

EXHIBIT A
Downtown Midland Management District
Service and Improvement Plan and Assessment Plan: 2010-2019

DOWNTOWN MIDLAND MANAGEMENT DISTRICT

**SERVICE & IMPROVEMENT PLAN
AND
ASSESSMENT PLAN: 2010-2019**

August 25, 2009

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Attachments: Legal Description and Boundary Map of the District

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1. Introduction

This document is a Ten-Year Service and Improvement Plan and Assessment Plan (this “Service Plan”), which will be effective for fiscal years 2010-2019. It sets forth the Downtown Midland Management District’s (the “District”) mission statement, vision statement, goals and objectives, services to be rendered and improvements to be made for the benefit of the property owners within the boundaries of the District. This Service Plan further describes estimated costs and proposal for funding the Service Plan. This Service Plan succeeds the original Five-Year Service and Improvement Plan and Assessment Plan (2005-2009) previously approved by the Board of Directors (the “Original Plan”).

2. Background

The Downtown Midland Management District (the “District”) was created in 2003 by the 78th Texas Legislature under Section 59, Article XVI, of the Texas Constitution. The District was created in order to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in Downtown Midland. The purpose of the District is to:

- ◆ Promote the health, safety, and general welfare of residents, employers, employees, visitors, and consumers in the District, and the public.
- ◆ Provide needed funding to preserve, maintain, and enhance the economic health and vitality of the District as a community and business center.
- ◆ Further promote the health, safety, welfare, and enjoyment of the public by providing pedestrian ways¹ and by landscaping and developing certain areas in the District which are necessary for the restoration, preservation, and enhancement of scenic beauty.

The District began providing services under the Original Plan in 2005. At that time the Board adopted the following Mission Statement to develop, guide, implement and refine specific projects.

“To maximize the value and increase the usage of Downtown Midland properties and enhance the long term viability of our Downtown.”

A map of the District, along with the legal description, is attached at the end of this Service Plan.

¹ Pedestrian ways along or across a street, whether at grade or above or below the surface, and street lighting, street landscaping, and street art objects are parts of and necessary components of a street and are considered to be a street or road improvement.

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The District will continue to levy an assessment on the property owners² within the District to provide services and improvements in the following program areas:

1. Development and Value Enhancement
2. Urban Design and Beautification
3. Marketing and Image
4. Administration

The following Service Plan outlines the nature of the services to be provided by the District and will be implemented by the District working in conjunction with the commercial property owners, service providers, and the public sector to develop and carry out programs and projects that will help to achieve the goals of the District. All programs and projects will be approved and monitored on an ongoing basis by the Board of Directors of the District.

² The Board of Directors may not impose assessment on a parcel of real property that at the time of the assessment is appraised at less than \$200,000, according to the 2009 certified tax appraisal roll for Midland County, without the written consent of the owner of the parcel.

3. Service & Improvement Plan

The District will undertake certain projects with widespread benefits that are beyond the ability of individual property owners to provide. This Service Plan was developed by the Board of Directors of the District who represents a variety of the property owners and businesses in the District. The following are the major components of the Service Plan:

- a) Mission Statement
- b) Vision Statement
- c) Development and Value Enhancement
- d) Urban Design and Beautification
- e) Marketing and Image
- f) Administration

The following sections provide a detailed description of the mission, vision, goals, objectives, programs and estimated costs for each of the four service areas.

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THE 2010 – 2019 PLAN: A DECADE OF OPPORTUNITY

a) Mission Statement

To maximize the value and increase the usage of Downtown Midland properties and enhance the long term viability of our Downtown.

b) Vision Statement

Downtown Midland will be a great place to invest, work, live and play providing a distinctive sense of place and image through:

- ◆ Marketable and attractive office buildings with space that meets demand;
- ◆ An appropriate mix of housing, retail, and commercial businesses that contributes to a downtown night life;
- ◆ An adequate supply of convenient, strategically located parking facilities;
- ◆ A pedestrian friendly urban environment with attractive public spaces; and
- ◆ A business-friendly climate.

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c) Development and Value Enhancement

Goal:

Convert Downtown Midland into an aesthetically and economically attractive place for businesses to locate and thrive, now and for many years to come.

Objectives:

1. To support the demolition, acquisition, conversion and transition of use in non-viable building.
2. To increase the overall assessed property value of Downtown Midland
3. To improve the public realm adjoining private property.
4. To support the increase and strategic location of parking facilities.
5. To leverage the use of District funds to the greatest extent.

Priority Projects/Programs:

1. Coordinate with the City of Midland and other potential partners to create a plan, including funding strategies, to support the acquisition, demolition, development and conversion of properties in the District to attract new commercial investment with particular emphasis on housing, retail and restaurant establishments.
2. Identify, coordinate and support opportunities for public-private partnerships to achieve development and value enhancement objectives.
3. Support implementation of the Midland SMART Downtown Plan’s (the “Plan”) recommendations including, but not limited to, the following actions related to development and value enhancement:
 - a) Acquire, assemble and position strategic parcels which will advance the vision;
 - b) Establish policies in support of tools which allow for acquisition and disposition including land write-downs, land swaps, transfer of development rights, etc.;
 - c) Be strategic about public investment, utilizing it to leverage private investment;
 - d) Coordinate with private property owners to attract businesses and uses which advance the vision and tie incentives to consistency with the Plan;

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- e) Commit to capital plans which provide necessary infrastructure in strategic locations;
- f) Support signature catalyst projects;
- g) Establish a precedent for using economic impact analyses to quantify value and justify use of public dollars to attract investment;
- h) Coordinate efforts among the City, Midland Development Corporation, the Chamber of Commerce and other advocates; and
- i) Establish an overlay zone to transition Downtown from its current status and allow for market responsive development.

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d) Urban Design and Beautification

Goal:

Transform Downtown Midland into a destination that is an attractive, pleasing, safe, and comfortable pedestrian-friendly environment.

Objectives:

1. To create distinctive urban design features in Downtown Midland that includes pedestrian-oriented landscaping, open space and a variety of amenities including maintenance of improvements that directly benefit Downtown property owners.
2. To enhance the mobility, connectivity and walkability of Downtown Midland.
3. To support establishment of urban design standards that reflect a pedestrian-oriented environment and scale.

Priority Projects/Programs:

1. Support implementation of the Midland SMART Downtown Plan’s recommendations including, but not limited to, the following actions related to the preparation of urban design standards:
 - a) Establish a task force of local design, development and business owner professionals to work with a consultant to prepare design standards for Downtown;
 - b) Identify and set aside open space and/or places for public amenities, particularly in the vicinity of the catalyst investment areas;
 - c) Promote and reward these features;
 - d) Prepare a list of tools or incentives to offset impacts of higher standards and promote their availability;
 - e) Work with property owners and other stakeholders to define a program for public spaces; and
 - f) Promote open space and park amenities as economic development benefits and financially incent their development.

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2. Identify, coordinate and support opportunities for public-private partnerships that support the District's urban design goal and objectives
3. Support maintenance of Downtown improvements that directly benefit Downtown property owners.

e) Marketing and Image

Goal:

To promote Downtown Midland to existing District property owners and tenants, to residents and businesses in other parts of Midland, and to other communities across Texas to help bring new businesses, residents and tourism to Downtown Midland.

Objectives:

1. To establish a marketing plan and strategy with a common vision and brand for the District that capitalizes on the District’s assets.
2. To enhance the perception that Downtown Midland is safe and vibrant.
3. To attract after hours entertainment uses, i.e., restaurants, theaters, programs, and concerts.
4. To market Downtown Midland to people in Midland and to people in other communities in Texas and nearby States.

Priority Projects/Programs:

1. Develop a marketing plan that will include an implementation and public relations strategy designed to attract new business opportunities and commercial investment, improve Downtown Midland’s image (internal and external), and attract users of Downtown amenities.
2. Support, plan, and/or organize events, such as the 4th of July and Blues Festival, in Downtown Midland that create a friendly, exciting urban atmosphere filled with a sense of community pride that attracts people from outside the District to come and visit.
3. Coordinate marketing strategy and evaluation of the target market with the Convention and Visitor’s Bureau, Chamber of Commerce and Midland Development Corporation.
4. Utilize the marketing plan as a mechanism to communicate with District property owners.
5. Identify, coordinate and support opportunities for public-private partnerships that achieve the District’s marketing goal and objectives.

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6. Support implementation of the Midland SMART Downtown Plan’s recommendations including, but not limited to, the following actions related to the active marketing and promotion of Downtown Midland.
 - a) Define role of the City and other organizations such as partners in advancement of the vision;
 - b) Create well funded information system to process inquiries, gather marketing intelligence, etc; and
 - c) Complete a branding study and prepare materials.

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f) Administration

Goal:

To effectively, efficiently and legally administer the activities of the District and implement the Service Plan under the direction of the Board of Directors.

Objectives:

1. To be responsive to day-to-day needs of the District and balance with the needs for long-term change.
2. Manage District personnel, consultants and finances to implement District programs in an effective and cost efficient manner.
3. To actively and fairly seek participation from all sectors of the property owners, residents and tenants who make up the District.
4. To maximize the services and improvements provided by the city, county and state to property owners in the District.
5. To leverage District assets to the greatest extent.
6. To establish and maintain a complete and regularly updated assessment roll for the District, with accurate and timely billing and collection of assessments.
7. To provide timely communication to District property owners regarding the activities, accomplishments and expenditures of the District.

Priority Projects/Programs:

1. Represent owners, residents and tenants and operate the District for the benefit of the property owners, residents and tenants of the District. The Board of Directors will lead the District towards the effective accomplishment of the Service Plan. Periodic Board of Directors meetings will be held, open to the public.
2. The Board of Directors will meet once a year to validate the goals and objectives of this Service Plan and to prepare and adopt an annual budget and action plan, which generally adheres to this Service Plan.
3. Identify, coordinate and support opportunities for public-private partnerships that further the District’s administration goal.

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4. Seek funds, goods and services from sources other than the assessments and by encouraging both public and private investment and participation in District programs.
5. Perform an annual audit at the end of each fiscal year and forward to the Texas Commission on Environmental Quality.

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4. Assessment Plan – Budget

(Proposed Assessment, Revenue and Expenditures)

The District will provide funding to the four major project areas as outlined above. The figures shown below are general projections based on needs and priorities anticipated today. Priorities will change from year-to-year. This Service 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 Service Plan, determine the projects and approve a budget and action plan for that year. The following table shows the projected annual expenditures for the services authorized under this Service Plan.

TABLE 1: Projected District Expenditures

Services	Year 1		Year 2		Year 3		Year 4		Year 5	
	%	Amount								
Development	60	\$221,120	60	\$227,754	60	\$234,587	60	\$241,624	60	\$248,873
Urban Design	20	\$ 73,707	20	\$ 75,918	20	\$ 78,196	20	\$ 80,541	20	\$ 82,958
Marketing	10	\$ 36,853	10	\$ 37,959	10	\$ 39,098	10	\$ 40,271	10	\$ 41,479
Administration	10	\$ 36,853	10	\$ 37,959	10	\$ 39,098	10	\$ 40,271	10	\$ 41,479
Estimated Yearly Total	100	\$368,534	100	\$379,590	100	\$390,978	100	\$402,707	100	\$414,788

Services	Year 6		Year 7		Year 8		Year 9		Year 10		10-yr Total
	%	Amount	Amount								
Development	60	\$256,339	60	\$264,029	60	\$271,950	60	\$280,109	60	\$288,512	\$2,534,897
Urban Design	20	\$ 85,446	20	\$ 88,010	20	\$ 90,650	20	\$ 93,370	20	\$ 96,171	\$ 844,966
Marketing	10	\$ 42,723	10	\$ 44,005	10	\$ 45,325	10	\$ 46,685	10	\$ 48,085	\$ 422,483
Administration	10	\$ 42,723	10	\$ 44,005	10	\$ 45,325	10	\$ 46,685	10	\$ 48,085	\$ 422,483
Estimated Yearly Total	100	\$427,232	100	\$440,049	100	\$453,250	100	\$466,848	100	\$480,853	\$4,224,828

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In order to provide the services and improvements set forth in this Service Plan, the District will necessarily incur certain operation and administration expenses. These expenses are included within the projected annual expenditures shown in the chart above. Each annual budget will include operation and administration expenses, as appropriate and as approved by the Board of Directors. Included in the operation and administration will be costs related to the day-to-day operations of the District, including staff, outside consultants, office space, equipment, supplies, and general overhead.

Each year, a budget, action plan and assessment rate will be approved by the Board of Directors. The assessment shall be paid in ten annual installments. The assessment rate for the first year of this Service Plan will be .264¢ per \$100 valuation of property subject to assessment applied to the 2009 certified taxable values provided by the Midland Central Appraisal District (“MCAD”). Estimated revenues based on the estimated value of property within the District for the year 2009 are shown in Table 2 below.³

TABLE 2: Projected District Revenues

Estimated 2009 value of land and improvements within the District:	\$ 139,596,160
Estimated annual revenue, at the rate of \$.264 per \$100 of valuation: ⁴	\$ 422,483

If this revenue projection during the first year is not met, the Board of Directors will adjust expenditures accordingly. Similarly, if revenues exceed projections, the Board of Directors may allocate those additional revenues to the various program categories.

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

- Property of a utility.

³ The value of land and improvements in the District and projected revenues for year 1 as contained in this Service Plan are based on 2009 preliminary values provided by MCAD.

⁴ Assumes a 100% collection rate

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- Property owned by political subdivisions of the State of Texas.
- Property owned by organizations exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986.
- Single-family, detached houses, duplexes, triplexes and quadraplexes.⁵
- All other property exempt from assessment by the Special Act creating the District.

In subsequent years, the District will assess property on the basis of the then current year's certified taxable MCAD value. Under this Service Plan, the Board of Directors may vary the rate of assessment each year; provided that the maximum assessment rate the Board of Directors could set would be \$.32. The Board of Directors reserves the right and intends, at this time, to assess at a lower rate than the maximum rate allowed in this Service Plan.

No property will be assessed an amount in any year during the Service Plan that exceeds two times the amount such property was assessed in the first year of the Service Plan, provided, however that if a property's value increases such that the total dollar assessment on such property without the cap would be higher than the total dollar assessment with the cap, the Board of Directors, in its sole discretion, after conducting a public hearing, may prepare and approve a supplemental assessment roll for such property and levy assessments against such property at the higher value, with the cap on assessments in subsequent years being recalculated based on the value of such property as shown on the supplemental assessment roll.

The District proposes to have the Board of Directors evaluate annually the need for and advisability of the programs and services authorized under this Service Plan to determine the specific projects that will be undertaken the following year. The Board of Directors will then approve annual budgets, action plans and set assessment rates for each year, taking into consideration the value of the property subject to assessment and the revenue that the assessment rates will produce.

As the Service Plan is 10 years in length, it is probable that the program and 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.

⁵ Multi-family residential properties larger than quadraplexes, including apartments, lofts and condominiums, are not exempt from assessment.

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ASSESSMENT PLAN: FINANCING THE MISSION

In accordance with the Special Act creating the District, assessments will not be imposed on parcels of real property that are appraised at less than \$200,000 according to the 2009 certified MCAD tax rolls. If during the period of this Service Plan, the certified value of a parcel of real property increases to a value of \$200,000 or more, then the Board of Directors, after conducting a public hearing, will prepare and approve a supplemental assessment roll for such property and levy assessments against such property for the specific benefits to be received by the services and improvements to be provided by the District. Such additional properties, if any, will generate additional income. However, if during the period of this Service Plan, the certified value of a parcel of real property that was appraised at \$200,000 according to the 2009 certified MCAD tax rolls decreases to a value less than \$200,000, such property will remain on the District's assessment roll and shall continue to pay assessments under this Service Plan.

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 MCAD during the year in which the land and improvements are annexed and added to the rolls of the District. Any new improvements under construction on January 1, 2009 or constructed in the District after January 1, 2009 will be added to the District's assessment roll. In years when such improvements are under construction, they will not be subject to the cap on assessments and will be assessed at the value shown on the tax rolls of the MCAD, which value is based on the portion of the improvement which is complete. Upon completion of such new improvements, they will be assessed at the value of the completed improvement as shown on the tax rolls of MCAD. The annual cap on assessments will begin to apply only upon the final completion of the new or rehabilitated improvements and will be calculated based upon the value of the completed improvement. After conducting a public hearing, the Board of Directors will prepare and approve a supplemental assessment roll for such property and levy assessments against such property for the specific benefits to be received by the services and improvements to be provided by the District. Each year after such property is added to the roll, the cap will be recalculated based on the amount assessed for the previous year. Such new construction in the District and annexations, if any, will generate additional revenue.

Annual installment payments of the assessments shall become due and payable in the same manner as ad valorem taxes in accordance with the Texas Tax Code. Delinquent payments shall be subject to additional penalties and interest in the same manner as ad valorem taxes in accordance with the Texas Tax Code.

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5. Conclusion

The successful delivery of the proposed services is anticipated to add value to all properties within the District. Property owners and tenants 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 and tenants directly and also the Midland area at-large.

If you have any questions or wish to set up a personal visit with a Board of Director member, please call Ms. Natalie Shelton at (432) 683-7111.

The legal description and boundary map of the District are attached.

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Legal Description of the Downtown Midland Management District

The District includes all the territory contained in the following described area in the City of Midland:

BEGINNING at the intersection of the Westerly right-of-way line of Pecos Street and the Northerly right-of-way line of Louisiana Avenue;

THENCE proceeding in an Easterly direction from said POINT OF BEINNING along the Northerly right-of-way line of Louisiana Avenue to the Westerly right-of-way line of Lorraine Street;

THENCE in a Northerly direction along the Westerly right-of-way line of Lorraine Street to the Northerly right-of-way line of Kansas Avenue;

THENCE in an Easterly direction along the Northerly right-of-way line of Kansas Avenue to the Easterly right-of-way line of Main Street;

THENCE in a Southerly direction along the Easterly right-of-way line of Main Street to the Northerly right-of-way line of Louisiana Avenue;

THENCE in an Easterly direction along the Northerly right-of-way line of Louisiana Avenue to the Easterly right-of-way line of Wall Street;

THENCE in a Southerly direction along the Easterly right-of-way line of Weatherford Street to the Southerly right-of-way line of Wall Street;

THENCE in a Westerly direction along the Southerly right-of-way line of Wall Street to the Easterly right-of-way line of Main Street;

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THENCE in a Southerly direction along the Easterly right-of-way line of Main Street to the Southerly right-of-way line of Front Avenue;

THENCE in a Southwesterly direction along the Southerly right-of-way line of Front Avenue to the Westerly right-of-way line of Big Spring Street;

THENCE in a Northerly direction along the Westerly right-of-of way line of Big Spring Street to the Southerly right-of-way line of Missouri Avenue;

THENCE in a Westerly direction along the Southerly right-of-way line of Missouri Avenue to the Westerly right-of-way line of Carrizo Street;

THENCE in a Northerly direction along the Westerly right-of-way line of Carrizo Street to the Northerly right-of-way line of Michigan Avenue;

THENCE in an Easterly direction along the Northerly right-of-way line of Michigan Avenue to the Westerly right-of-way line of Pecos Street;

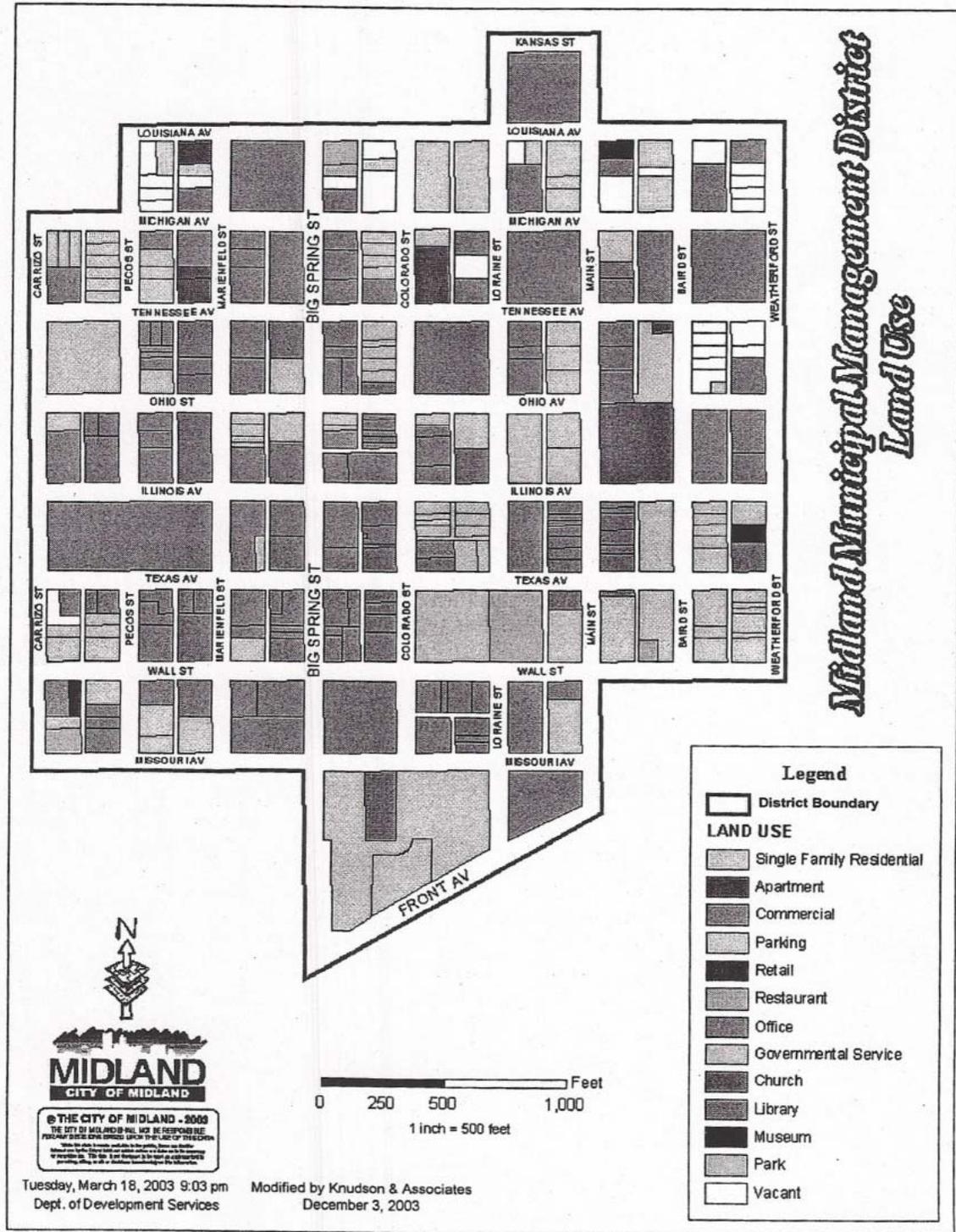
THENCE in a Northerly direction along the Westerly right-of-way line of Pecos Street to the Northerly right-of-way line of Louisiana Avenue, the POINT OF BEGINNING.

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Boundary Map of Downtown Midland Management District



*Midland Municipal Management District
Land Use*



Tuesday, March 18, 2003 9:03 pm
Dept. of Development Services

Modified by Knudson & Associates
December 3, 2003