-way and planting.



To keep the District moving efficiently, the basic infrastructure systems such as roadways, traffic control, public transportation and utilities must be coordinated. The District will work with city, county, regional and state entities to ensure that the Near Northwest Area receives the required investment in the construction and maintenance of that infrastructure. The District will weave natural resources into the fabric of the community through its innovative work in the establishment of parks, which will link trails and greenways, making it attractive to both employees, residents of the District and potential investors.

Goal:

- Enhance the District's image, infrastructure and amenities.

Objectives:

- Develop an overall master plan for infrastructure improvements
- Work closely with all governmental entities to maximize the renewal of area infrastructure and the addition of amenities, such as streets, lighting, parks, hike and bike trails, green space, tree planting, landscaping, signage and streetscaping
- Continue to develop relationships with property owners, non-profit organizations and public entities and coordinate their efforts to maintain and improve public and private property
- Work with existing public, private and non-profit entities to insure that the District is included in long and short term planning efforts, including capital improvement plans, street and sidewalk standards, bikeways and amenities for pedestrians and cyclists
- Continue to create a District identity, visual continuity and inviting streetscapes through improvements in landscaping, hardscape, street furnishings and visual elements for the commercial and business community
- Implement programs to improve the quality of life in the District
- Install, or coordinate with other entities to install, new or improved infrastructure
- Maximize the level of services provided to the District by governmental entities
- Improve public transportation and traffic control within the District

Programs:

- Continue the existing graffiti abatement program and the removal of unsightly objects and clean-up of designated areas
- Develop and implement an overall master plan for parks, green space, planting, landscaping, signage, streetscaping and maintenance of the District and integrate such plans into existing regional, county and city planning
- Continue to plan and implement a District identity program that includes boundary markers, street level signage, banners and flags for commercial and industrial areas and entryways to the District
- Coordinate and assist efforts to maintain and improve public and private property through cooperative agreements, cleanup programs, property owner associations and other community programs and projects
- Establish a task force to study and evaluate traffic flow throughout the District, including serving as liaison between TxDOT and members of the business community in connection with the expansion of Highway 290
- Develop a public arts program to enhance the District

- Make periodic visits and reports to elected and appointed officials of the City, Harris County and other agencies

Goal 3

Marketing and Perception Enhancement

The District will recruit and retain desired office, retail and residential tenants and investors. Commercial tenants with cutting edge technologies will be sought to help diversify the District office base. Issues crucial to retaining and recruiting major employers in the area will be addressed, as will efforts to expand retail and support services for employers and residents to make the near northwest area a desirable residential location.

Initiatives to capture the attention of the public and the media will continue to be developed to attract more people and investment to the District. A positive image of the District as an outstanding place to work, shop, build, invest and live will be created by maintaining the positive relationship with the media that has been established. The District will encourage events in the area that create a friendly, fun atmosphere and that attract people, such as the National Night Out event that recently was hosted by the District. The District will coordinate corporate volunteer program activity for the arts and charitable causes to develop a sense of community in the Near Northwest Area.



Efforts to spread the word that the Near Northwest Area is an outstanding place to live, work, shop, visit, build or invest will continue. There is vibrant and prosperous commercial development in the area and others than those who live or work in the area need to know it. The long-term vision for this multi-phased campaign, which will span several years, is that it will generate increased growth and economic development within the District and foster greater public awareness of the Near Northwest Area as a thriving community.

The District's staff will be available to businesses, brokers, relocation companies and meeting planners to promote the Near Northwest Area with speakers, demographic information, and slide presentations to those considering the District as their location for future business. The District will advertise the revitalization locally and nationally.

Goal:

- Capture the attention of the public and the media to attract more people and investment to the District.

Objectives:

- Communicate effectively with District constituents the nature of District services available and the accomplishments of the District
- Develop and implement collaborative arrangements and projects that promote economic development with other organizations
- Serve as the primary source of accurate information on Near Northwest businesses, employment opportunities, real estate and area demographics to support and further area economic development
- Continue to create a positive image of the District through a comprehensive multi-year, multi-media public relations program that brands the Near Northwest as the next great place to work, shop, build, invest and live
- Continue to create a positive relationship with the media to communicate the advantages of the District to the public
- Continue to encourage events in the District area that create a friendly, fun atmosphere and that attract people
- Continue to co-sponsor promotional events with retail owners, restaurants and hotels
- Coordinate corporate volunteer program activity for the arts and charitable causes
- Continue to develop a sense of community in the District area

Programs:

- Continue to develop a positive image campaign to communicate the advantages of the District
- Continue to establish a media relations program for spokespersons for the District to convey the District's story
- Continue to work with other entities to develop profiles of the District to distribute to potential new businesses
- Continue to make periodic visits and reports to elected and appointed officials of the City, County and other agencies
- Develop a community relations program, utilizing blast emails, newsletters, a speaker's bureau, public information centers, suggestion boxes and a volunteer organization

- Maintain and expand a promotions program, consisting of special events, neighborhood networking, concerts and fairs, and fundraising events to benefit area charitable causes
- Assist in the establishment of a Chamber of Commerce for the Near Northwest
- Establish a community outreach center for youth within the District, utilizing the volunteer efforts of senior citizens in the District
- Develop and update District marketing materials (both print and website) to meet the needs of current and prospective property owners and tenants, employers, brokers, developers, meeting planners and the general public
- Maintain and update the District website to provide the latest and most comprehensive news and information about the District, with emphasis on the economic opportunities within the area
- Create and distribute guides to businesses and services within the District

Goal 4

Administration

The District will continue to provide effective, efficient support services to all programs, including security, community planning, urban design, public relations and business development, at the least possible cost to the commercial property owners of the District. Members of the District's staff will continue to respond to the day-to-day needs of the District by initiating plans for long-term stability and growth. The District will continue to utilize human and financial resources in an efficient manner to accomplish the programs outlined in this Service Plan and maximize the services and improvements provided by the city, county, and state to property owners within the District. The District will continue to provide oversight and management that is responsive to the needs of the District's constituents and will continue to seek volunteer participation in the programs of the District from all sectors within its boundaries.

Objectives:

- Respond to the day-to-day needs of the District while initiating plans for long-term stability and growth
- Utilize human and financial resources in an efficient manner to accomplish this Service Plan
- Maximize the services and improvements provided by the City, Harris County and the State to areas commercial property owners



- Provide oversight and management that is responsive to the needs of area commercial property owners
- Open and maintain dialogues with other management district to establish productive partnerships and collaborations in order to provide a higher level of service to the District constituents
- Actively seek participation from all sectors of the property owners who make up the District
- Continue to administer the projects of the District in a way that will serve as an example for other areas and management districts to follow

Programs:

- Develop staff members to their full potential through technical training and challenging assignments
- Continue to provide annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of monetary resources
- Continue to accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system
- Continue to insure compliance with the Texas Public Information Act and the Texas Open Meetings Act
- Secure bids through the Request for Proposal (RFP) process for major purchases, ensuring that competitive bidding is utilized in all appropriate situations
- Continue to maintain adequate insurance protection for the District, its directors and staff
- Continue to maintain an efficient level of office technology to ensure the fullest utilization of all available resources and monitor and evaluate administrative systems and procedures for maximize the property owners contributions to the District
- Engage stakeholders in decisions regarding the redevelopment, marketing and operations of the District
- Develop, maintain and update the District's assessment roll and property owner database
- Develop proactive responses to potential legal issues
- Monitor and evaluate administrative systems and procedures to maximize the property owner contributions to the District

- Manage District personnel, consultants and finances to implement District programs in an effective and cost-efficient manner
- Develop additional funding mechanisms

Proposed Assessment Plan, Revenue and Expenditures

Assessments for this Service Plan will be based on the certified appraisal rolls of the Harris County Appraisal District for non-exempt real property within the boundaries of the District. The first year's assessment under this Service Plan is proposed to be 12.0 cents per \$100 of assessed valuation. In no year during this Service Plan will the assessment rate exceed 25.0 cents per \$100 of assessed valuation.

Estimated Costs of the Services to be Provided under this Service Plan

The following chart shows the annual estimated costs for this Service Plan.

SERVICE	ANNUAL ESTIMATE	15-YEAR TOTAL
Security & Public Safety (40%)	\$635,126	\$9,526,890
Planning & Urban Design (25%)	\$396,954	\$5,954,306
Marketing & Perception Enhancement	\$396,954	\$5,954,306
Administration (10%)	\$158,781	\$2,381,723
Estimated Annual Total	\$1,587,815	\$23,817,225

The District will provide funding to the 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 Service Plan provides that the Board has the flexibility to adjust the application of resources to meet the changing needs of the area. If revenues exceed projections, the Board may allocate those additional revenues to the various program categories.

Basis of Assessment

In each year of this Service Plan, the assessment will be based on the Harris County Appraisal District ("HCAD") latest certified value for each property. This means that an individual property owner's assessment may vary each year. The total assessment will be billed in annual installments. Initially, property will be assessed at its value on HCAD's appraisal rolls for the most recent year that certified values are available after a public hearing is held to approve this Service Plan and determine the benefits to be received by the property assessed. The assessment for the first year of this Service Plan will be \$0.12 for each \$100 of assessed value for the property subject to assessment. In subsequent years, the District will assess property based on the next year's certified HCAD value. Under this Service Plan, the Board may vary the rate of assessment each year, provided that the rate cannot exceed \$0.25 per \$100 of assessed value in any year of this Service Plan, and the rate may not be increased more than 10% above the previous year's rate without a hearing. The District's approach will be to provide services and improvements on a pay-as-you-go basis with assessments made to fund projects in the current and following year. If the Board determines that projects are needed which cannot be financed on this basis, an election will be called to determine whether bonds or other debt financing should be undertaken. Delinquent payments will be subject to the same additional charges as taxes in accordance with the Texas Tax Code.

Property Subject to Assessment.

The property subject to assessment will be land and improvements (real property only) of commercial property owners within the District. No personal property will be assessed. The District will exempt from assessment all property exempt by law as the law may change from time to time. At the time of the preparation of this Service Plan, the following types of property are exempt from assessment by the District unless the owner consents:

1. Single-family detached residential property; residential lots; residential duplexes, triplexes, and quadraplexes;
2. A residence homestead as defined by Section 11.13, Texas Tax Code;
3. Property owned by municipalities, counties, other political subdivisions, and organizations exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, and exempted from property taxation by state law and the exemption is granted by HCAD, unless agreed to by contract.;

4. Recreational, park, or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code;
5. Property, equipment, or facilities owned by a utility, which is defined as a person that provides to the public cable television, gas, light, power, telephone, sewage, or water service;
6. Property owned by homeowner associations; and
7. A rental townhome or condominium (not an apartment complex) owned by a person (not a corporation, trust or debtor-in-possession) who has an over age 65 exemption on file with HCAD, provided that if such person owns more than one rental townhome or condominium, the highest valued rental, as determined by HCAD, will be exempted.

The properties that are exempt from assessment by the District will not be provided services by the District, unless the owner/lessee of such property enters into a contractual agreement with the District to pay the District an amount equal to the assessment, had the property not been exempt.

Yearly Budgets and Assessment Rates

The District proposes to have the Board 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 set and 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 Service Plan is fifteen (15) 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, this Service Plan allows the Board the flexibility to apply the assessment revenue to the categories of services in varying percentages as the Board deems appropriate.

Cap on Yearly Assessment Rate Increases

After the first year of this Service Plan, the assessment rate set by the District cannot be increased by more than 10% over the previous year's assessment rate unless the Board holds a public hearing before setting an assessment rate that exceeds 10% of the previous year's rate.

New Construction and Property Annexed into the District

Value increases due to development, rehabilitation or new construction and any property annexed into the District, if any, will be added to the assessment roll at the value set by HCAD for the year such value is added. The Board will prepare a supplemental assessment roll which includes such property, hold a public hearing and levy assessments against such property for the specific benefits to be received though the services and improvements to be provided by the District.

Delinquent Payments and Recapture

Assessments will become due and payable and become delinquent and incur penalties and interest in accordance with the Texas Tax Code. Property which has a special use designation for tax purposes on the HCAD rolls, such as (a) agricultural use, (b) timber land use, or (c) recreational, park or service use, will be assessed by the Board at its designated special use value for so long as it enjoys that special use designation. If property that has a special use designation is converted to another use and loses its special use designation on the HCAD tax roll, the Board will assess such property in accordance with the provisions of the Texas Tax Code concerning recapture upon the conversion of such property to another use.

CONCLUSION

The successful delivery by the District of the proposed services and improvements described in this Service Plan 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.

To implement this Service Plan, the petition requesting this Service Plan must be signed by at least fifty (50) owners of property within the District boundaries. A public hearing will then be held to allow owners of property subject to assessment to protest against or testify in favor of this Service Plan and the assessment of their property. After the hearing, the Board will reject, modify, or approve this Service Plan. If the petitions and this Service Plan are approved, the Board will then set the rate of assessment and levy the assessment to fund the District's projects.