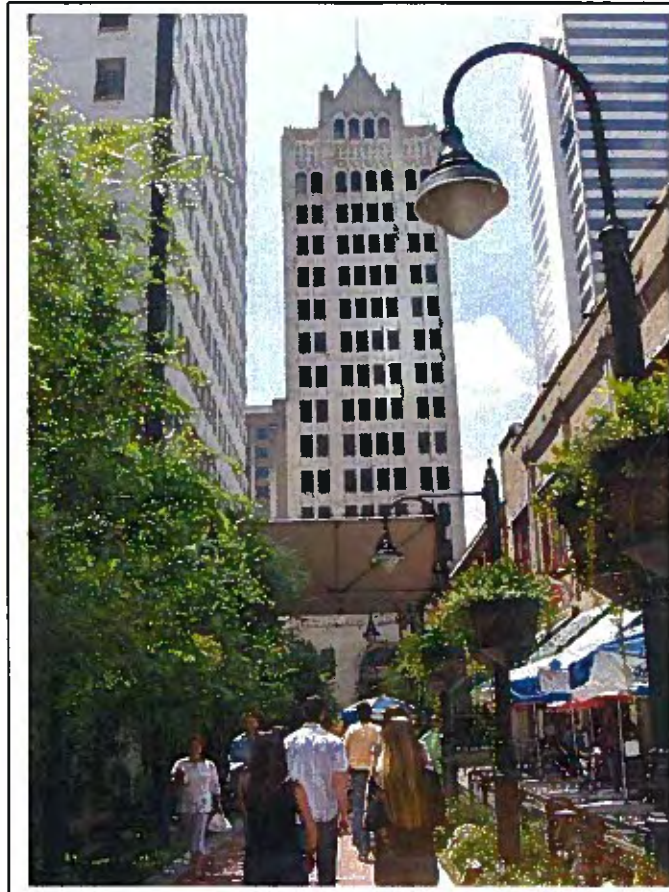


**Exhibit A
City Center TIF District
FY 2008
Annual Report**



City of Dallas

Office of Economic Development
1500 Marilla Street, 2CN
Dallas, Texas 75201
(214) 670-9821

<http://www.dallas-ecodev.org/>

**October 1, 2007 to September 30, 2008
Reinvestment Zone Number Five
City Center Tax Increment Financing District**

Map of Reinvestment Zone Number Five City Center Tax Increment Financing District

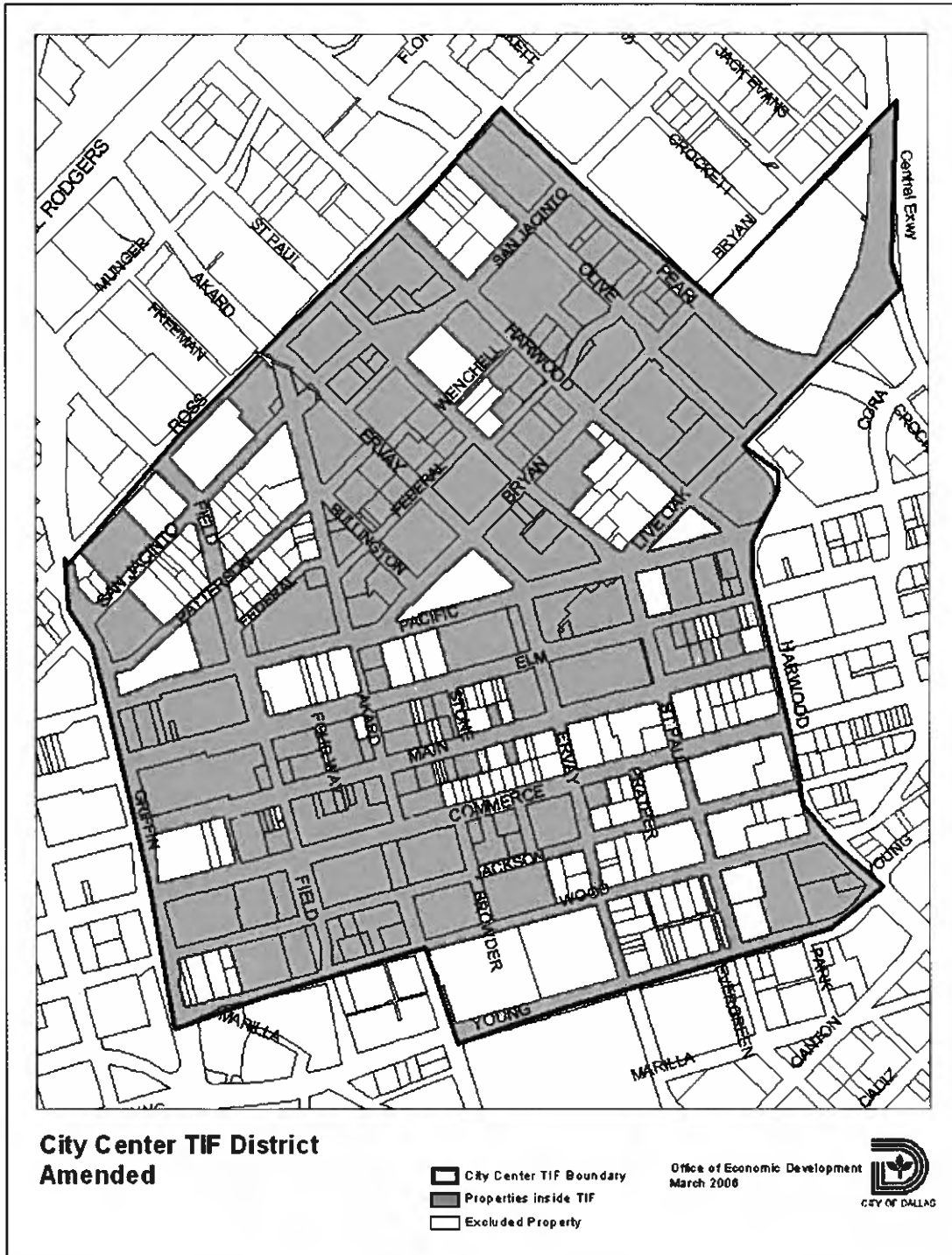


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Mission Statement

The mission of the City Center TIF District is the promotion of the redevelopment, stabilization, and growth of the downtown area. An accompanying goal is the stabilization and growth of the value of the area's tax base and a positive reversal of urban decay.

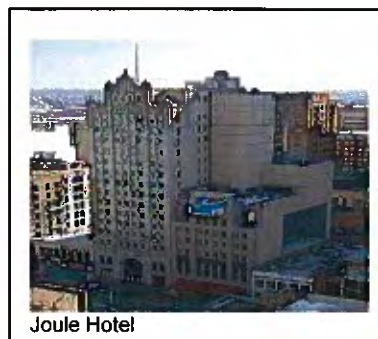
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District Accomplishments

In a little over ten years, the City Center TIF District has been an instrumental part in creating a positive investment climate in the historic downtown core. From the inception of the TIF District through FY 2008, twenty-six projects will generate approximately \$478.3 million in new investment as shown in the charts on pages 5 through 8.

- 2,258 completed or under construction residential units
- 2,288 completed or under construction hotel rooms
- 286,600 square feet of completed or under construction retail space
- 376,525 square feet of completed, under construction or planned office space

City Center redevelopment projects and their status are listed on the following two pages (with projects with direct TIF assistance and anticipated TIF assistance shown in bold type):



City Center TIF District Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
Kirby Building	1509 Main Street	1999	Completed	156 apartment units; 15,000 SF retail	\$14.8 million	\$1.37 million
Wilson Building	1623 Main Street	1999	Completed	135 apartment units; 10,000 SF retail	\$11.0 million	\$3.89 million
Magnolia Building	1401 Commerce Street	1999	Completed	330 hotel rooms	\$18.2 million	\$0.59 million
Stone Street Gardens	1525 Main, 1520 Elm Streets	2002	Completed	29,000 SF retail	\$1.85 million	\$0.92 million
Universities Center at Dallas	1901 Main Street	2002	Completed	20,000 SF educational space	\$2.2 million	\$2.24 million
Merriman Architects	300 N. Field Street	2002	Completed	40,000 SF office space	\$1.7 million	\$50k
Davis Building	1309 Main Street	2003	Completed	183 apartment units; 15,000 SF retail	\$20.6 million	\$1.35 million
Hart Furniture Building	1929-1933 Elm Street	2003	Completed	16,600 SF retail	\$1.8 million	\$1.39 million
Thompson Bldg	1520-22 Main Street	2004	Completed	19,000 SF retail	\$1.8 million	\$1.17 million

Project	Location	Calendar Year Complete	Status	Units/ SF ²	Approx. Value ³	TIF Investment ⁴
Dallas Power & Light Bldgs	1506 & 1512 Commerce Street	2005	Completed	154 apartment units; 28,000 SF retail	\$18.6 million	\$6.86 million
Interurban Building	1500 Jackson	2005	Completed	134 apartments units; 20,000 SF grocery store	\$13.2 million	\$5.0 million
Gulf States	1415 Main Street	2007	Completed	64 apartment units; 5,000 SF retail	\$10.4 million	\$4.67 million
Republic Tower	300 N. Ervay Street	2007	Completed	227 apartment units	\$34.0 million	\$4.61 million
1608 Main Street & Pedestrian Access-way	1608 Main Street	2008	Completed (Shell & Interior)	8,000 SF retail; 4,000 SF office	\$3.4 million	\$1.55 million
Joule Hotel	1530 Main Street and 1524 Main Street	2008	Completed	114 hotel rooms; 15,000 SF retail	\$24.0 million	\$8.5 million
Mosaic (Fidelity Union)	1507 Pacific, 1511 Bryan & 318 North Akard Streets	2007	Completed	440 apartment units; 23,000 SF retail	\$80.0 million	\$9.0 million
Metropolitan	1200 Main Street	2007	Completed	273 condo units; 10,000 SF retail	\$48.0 million	\$4.75 million
Subtotal				1,766 residential units; 444 hotel rooms; 20,000 SF educational; 44,000 SF office; 213,600 SF retail	305.6 million	\$57.91 million

City Center TIF District Projects¹						
Projects Within TIF District Not Utilizing TIF Funding⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
Majestic Lofts (Titcher-Goettinger)	1900 Elm Street	1997	Completed	129 apartment units; 15,000 SF retail	\$7.6 million	\$0
Adams Mark Hotel	400 North Olive Street	1998	Completed	1,844 hotel rooms	\$70.8 million	\$0
Santa Fe II (SoCo Lofts)	1122 Jackson Street	1999	Completed	205 condo units	\$34.0 million	\$0
2020 Live Oak	2020 Live Oak Street	2000	Completed	130,000 SF office	\$5.3 million	\$0
Jackson Street Lofts	1300 Jackson Street	2002	Completed	8 condo units; 5,000 SF retail	\$4.1 million	\$0
1505 Elm	1505 Elm	2004	Completed	65 condo units	\$19.1 million	\$0
Dallas Rooftop Gardens	1217 Main St	2006	Completed	28,000 SF retail	\$5.2 million	\$0
Davis Lot Garage (additional information on following page)	1407 Main Street	2007	Under construction	85 apartment units; 20,000 SF retail space	\$23.3 million	Chapter 380 funds
U.S. Post Office Building	404 N. Ervay	2009	Approved	202,525 SF office; 5,000 SF retail	\$3.3	\$0
Subtotal				492 residential units; 1,844 hotel rooms; 332,525 SF office; 73,000 SF retail	\$172.7 million	\$0

Projects Utilizing and Not Utilizing TIF Funding			
Total	2,258 residential units; 2,288 hotel rooms; 20,000 SF educational; 376,525 SF office; 286,600 SF retail	\$478.3 million	\$57.91 million
<p>¹ All information updated as of September 30, 2008.</p> <p>² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.</p> <p>³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.</p> <p>⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Includes interest on paid projects.</p> <p>⁵ Selected significant projects included.</p> <p>⁶ Tax-exempt property.</p> <p>⁷ Includes other incentives not shown. Contact City of Dallas Office of Economic Development for more information.</p>			

Not only is the City Center TIF District committed to assisting with building conversions that are increasing the critical mass of residents downtown and providing the space for retail tenants, but is also focused on additional activities such as improved streetscapes, low-cost customer parking and retail recruitment. The chart below shows additional City Center TIF District activities:

District Initiatives			
Activity	Scope	TIF Investment	Status
Metropolitan Garage	Up to 600 public parking spaces	\$450,000	3-year lease expired in January 2005
Retail Study	Determine needs for District	\$150,000	Complete
Parking Study	Determine needs for District	\$380,154	Complete
N/S Streetscape	5 North/South Streets from Young to Ross Avenue	\$5,403,602	Construction complete Close out in process
Park Master Plan	Determine priority sites for District	\$182,500	Complete
Affordable Housing	Assist Housing Dept. with Affordable Housing Cost Participation Program	\$1,620,566	\$1,620,566 out of \$5 million funded
Dalpark Garage	Use of 444 parking spaces for public use	\$1,695,000	7-year lease in place (\$1,044,450 spent)
Dallas County Courthouse Plaza	Improvements to public space (lighting, trees, seating, etc.)	\$2,625,000	Complete

Activity	Scope	TIF Investment	Status
Fire Corridor	1600 Block of Elm Street	\$149,135	Phase I Design Complete (\$63,000 spent)
"Davis Lot" Garage	370 public parking spaces; 95 parking spaces for adjacent residential developments	*\$8,500,000	Complete
CityPark Garages	Up to 6,000 parking spaces (converted to public use from current garages)	*\$1,125,000	Ongoing (\$605,515 spent; 600 parking spaces)
Retail Initiative Phase I	Approximately 40,000 – 60,000 s.f. of retailers through tenant start-up cost assistance	*2,500,000	32,699 square feet of occupied retail space; \$2,219,212 spent
Retail Initiative Phase II	Additional retail recruitment and retention of critical retailers	**\$700,000	25,942 square feet retained/occupied; \$548,830 spent
Urban Market Retention	Retention of Urban Market for two years	***\$550,000 City assistance	City assistance matched by private stakeholder funds; second year assistance in progress

* The Davis Lot Garage, CityPark Garages, and Retail Initiative will be paid from Chapter 380 funds through a release of \$12.5 million in TIF funds. **Phase II of the Retail Initiative and Urban Market assistance was funded through Public/Private Partnership Funds.

The collage features five distinct images. At the top left is a street-level view showing blue and white awnings over a sidewalk. The central image is a large poster titled "defining the streetscape" which includes a map of the area, descriptive text, and illustrations of street furniture like trees and benches. To the right of the poster is a photograph of a building facade with prominent red awnings. Below the poster is a photograph of a retail store's interior with a vaulted ceiling and clothing displays. At the bottom right is a photograph of an outdoor market or food court area with people and stalls.

Value and Increment Revenue Summary

Several parcels were removed from the City Center TIF District in fiscal year 2005-2006, re-setting the base year. The new adjusted base year value is \$876,220,931. The City Center TIF District's assessed tax value in 2008 was \$1,506,003,339. There is an increase of approximately \$629.8 million over the assessed value of the new base year value, 71.9%, since the creation of the TIF District.

The total value increased by approximately \$33.8 million (2.3%) over the previous year. -This value will result in the collection of approximately \$5.00 million in incremental revenue for the City Center TIF District.

Objectives, Programs, and Success Indicators

On February 12, 1997, the Dallas City Council adopted Ordinance Number 23034 which approved the City Center Tax Increment Financing District Final Project Plan and Reinvestment Zone Financing Plan, as amended. The goals of the plan are as follows:

- Make the City Center Area a safer place to live and work
- Improve access to the City Center Area
- Improve the image of the City Center Area
- Take advantage of the existing building stock
- Develop a diverse mix of land uses within the City Center Area
- Increase recreational opportunities in the City Center Area

The following objectives and actions items set the framework for the planned public improvements within the City Center TIF District:

- **Objective:** Improve street and pedestrian lighting within the City Center TIF District.

Action: Construction on the five north/south streets (Field, Akard, Ervay, St. Paul and Harwood Streets to the Transit Mall) is complete and the contracts are in the closeout phase. Construction is 90%-95% complete on the expanded scope (from the Transit Mall to Ross Avenue).

- **Objective:** Improve the pedestrian environment through landscaping, lighting and design standards for surface parking lots.

Action: As part of the streetscape improvements, fencing is being added to each of the surface parking lots within the District. Landscaping is being required through an existing ordinance.

Construction on the pedestrian improvements in the downtown core/retail district is complete for the North/South Streets between Young and the Transit Mall. This work will create a retail and pedestrian friendly environment with improved lighting, sidewalks, lighting and public art (terrazzo panels) on Field, Akard, Ervay, St. Paul and Harwood Streets focusing on the core district between Elm and Commerce Streets. Construction on the second phase of the North/South streetscape improvements between the Transit Mall and Ross Avenue is nearing completion.

- **Objective:** Provide public parking to encourage redevelopment of underutilized downtown office and retail space.

October 2007	9230
November 2007	7498
December 2007	9848
January 2008	6649
February 2008	6357
March 2008	6606
April 2008	7076
May 2008	6649
June 2008	6142
July 2008	5462
August 2008	5944
September 2008	3027

Action: In response to the findings of the Parking Strategy Study, the City is leasing low cost, transient parking spaces to assist with the retail efforts. The lease is in the Dalpark Garage. The average monthly usage of the Dalpark Garage within this fiscal year was 6,707 cars.

Additionally, the Davis Lot site (1407 Main Street) completed during this fiscal year. An \$8.5 million loan with a forgivable interest component has been allocated to assist in the development of 20,000 square feet of retail space, 370 public parking spaces and parking for adjacent residential projects. Up to \$1.5 million is being used to convert existing private garages to public use through equipment, signage, marketing and the use of the City's public parking rates. \$605,515 of the CityPark funds has been spent, providing four garages with 600 minimum required parking spaces.

- **Objective:** Coordinate linkages with the new DART light rail transit mall by extending streetscape improvements from the transit mall to the Arts District, Main Street, public open spaces and City Hall.

Action: Construction is underway for the pedestrian linkages connecting the DART light rail transit mall with the Main Street Retail District, public open spaces, City Hall and the Convention Center. There are plans to extend McKinney Avenue Trolley along Olive Street to Bryan DART Light Rail Station.

- Objective: Direct overall development of the City Center area through the application of design standards for public improvements and design guidelines for private development.

Action: Standards for streetscape improvements have been determined. All developments receiving TIF funds design and construct the improved streetscapes. Design guidelines for building rehabilitations are primarily established through research on historic buildings and recommendations from the City's Landmark Commission.

- Objective: Encourage development of residential housing, including conversions of existing office space.

Action: The funding available through the City Center TIF District continues to encourage specific residential redevelopment projects (as listed below) while reducing the amount of vacant obsolete space by 3.2 million square feet and increasing the number of downtown residents – Kirby Building, Wilson Building, Majestic Lofts, Davis Building, Santa Fe II, Gulf States Building, Dallas Power & Light Buildings, 1505 Elm Condominiums, Jackson Street Lofts, Republic Tower, Interurban Building, Mosaic and 1200 Main Street.

- Objective: Encourage redevelopment of street-front retail.

Action: A Retail Initiative aimed at stimulating the creation of a retail district in downtown Dallas, initially focusing on 40,000 to 60,000 square feet in the Main Street District, was approved in 2003. Phase I of the Initiative included \$2.5 million in funding for tenant start-up costs, rent subsidies, and a Leasing/Marketing Partner. Phase I of the Retail Initiative has assisted with 32,699 square feet of new retailers, excluding Kul Design (9,706 square feet) which closed in December 2006. Phase II, with \$700,000 of funds and a program goal of 16,000 to 20,000 square feet of retail, was approved and Jos. A. Banks (5,142 square feet) opened under the extended initiative. Further, the Initiative supported the Urban Market through a retail retention provision allowed in special circumstances. In total, 57,841 square feet of retail has been recruited or retained, 103% percent of the minimum goal. Conversions of structures such as the Stone Street Gardens Buildings, the Thompson Building, 1608 Main Street, Davis Building, Dallas Power and Light Building, Metropolitan and Mosaic add to the amount of improved retail space.

- **Objective:** Encourage redevelopment of school property and improve educational and training facilities within the district.

Action: Work is completed on Phase I & II Improvements to the Universities Center at Dallas.

- **Objective:** Complement and protect existing historic structures.

Action: Through the efforts of the City Center TIF District and the City of Dallas Historic Preservation Program, the following historic buildings within the TIF District have been improved – Kirby Building, Wilson Building, Magnolia Building, Davis Building, Stone Street Gardens, Gulf States Building, Dallas Power & Light Buildings, Thompson Building, 1608 Main Street, Hart Furniture Building, 1530 Main Street, Republic Tower, the Interurban Building, and Mosaic (Fidelity Union Life Buildings). The Main Street National Register Historic District nomination is complete and accepted by the National Park Service. This fiscal year the city supported the expansion of the District to include building in the southern side of Downtown. The new expanded Downtown National Register Historic District is currently pending and has not officially been accepted by the National Park Service.

The City Center TIF District development program includes:

- 2,500 residential units

To date 2,258 residential units have been built or are under construction in the City Center TIF District, representing 90% of the development program goal. An average of 61 units per year is needed over the remaining life of the TIF District to meet the program goal. In the first eleven years of the TIF District, an average of 205 residential units per year have been built or are under construction in the City Center TIF District. In addition, 2,288 hotel guest rooms and suites have been added or are under construction within the TIF District.

- Absorption of 3.5 million square feet of the currently vacant office space in the district

To date, 4.8 million square feet of previously vacant office space located within the City Center TIF District has been renovated or is under construction, representing 135% of the development program goal. In the first eleven years of the TIF District, an average of approximately 429,953 square feet has been renovated from office space annually.

Completed projects include Santa Fe II, 2020 Live Oak, Adams Mark Hotel, Majestic Lofts, Kirby Building, Wilson Building, Magnolia Building, Hart

Furniture, 1505 Elm, Davis Building, Dallas Power and Light, Interurban Building, Jackson Building, Republic Tower, 1530 Main Street, Gulf States, 1217 Main Street, Mosaic, and 1200 Main Street.

- Absorption of 300,000 square feet of retail space

To date, approximately 285,090 square feet of retail space, including Neiman Marcus) has been improved, representing 95% of the development program goal. 90,150 square feet of this space is restaurants and bars. In the first eleven years of the TIF District, an average of 26,145 square feet of retail space has been improved annually. The Main Street Retail Initiative has assisted in adding retail tenants to the growing number of those already established. Swirl, Crimson in the City, Benji's and Jos. A. Bank have all opened as part of the Retail Initiative. Additionally CVS have opened a Main Street store. Urban Market grocery store and Urban Cafe remain open.

- In addition to the goals and objectives listed above the City Center TIF District has accomplished the following:
 - Created jobs – construction jobs, restaurant/retail employment, and residential property leasing/management. In addition, the TIF District funded one architectural firm, Merriman Associates/ Architects, Inc., housing approximately 20 employees.
 - Enhanced viability of downtown as a location for office employment through convenient living opportunities, new restaurants, and improved streetscapes.

Year-End Summary of Meetings

The City Center TIF District Board members are (FY 2008 meetings attended): Myron Mims, Chair (3 of 3 meetings), Dan Blizzard (3 of 3), John Zogg (2 of 3 meetings), Larry Good (2 of 3 meetings), Shelle Sills (3 of 3 meetings), Sheryl Pickens (3 of 3 meetings), Dan Savage – Dallas County Representative (2 of 3 meetings), Clyde Porter – Dallas County Community College District Representative (2 of 3 meetings), and Orlando Alameda - DISD Representative (3 of 3 meetings).

During the period October 1, 2007 through September 30, 2008, the TIF District Board of Directors met three times and forwarded several items to City Council for final consideration.

During the subject period, the City Council approved twenty-three items associated with the City Center TIF District. This is the same amount approved the prior fiscal year.

- **Resolution 07-3298 (Ordinance No. 26991) – November 12, 2007** – An ordinance amending the Project Plan and Reinvestment Financing Plan for Tax Increment Financing Reinvestment Zone Number Five ("City Center TIF District") in accordance with the Tax Increment Financing Act, as amended (V.T.C.A. Tax Code, Chapter 311), to (1) shift funds among budget categories by decreasing Streetscape/Pedestrian Linkages/Lighting/Streetlight Upgrades in the amount of (\$160,402) and increasing the Plan Implementation/Administration category in the amount of \$160,402, and (2) update Exhibit F and associated text of the Project Plan and Reinvestment Financing Plan, to reflect the changes in the base year value and increment projections - Financing: No cost consideration to the City
- **Resolution 07-3308 – November 12, 2007** – Authorize: (1) the acceptance of a transfer of funds in the amount of \$620,566 from the City Center Tax Increment Financing District Fund to the Affordable Housing Cost Participation Program (AHCP), and (2) an amendment to the AHCP program statement for nonprofit developer fee incentives and green building energy incentives – \$620,566 - Financing: City Center TIF District Funds
- **Resolution 07-3321 – November 12, 2007** – Authorize (1) a decrease in the contract with Jennings Glass Contractors for window replacement related to the redevelopment of the Republic Center Tower I, located at 300 North Ervay Street, in an amount not to exceed (\$47,513), from \$1,360,750 to \$1,313,237, (2) an increase in the payment to Ervay Residential Limited Partnership, Inc. for design reimbursement in an amount not to exceed \$47,513, from, \$2,434,328 to \$2,481,841; and (3) assignment of the contract to Ervay Residential Limited Partnership, Inc. for construction management - Financing: No cost consideration to the City
- **Resolution 07-3368 – November 12, 2007** – Authorize amendments to Resolution No. 03-3387, previously approved on December 8, 2003, for the Historic Development Program tax abatement for the redevelopment of the Republic Center Tower 1 located at 325 North St. Paul Street to extend the completion date from June 6, 2006 to November 3, 2007 - Financing: No cost consideration to the City
- **Resolution 07-3504 – November 28, 2007** – Authorize (1) an increase in the contract with Nedderman and Associates, Inc. for construction of the 1608 Main Street Pedestrianway in an amount not to exceed \$42,897, from \$476,700 to \$519,597; (2) assignment of the contract to Main Street Alley, Ltd. for construction administration; (3) the receipt and deposit of funds from Main Street Alley, Ltd. in an amount to not exceed \$42,897; and (4) an increase in appropriations in the amount of \$42,897 - Financing: Capital Projects Reimbursement Funds (to be advanced by the developer)

- **Resolution 07-3700 – December 12, 2007** – Authorize a 90 percent new business personal property tax abatement agreement for 10 years with Comerica Incorporated and 1717 Dallas Partners, LLC located at 1717 Main Street – Revenue: First year revenue estimated at \$4,881; ten-year revenue estimated at \$32,961 (Estimated revenue foregone for ten-year business personal property tax abatement estimated at \$296,654)
- **Resolution 07-3701 – December 12, 2007** – Authorize a Chapter 380 grant agreement with Comerica Incorporated related to the company's relocation and job creation at 1717 Main Street - Not to exceed \$250,000 - Financing: Public/Private Partnership Program Funds
- **Resolution 08-0304 (Ordinance No. 27060) – January 23, 2008** – An ordinance granting a revocable license to Jos. A. Bank Clothiers, Inc. for the use of approximately 7 square feet of land to install and maintain a marquee sign on a portion of Commerce Street right-of-way located near its intersection with Lane Street - Revenue: \$1,000 annually plus the \$20 ordinance publication fee
- **Resolution 08-0309 – January 23, 2008** – Authorize (1) an amendment to the Lease with Post Apartment Homes, L.P. to accelerate the reversion of the Wilson Building to Post Properties from December 31, 2012 to January 23, 2008, thereby terminating the Lease, (2) execution of deed restrictions and a separate agreement with Post-Amerus Wilson Building, L.P., to secure compliance with project contingencies, including affordable housing, and (3) acceptance of a termination fee equal to the cost of accelerated lease payments – Financing: No cost consideration to the City
- **Resolution 08-0644 – February 27, 2008** – A resolution accepting the FY 2007 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Five, (City Center TIF District), submitted by the City Center TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to the other taxing jurisdictions which participate in the District, and to the Attorney General of Texas, and the State Comptroller, as required by state law - Financing: No cost consideration to the City
- **Resolution 08-0666– February 27, 2008** – Authorize Supplemental Agreement No. 1 to the professional services contract with Quimby-McCoy Preservation Architecture, LLP, for the preparation of measured drawings and interpretive planning services concerning the structures located at 1920-22 and 1924-26 Main Street for the required documentation of historic structures for the Main Street

Garden Park located at 1917 Main Street - \$16,180, from \$24,620 to \$40,800 - Financing: 2006 Bond Funds

- **Resolution 08-0859 (Ordinance No. 27103) – March 26, 2008** – An ordinance abandoning a portion of Akard Street to Elm 1414 Properties, Ltd. and GS Murray, Ltd., the abutting owners, containing approximately 63 square feet of land located near the intersection of Akard and Elm Streets – Revenue: \$5,400 plus the \$20 ordinance publication fee

- **Resolution 08-0879 – March 26, 2008** – Authorize (1) the acceptance of a donation from Southwestern Bell Telephone, L.P. of the artwork "Neon for Southwestern Bell" by artist Stephen Antonakos; and (2) the execution of any and all documents required for the donation - Financing: No cost consideration to the City

- **Resolution 08-1051 – April 9, 2008** – Authorize (1) the establishment of the City of Dallas Downtown Retail Program pursuant to Chapter 380 of the Texas Local Government Code, to stimulate business and commercial activity within the downtown retail area; (2) an economic development grant agreement with Central Dallas Association (d/b/a DOWNTOWN DALLAS) to establish the Downtown Retail Cooperative/Resource Center and to provide downtown marketing, promotions and retail recruitment services in accordance with the City of Dallas Downtown Retail Program; (3) the receipt and deposit of funds from the Downtown Dallas Development Authority in an amount not to exceed \$232,300; and, (4) the increase in the appropriations in the Public/Private Partnership Fund in an amount not to exceed \$232,300 – Not to exceed \$661,250 - Financing: Current Funds (\$100,000) and Public/Private Partnership Funds (\$561,250)

- **Resolution 08-1517 – May 28, 2008** – Authorize the acceptance of an Economic Development Initiative (EDI) grant award from the U.S. Department of Housing and Urban Development (HUD) for improvements to Pearl Street Plaza (removal of the food kiosk on Pearl Street Plaza and associated costs), to purchase a hydraulic lift, tables, chairs, trash and recycling receptacles and planters for Shed 2 at the Dallas Farmers Market; and execution of the grant agreement - \$149,115 - Financing: U.S. Department of Housing and Urban Development Grant Funds

- **Resolution 08-1582 (Ordinance No. 27201) – May 28 2008** – An ordinance amending Chapter 43 of the Dallas City Code to: (1) revise fees for newsrack licenses; (2) revise certain design and appearance standards and locational requirements for newsracks; (3) revise the boundaries of the "expanded central business district" multiple newsrack unit zone and require plans for the installation of multiple newsrack units in the zone; (4) provide for certain notices to be published in a newspaper of general circulation in the city; (5) authorize the city to contract for the

installation, operation, maintenance, repair, removal, and replacement of multiple newsrack units in a multiple newsrack unit zone; (6) provide transitional provisions; and (7) amend Ordinance No. 26809 to reduce transitional license fees - Financing: No cost consideration to the City

- **Resolution 08-1888 (Ordinance No. 27248) – June 25, 2008** – An ordinance adding Chapter 48B to the Dallas City Code to: (1) define terms; (2) provide requirements, procedures, and fees for the registration and inspection of vacant buildings in the central business district; (3) provide defenses; (4) provide for appeals from the denial or revocation of registration; and (5) provide requirements for signage, insurance, and vacant building plans - Revenue: First year revenue estimated at \$46,226 (based on a total of 35 vacant buildings, with a total square footage of 3,997,389 square feet, located in the CBD which are anticipated to be required to register in the City's Vacant Building Registration Program) - Estimated Annual Revenue \$46,226

- **Resolution 08-1889 – June 25, 2008** – Authorize the City Manager to prepare definitive documents for capital investment in the University of North Texas law school including: (1) provide for the joint use of the Municipal Building located at 106 South Harwood and the Courts Annex located at 2014 Main Street by the University of North Texas for its law school and the City for public purposes, (2) \$14,000,000 from the 1998 Bond Program for renovations to the Municipal Building; and (3) the dedication of \$500,000 in City of Dallas Public/Private Partnership Funds in each of the next four years, beginning in FY 2007-08, for capital investment in the UNT law school - Financing: No cost consideration to the City

- **Resolution 08-1890 – June 25, 2008** – Authorize a professional services contract with Conley Group, Inc. for the exterior renovation of the Old Municipal Building located at 106 South Harwood Street - \$1,026,800 - Financing: 1998 Bond Funds

- **Resolution 08-2040 (Ordinance No. 27261) – August 13, 2008** – An ordinance granting a private license to DLD Properties, Ltd. for the installation and maintenance of two signs, five banners, and eight canopies above a portion of Main Street right-of-way located near its intersection with Akard Street - Revenue: \$9,000 plus the \$20 ordinance publication fee

- **Resolution 08-2061 (Ordinance No. 27263) – August 13, 2008** – An ordinance amending Chapter 16, "Dallas Fire Code," of the Dallas City Code to require vacant buildings in the Central Business District (CBD) to maintain operable fire alarm, sprinkler and standpipe systems if these systems are required by code - Financing: No cost consideration to the City

- **Resolution 08-2296 (Ordinance 27300) – August 27, 2008** – A public hearing to receive comments regarding a proposal for and an ordinance granting an amendment to the Downtown Special Provision Sign District to renew and amend the “Supergraphic Sign” provisions, which expire on September 1, 2008, that allow supergraphic signs to be placed on certain buildings in an area generally bounded by Woodall Rodgers to the north, Interstate 45/US 75 to the east, Interstate 30 / R.L. Thornton to the south and Interstate 35 / Stemmons Freeway to the west
- **Resolution 08-2579 (Ordinance 27327) – September 24, 2008** – A public hearing to receive comments regarding an application for and an ordinance granting the renewal of Specific Use Permit No. 1683 for an alcoholic beverage establishment for a bar, lounge, or tavern use and a commercial amusement (inside) use limited to a Class A dance hall on property within Planned Development District No. 619 for Mixed Uses on the northeast corner of Main Street and Field Street

Budget and Spending Status

City Center TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated	Balance
Streetscape/Pedestrian Linkages/Lighting/ Streetlight Upgrades	\$12,339,598	\$10,551,529	\$1,788,069
Façade Easements	\$2,000,000	\$2,000,000	\$0
Educational/Training Facilities	\$2,236,550	\$2,236,550	\$0
Parking	\$2,525,154	\$2,478,033	\$47,121
Acquisition/Restoration of Historic Sites	\$4,022,486	\$4,022,486	\$0
Public Use Improvements	\$207,500	\$207,500	\$0
Environmental Remediation, Demolition, Façade Improvements	\$54,451,027	\$46,811,444	\$7,639,583
Areas of Public Assembly/Outside TIF District	\$2,625,000	\$2,625,000	\$0
Affordable Housing/Outside TIF District	\$5,000,000	\$1,620,566	\$3,379,434
Plan Implementation	\$2,160,402	\$1,778,728	\$381,674
Total Project Costs	\$87,567,717	\$74,331,836	\$13,235,881
<p>* Budget shown above in current dollars, including interest earnings and potential parking revenue, as approved in the <i>Project Plan and Reinvestment Zone Financing Plan</i>.</p> <ul style="list-style-type: none"> • Note: Interest paid and accrued is included. All but \$3.4 million of the City Center TIF District Budget is anticipated to be spent on future interest and affordable housing obligations. 			

M/WBE Participation

In addition to the City's Good Faith Effort Policy, the City Center TIF District adopted a similar policy related to the private investment on TIF funded projects. As of September 8, 2003, the policy, which includes each developer agreeing to a M/WBE participation rate on private construction based on TIF and other City incentives compared to total project cost, went into effect.

Public bidding is no longer required for TIF assisted projects. However, privately bid projects are monitored to ensure they abide by the City's Good Faith Effort Policy and the TIF District Fair Share Agreement. Reporting is not required until project or benchmark completion.

FY 2009 Work Program

The City Center TIF District Board of Directors will work to achieve the objectives outlined in the City Center TIF Project Plan and Reinvestment Zone Financing Plan. Specific work activities for FY 2009 include:

- Continuing to work with individual property owners and merchants to enable them to redevelop underutilized buildings primarily in the Main Street Core Area.
- Determine feasibility to fund one or more project(s) with potentially available future TIF funds.

Appendix A - District Financials

City of Dallas, Texas
City Center Tax Increment Financing District Fund
Balance Sheet as of September 30, 2008
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	2008	2007	2006	2005	2004
Assets:					
Pooled cash and cash equivalents	\$4,221,653	\$17,680,528	\$25,929,319	\$39,633,465	\$35,870,445
Interest receivable	\$0	\$125,250	\$228,547	\$186,985	\$32,306
Taxes receivable-delinquent	\$22,687	\$22,687	\$0	\$0	\$0
Less: allowance for uncollectible accounts	(\$7,941)	(\$7,941)	\$0	\$0	\$0
Total assets	\$4,236,399	\$17,820,524	\$26,157,866	\$39,820,450	\$35,902,750
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts payable	\$195,532	\$275,270	\$83,842	\$197,151	\$712,639
Advances from developers	\$13,750,000	\$25,913,362	\$29,965,282	\$20,615,624	\$10,043,159
Deferred tax revenue	\$14,746	\$14,746	\$0	\$0	\$0
Accrued liability	\$10,612	\$1,742,048	\$1,486,957	\$353,070	\$241,947
Total liabilities	\$13,970,890	\$27,945,426	\$31,536,080	\$21,165,845	\$10,997,746
Fund Balance (Deficit):					
Fund Balance (Deficit)	(\$9,734,491)	(\$10,124,902)	(\$5,378,214)	\$18,654,605	\$24,905,005
Total Liabilities and Fund Equity	\$4,236,399	\$17,820,524	\$26,157,866	\$39,820,450	\$35,902,750
	\$0	\$0	\$0	\$0	\$0

City Center Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Year Ended September 30, 2005
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	ITD	2008	2007	2006	2005
Revenues:					
Tax increment-Governmental	\$64,150,516	\$3,895,625	\$2,610,190	\$1,910,583	\$2,011,322
Tax increment-Intergovernmental	\$1,305,862	\$816,275	\$489,587	\$0	\$0
Interest income	\$9,931,910	\$392,384	\$886,730	\$1,267,705	\$1,051,546
Parking Revenue	\$475,692	\$138,421	\$118,107	\$50,023	\$46,717
Net increase in fair value of investments	(\$70,211)	\$0	\$154,241	\$411,122	(\$35,058)
Total revenue	\$75,793,768	\$5,242,705	\$4,258,855	\$3,639,433	\$3,074,527
Expenditures:					
Administrative expenses	\$1,897,930	\$119,202	\$112,924	\$135,717	\$359,351
Non-capital outlay	\$65,490,107	\$2,727,309	\$7,888,387	\$26,106,873	\$10,772,210
Capital outlay	\$9,786,548	\$531,605	\$781,739	\$1,289,101	\$1,648,285
Interest and fiscal charges	\$3,853,276	\$1,418,966	\$541,023	\$577,843	\$416,190
Total expenditures	\$81,027,861	\$4,797,083	\$9,324,073	\$28,109,534	\$13,196,036
Excess (Deficiency) of Revenues over Expenditures	(\$5,234,093)	\$445,622	(\$5,065,219)	(\$24,470,102)	(\$10,121,509)
Other financing sources (uses):					
Developer Participation	\$5,416,002	(\$55,211)	\$318,531	\$437,282	\$3,871,110
Transfer out	(\$10,000,000)	\$0	\$0	\$0	\$0
Total other financing sources	(\$4,583,998)	(\$55,211)	\$318,531	\$437,282	\$3,871,110
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(\$9,818,091)	\$390,411	(\$4,746,688)	(\$24,032,820)	(\$6,250,399)
Fund balance (Deficit) at beginning of year as previously reported	(\$9,734,491)	(\$10,124,902)	(\$5,378,214)	\$18,654,605	\$24,905,005
Prior period restatement	\$83,600	\$0	\$0	\$0	\$0
Fund balance (Deficit) at beginning of year, as restated	(\$9,650,891)	(\$10,124,902)	(\$5,378,214)	\$18,654,605	\$24,905,005
Fund balance (deficit) at end of year	(\$9,734,491)	(\$9,734,491)	(\$10,124,902)	(\$5,378,214)	\$18,654,605

Note: These unaudited financial statements are based on preliminary numbers and are subject to change. If these numbers change, TIF board will be provided with the audited numbers after completion of the City's audit for fiscal year 2007-08.

City of Dallas, Texas
City Center Tax Increment Financing District Fund
Cash Flow Statement for the Year Ended September 30, 2008
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	2008	2007	2006	2005	2004	2003
Operating income (loss)	(\$85,183)	(\$6,224,297)	(\$26,198,952)	(\$11,184,714)	(\$7,324,642)	(\$2,120,945)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Changes in assets and liabilities:						
(Increase) decrease in interest receivable	\$125,250	\$103,297	(\$41,562)	(\$154,679)	(\$26,314)	\$26,429
Taxes receivable-delinquent	\$0	(\$22,687)	\$0	\$0	\$0	\$0
Less: allowance for uncollectible accounts	\$0	\$7,941	\$0	\$0	\$0	\$0
Increase (decrease) in accounts payable	(\$79,738)	\$191,428	(\$113,308)	(\$515,489)	\$380,423	\$330,154
Increase (decrease) in advances from developers	(\$12,163,363)	(\$4,051,919)	\$9,349,657	\$10,572,465	\$7,759,169	\$2,283,990
Deferred tax revenue	\$0	\$14,746	\$0	\$0	(\$85,697)	\$85,697
Increase (decrease) in accrued liability	(\$1,731,436)	\$255,091	\$1,133,887	\$111,122	\$127,946	\$114,002
Total adjustments	(\$13,849,286)	(\$3,502,103)	\$10,328,673	\$10,013,420	\$8,135,526	\$2,840,272
Net cash provided by operating activities	(\$13,934,469)	(9,726,400)	(15,870,278)	(1,171,294)	810,884	719,327
Cash flows from investing activities:						
Interest on investment activities	\$392,384	\$886,730	\$1,267,705	\$1,051,546	\$836,562	\$1,311,047
Parking Revenue	138,421	118,107	50,023	46,717	108,468	13,956
Net increase in fair value of investments	0	154,241	411,122	(35,058)	(90,580)	(353,916)
Net cash provided by investing activities	\$530,805	\$1,159,078	\$1,728,850	\$1,063,205	\$854,450	\$971,087
Cash flows from financing activities:						
Developer Participation	(\$55,211)	\$318,531	\$437,282	\$3,871,110	\$0	\$792,755
Transfer-out	0	0	0	0	(10,000,000)	0
Net cash provided by financing activities	(\$55,211)	\$318,531	\$437,282	\$3,871,110	(\$10,000,000)	\$792,755
Net increase (decrease) in pooled cash and cash equivalents	(\$13,458,875)	(\$8,248,791)	(\$13,704,146)	\$3,763,020	(\$8,334,666)	\$2,483,169
Pooled cash and cash equivalents at beginning of year	17,680,528	25,929,319	39,633,465	35,870,445	44,205,110	41,721,941
Pooled cash and cash equivalents at end of year	\$4,221,653	\$17,680,528	\$25,929,319	\$39,633,465	\$35,870,445	\$44,205,110
	\$0	\$0	\$0	\$0	\$0	\$0

**City Center Tax Increment Financing District
 Reinvestment Zone Number Five, City of Dallas, Texas
 As of September 30, 2008**

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$392,384	Interest Income	
138,421	Parking Income	
4,711,900	Ad Valorem Taxes (Collected in FY'20007-08 based on 2007 Certified Tax Roll)	
<u>\$5,242,705</u>	Total Revenue	

2. Amount and purpose of expenditures from the fund:

\$119,202	Administrative Expense	
1,418,966	Interest Expense	
2,727,309	Non-Capital outlay*	
531,605	Capital outlay*	
<u>\$4,797,083</u>	Total Expenditures	

* Expenditures incurred during FY'20007-08 are as follows:

	Total Expenditures	Capital Outlay	Non-capital Outlay
Dalpark Garage	\$271,350		\$271,350
Affordable Housing Cost Participation	\$620,566		\$620,566
Downtown Parking Lot Fencing	\$76,117	\$76,117	
Streetscape- Akard to Young to Bryan St. (IRS)	\$29,205	\$29,205	
Streetscape- Ervay to Field to Harwood to St. Paul (NPL)	\$299,438	\$299,438	
1530/1526/1524 Main Street Redevelopment	\$1,407,585		\$1,407,585
1608 Main Street demolition & environmental remediation	\$427,808		\$427,808
1608 Main Street Public Improvements	\$125,785	\$125,785	
Other Land Acquisition Related Costs	\$1,060	\$1,060	
Miscellaneous Costs	\$0		
Total Expenditures	<u>\$3,258,914</u>	<u>\$531,605</u>	<u>\$2,727,309</u>

3. Amount of Principal and Interest due on outstanding bonded indebtedness:
None. City Center TIF District has incurred no bonded indebtedness.

Status of developer advances received and reimbursements (incl. P & I) made as of September 30, 2008 is as follows:

Developer	Project	Balance Due (Since Inception)			Payments To Date			Net Balance Due
		Principal	Accrued Interest	Total Due	Principal	Accrued Interest	Total Paid	
Post Properties, Inc.	Wilson Building	\$3,400,000	\$483,691	\$3,883,691	\$3,400,000	\$483,691	\$3,883,691	\$0
Hall Financial Group	Kirby Building Redev	\$435,797	\$35,094	\$470,891	\$435,797	\$35,094	\$470,891	\$0
Hofze Magnolia	Magnolia Building Redev.	\$570,000	\$24,486	\$594,486	\$570,000	\$24,486	\$594,486	\$0
Republic Center, LLP.	Republic Building Redev	\$750,000	\$88,921	\$838,921	\$750,000	\$88,921	\$838,921	\$0
Stone Place Mall Investors	Stone Place Mall	\$276,000	\$16,062	\$292,062	\$276,000	\$16,062	\$292,062	\$0
Elm Street Development	Hart Furniture Building	\$1,333,191	\$59,252	\$1,392,443	\$1,333,191	\$59,252	\$1,392,443	\$0
Main Street Investors JV	Thompson Building	\$1,065,000	\$106,629	\$1,171,629	\$1,065,000	\$106,629	\$1,171,629	\$0
Hamilton DPL Development	DP&L Bldg. Restoration	\$6,503,159	\$361,750	\$6,864,909	\$6,503,159	\$361,750	\$6,864,909	\$0
TIF Hotel, Inc.	Joule Hbtel Redev	\$8,500,000	\$875,792	\$9,375,792	\$8,500,000	\$875,792	\$9,375,792	\$0
Barker-Nichols, LLC	Interurban Building	\$5,000,000	\$536,038	\$5,536,038	\$5,000,000	\$536,038	\$5,536,038	\$0
Ervey Residential Patners, Inc.	Republic Center Tower I	\$4,605,000	\$509,468	\$5,114,468	\$4,605,000	\$509,468	\$5,114,468	\$0
GS Murray Development, Inc.	Gulf States Building Redev.	\$4,666,650	\$409,198	\$5,075,848	\$4,666,650	\$409,198	\$5,075,848	\$0
LB 1200 Main, LP	1200 Main Street Redev.	\$4,750,000	\$698,888	\$5,448,888	\$0	\$0	\$0	\$5,448,888
Hamilton Fidelity Dev., Inc.	Fidelity Union Bldg. Redev.	\$9,000,000	\$1,351,174	\$10,351,174	\$0	\$255,506	\$255,506	\$10,095,668
Totals		\$50,854,797	\$5,556,243	\$56,411,040	\$37,104,797	\$3,761,887	\$40,866,684	\$15,544,357
Principal								\$13,750,000
Accrued Interest								\$1,794,356
Total								\$15,544,356

4. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable	Base Year	Est. Captured
	Value 2008	1998 Value	Value 2008*
City of Dallas	\$1,508,003,339	\$876,190,327	\$629,813,012
Dallas County	\$1,508,003,339	\$876,190,327	\$629,813,012
Dallas Independent School District	0	0	0
Dallas County Hospital District	0	0	0
Dallas County Community College Dist.	0	0	0

** Based on preliminary Taxable Values. Final values will be determined on February 01, 2009.

5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment	% Captured	Amount of
	Per \$100	Value Used	Estimated 2008 Increment
City of Dallas	0.74790	67.31%	\$4,239,334
Dallas County	0.22810	12.09%	\$761,400
Dallas Independent School District	0.00000	0.00%	\$0
Dallas County Hospital District	0.00000	0.00%	\$0
Dallas County Community College District	0.00000	0.00%	\$0
Total for all Jurisdictions	\$0.97600	\$0.79400	\$5,000,734

B. The total estimated amount of tax increment to be billed for the 2008 tax year is shown above. For the 2007 tax year, increment in the amount of \$4,711,900 was received.

City of Dallas, Texas
City Center Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2008
(Unaudited)

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred. For purposes of the "Statement of Cash Flow," the operating loss represents tax increment revenues less total expenditures.

2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).

3. The Zone's cash balances are invested in the City's investment pool and earn pro rata interest. The City invests in U.S. Treasury and Agency securities with maturities which are less than five years and money market mutual funds rated Aaa or AAAM. The weighted average maturity of the portfolio is less than 365 days.

4. The Zone's Financial Plan permits expenditures not to exceed \$2,160,402 over the life of the TIF to reimburse the City for administrative costs. The Zone incurred \$119,202 in administrative costs for fiscal year 2008. The City began billing the Zone for administrative costs in FY'1998-99. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.

5. The Zone has received advances from developers to fund improvements that are being made by the Department of Public Works and Transportation. Developer advances outstanding during fiscal year 2008, which bear interest from the date of advance, include the following:

\$4,750,000 1200 Main Street Building advance as of October 19, 2005 bears interest at 4.71% compounded semi-annually; and

\$9,000,000 Fidelity Union Building advance as of November 4, 2005 bears interest at 4.87% compounded semi-annually;

6. **Capital Assets**

Capital assets activity for the year ended September 30, 2008 is as follows:

	Balance at beginning of year	and Additions	Transfers at end retirements	Balance of year
Capital assets, not being depreciated:				
Land	\$ 361,296	\$ 1,060	\$0	\$ 362,356
Construction in progress	<u>6,967,304</u>	<u>530,545</u>	0	<u>7,497,849</u>
 Total capital assets, not being depreciated	 <u>\$7,328,600</u>	 <u>\$531,605</u>	 <u>\$0</u>	 <u>\$7,860,205</u>
 Capital assets being depreciated:				
Building	\$3,400,000	\$0	\$3,400,000	\$0
Improvements	60,000	0	0	60,000
Less accumulated depreciation:	<u>(637,387)</u>	<u>608,282</u>	<u>0</u>	<u>(29,105)</u>
 Total capital assets being depreciated	 <u>\$2,822,613</u>	 <u>\$608,282</u>	 <u>\$3,400,000</u>	 <u>30,895</u>
 Governmental capital Assets, net	 <u>\$10,151,213</u>	 <u>\$1,139,887</u>	 <u>\$3,400,000</u>	 <u>\$7,891,100</u>

7. All expenditures for capital improvements, including accounts payable of \$712,639 as of 9/30/04, \$197,151 as of 9/30/05, \$83,842 as of 9/30/06, \$275,270 as of 9/30/07, and \$195,532 as of 9/30/08 have been expensed as project costs as incurred. All project costs resulting in capital improvements which are owned by the City are capitalized in the General Fixed Assets Account Group of the City of Dallas.

**Davis Garden TIF District
FY 2008
Annual Report**



City of Dallas

Office of Economic Development
1500 Marilla Street, 5CS
Dallas, Texas 75201
(214) 670-1685
<http://www.dallas-ecodev.org>

October 1, 2007 to September 30, 2008

Reinvestment Zone Number Sixteen Tax Increment Financing District

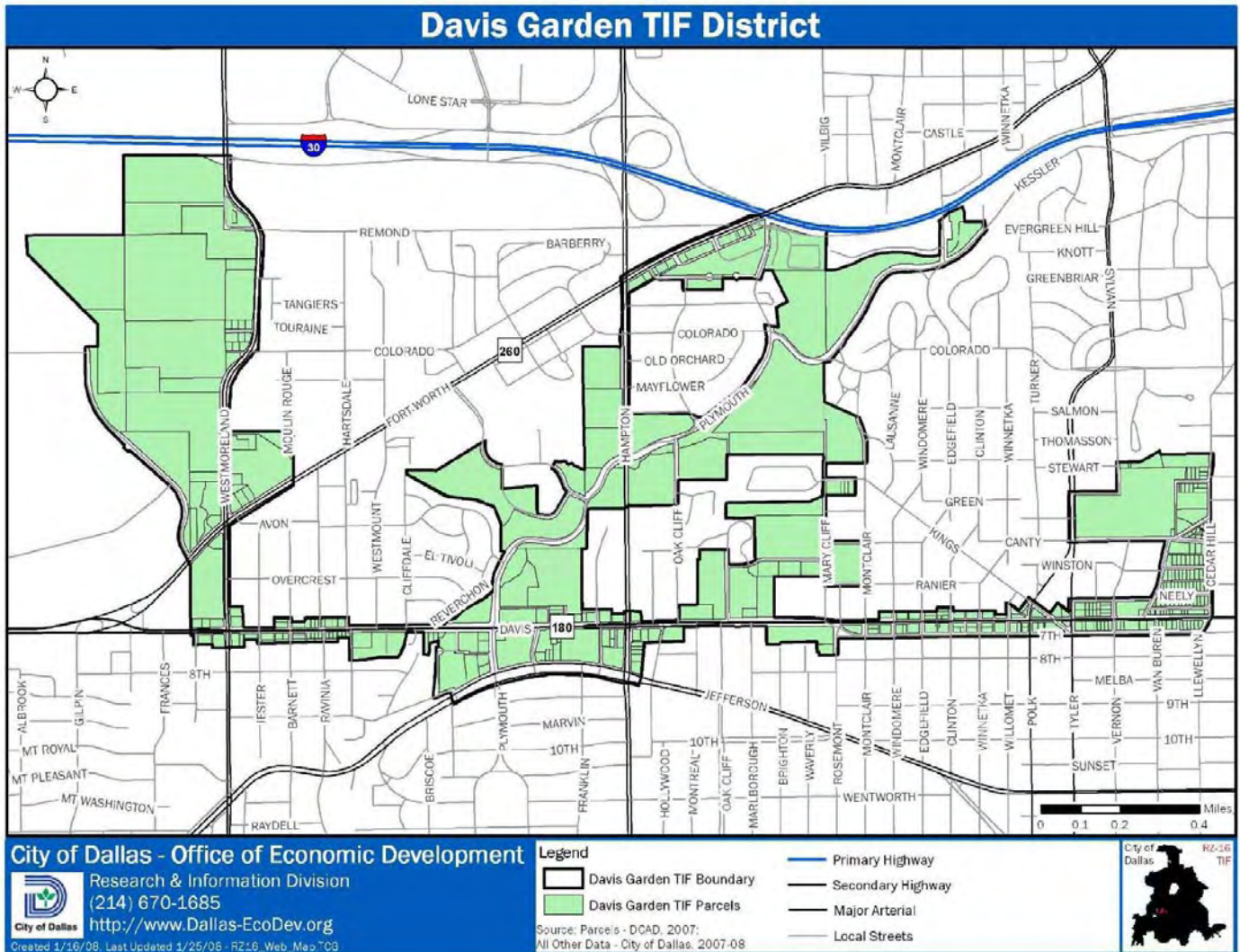


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Mission Statement

The mission of the Davis Garden TIF District is to provide a funding source to facilitate public infrastructure improvements to enhance the area's real estate market. The District exemplifies the City of Dallas' efforts to provide a model for redeveloping urban corridors and transitioning deteriorated multi-family properties into a more sustainable mix of for-sale and rental housing. It is anticipated to provide linkage to stable neighborhoods in North Oak Cliff, redevelop aging retail centers, and enhance connectivity to area trails.

The Dallas City Council established the Davis Garden TIF District by Ordinance Number 26799 on June 13, 2007. The TIF District took effect on January 1, 2008 and is scheduled to terminate on December 31, 2029 (including collection of the 2029 increment in calendar year 2030 and any related matters to be concluded in 2030) or when the budget of \$38.3 million (2008 dollars) has been collected. The City of Dallas and Dallas County are the District's participating taxing jurisdictions. The City's annual participation rates are as follows:

- 0% in 2008
- 55% in 2009 and 2010
- 70% in 2011, 2012, and 2013
- 85% in 2014 through 2020
- 70% in 2021, 2022, and 2023
- 55% in 2024 and thereafter

Dallas County's participation was 0% in 2008. The county's annual participation rate will increase to 55% in 2009 and thereafter.

District Accomplishments

The Davis Garden TIF District is located southwest of downtown Dallas in the North Oak Cliff neighborhood. It includes portions of the Davis Street, Fort Worth Avenue, and Hampton Road corridors, as well as land adjacent to Pinnacle Park, commercial property and multi-family developments. The District features numerous opportunities for redevelopment in the areas surrounding Coombs Creek Trail, Kidd Springs Park, Stevens Park Golf Course, and the Twelve Hills Nature Center.

Single-family neighborhoods were excluded from the District since they are not targeted for development or redevelopment activities. Kidd Springs Park, Stevens Park Golf Course, and the Twelve Hills Nature Center were included to enable improvements and enhance the connectivity between surrounding neighborhoods. The local elementary schools were included for similar reasons.

The District's potential redevelopment sites include the following which are owned by INCAP, a real estate investment fund that provides pre-development services and structuring for developers seeking building sites to develop for-sale residential projects:

1. **Chateau Crete Assembly**
 - 1818 Stevens Forest
 - 1836 Stevens Forest
 - 1916 Stevens Forest
 - 2002 Stevens Forest
2. **Acorn Tree Assembly**
 - 2105 West Davis
 - 2211 West Davis
3. **Cliffwood Assembly**
 - 1836 West Davis
4. **King's Highway Assembly**
 - 1610 King's Highway
 - 1616 King's Highway
 - 1618 King's Highway
 - 1622 King's Highway
 - 1630 King's Highway
5. **Kidd Springs Assembly**
 - 829 Cedar Hill
 - 901 Cedar Hill
6. **Northhills Assembly**
 - 640 North Plymouth
 - 2643 West Davis

Affiliates of INCAP Master Development, LLC (INCAP) acquired the six sites which consisted of functionally obsolete apartment complexes on approximately 30 acres of land. In May 2008, the Dallas City Council agreed to reimburse the firm approximately \$4 million for the environmental remediation and demolition of the apartment complexes and median improvements along Davis Street between Hampton Road and Montclair Avenue. The first five sites were prepared for future development activities during the fiscal year although INCAP's agreement with the City does not include a commitment for vertical development. The sixth site's preparation is scheduled to be completed prior to end of the first quarter of FY 2009.

INCAP's project is anticipated to build upon North Oak Cliff's successful residential market while enticing the expansion of residential and commercial activity within the District. The firm's project also facilitated the demolition of 1,503 outdated apartment units in harmony with the District's goal to replace 1,969 functionally obsolete apartments and 84,524 square feet of commercial space with approximately 1,960 for-sale units, 765 rental units, and 472,000 square feet of improved, reconfigured, or new neighborhood retail space. INCAP is currently negotiating with several developers as joint venture partners to redevelop the sites in accordance with the District's Final Plan.



Chateau Creek Apartments prior to its demolition



Workers initiate the apartment complex's demolition



The cleared site is a prime location for a vertical development project

Davis Garden TIF District – Past, Current, and Anticipated Projects¹

Project	Location	Units/Square Feet ²	Status	Year Complete	Approximate Investment ³	TIF Investment ⁴
Good Space – Settles Garage	614 W. Davis	3,879 square feet of office and retail space	Complete	December 2007	\$180,000	\$0
Good Space – Kemp Garage	632 W. Davis	4,000 square feet of office/show room space	Complete	June 2008	\$210,000	\$0
INCAP Development Agreement (Environmental remediation and demolition of six obsolete apartment complexes and median improvements along Davis Street between Hampton Road and Montclair Avenue)	<ol style="list-style-type: none"> 1. Chateau Crete Assembly <ul style="list-style-type: none"> – 1818 Stevens Forest – 1836 Stevens Forest – 1916 Stevens Forest – 2002 Stevens Forest 2. Acorn Tree Assembly <ul style="list-style-type: none"> – 2105 West Davis – 2211 West Davis 3. Cliffwood Assembly <ul style="list-style-type: none"> – 1836 West Davis 4. King’s Highway Assembly <ul style="list-style-type: none"> – 1610 King’s Highway – 1616 King’s Highway – 1618 King’s Highway – 1622 King’s Highway – 1630 King’s Highway 5. Kidd Springs Assembly <ul style="list-style-type: none"> – 829 Cedar Hill – 901 Cedar Hill 6. Northhills Assembly <ul style="list-style-type: none"> – 640 North Plymouth – 2643 West Davis 	<ol style="list-style-type: none"> 1. Chateau Crete Assembly (219 units) 2. Acorn Tree Assembly (449 units) 3. Cliffwood Assembly (247 units) 4. King’s Highway Assembly (84 units) 5. Kidd Springs Assembly (177 units) 6. Northhills Assembly (327 units) 	<p>Preparation for future development activities on the first five sites is complete. The sixth site’s preparation is scheduled to be completed prior to end of the first quarter of FY 2009. The median improvements along Davis Street are anticipated to begin March 2009</p>	July 2010	\$43,246,681	\$4,008,247
Vertical Development Resulting from INCAP’s Horizontal Development Project	TBD	<p>2,725 residential units (1,960 for-sale units/765 rental units)</p> <p>472,000 square feet retail or other commercial use</p>	Anticipated	TBD	TBD	TBD
Kessler Woods – Phase III	2105 and 2211 West Davis	A maximum of 125 for-sale residential units	Planned	TBD	TBD	TBD

¹ All information updated as of September 30, 2008.

² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.

³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF district for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.

⁴ TBD indicates that development agreement has not yet been adopted and TIF investment is yet to be determined.

Value and Increment Revenue Summary

The Davis Garden TIF District's assessed 2008 taxable value is \$151,368,730. This represents an increase of \$27,824,328 or 22.5% from the 2007 base year value. Of this amount, \$13.3 million is attributed to the environmental remediation and demolition of properties that comprise INCAP's development agreement with the City. The remaining \$14.5 million is attributed to appreciation. The District will not begin collecting tax increment until 2009.

Objectives, Programs, and Success Indicators

The Davis Garden Final Project Plan and Reinvestment Zone Financing Plan was approved on February 27, 2008, and subsequently amended on April 9, 2008. The plan's defined development goals are provided below:

- Utilize TIF funding to encourage needed horizontal improvements and site preparation in the District. This includes environmental remediation and demolition of structurally and functionally obsolete structures to set the stage for future redevelopment activities as described in this plan.

Since the District's creation the environmental remediation and demolition of 1,176 units have completed and 5 sites have been prepared for redevelopment activities.

- Create additional taxable value attributed to new private development and appreciation totaling approximately \$1.0 billion over the District's 22-year life.

The total appraised value of property in the District has increased by \$27,824,328 since its creation (2.8% of the goal).

- Attract new private development in the District by replacing approximately 1,969 residential units with a more sustainable mix of for-sale and rental units; add approximately 700 residential units to increase the area's population density; and redevelop approximately 472,000 square feet of commercial and retail space.

There has been no progress on this goal. Five sites have been prepared for redevelopment activities since the District's creation. However, to date no construction has occurred.

- Diversify housing options within the district by increasing homeownership opportunities while maintaining an affordable housing component of no less than 20% of all new units built.

There has been no progress on this goal. Five sites have been prepared for redevelopment activities since the District's creation. However, to date no construction has occurred.

- Maintain the stability of local schools while redevelopment activities occur within the area's neighborhoods by encouraging strong communication between the Dallas Independent School District and area developers

Staff is working closely with neighborhood schools to coordinate redevelopment activities with school needs. Additionally, leaders from the neighborhood schools and Parent Teacher Association members have been invited to participate in the District's TIF Board meetings.

- Diversify commercial and retail uses in the District by restoring historic commercial buildings and finding redevelopment options for commercial structures that are architecturally less significant.

The Settles and Kemp Garages are properties with historic significance that have been converted for commercial use since the District's creation. The Settles Garage, which is located at 614 W. Davis, features the Bolsa Restaurant and approximately 1,850 square feet of office space. The Kemp Garage is located at 632 W. Davis. It features 4,000 square feet of office/show room space.



The recently converted Settles and Kemp Garages offer modern mixed-use venues while preserving their automotive heritage

- Encourage the redevelopment of properties along the Davis Street, Fort Worth Avenue, and Hampton Road corridors for new residential and commercial uses that feature enhanced urban design standards which are complementary to the historic and conservation districts in the immediate area.

INCAP's Development Agreement with the City includes site preparation that will allow for the redevelopment of property at six sites throughout the District. This includes three sites that located along Davis Street.

- Improve recreational opportunities and connections to City trails and open space within the District while providing better connections to County trails and other recreational amenities in the area.

There has been no progress on this goal.



Kidd Springs Park and Stevens Park Golf Course are two of the District's most popular recreational sites

- Generate approximately \$38.3 million (2006 dollars) in increment over 20 years of collections.

The District's increment collections do not begin until 2009.

Developments that are Adjacent to the District



Homes in the Kessler Woods community (located adjacent to the TIF District and across the street from INCAP's Chateau Creek redevelopment site)



Homes in the Kessler Springs community (within proximity of the District's Cedar Oaks apartment community which is located on Cedar Hill Avenue)

Year-End Summary of Meetings

The Davis Garden TIF District Board met eight times during the fiscal year (FY) from October 1, 2007 to September 30, 2008. TIF Boards can consist of up to ten members including five City of Dallas appointees, two Dallas Independent School District (DISD) appointees, one Dallas County appointee, one Dallas County Community College District (DCCCD) appointee and one Dallas County Hospital District appointee. The Davis Garden TIF Board consisted of the following members during FY 2008:

- Joe Whitney – City Representative (attended 8 of 8 meetings)
- Kathy Hewitt – City Representative (attended 5 of 6 meetings; appointed to the Board on January 9, 2008)
- Mario Cadena – City Representative (attended 4 of 5 meetings; appointed to Board on January 9, 2008)
- Richard Garza – City Representative (attended 3 of 3 meetings; appointed to Board on February 6, 2008)
- Ed Oakley- City Representative – City Representative (attended 3 of 3 meetings; appointed to the Board on February 27, 2008)
- Rick Loessberg – Dallas County Representative (attended 5 of 8 meetings)
- Orlando Alameda – DISD Representative (attended 7 of 8 meetings)
- Lauren Odell – City Representative (attended 1 of 1 meetings; resigned from the Board on November 12, 2007)
- David Rastellini – DISD Representative (attended 3 of 5 meetings; resigned from DISD during February 2008)
- Matt Holley – City Representative (attended 7 of 8 meetings; resigned from the Board on June 3, 2008)

The Dallas City Council approved eleven items during the fiscal year related to the District. These items are summarized below:

- On February 13, 2008, the City Council approved Ordinance Number 27088, authorizing amendments to Ordinance No. 26799, previously approved on June 13, 2007, to change the name of Reinvestment Zone Number Sixteen, City of Dallas, Texas from Reinvestment Zone Number Sixteen, City of Dallas, Texas

(Twelve Hills TIF District) to Reinvestment Zone Number Sixteen, City of Dallas, Texas (Davis Garden TIF District)

- On February 27, 2008, the City Council approved Resolution Number 08-0655, accepting the FY 2007 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Sixteen, (Davis Garden TIF District), submitted by the Davis Garden TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to other taxing jurisdictions which participate in the District, and to the Attorney General of Texas, and the State Comptroller, as required by state law
- On February 27, 2008, the City Council approved Ordinance Number 27090, (a) approving the Project Plan and Reinvestment Zone Financing Plan for Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden TIF District); and (b) authorizing a participation agreement with Dallas County for Tax Increment Financing Reinvestment Zone Number Sixteen
- March 26, 2008, the City Council approved Resolution Number 08-0884, authorizing Supplemental Agreement No. 1 to the professional services contract with Freese and Nichols, Inc. for the preparation of additional design and construction documents for the Coombs Creek Trail from Cedar Hill Avenue to Sylvan Avenue - \$39,770, from \$57,506 to \$97,276 - Financing: 2003 Bond Funds
- On April 9, 2008, the City Council approved Ordinance Number 27138, authorizing amendments the Project Plan and Reinvestment Zone Financing Plan for Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden TIF District) (1) to modify the affordable housing provision in the Davis Garden TIF District Final Plan; (2) to shift funds among budget categories by decreasing Infrastructure Improvements in the amount of \$6,746,733; decreasing Environmental Remediation in the amount of \$1,781,447; decreasing Historic Façade Restoration in the amount of \$155,876; decreasing Parks, Open Space, Trails, and Streetscapes in the amount of \$378,557; decreasing Administration and Implementation in the amount of \$7; and increasing the Affordable Housing category in the amount of \$9,062,620; and (3) amending Ordinance No. 27090 to reflect the modification in the housing provision language and the adjustments to budget categories
- On April 23, 2008, the City Council approved Resolution Number 08-1274, authorizing a professional services contract with ArchiTexas - Architecture, Planning and Historic Preservation, Inc. for topographic survey and schematic design through construction administration services for the restoration of the historic park elements in the neighborhood park at Stevens Park located at 1005 North Montclair Avenue - \$139,705 - Financing: 2003 Bond Fund
- On May 14, 2008, the City Council approved Resolution Number 08-1412, authorizing Supplemental Agreement No. 3 to the professional services contract

with Group One/VAI Architects, L.L.P. for a structural evaluation of the roof, design revisions to the heating, ventilation and air conditioning system documents, and additional construction administration services at Kidd Springs Recreation Center located at 700 West Canty Street - \$10,500, from \$43,690 to \$54,190 - Financing: 2003 Bond Funds

- On May 28, 2008, the City Council approved Resolution Number 08-1585, authorizing (1) a development agreement with INCAP Master Development, LLC to provide funding for TIF-eligible project costs related to the horizontal development only (demolition and environmental remediation) of six structurally and functionally obsolete apartment complexes in anticipation of future vertical development and median improvements on Davis Street between Hampton and Montclair Roads in Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden TIF District); and (2) the Davis Garden TIF District Board of Directors to dedicate up to \$4,008,247 from future Davis Garden TIF revenues in accordance with the development agreement – Not to exceed \$4,008,247 – Financing: Davis Garden TIF District Funds
- On May 28, 2008, the City Council approved Resolution Number 08-1586, declaring the intent of Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden TIF District) to reimburse INCAP Master Development, LLC up to \$4,008,247 for certain TIF-eligible project costs related to the environmental remediation and demolition of six structurally and functionally obsolete apartment complexes and median improvements on Davis Street between Hampton and Montclair Roads in the Davis Garden TIF District
- On August 13, 2007, the City Council approved Resolution Number 08-2099, conducting a public hearing to receive comments regarding an application for a Planned Development District for Multifamily District uses on property zoned an MF-2(A) Multifamily District, on the southwest corner of Mary Cliff Road and Stevens Forest Drive. Recommendation of Staff: Approval, subject to a conceptual plan and staff's recommended conditions.
- On August 13, 2007, the City Council approved Ordinance Number 27269, granting a Planned Development District for Multifamily District uses on property zoned an MF-2(A) Multifamily District, on the southwest corner of Mary Cliff Road and Stevens Forest Drive.

Pending TIF Items

Pending items for the Davis Garden TIF District include the following:

- Approval of an amendment to increase the geographic area of the TIF District to include selected adjacent properties and corresponding amendments to the District's Project Plan and Reinvestment Zone Financing Plan.
- Approval of the FY 2008 Annual Report
- Approval of a second TIF application from INCAP Master Development, LLC for horizontal development activities within the District.

Budget and Spending Status

The Davis Garden TIF District's Project Plan and Reinvestment Zone Financing Plan established a budget for public improvement expenditures that are necessary to support private investment. Approximately \$4 million was allocated for environmental remediation, demolition activities, and infrastructure improvements within the District during FY 2008. The District's budget and spending to date are provided below.

Davis Garden TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget	Allocated	Balance
Environmental Remediation/Demolition	\$9,635,310	\$3,008,246	\$6,627,064
Infrastructure Improvements	\$34,687,115	\$1,000,001	\$33,687,114
Open Space, Parks, Streetscapes and Trails	\$2,047,504	\$0	\$2,047,504
Historic Façade Restoration	\$843,090	\$0	\$843,090
Affordable Housing	\$11,114,014	\$0	\$11,114,014
Administration and Implementation**	\$1,803,922	\$0	\$1,803,922
Total Project Costs	\$60,130,955	\$4,008,247	\$56,122,708
<p>* Administrative costs are pending until increment collection begins in 2009. ** All values are estimated expenditures based on Annual TIF Project Costs and Debt Service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.</p>			

Davis Garden TIF District Project Plan Budget (NPV Values)	
Category	TIF Budget
Environmental Remediation/Demolition	\$6,131,870
Infrastructure Improvements	\$22,074,732
Open Space, Parks, Streetscapes and Trails	\$1,303,023
Historic Façade Restoration	\$536,539
Affordable Housing	\$7,072,911
Administration and Implementation	\$1,148,014
Total Project Costs	\$38,267,083
<i>All values discounted to 2008 dollars at 5% annually. Actual expenditure value will depend on timing of project cost.</i>	

FY 2009 Work Program

The FY 2009 work program for the Davis Garden TIF District includes:

- Develop a Strategic Implementation Plan to help identify and prioritize potential redevelopment opportunities as well as the utilization of public investment within the District.
- Develop Design Guidelines for the District.
- Encourage development projects within the District in accordance with its final Project Plan and Reinvestment Zone Financing Plan.

Appendix: Financials

City of Dallas, Texas

Davis Garden Tax Increment Financing District Fund

Reinvestment Zone Number Sixteen

As of September 30, 2008

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

	\$0 Interest Income
	\$0 Ad Valorem Taxes (Collected in FY'2007-08 based on 2007 Certified Tax Roll)
	\$0 Total Revenue

2. Amount and purpose of expenditures from the fund:

	\$56,788 Administrative Expense
	\$0 Non-Capital outlay
	\$0 Capital outlay
	\$0 Interest and fiscal charges
	\$56,788 Total Expenditures

3. TIF administrative costs associated with staff time spent are being accumulated for fiscal years 2007 - 2010 and General Fund will be reimbursed for these costs in fiscal year 2010 upon collection of tax increment by June of 2010.

4. Amount of Principal and Interest due-on outstanding indebtedness:

Davis Garden TIF District has incurred no bonded indebtedness as of September 30, 2008. The Zone entered into a development agreement with INCAP Master Development, LLC for horizontal development in the TIF in an amount not to exceed \$4,402,000 plus a grant, if applicable, in lieu of interest and is anticipated to be reimburse from available future tax increments beginning in fiscal year 2012.

5. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2008*	Base Year 2007 Value	Est. Captured Value 2008**
City of Dallas	\$151,368,730	\$123,544,402	\$0
Dallas County	\$151,368,730	\$123,544,402	\$0
Dallas Independent School District	\$0	\$0	\$0
Dallas County Hospital District	\$0	\$0	\$0
Dallas County Community College District	\$0	\$0	\$0

*2008 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

**Based on preliminary Taxable Value. The final values will be determined on February 01, 2009.

6. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment Per \$100***	Amount of Estimated 2008 Increment****
City of Dallas	0.00000	\$0
Dallas County	0.00000	\$0
Dallas Independent School District	0.00000	\$0
Dallas County Hospital District	0.00000	\$0
Dallas County Community College District	0.00000	\$0
Total for all Jurisdictions	\$0.00000	\$0

*** Participation rate for Dallas County is 0% for 2008 and 55% for years 2009 to 2029.

City of Dallas participates at variable rates as follows:

Tax Year	Rate
2008	0%
2009 - 2010	55%
2011 - 2013	70%
2014 - 2020	85%
2021 - 2023	70%
2024 - 2029	55%

****The District will begin collecting increment in June of fiscal year 2009-10.

B. The estimated amount of tax increment to be billed for the 2008 tax year is shown above. For the 2007 tax year, no increment was received.

City of Dallas, Texas
Davis Garden Tax Increment Financing District Fund
Balance Sheet as of September 30, 2008
With Comparative Totals for September 30, 2007
(Unaudited)

	<u>2008</u>	<u>2007</u>
Assets:		
Pooled cash and cash equivalents	\$0	\$0
Interest receivable	\$0	\$0
	<hr/>	<hr/>
Total assets	\$0	\$0
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balance (Deficit):		
Liabilities:		
Accounts and contracts payable	\$0	\$0
Advances from developers	\$0	\$0
Accrued interest	\$0	\$0
Due to general fund	\$75,045	\$18,257
	<hr/>	<hr/>
Total liabilities	\$75,045	\$18,257
	<hr/> <hr/>	<hr/> <hr/>
Fund Balance (Deficit):		
Fund Balance (Deficit)	(\$75,045)	(\$18,257)
	<hr/>	<hr/>
Total Liabilities and Fund Equity	(\$0)	\$0
	<hr/> <hr/>	<hr/> <hr/>
	(\$0)	\$0

City of Dallas, Texas
Davis Garden Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period September 30, 2008
With Comparative Totals for September 30, 2007
(Unaudited)

	<u>ITD</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Tax increment	\$0	\$0	\$0
Interest income	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Total revenues	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Expenditures:			
Administrative expenses	\$75,045	\$56,788	\$18,257
Non-Capital Outlay	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Total expenditures	\$75,045	\$56,788	\$18,257
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(\$75,045)	(\$56,788)	(\$18,257)
	<hr/>	<hr/>	<hr/>
Fund balance (Deficit) at beginning of year as previously reported	(\$75,045)	(\$18,257)	\$0
	<hr/>	<hr/>	<hr/>
Fund balance (Deficit) at beginning of year, as restated	(\$75,045)	(\$18,257)	\$0
	<hr/>	<hr/>	<hr/>
Fund balance (deficit) at end of year	(\$75,045)	(\$75,045)	(\$18,257)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: These unaudited financial statements are based on preliminary numbers and are subject to change. If these numbers change, the TIF board will be provided with the audited numbers after completion of the City's audit for fiscal year 2007-08.

City of Dallas, Texas
Davis Garden Tax Increment Financing District Fund
Cash Flow Statement for the Period Ended September 30, 2008
With Comparative Totals for September 30, 2007
(Unaudited)

	<u>2008</u>	<u>2007</u>
Operating income (loss)	<u>(\$56,788)</u>	<u>(\$18,257)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable	\$0	\$0
Increase (decrease) in accounts payable	\$0	\$0
Increase (decrease) in advances from developers	\$0	\$0
Increase (decrease) in accrued interest	\$0	\$0
Increase (decrease) in due to general fund	<u>\$56,788</u>	<u>\$18,257</u>
Total adjustments	\$56,788	\$18,257
Net cash provided by operating activities	<u>\$0</u>	<u>\$0</u>
Cash flows from investing activities:		
Interest on investment activities	\$0	\$0
Net increase(decrease) in fair value of investments	<u>\$0</u>	<u>\$0</u>
Net cash provided by investing activities	<u>\$0</u>	<u>\$0</u>
Net increase (decrease) in pooled cash and cash equivalents	\$0	\$0
Pooled cash and cash equivalents at beginning of year	<u>\$0</u>	<u>\$0</u>
Pooled cash and cash equivalents at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>
	\$0	\$0

Notes to Financials

City of Dallas, Texas

RZ16 Tax Increment Financing District

Notes to Financial Statements for the Year Ended September 30, 2008

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred. For purposes of the "Statement of Cash Flow," the operating loss represents tax increment revenues less total expenditures.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The Zone's Financial Plan permits expenditures not to exceed \$1,148,014 over the life of the TIF to reimburse the City for administrative costs. The Zone incurred \$56,787 in administrative costs for fiscal year 2007 which will be reimbursed to the general fund upon collection of increments in FY'10. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.

Exhibit A
Downtown Connection TIF District
FY 2008
Annual Report



Photo Source: Forest City/ Mercantile Place on Main



City of Dallas

Office of Economic Development
1500 Marilla Street, 2CN • Dallas, Texas 75201
(214) 670-9821

<http://www.dallas-ecodev.org/>

October 1, 2007 to September 30, 2008
Reinvestment Zone Number Eleven
Downtown Connection Tax Increment Financing District

Map of Reinvestment Zone Number Eleven

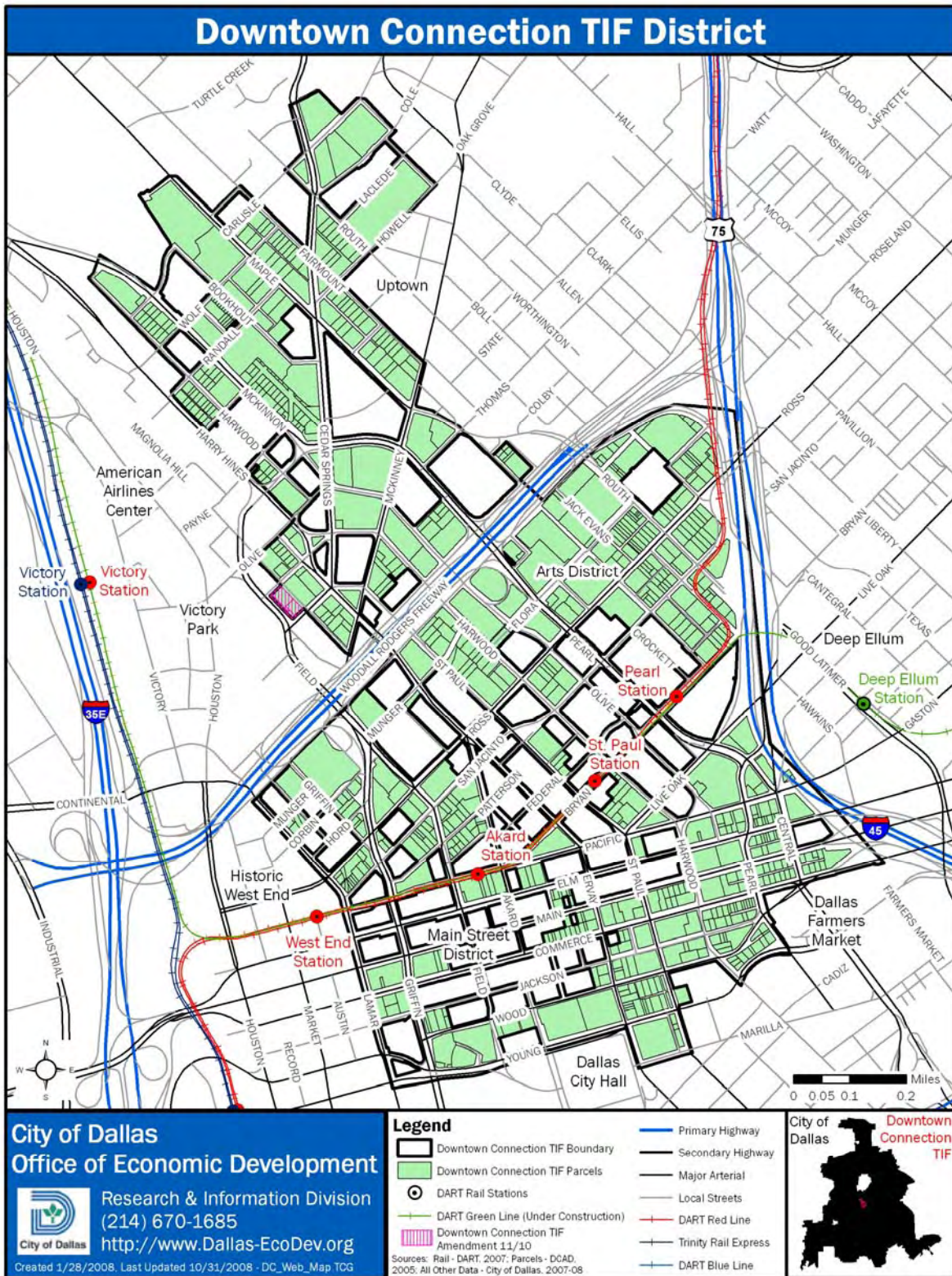


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Mission Statement

The mission of the Downtown Connection Tax Increment Financing District is to create a fund for public capital improvements in the core of Downtown essential for development of key spaces and buildings as well as focusing on catalyst projects to create a greater density and critical mass of development within the Main Street core area.

The Downtown Connection TIF District was initiated by petition, pursuant to Section 311.005 (a)(5), Texas Tax Code through the sponsorship of the Downtown Improvement District and the Uptown Improvement District. The Downtown Connection TIF District took effect on June 8, 2005 per Ordinance No. 26020 and is scheduled to terminate on December 31, 2035 (including collections of the 2035 increment in calendar year 2036 or when the budget of \$189.8 million (2006 dollars) has been collected.

District Accomplishments

FY 2008 saw construction continue on key projects throughout both the Downtown Core and the Uptown portions of the Downtown Connection TIF District.

Within the Downtown Core, renovations continued on the Mercantile Block. New downtown residents began leasing apartments in the completed **Mercantile Tower**. Construction on the new apartment building, the **Dallas Building**, was 90% completed by September 30, 2008, and is expected to open in Spring 2009. The total investment in the Mercantile Complex is expected to exceed \$135 million.

Construction was completed on the 400,000 square foot **Hunt Headquarters** (located at the southeast corner of Akard Street and Woodall Rodgers Expressway) and **1414 Elm Street**.



Within the Uptown area (see map on page 6), the **Azure** condominium project, **1900 McKinney (Hanover)** were completed as well as the expansion and renovations to the **Historic Stoneleigh Hotel**. Construction continued on **2000 McKinney Avenue, Rosewood Court, Alta Rosewood and the Ritz-Carlton Condo Residences II**.

Formerly announced projects such as, **Park Seventeen/ 17Seventeen McKinney (Granite/Gables), AMLI/Quadrangle, St. Anne's Court, and Two Arts Plaza** began construction. In addition, several new projects were announced including, Akard Place and Redd Development.



Main Street Garden

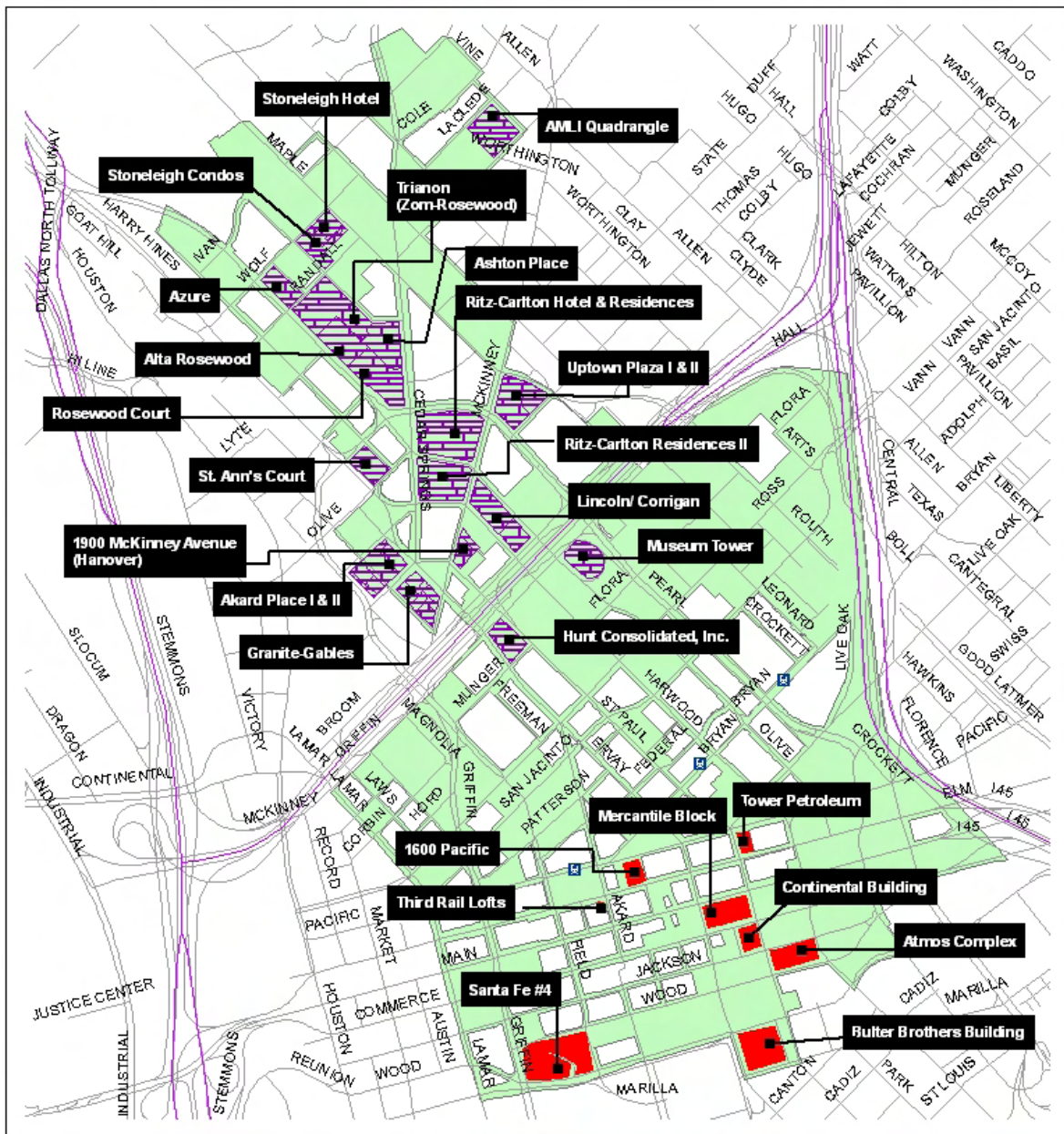


The construction began on **Main Street Garden Park** which is located immediately east of and adjacent to the Mercantile Complex. Further planning, design work and land acquisition related to the development **Belo Garden Park** (located along Griffin Street between Main and Commerce Streets), **Pacific Plaza Garden Park** (located along Pacific Avenue between St. Paul and Harwood Streets), and the **Woodall Rodgers Deck Park** which is designed to improve the connection between the Central Business

District and Uptown.

Development in the Downtown Connection TIF District has been consistent and continues along with other factors to position the District for future growth. The TIF District Board of Directors and Office of Economic Development staff continued communications with developers regarding proposed redevelopment and investment projects within the Downtown Connection TIF District.

Map of Projects within the Downtown Connection TIF District



**Downtown Connection TIF District
 Project Location Map**

- TIF Boundary
- Non-TIF Funded Projects
- TIF Funded Projects



City of Dallas

Office of Economic Development
 January 2009

Source: FY 2008 Annual Report Downtown Connection TIF District, City of Dallas

Downtown Connection TIF District Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
Stoneleigh Hotel	2927 Maple	1 st Quarter 2008	Completed	17 additional hotel rooms	\$23,800,000	\$2,500,000
Mercantile Block	Main and Commerce Streets	4 th Quarter 2008	Under Construction	366 res. units; 40,000 sf retail	\$135,000,000	\$60,500,000
Santa Fe Lofts IV	1033 Young Street	4 th Quarter 2009	Under Construction	170 hotel rooms; 4,000 sf retail	\$21,600,000	\$4,296,264
Butler Brothers Building	500 S. Ervay	3 rd Quarter 2010	Approved	400 res. units, 45,000 sf retail	\$49,000,000	\$15,000,000
1600 Pacific Avenue	1600 Pacific Avenue	4 th Quarter 2010	Approved	307 res. units; 26,190 sf retail	\$64,00,000	\$15,908,777
Continental Building	1810 Commerce Street	3 rd Quarter 2011	Announced	140 res. units; 9,000 sf retail	\$46,000,000	\$10,000,000
Tower Petroleum	1900 Pacific/ 1907 Elm Street	4 th Quarter 2011	Approved	125 hotel rooms, approx 130 res. units, 6,500 sf retail	\$90,000,000	\$12,000,000
Atmos Complex	Harwood and Wood Streets	2 nd Quarter 2013	Announced	202 res. units; 5,000 sf retail	TBD	\$0
Subtotal				1,545 res. units; 132 hotel rooms; 135,690 sf retail	\$365,400,000	\$120,205,041
Projects Within TIF District Not Utilizing TIF Funding⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	Non- TIF Incentives
Ashton	2215 Cedar Springs Road	2006	Completed	267 res. units	\$104,000,000	\$0
Trianon (Zom/ Rosewood)	2820 McKinnon Street	3 rd Quarter 2006	Completed	335 res. units	\$25,321,500	\$0
Uptown Plaza Shopping I	2212 McKinney Avenue	3 rd Quarter 2006	Completed	84,000 sf retail	\$12,600,000	\$0
Hunt Consolidated	1900 Akard Street	2 nd Quarter 2007	Completed	400,000 sf office	\$108,000,000	\$6,3000,000
Ritz-Carlton Hotel & Condos	2510 Cedar Springs	2 nd Quarter 2007	Completed	70 res. units 216 hotel rooms	\$86,950,000	\$0
Third Rail Lofts (1414 Elm portion)	1414 Elm Street	3 rd Quarter 2007	Completed	14 res. units; 3,500 sf retail	\$4,100,000	\$1,800,000
Azure	2919 Pearl Street	2 nd Quarter 2008	Completed	202 res. units	\$55,100,000	\$0
Ritz-Carlton Residences II	2001 McKinney Avenue	4 th Quarter 2009	Under Construction	96 res. units	\$113,050,000	\$0
1900 McKinney (Hanover)	1900 McKinney Avenue	4 th Quarter 2008	Completed	230 res. units	\$60,000,000	\$0
Stoneleigh Condos	2927 Maple Street	4 th Quarter 2008	Under Construction	110 res. units	\$80,000,000	\$0
Rosewood Court	2101 Cedar Springs Road	2 nd Quarter 2009	Under Construction	400,000 sf office, 12,000 sf retail	\$150,000,000	\$0
Alta Rosewood	2806 McKinnon Street	4 th Quarter 2008	Under Construction	375 res. units	\$72,000,000	\$0
AMLI/ Quadrangle	2717 Howell Street	4 th Quarter 2008	Under Construction	220 res. units	\$40,000,000	\$0
St. Ann's Court	2515 Harwood Street	1 st Quarter 2010	Under Construction	320,000 sf office	\$100,000,000	\$0

Lincoln/ Corrigan	2000 McKinney Avenue	2 nd Quarter 2009	Under Construction	445,000 sf office, 15 res. units, 6,500 sf retail	\$120,000,000	\$0
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	Non- TIF Incentives
Granite/Gables	Cedars Springs/ Akard/ Caroline	2nd Quarter 2010	Under Construction	296 res. units, 330,000 s.f. office	\$200,000,000	\$0
511 N. Akard	511 N. Akard Street	4 th Quarter 2009	Under Construction	209 res. units	\$35,000,000	\$11,000,000
Akard Place (Phase I)	Cedars Springs/ Akard/ Field	4 th Quarter 2010	Announced	150,000 sf office, 80 res. units, 150-room hotel, 200,000 sf retail	\$300,000,000	\$0
Akard Place (Phase II)	Cedars Springs/ Akard/ Field		Announced	400,000 sf. office	\$100,000,000	\$0
Museum Tower	800 Olive Street	4 th Quarter 2010	Announced	125 res. units	\$200,000,000	\$0
			Subtotal	2,629 res. units; 366 hotel rooms; 306,000 sf retail 2,445,000 sf office	\$1,966,121,500	\$75,800,000
Projects Utilizing and Not Utilizing TIF Funding						
			Total	4,174 res. units; 678 hotel rooms; 441,690 sf retail; 2,445,000 sf office	\$2,331,521,500	\$196,005,041

¹ All information updated as of September 30, 2008.

² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.

³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.

⁴ Principal amount not to be exceeded per the development agreement.

⁵ Selected significant projects included.

⁶ Tax-exempt property.

⁷ Includes other incentives not shown. Contact City of Dallas Office of Economic Development for more information.

⁸ The Atmos Complex is contemplated as part of the development agreement with Forest City. No addition Project details are known at this time.

Value and Increment Revenue Summary

The base value of the zone is the total appraised value of all taxable real property in the District as determined by the Dallas Central Appraisal District in the certified roll for 2005 with adjustments made to accommodate boundary amendments. The Downtown Connection TIF District's adjusted assessed 2005 tax value of \$561,696,137 represents the base value for the District. The Downtown Connection TIF District's 2008 assessed tax value was \$1,541,454,353. This represents an increase of \$979,758,216 (174.4%) over the assessed value of the base year (2005).

The total value increased by \$552.4 million (55.9%) over the previous year. This increase will result in an estimated collection of approximately \$7,824,006 in incremental revenue for the Downtown Connection TIF District.

Development Goals and Objectives

The final Downtown Connection Project Plan and Reinvestment Zone Financing Plan was adopted in late 2005. The following objectives and actions items set the framework for the planned improvements within the City Center TIF District:

- Objective: Improve access between and within the Uptown and Downtown areas
Action: Design work and planning sessions began on the Woodall Rogers Deck Park. In addition, plans to extend the McKinney Avenue trolley line into downtown were put into place.
- Objective: Improve the image of the Downtown Connection Area
Action: Installation of Phase II of the new pedestrian wayfinding signage system began. New Parking wayfinding signage continued to be installed through the district.
- Objective: Support redevelopment of the existing building supply
Action: Of the nineteen on-going and/or announced projects, nine adaptive re-uses of existing buildings that will add 1,754 residential units, 295 hotel rooms, 135,690 square feet of retail and 320,000 square feet of office space.
- Objective: Develop a more diverse mixture of land uses within the Downtown Connection Area
Action: Projects announced, completed and/or underway within the district will contribute a minimum of 4,174 residential units; 678 hotel rooms; 441,690 square feet of retail; and 2,445,000 square feet of new Class "A" office space.
- Objective: Increase open space and recreational opportunities in the Downtown Connection Area
Action: Construction began on Main Street Gardens. Planning and land acquisition continued on the two additional priority parks within the Central Business District: Belo Gardens and Pacific Gardens. Plans for the Woodall Rogers Deck Over Park connecting the Central Business District to Uptown also continued during the reporting period.
- Objective: Incentivize catalyst project(s) to accelerate reaching a critical mass of residential units, retail establishments, and public amenities for a vibrant downtown
Action: Construction on the Mercantile Tower was completed and construction on the new building, the Dallas building was more than 90% completed. When completed, this catalyst project will consist of 366 residential units and 40,000 square feet of retail within the Main Street core.

Year-End Summary of Meetings

The Downtown Connection TIF District Board Members are (FY 2008 meetings attended): **Myron Mims** – Chair (5 of 6 meetings), **Dan Blizzard** (4 of 6 meetings), **Larry Good** (4 of 6 meetings), **John Zogg** (2 of 6 meetings), **Shelle Sills** (5 of 6 meetings), **Sheryl Pickens** (4 of 4 meetings), **Dan Savage** – Dallas County Representative (4 of 6 meetings), **Hollis Brashear** – State Senator Royce West Representative, (4 of 6 meetings) **Gina Norris** – Texas House of Representatives Dan Branch Representative (6 of 6 meetings).

There are nine appointed seats on the Downtown Connection TIF District Board of Directors. Currently there is one vacant seat. During FY 2008, the Downtown Connection TIF District Board of Directors held six meetings.

During the subject period, the City Council approved seventeen items associated with the Downtown Connection TIF District. Those items included:

Resolution Number 07-3698/ Ordinance Number 27032 – December 12, 2007 - An ordinance amending the Project Plan and Reinvestment Zone Financing Plan (Plans) for Tax Increment Financing Reinvestment Zone Number Eleven, (Downtown Connection TIF District) in accordance with the Tax Increment Financing Act, (V.T.C.A. Tax Code, Chapter 311), to **(1)** provide for the Affordable Housing Program requiring Downtown Connection TIF District funded projects to set aside ten percent of the units as affordable and specifying alternatives to providing such units within the TIF funded project, **(2)** reprogram \$2,500,000 from the Park and Plaza Design and Acquisition budget line item to a new budget line item for Retail Initiative/Streetscape Improvements, **(3)** expand the use of TIF funds for grants, in accordance with the Downtown Connection TIF District Grant Program and Criteria, and for affordable housing assistance, **(4)** correct the principal amount of bonds sold from \$65 million to \$66 million, and **(5)** update Exhibits G, H and J, Appendix A, and modify the Plan to reflect 2007 property values and adjusted base year value - Financing: No cost consideration to the City

Resolution Number 07-3783 – December 12, 2007 Authorize amendments to Resolution No. 06-2441, previously approved on September 13, 2006, and Resolution No. 07-1307, previously approved on April 25, 2007, for the redevelopment of the Santa Fe IV building located at 1033 Young Street in the Downtown Connection TIF District to **(a)** reduce the required number of hotel rooms from 190 to 170, **(b)** redefine the meeting and retail space to require 8,000 square feet of meeting space, including a lounge/bar **(c)** approve the use of a lounge/bar as meeting the conditional use category, **(d)** extend the date to obtain a building permit and the date to complete construction, each by six months, **(e)** increase the private investment from \$20,000,000 to \$21,600,000, **(f)** characterize a portion of the TIF subsidy as grants in accordance with the Downtown Connection TIF District Grant Program and Criteria, subject to City

Council approval, and **(g)** allow the Office of Economic Development Director to authorize adjustments to the project contingencies should reasonable adjustments be needed and supported by additional consideration - Financing: No cost consideration to the City

Resolution Number 07-3784 – December 12, 2007 Authorize Supplemental Agreement No. 1 to the Development Agreement with Pacific 2004 Holdings, Ltd., for the development and redevelopment of the Tower Petroleum Building located at 1907 Elm Street and 1900 Pacific Avenue in Tax Increment Financing Reinvestment Zone Eleven (Downtown Connection TIF District) to extend the required deadline for the public announcement of a hotel brand and execution of a contract with the hotel brand for the Tower Petroleum Building from December 13, 2007 to March 31, 2008, without penalty to the priority payment - Financing: No cost consideration to the City

Resolution Number 07-3785 – December 12, 2007 - Subject to City Council approval of certain Downtown Connection TIF District Project and Financing Plan amendments, authorize **(1)** a development agreement with 1600 Pacific Partners, No. 1, L.P. , to provide funding for the redevelopment of 1600 Pacific Avenue located in Tax Increment Financing Reinvestment Zone Eleven (Downtown Connection TIF District), and, **(2)** the Downtown Connection TIF District Board of Directors to dedicate future tax increment revenue of the Downtown Connection TIF District in an amount not to exceed the lesser of **(a)** 25 percent of the added DCAD value one year after project completion on 1600 Pacific Avenue plus \$4,000,000 for additional assistance for affordable housing development, or **(b)** \$15,908,777 - Not to exceed \$15,908,777 - Financing: Downtown Connection TIF District Funds

Resolution Number 07-3785 – December 12, 2007 - A resolution declaring the intent of Tax Increment Financing District Reinvestment Zone Number Eleven (Downtown Connection TIF District) to reimburse 1600 Pacific Partners, No. 1, L.P., for eligible expenditures pursuant to the development agreement with 1600 Pacific Partners, No. 1, L.P. - Financing: No cost consideration to the City

Resolution Number 07-3175 – October 24, 2007 - Authorize an additional payment to the Texas Department of Transportation for the City's share of design and construction costs for the paving and drainage improvements on Motor Street from Harry Hines Boulevard to Maple Avenue - \$1,180,000 – Financing: 1998 Bond Funds (\$314,623), 2003 Bond Funds (\$265,377) and Capital Projects Reimbursement Funds (\$600,000)

Resolution Number 08-0650 – February 27, 2008 - A resolution accepting the FY 2007 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Eleven, (Downtown Connection TIF District), submitted by the Downtown Connection TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to the other taxing jurisdictions which

participate in the District, and to the Attorney General of Texas, and the State Comptroller, as required by state law - Financing: No cost consideration to the City

Resolution Number 08-0658 – February 27, 2008 - Authorize a contract with Dallas CBD Enterprises, Inc. (d/b/a DowntownDallas, Inc.) for an amount not to exceed \$270,000 for the construction, installation and management of installation of enhanced fencing along commercial surface parking lots, in Tax Increment Financing Reinvestment Zone Eleven (Downtown Connection TIF District) - Not to exceed \$270,000 - Financing: Downtown Connection TIF District Funds

Resolution Number 08-1278 – April 23, 2008 - Authorize a professional services contract with EJES, Inc. for engineering design services for the reconstruction of Pearl Street from Commerce Street to Live Oak Street - \$274,058 - Financing: 2006 Bond Funds (\$264,713) and Water Utilities Capital Construction Funds (\$9,345)

Resolution Number 08-1396 – May 14, 2008 - Ratify an emergency purchase for maintenance and repair of the cooling tower at the Dallas Museum of Art located at 1901 North Harwood Street - Trane, U.S., Inc. only bidder - Not to exceed \$93,644 - Financing: Current Funds

Resolution Number 08-1541 – May 28, 2008 - Authorize an Interlocal Agreement with the Texas Department of Transportation for the City's share of right-of-way acquisition and utility relocations for proposed paving improvements at the intersections of Pearl Street at Woodall Rodgers, Olive Street at Woodall Rodgers, and Pearl Street at Flora Street - Not to exceed \$20,000 – Financing: 2003 Bond Funds

Resolution 08-1587 – May 28, 2008 – Authorize (1) the payment of General Obligation Homeless Bond funds to the Central Dallas Community Development Corporation for partial rehabilitation costs in connection with the CityWalk @ Akard Project located at 511 North Akard in exchange for the development of 50 units to be deed restricted for homeless and chronically homeless persons for a period of 30 years; and (2) an amendment to Resolution No. 07-1595, previously approved on May 23, 2007 to increase the number of units for the CityWalk @ Akard Project from 194 to 200 - Not to exceed \$1,500,000 - Financing: 2005 Bond Funds

Resolution Number 08-1900 – June 25, 2008 - Authorize (1) an Interlocal Agreement with the North Central Texas Council of Governments for design and construction of the Woodall Rodgers cross street sidewalk and transportation infrastructure improvements from Akard Street to Pearl Street; (2) the receipt and deposit of funds from the North Central Texas Council of Governments in an amount not to exceed \$450,000; and (3) an increase in appropriations in the

amount of \$450,000 in the Capital Projects Reimbursement Fund - Not to exceed \$450,000 - Financing: Capital Projects Reimbursement Funds

Resolution Number 08-1801 – June 25, 2008 - Authorize (1) adoption of the preliminary FY 2007-08 Consolidated Plan Reprogramming Budget #4 to reprogram \$1,000,000 of the Downtown Mortgage Assistance Program to the Mortgage Assistance Program and (2) a public hearing to be held on August 13, 2008 to receive comments on the proposed use of funds – Financing: No cost consideration to the City

Resolution Number 08-1896 – June 25, 2008 - Authorize an amendment to Resolution Nos. 06-0963, previously approved on March 28, 2006 and 07-1595, previously approved on May 23, 2007 and 07-3008, previously approved on October 10, 2007, to extend the deadline from June 30, 2008 to July 31, 2008 for execution and closing the Residential Development Acquisition Loan Program acquisition loan for the partial acquisition and related soft costs in connection with the City Walk at Akard project - Financing: No cost consideration to the City

Resolution Number 08-2252 – August 27, 2008 - An ordinance granting a private license to FC Merc Complex, L.P. for the purpose of installing and maintaining a projecting attached sign above a portion of Main Street right-of-way located near its intersection with Ervay Street - Revenue: \$1,000 annually plus the \$20 ordinance publication fee

Resolution Number 08-02263– August 27, 2008 - Authorize (1) a contract for the construction of the Main Street Garden Park consisting of a food concession pavilion and outdoor dining terrace, fountain, off-leash dog run, playground, shelters, lighting, landscaping, irrigation, signage, sidewalks, trails, and public art - Gilbert May, Inc. dba Phillips/May Corporation, best value proposer of two; (2) the receipt and deposit of funds in the amount of \$200,000 in the Capital Gifts, Donation and Development Fund; and, (3) an increase in appropriations in the amount of \$200,000 in the Capital Gifts, Donation and Development Fund - Not to exceed \$8,019,937 - Financing: 1998 Bond Funds (\$195,139), 2003 Bond Funds (\$671,860) and 2006 Bond Funds (\$7,152,938)

Budget and Spending Status

The Downtown Connection TIF District's budget for public improvement expenditures is necessary to support private investment in the district in the Project Plan and Reinvestment Zone Financing Plan. The final plan estimates for TIF public improvements total approximately \$189.8 million (in 2006 dollars). The final, amended budget for the district is as follows:

Plan Budget

Downtown Connection TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated	Balance
Catalyst Projects: - <i>Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies</i>	\$68,000,000	\$68,000,000	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings - <i>Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements land acquisition, TIF grants, affordable housing</i>	\$84,442,977	\$49,705,041	\$34,737,936
Uptown/Downtown connection improvements	\$38,045,367	\$20,500,000	\$17,545,367
Park and plaza design and acquisition	\$2,783,807	\$1,500,000	\$1,283,807
Affordable Housing	\$5,567,615	\$3,000,000	\$2,567,615
Retail Initiative/Streetscape Improvements	\$4,639,679	\$2,500,000	\$4,639,679
Administration and implementation	\$7,312,850	\$3,940,386	\$3,372,464
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$0
Total Project Costs	<u>\$361,155,295</u>	<u>\$299,508,427</u>	<u>\$61,646,868</u>
<i>*Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.</i>			

Downtown Connection TIF District Plan Budget			
Category	Budget in 2006 Dollars	Budget in Actual, Anticipated Dollars	
Catalyst Projects: - <i>Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies</i>	\$68,000,000	\$68,000,000	
Redevelopment of Vacant/Underutilized Downtown Buildings - <i>Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements land acquisition, TIF grants, affordable housing</i>	\$90,367,206	\$84,442,977	
Uptown/Downtown connection improvements	\$20,500,000	\$38,045,367	
Park and plaza design and acquisition	\$1,500,000	\$2,783,807	
Affordable Housing	\$3,000,000	\$5,567,615	
Retail Initiative/Streetscape Improvements	\$2,500,000	\$4,639,679	
Administration and implementation	\$3,940,386	\$7,312,850	
Debt Service (Interest Only)		\$150,363,000	
Total Project Costs	\$189,807,592	\$361,155,295	
<i>*Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.</i>			

Downtown Connection TIF Participation				
Participation Jurisdictions	Duration of TIF District	Estimated TIF Collection Period	Participation Level	Contribution to TIF Fund
City of Dallas	2006 -2035	30 years	90%	\$332,599,511
Dallas County	2006 -2035	20 years	55%	\$28,555,784
TOTAL				\$361,155,295
All values are expressed in current dollars, except where noted. The legal TIF life will be set at 30 years. TIF collection began in 2006. Actual collections period may vary.				

M/WBE Participation

Public bidding is no longer required for TIF assisted projects. However, privately bid projects are monitored to ensure they abide by the City’s Good Faith Effort Policy and the TIF District Fair Share Agreement. Reporting is not required until project or benchmark completion.

Bonds				
Project	Issued To	Bond Type(s)	Principal	Projected Interest
Mercantile	Downtown Dallas Development Authority	Tax Increment Contract Revenue Bonds, Taxable Series 2006 – 30 years Amortization	\$50,605,343.00	\$112,012,459
Mercantile	Downtown Dallas Development Authority	Tax Increment Contract Revenue Bonds, Taxable Series 2007 – 30 years Amortization	\$28,628,541	\$38,350,541

FY 2009 Work Program

The work items for FY 2009 for the Downtown Connection TIF District are as follows:

- Increase the number of approved projects to achieve an additional 375 residential units and 60,000 square feet of retail space started within the District.
- Identify and support opportunities for improving physical connections between the Downtown Core and surrounding districts including the Convention Center, Uptown, Victory, the Cedars, and Deep Ellum neighborhoods.
- Complete existing development projects.
- Initiate the development of the Downtown Area Plan that will identify near-term and long-range redevelopment goals and strategies for the greater downtown environment.

District Financials

City of Dallas, Texas
Downtown Connection Tax Increment Financing District Fund
Balance Sheet as of September 30, 2008
With Comparative Totals for September 30, 2007 and 2006
(Unaudited)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Pooled cash and cash equivalents	\$304,786	\$69,653	\$46,857
Interest receivable	\$0	\$476	\$380
Taxes receivable-delinquent	\$55,352	\$55,352	\$0
Less: allowance for uncollectible accounts	(\$19,373)	(\$19,373)	\$0
	\$340,765	\$106,107	\$47,238
Total assets	\$340,765	\$106,107	\$47,238
Liabilities and Fund Balance (Deficit):			
Liabilities:			
Accounts and contracts payable	\$0	\$0	\$0
Advances from developers	\$0	\$0	\$0
Deferred tax revenue	\$35,979	\$35,979	\$0
Due to general fund	\$0	\$155,762	\$0
	\$35,979	\$191,741	\$0
Total liabilities	\$35,979	\$191,741	\$0
Fund Balance (Deficit):			
Fund Balance (Deficit)	\$304,786	(\$85,633)	\$47,238
Total Liabilities and Fund Equity	\$340,765	\$106,108	\$47,238
	\$0	\$0	\$0

Downtown Connection Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period September 30, 2008
With Comparative Totals for September 30, 2007 and 2006
(Unaudited)

	<u>ITD</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Tax increment	\$0	\$0	\$0	\$0
Interest income	\$72,134	\$37,516	\$18,838	\$15,780
Other revenue	\$773,340	\$725,834	\$0	\$47,506
Net increase (decrease) in fair value of investments	\$6,810	\$0	\$4,053	\$2,758
	<hr/>			
Total revenues	\$852,284	\$763,350	\$22,891	\$66,044
<hr/>				
Expenditures:				
Administrative expenses	\$301,348	\$145,586	\$155,762	\$0
Non-Capital Outlay	\$18,806	\$0	\$0	\$18,806
Capital outlay	\$227,345	\$227,345	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0
	<hr/>			
Total expenditures	\$547,498	\$372,931	\$155,762	\$18,806
<hr/>				
Excess (Deficiency) of Revenues over Expenditures	\$304,786	\$390,419	(\$132,871)	\$47,238
<hr/>				
Fund balance (Deficit) at beginning of year as previously reported	\$304,786	(\$85,633)	\$47,238	\$0
<hr/>				
Fund balance (Deficit) at beginning of year, as restated	\$304,786	(\$85,633)	\$47,238	\$0
<hr/>				
Fund balance (deficit) at end of year	\$304,786	\$304,786	(\$85,633)	\$47,238
<hr/>				

Note: These unaudited financial statements are based on preliminary numbers and are subject to change. If these numbers change, TIF board will be provided with the audited numbers after completion of the City's audit for fiscal year 2007-08.

City of Dallas, Texas
Downtown Connection Tax Increment Financing District Fund
Cash Flow Statement for the Period Ended September 30, 2007
With Comparative Totals for September 30, 2007 and 2006
(Unaudited)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating income (loss)	\$352,903	(\$155,762)	\$28,700
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in interest receivable	\$476	(\$96)	(\$380)
Taxes receivable-delinquent	\$0	(\$55,352)	\$0
Less: allowance for uncollectible accounts	\$0	\$19,373	\$0
Increase (decrease) in accounts payable	\$0	\$0	\$0
Increase (decrease) in advances from developers	\$0	\$0	\$0
Increase (decrease) in deferred tax revenue	\$0	\$35,979	\$0
Increase (decrease) in due to general fund	(\$155,762)	\$155,762	\$0
Total adjustments	(\$155,286)	\$155,666	(\$380)
Net cash provided by operating activities	\$197,617	(\$96)	\$28,320
Cash flows from investing activities:			
Interest on investment activities	\$37,516	\$18,838	\$15,780
Net increase(decrease) in fair value of investments	\$0	\$4,053	\$2,758
Net cash provided by investing activities	\$37,516	\$22,891	\$18,538
Net increase (decrease) in pooled cash and cash equivalents	\$235,133	\$22,795	\$46,857
Pooled cash and cash equivalents at beginning of year	\$69,653	\$46,857	\$0
Pooled cash and cash equivalents at end of year	\$304,786	\$69,653	\$46,857
	\$0	\$0	\$0

City of Dallas, Texas
Downtown Connection Tax Increment Financing District Fund
Reinvestment Zone Number Eleven
As of September 30, 2008

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$37,516	Interest Income
\$725,834	Other revenue
\$0	Ad Valorem Taxes (Collected in FY'20007-08 based on 2007 Certified Tax Roll)
<u>\$763,350</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$145,586	Administrative Expense
\$0	Non-Capital Outlay
\$227,345	Capital outlay*
\$0	Interest and fiscal charges
<u>\$372,931</u>	Total Expenditures

* These costs were incurred for the enhanced fencing for downtown parking lots in the TIF district.

3. Amount of Principal and Interest due-on outstanding indebtedness:

None. The Downtonw Connwction TIF District has incurred no bonded indebtedness.

4. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2008	Base Year 2005 Value	Est. Captured Value 2008**
City of Dallas	\$1,541,454,353	\$561,696,137	\$979,758,216
Dallas County	\$1,541,454,353	\$561,696,137	\$979,758,216
Dallas Independent School District	\$0	\$0	\$0
Dallas County Hospital District	\$0	\$0	\$0
Dallas County Community College Dist.	\$0	\$0	\$0

** Based on preliminary Taxable Values. Final values will be determined on February 01, 2009.

5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment Per \$100	Amount of Estimated 2008 Increment
City of Dallas	0.67311	\$6,594,851
Dallas County	0.12546	\$1,229,156
Dallas Independent School District	0.00000	\$0
Dallas County Hospital District	0.00000	\$0
Dallas County Community College District	0.00000	\$0
Total for all Jurisdictions	<u>\$0.79857</u>	<u>\$7,824,006</u>

B. Estimated amount of tax increment to be billed for the 2008 tax year is shown above. For the 2007 tax year, increment in the amount of \$3,396,536 was collected and transferred to Downtown Dallas Development Authority(DDDA) in accordance with the terms of the DDDA bond indentures.

City of Dallas, Texas
Downtown Connection Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2008

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred. For purposes of the "Statement of Cash Flow," the operating loss represents tax increment revenues less total expenditures.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The Zone's cash balances are invested in the City's investment pool and earn pro rata interest. The City invests in U.S. Treasury and Agency securities with maturities which are less than five years and money market mutual funds rated Aaa or AAAM. The weighted average maturity of the portfolio is less than 365 days.
4. The Zone's Financial Plan permits expenditures not to exceed \$3,940,386 over the life of the TIF to reimburse the City for administrative costs. The Zone incurred \$145,586 in administrative costs for fiscal year 2008. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. All project costs resulting in capital improvements which are owned by the City are capitalized in the General Fixed Assets Account Group of the City of Dallas.
6. Capital assets activity for the year ended September 30, 2008 is as follows:

	<u>Balance at beginning of year</u>	<u>Additions</u>	<u>Transfers and retirements</u>	<u>Balance at end of year</u>
Capital assets, not being depreciated:				
Land	\$0	\$0	\$0	\$0
Construction in progress	0	227,345	0	227,345
Total capital assets, not being depreciated	<u>\$0</u>	<u>\$227,345</u>	<u>\$0</u>	<u>\$227,345</u>
Capital assets being depreciated:				
Improvements	\$0	\$0	\$0	\$0
Less accumulated depreciation:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total capital assets being depreciated	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Governmental capital Assets, net	<u>\$0</u>	<u>\$227,345</u>	<u>\$0</u>	<u>\$227,345</u>

7. All project costs resulting in capital improvements which are owned by the City are capitalized in the City's fixed assets.

**Oak Cliff Gateway TIF District
FY 2008
Annual Report**



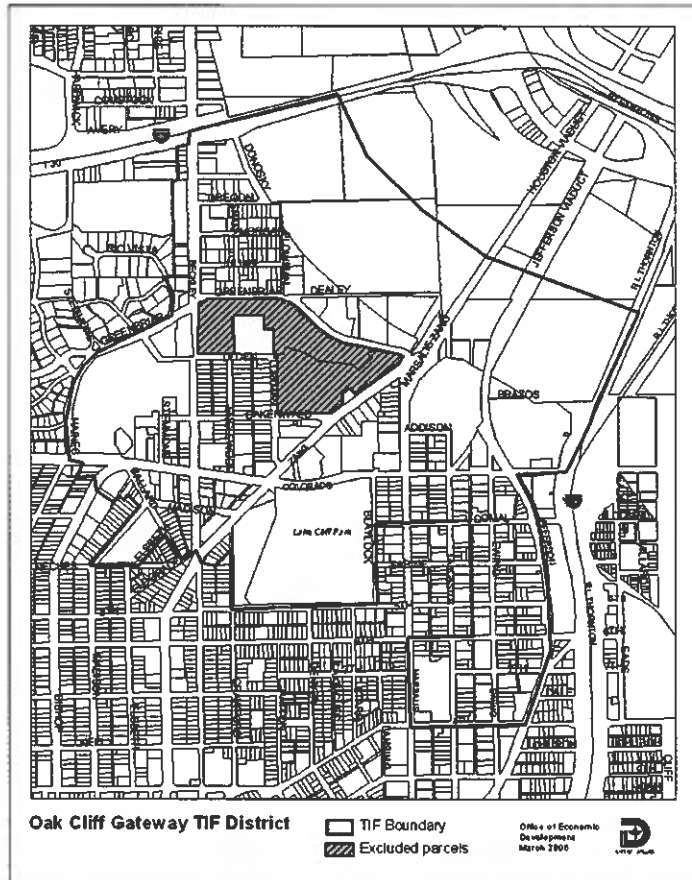
City of Dallas
Office of Economic Development
1500 Marilla Street, 2CN
Dallas, Texas 75201
(214) 670-4551
<http://www.dallas-ecodev.org>

October 1, 2007 to September 30, 2008

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Reinvestment Zone Number Three Oak Cliff Gateway Tax Increment Financing District



Mission Statement

The mission of Oak Cliff Gateway Tax Increment Financing District is the promotion of the redevelopment, growth and stabilization of the area. Accompanying goals are (1) growth of the value of the area's tax base through the promotion of residential and retail development and a positive reversal of urban decay through the placement of critical infrastructure improvements and (2) implementation of the pertinent recommendations of the Urban Land Institute (ULI) Study on the tracts of land composing the northern and northwestern portions of the District, and (3) establishment of direct linkages with the Trinity River Corridor and the capitalization of that effort toward growth and increased tax base value in the District.

The District was created by City Council Ordinance Number 21466, November 11, 1992. The District was created for a period of twenty (20) years with an expiration date of December 31, 2012. On February 12, 1997, the City Council, by Ordinance Number 23033, approved the project Plan and Reinvestment Zone Financing Plan. The Plan was further amended by Ordinance Number 23724 on December 9, 1998 and by Ordinance Number 25841 on January 12, 2005. Taxing jurisdiction participation in the District is as reflected below.

Oak Cliff Gateway TIF District Taxing Jurisdiction Participation				
Participating Jurisdictions	Duration of TIF District	Estimated TIF Collection Period	Participation Level Per \$100	Contribution to TIF Fund
City of Dallas	1992 - 2012	20 years	0.74790	\$4,545,755
Dallas County	1992 - 2012	20 years	0.22810	\$1,089,094
DCCCD	1992 - 2012	20 years	0.08940	\$479,967
DCHD	1992 - 2012	20 years	0.25400	\$1,237,531
DISD	1992 - 2012	20 years	1.183402	\$5,649,012
TOTAL				\$13,001,357
TOTAL (NPV)				\$5,285,263

Note: All values are expressed in current dollars, except where noted. Net present values are expressed in year 1992 dollars using a discount rate of 5%. The legal TIF life was set at 20 years. TIF collections began in 1996. Actual collection period may vary depending upon future economic conditions.

District Accomplishments

During the fiscal year (FY) 2008, on behalf of the Oak Cliff Gateway TIF Board of Directors, the staff continued to market the Oak Cliff Gateway District as a whole as well as several specific tracts of land.

The Bishop Arts Plaza residential and retail project was rescinded after a recommendation by the TIF Board and approval by the City Council. The property was purchased by Berlin Interests and a new TIF application was submitted, recommend by

the TIF Board and approved by City Council during FY-2008. The Bishop Colorado Retail Plaza at 1222 North Bishop Avenue will be composed of 14,950 square feet of restaurant, banking, retail, office and commercial space and is slated to start construction in November 2008 with a completion date of December 2009.

In FY 2007, INCAP, the owner of the property at 265 East Tilden Street, the former proposed site of Park Tilden Town Homes, marketed the property to Urban Innovations, a successful local residential and town home developer. Urban Innovations has developed a residential proposal for the site with much greater density and investment value, but has put a hold on the project because of current market conditions.

The Trinity Town Homes development (431 East Greenbriar) completed construction during FY 2007 and sold the first 24 units. A phase two Trinity Town Homes development has begun construction on the adjacent property. Phase two (423 East Greenbriar) will offer 44 town homes in the same or higher price range as phase one. Expected completion date for first 10 town homes is January 2009 or earlier. Generally, the remaining 34 town homes will be built as sold in three increments of ten and the final increment of fourteen.

The Lake Cliff Tower (329 East Colorado Boulevard) residential portion was completed in December of 2006. Sales have been slow due to market conditions, but the condos are selling and the building is filling up. After problems experienced with the contractor in 2007 and early 2008 for the public street improvements and streetscape for the project, the developer completed the security fence on the Zang Boulevard portion of the project and the advance for that portion of the project was returned to the developer. The street improvements and streetscape portion of the project for Colorado Boulevard and Zang Boulevard was repackaged and re-bid and is expected to be awarded to a new contractor in early FY 2009. The construction of the street improvements and streetscape is scheduled to be completed by January 2009.

The final piece of the Lake Cliff Tower package, 1335 North Zang Boulevard, has not yet started construction and has passed the deadlines for construction outlined in the amended development agreement. The partnership of Top Dog Oak Cliff, L.P. and INCAP continues to seek a developer/builder to plan and construct the high-density mixed use project envisioned for the site. If a deal is made in the future for development of the site, a recommended second amendment of the development agreement must be approved by the TIF Board and City Council.

Grand Bank has completed construction of the \$1.5 million branch bank facility at 1300 North Zang Boulevard and opened for business in September 2008. The \$1.5 million Wachovia Branch Bank was completed and opened at 204 East Colorado Boulevard in late September 2008. Neither property developer requested nor received a TIF Subsidy, but the developments do represent significant growth in the TIF District and probably would not have occurred without the present and projected growth of the TIF District.

The Beckley Properties Project for redevelopment of multiple retail and commercial properties on Beckley Avenue between El Dorado and Madison Streets has continued to grow without TIF District subsidy and another renovated property opened during FY 2008. The Spiral Diner is open and doing business at the intersection of Beckley Avenue and El Dorado Street.

During FY 2008, staff continued coordination and contact with a developer regarding a major proposed residential development in the TIF District. In FY 2005, the staff took the infrastructure and streetscape requirements submitted for the proposed development and asked that the Office of Economic Development and the City Manager's Office approve and sponsor the inclusion of the \$1,600,000 streetscape project and make it a part of the 2006 City Bond Program Proposal for Economic Development.

At the end of FY 2006, the amount for the streetscape project was included in the Economic Development portion of the Bond Package, which was considered and approved by Dallas voters during early FY 2007. Planning for the residential project continues, and has been hampered by market conditions, but the developer has continued with some success to gain possession of adjacent land essential for possible completion of the project as originally envisioned.

During FY 2008, on behalf of the TIF Board of Directors, Area Redevelopment Division staff has coordinated with the City's Public Works and Transportation Department and discussed the possible construction of the streetscape and paving improvements in advance of the planned residential development as the bond money becomes available. Those discussions and coordination are on-going. Estimated start and completion dates for the residential private construction and public improvements are not yet known.

Oak Cliff Gateway TIF District Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
Walgreen's	1306 North Beckley Avenue	1999	Complete	8,010 SF Retail	\$2,584,800	\$38,976
Oak Cliff TIF Infrastructure Project	Greenbriar Lane (Beckley to Zang)	2004	Complete			\$1,964,830*
Lake Cliff Tower Residential	329 East Colorado Boulevard	2006	Lake Cliff Tower Completed - 53 units	53 Units	\$14,000,000	\$3,600,000*
Mixed Use Project	1335 North Zang Boulevard	2011 (est.)	Planned	121 Res. Units/18 k SF Retail	\$24,000,000	\$500,000
Grand Bank Lake Cliff Tower Commercial	1300 North Zang Boulevard	2008	Complete	3k SF Comm.	\$2,000,000	\$0 (8)
Bishop Colorado Retail Plaza	1222 North Bishop Avenue	2009	Planned/Site Plan Approved	15k SF Retail	\$3,200,000	\$350,000
Town Homes	265 East Tilden Street	2010	On hold	121 Town Home Units	\$42,000,000	TBD
Master Plan Development	Selected Sites	2010 -2011	Planned	200+ Town Home Units	\$72,000,000	\$0 (9)
				Subtotal	\$159,784,800	\$6,453,806

Projects Within TIF District Not Utilizing TIF Funding ⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value ³	TIF Investment
The Catering Company	1407 North Zang Boulevard	1998	Complete	3,200 SF Retail	\$351,290	\$0
Kclinic	214 West Colorado Boulevard	1998	Complete	5,000 SF Medical Office	\$446,940	\$0
ChildCare	1321 North Zang Boulevard	1999	Complete	6,210 SF Comm.	\$264,710	\$0
Oak Cliff Academy, Inc.	1431 North Jefferson Boulevard	2000	Complete	16,000 SF Comm.	\$2,338,870	\$0
Oak Farms Dairy Expansion	1016 North Lancaster	2000	Complete	60,000 SF Comm.	\$2,002,710	\$0
Options Real Estate Holdings	1322 North Beckley Avenue	2002	Complete	2,756 SF Comm.	\$238,120	\$0
John Barr & Associates Expansion	203 East Colorado Boulevard	2003	Complete	12,800 SF Office	\$956,680	\$0
Beckley Properties	1101- 1129 North Beckley Avenue	2007	3 of 3 buildings Completed	15,282 SF Retail/ Comm.	\$551,720	\$0
Wachovia Bank	204 East Colorado Boulevard	2008	Complete	3k SF	\$1,050,000	\$0
Trinity Town Homes	431 East Greenbriar	2007	Complete	24 Town Home Units	\$6,554,056	\$0

Trinity Town Homes II	423 East Greenbriar	2010	10 Units Under Construction	44 Town Home Units	\$20,000,000	\$0
Methodist Medical Center Expansion	310 West Colorado Boulevard	2008	Complete	680,000 SF Medical Office	\$50,000,000	\$0
Subtotal				68 uts/805 k SF Comm. Space	\$84,755,126	\$0
Projects Utilizing and Not Utilizing TIF Funding						
			Total	418 uts/841.5 k SF Comm. Space	\$244,539,926	\$6,453,806

¹ All information updated as of September 30, 2008.
² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.
³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.
⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes interest not shown.
⁵ Selected significant projects included.
⁶ Tax-exempt property.
⁷ Includes other incentives not shown. Contact City of Dallas Office of Economic Development for more information.
⁸ Infrastructure funded as a part of the \$4.1 million for Lake Cliff Tower.
⁹ Streetscape & Infrastructure supported by \$1.6 million in 2006 City of Dallas Bond Funds

Projects Adjacent to the Oak Cliff Gateway TIF District						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
Grand Peaks at Kessler Park	1520 North Beckley	2002	Complete	336 Units	\$26,819,790	\$982,415* (Greenbriar Lane Project)
Grand Peaks at Founders Park	1401 North Zang Boulevard	2004	Complete	338 Units	\$23,897,140	\$982,415* (Greenbriar Lane Project)

Dallas Orthopedic Surgery Associates	810 North Zang Boulevard	2006	Complete	18,000 SF Medical Office	\$1,547,260	\$0
Perry Homes	1150 & 1201 North Bishop Avenue	2006	Complete	15 town homes	\$4,523,590	\$0
Lake Cliff Medical, L.P.	805 North Beckley Avenue	2007	Complete	20,000 SF Medical Office	\$1,785,090	\$0
Total				689 uts/38k SF Medical Office	\$58,572,870	\$1,964,830*

Projects in the Oak Cliff Gateway TIF District Using Other Sources of Funding						
Project	Location	Calendar Year Complete	Status	Source of Funds	Project Description	Amount
Colorado Boulevard	I-35 to Blaylock Street	2002	Complete	1995 Bond Funds	Streetscape: Paving, Lighting, Trees and Irrigation	\$500,000
Master Plan Residential Streetscape	Plowman, Oakenwald, Englewood, Beckley	2010	Planned	2006 Bond Funds	Streetscape: Paving, Lighting, Trees and Irrigation	\$1,600,000
Total						\$2,100,000

Value and Increment Revenue Summary

The TIF District's assessed 2008 tax value is \$97,653,772, an increase of \$59,083,644 (153.18%) over the base year value (1992) and \$21,528,560 (28.28%) over the previous year's (2007) final total assessed value. The increase will result in anticipated total collected increment revenue in 2009 from all taxing jurisdictions of \$1,317,861. The construction that occurred in 2008 will be reflected on the 2009 tax roll.

Objectives, Programs, and Success Indicators

The Oak Cliff Gateway TIF District was established by Ordinance Number 21466 on November 11, 1992. The Oak Cliff Gateway TIF District expiration date was set as December 31, 2012. The TIF Project Plan and Reinvestment Zone Financing Plan were approved by Ordinance Number 23033 on February 12, 1997. The creation ordinance and the Project Plan were subsequently amended on December 12, 1998 by Ordinance Number 23724 and later on January 12, 2005 by Ordinance Number 25841. The January 12, 2005 TIF Project Plan and Reinvestment Zone Financing Plan amendment included provisions for the sale of TIF Bond funds for infrastructure and the allocation of funding for demolition, environmental remediation and façade restoration. These actions reaffirmed, strengthened and maintained the goals for the TIF District – Among the development objectives of this plan are:

- Make the Oak Cliff Gateway Community a safer place to live and work.
- Make it easier to access the Oak Cliff Gateway Community.
- Improve the image of the Oak Cliff Gateway Community.
- Take advantage of the existing building stock in the area.
- Diversify land uses in the area.
- Take advantage of Lake Cliff Park and the public amenities.
- Take advantage of Methodist Medical Center and its anchor effect for the area.
- Improve all public utilities.

The following specific objectives and development program set the framework for the planned public improvements within the Oak Cliff Gateway TIF District and, in *Italics*, specific actions by the Board addressing these objectives:

- Improve the infrastructure within and adjacent to the District to promote investment.

Street reconstruction projects on Beckley Avenue, Zang Boulevard, Greenbriar Lane, Tilden Street, Jefferson Boulevard and Colorado Boulevard (Blaylock Street to I-35) are completed. Median Improvements and streetscape are planned and will be completed in FY 2009 along both sides of Zang Boulevard from Colorado Boulevard to Oakenwald as a part of the improvements related to the Lake Cliff Tower project and the adjacent retail and commercial developments. In addition, streetscape improvements are planned and will be constructed in FY 2009 on Colorado Boulevard as a part of the Lake Cliff Tower development. In FY 2006, the staff secured \$1,600,000 in 2006 City Bond funds for streetscape improvements in

selected areas on Plowman Street, Oakenwald Avenue, Englewood Street and Beckley Avenue. More infrastructure and streetscape improvements are expected to be completed in 2009 in association with the Bishop Colorado Retail Plaza project at 1222 North Bishop Avenue.

- Add 500 market rate apartments.

Since the start of the District, a total of 674 apartment units have been built, 134.8 percent of the goal. During FY 2007, Grand Peaks has improved some of the units to command higher rents and made significant improvements to the landscaping and amenities in the area. As of September 30, 2008, the occupancy rate for the entire complex was above 96 percent. The occupancy rate is well above the average for the Dallas upscale, multi-family rental market

Grand Estates at Kessler Park and Founders Park – 764 Units





- Add 150 elderly housing units including assisted living facilities.

The TIF Board of Directors and staff continued to encourage local developers to consider the placement of elderly housing/assisted living facilities on available land near Methodist Medical Center. Developers still consider the market flat in that sector and are waiting to see what the Methodist Medical Center's on-going expansion holds for the future of healthcare facilities in the area.

- Add 100 single-family units.

Since the start of the TIF District, a total of 121 owner occupied units have been constructed or are under construction, 120 percent of the goal. During FY 2007, Trinity Town Homes completed construction and sale of 24 town homes on the property at 431 East Greenbriar Lane. The Trinity Town Homes project started construction on another 44 units on an adjacent site on Greenbriar with a completion date of March 2009. Top Dog Oak Cliff, L.P. completed construction in 2006 of the Lake Cliff Tower structure to provide 53 condos. A master plan developer continues to express the intent to build an additional 200+ (estimate) town homes in the area, and has continued to acquire the adjacent property necessary for completion of the project as originally envisioned.

Trinity Town Homes – 24 Units - 431 East Greenbriar Lane



Trinity Town Homes, II – 44 Units – 423 East Greenbriar Lane



Lake Cliff Tower - 53 Units – 329 East Colorado Boulevard



- Add 90,000 square feet of additional industrial space.

Since the start of the TIF District, 60,000 square feet of light industrial space has been built in the District, 66 percent of the goal. The Oak Farms Dairy expansion of the existing site near Zang Boulevard and the Trinity River has added 60,000 square feet of industrial space to the District and continued to improve the property with landscape shielded and fenced, secure employee and commercial parking. During 2005, Oak Farms Dairy acquired the property and demolished the Lake View Apartment Complex at 711 East Colorado Boulevard. Oak Farms Dairy plans for the property were unclear at the end of FY 2008.

- Add 140,000 square feet of additional retail/commercial space.

To date over 38,000 square feet of retail/commercial space has been added in the District. Both Grand Bank, 1300 North Zang Boulevard and Wachovia Bank, 204 East Colorado Boulevard completed construction and opened in FY 2008. An additional 15,000 square feet is planned with construction to begin on the Bishop Colorado Retail Plaza in early FY 2009, 36.8 percent of the goal.

Alley Oops Restaurant and Sports Bar
1027 North Beckley Avenue



**Beckley Brew House Coffee House & Restaurant
and Sports Bar
1029 North Beckley Avenue**



Wachovia Bank 204 East Colorado Boulevard



Grand Bank 1300 North Zang Boulevard



Spiral Diner - 1001 North Beckley Avenue



- Add 40,000 square feet of office/professional development.

To date approximately 749,400 square feet of office/professional space has been added in the District, 1,800 percent of the goal. Options Real Estate, a local realtor and development company constructed an office/professional/residential structure on the property at 1322 North Beckley Avenue. The construction was completed in August of 2002. John Barr and Associates completed the renovation and construction of the property at 203 East Colorado Boulevard in 2003. The development added approximately 17,000 square feet through renovation and new construction. At the end of FY 2007, Methodist Medical Center completed the Pavilion III expansion at 1441 North Beckley Avenue.

Methodist Dallas Medical Center (MDMC) Expansion
1315 North Beckley Avenue



MDMC – Academic Medicine Facility
122 West Colorado Boulevard



Year-End Summary of Meetings

During the period October 1, 2007 through September 30, 2008, the Oak Cliff Gateway TIF District Board promoted new development in the District, approved one new project for TIF subsidy, and recommended the withdrawal on TIF subsidy on one project. Additionally, the Board reviewed and approved the report on the financial status of the District and forwarded that recommendation for approval to the Dallas City Council.

The Oak Cliff Gateway Board of Directors met three (3) times and forwarded three items to the City Council for consideration and approval.

Meeting participation by City Council appointed Oak Cliff Gateway TIF Board Members during FY 2008 was very high. Ms. Dawn Gulley attended 3 out of 3 meetings; Jon Radke attended 3 out of 3 meetings. Mr. Dean Carter was appointed late in the cycle and was unable to attend the one meeting called after his appointment. Ms. Carole Twitmyer was nominated to the TIF Board in August of 2008, however no TIF Board meetings were called during the remainder of FY 2008.

Meeting participation by representatives of other taxing jurisdictions on the Oak Cliff Gateway TIF Board was very high also. Rick Loessberg (Dallas County) attended all

meetings called as did Orlando Alameda of Dallas Independent School District (DISD) and Dr. Felix Zamora of Dallas County Community College District (DCCCD). During 2008, the Dallas County Hospital District formally declined to nominate a representative to the TIF District Board of Directors and as such, the City Council was informed that one additional vacant position was available for nomination by the municipal body.

Coordination with the City of Dallas, Department of Public Works and Transportation, Trinity River Corridor Development Staff, and the Texas Department of Transportation continued during the year with direct Board and Economic Development staff participation in the meetings, conferences and workshops.

During FY 2008, the Oak Cliff TIF Board of Directors collected the 2007 increment of \$837,767.

During FY 2008, the Dallas City Council approved five (5) items associated with the Oak Cliff Gateway TIF District:

On October 10, 2007, the City Council, by Resolution 07-2964, authorized rescission of Resolution Nos. 05-0391 and 05-0392, previously approved on January 26, 2005, that authorized a development agreement and intent to reimburse Beckley Properties, LTD to provide funding for TIF-eligible project costs related to the development of a retail and commercial project located in Tax Increment Financing Reinvestment Zone Number Three (Oak Cliff Gateway TIF District) with dedication of up to \$450,000 from Oak Cliff Gateway TIF revenues in accordance with the development agreement.

On February 27, 2008, the City Council approved Resolution No. 08-0642 accepting the FY 2007 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Three, (Oak Cliff Gateway TIF District), submitted by the Oak Cliff Gateway TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to other taxing jurisdictions which participate in the District, and to the Attorney General of Texas, and the State Comptroller, as required by state law.

On April 9, 2008, the Dallas City Council, by Resolution No. 08-1091, authorized (1) rescinding assignment of the contract with Allied Builders, Inc. to Top Dog - Oak Cliff, L.P. for construction management for street and streetscape improvements at Zang Boulevard and Colorado Boulevard at Lake Cliff Tower; (2) termination for convenience of the contract with Allied Builders, Inc. for street and streetscape improvements at Zang Boulevard and Colorado Boulevard at Lake Cliff Tower; (3) a refund to Top Dog - Oak Cliff, L.P. in the amount of \$44,685 of private funds provided by the developer; and (4) the re-advertisement for new bids.

On August 13, 2008, the Dallas City Council by Resolution No. 08-2044, authorized (1) the City Manager to execute a development agreement with Bishop Colorado Retail Plaza, L.P., (the "Developer") in an amount not to exceed \$350,000 payable from future Oak Cliff Gateway TIF funds and or TIF Bond Funds in consideration of Bishop Colorado Retail Plaza, L.P. developing the 1222 North Bishop Avenue property in accordance with the Oak Cliff Gateway TIF Project Plan and the design, engineering

and construction of a 14,950 square foot retail center and other improvements at 1222 North Bishop Avenue in the Oak Cliff Gateway TIF District; and (2) the Oak Cliff Gateway TIF District Board of Directors to dedicate up to \$350,000, payable from Oak Cliff Gateway TIF revenues and or TIF Bond Funds in accordance with the development agreement.

On August 13, 2008, the City Council by Resolution No. 08-2045, authorized a resolution declaring the intent of the Oak Cliff Gateway TIF District to reimburse Bishop Colorado Retail Plaza, L.P., for eligible expenditures pursuant to the development agreement with Bishop Colorado Retail Plaza, L.P. in an amount not to exceed \$350,000, payable for certain TIF-eligible project costs related to the design, engineering and construction of a 14,950 square foot retail center and other improvements at 1222 North Bishop Avenue in the Oak Cliff Gateway TIF District.

Pending TIF Items

- Consideration of the FY 2008 Oak Cliff Gateway TIF District Annual Report and a recommendation to the Dallas City Council for approval.
- City Council consideration of a Resolution awarding a construction contract to Texas Standard for the streetscape and median improvements to Zang Boulevard and streetscape improvements to Colorado Boulevard adjacent to the Lake Cliff Tower residential and commercial development.

Budget and Spending Status

Oak Cliff Gateway TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated	Balance
Street Construction/Streetscape, Water/Sewer/Drainage	\$3,699,430	\$2,823,443	\$875,987
Façade Improvements	\$1,950,000	\$1,630,000	\$320,000
Demolition/Environmental Remediation	\$2,527,310	\$2,376,084	\$151,226
Pedestrian Linkages and Lighting	\$3,121,927	\$1,453,000	\$1,668,927
Educational and Training Facilities	\$900,000	\$0	\$900,000
TIF Administration	\$802,690	\$432,515	\$370,175
Totals	\$13,001,357	\$8,715,042	\$4,286,315

¹ Budget shown in current dollars; TIF Project Plan shows the budget in net present value.

² Includes interest accrued as of the end of FY 2008. Additional interest of approximately \$525,000 is expected to accrue prior to final payment.

Oak Cliff Gateway TIF District Project Plan Budget	
Category	TIF Budget*
Street Construction/Streetscape, Water/Sewer/Drainage	\$565,000
Façade Improvements	\$1,300,000
Demolition/Environmental Remediation	\$1,800,000
Pedestrian Linkages and Lighting	\$600,263
Educational and Training Facilities	\$600,000
TIF Administration	\$420,000
Total Project Costs (excluding interest)	\$5,285,263

** As approved in the Project Plan and Reinvestment Zone Financing Plan.*

Oak Cliff Gateway TIF District M/WBE Participation			
Project	Contractor	Contract Award Amount	Minority Participation in \$ (% of contract)
Oak Cliff TIF Project	Tiseo Paving Company	\$1,964,830	\$383,731 (19.53%)
Lake Cliff Tower Project	CST Environmental	\$648,800	\$533,768 (82.27%)
Lake Cliff Tower Project	Mid-Continental Phase II-IV	\$2,184,825	\$535,500 (24.51%)
Lake Cliff Tower Streetscape	Texas Standard (to be awarded 10-22-2008)	\$363,530	\$363,530 (100%)
	Totals (% of all contracts)	\$5,161,985	\$1,816,529 (35.19%)

Oak Cliff Gateway TIF District - Status of the Washington Mutual Bank Loan			
Balance			\$1,500,000
Payment Date	Principal + Interest	Total Paid	Balance Due
05/31/01 (Paid)	\$37,458.33 + \$78,791.67	\$116,250.00	\$1,462,541.67
05/31/02 (Paid)	\$653.16 + \$115,596.84	\$116,250.00	\$1,461,888.51
05/31/03 (Paid)	\$105,484.79 + \$115,545.21	\$221,030.00	\$1,356,403.72
05/31/04 (Paid)	\$148,276.13 + \$107,207.87	\$255,484.00	\$1,208,127.59
05/31/05 (Paid)	\$189,939.62 + \$95,488.38	\$285,428.00	\$1,018,187.97
05/31/06 (Paid)	\$313,252.13 + \$80,475.87	\$393,728.00	\$704,935.84
05/31/07 (Paid)	\$355,977.06 + \$55,716.94	\$411,694.00	\$348,958.78
05/31/08 (Paid)	\$348,958.78 + \$27,581.90	\$376,540.68	\$0.00

FY 2009 Work Program

- Continue to actively market the District with emphasis on high density mixed use development with the right mix of retail, commercial/office and residential development in key target areas.
- Present District marketing information for the Oak Cliff Gateway TIF District to the TIF District Board of Directors for approval.
- Complete a Strategic Implementation Plan for the Oak Cliff Gateway TIF District that evaluates the viability of the District through 2012 and possibly recommends the creation of a new TIF District to successfully complete redevelopment efforts for this area.

Priority target areas for redevelopment are:

(1) North of Greenbriar Lane to I-30 between Beckley Avenue and the Trinity River Levy; objective – secure interest and the promotion of high density mixed use growth with retail on the first floor and office/residential above.

(2) The retail and business triangle bounded by Beckley Avenue, Colorado Boulevard and Zang Boulevard; objective – secure interest and promote the development of high density mixed use with the right mix of for sale and for lease residential, and

(3) The north side of Colorado Boulevard between Marsalis Avenue and I-35.

- Initiation and completion of a District Master Planning effort to identify all infrastructure needs of the District; water, wastewater, storm water, street realignments, reconstruction and streetscape.
- Increase coordination and work with the City of Dallas Trinity River Development Office to ensure a cohesive and coordinated effort and to ensure that the TIF District Project Plan and Master Plan are not adversely affected or compromised and to ensure the planned pedestrian and vehicular linkages to the Trinity River Corridor are preserved.
- Continue to evaluate updated plans as received for the Texas Department of Transportation scheduled reconstruction of I-35 and the Trinity River Bridge approaches at Colorado Boulevard to access the impact on developable properties adjacent to the planned activity. Known issues related to the planned reconstruction project are; realignment of Colorado Boulevard between Jefferson Avenue and I-35, and right of way acquisition to allow for expansion and

improvement of the I-35 entrance and highway and High Occupancy Vehicle (HOV) exit ramps at Colorado Boulevard.

FY 2008 Financials

City of Dallas, Texas
Oak Cliff Area Gateway Tax Increment Financing District Fund
Balance Sheet as of September 30, 2008
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	2008	2007	2006	2005	2004
Assets:					
Pooled cash and cash equivalents	\$333,538	\$327,265	\$1,070,530	\$3,778,907	\$674,502
Interest receivable	\$0	\$4,848	\$9,055	\$9,287	\$618
Taxes receivable-delinquent	\$86,357	\$86,357	\$0	\$0	\$0
Less: allowance for uncollectible accounts	(\$30,225)	(\$30,225)	\$0	\$0	\$0
Total assets	\$389,670	\$388,245	\$1,079,585	\$3,788,194	\$675,119
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$574,924	\$0
Advances from developers	\$3,259,485	\$3,650,245	\$4,262,641	\$4,226,988	\$1,208,128
Deferred tax revenue	\$56,132	\$56,132	\$0	\$0	\$0
Accrued liability	\$122,524	\$122,524	\$194,651	\$29,250	\$2,879
Total liabilities	\$3,438,121	\$3,828,901	\$4,457,293	\$4,831,162	\$1,211,007
Fund Balance (Deficit):	(\$3,048,451)	(\$3,440,656)	(\$3,377,708)	(\$1,042,968)	(\$535,888)
Total Liabilities and Fund Equity	\$389,670	\$388,245	\$1,079,585	\$3,788,194	\$675,119
	(\$0)	\$0	\$0	\$0	\$0

Oak Cliff Area Gateway Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period Ended September 30, 2008
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	ITD	2008	2007	2006	2005	2004
Revenues:						
Tax increment-Governmental	\$2,701,767	\$256,776	\$182,387	\$387,778	\$329,810	\$268,649
Tax increment-Intergovernmental	\$819,652	\$515,795	\$303,857	\$0	\$0	\$0
Interest income	\$372,554	\$16,382	\$38,914	\$65,158	\$24,391	\$19,346
Grant from City/Developer participation	\$125,000	(\$44,685)	\$44,685	\$0	\$0	\$0
Net increase(decrease) in fair value of investments	\$15,337	\$0	\$6,824	\$14,285	\$785	(\$4,891)
Total revenues	\$4,034,310	\$744,269	\$576,666	\$467,221	\$354,985	\$283,105
Expenditures:						
Administrative expenses	\$484,525	\$66,304	\$52,010	\$63,521	\$71,889	\$47,153
Non-Capital outlay	\$3,987,839	\$0	\$430,687	\$2,657,964	\$700,447	\$0
Capital outlay	\$1,574,803	\$0	\$0	\$0	\$0	\$117,841
Interest and fiscal charges	\$1,035,782	\$285,759	\$156,917	\$80,476	\$95,488	\$107,208
Total expenditures	\$7,082,949	\$352,064	\$639,614	\$2,801,961	\$867,825	\$272,202
Excess (Deficiency) of Revenues over Expenditures	(\$3,048,639)	\$392,205	(\$62,948)	(\$2,334,740)	(\$512,839)	\$10,903
Fund balance (Deficit) at beginning of year as previously reported	(\$3,048,451)	(\$3,440,656)	(\$3,377,708)	(\$1,042,968)	(\$535,888)	(\$541,031)
Prior period restatement	\$188	\$0	\$0	\$0	\$5,759	(\$5,759)
Fund balance (Deficit) at beginning of year, as restated	(\$3,048,263)	(\$3,440,656)	(\$3,377,708)	(\$1,042,968)	(\$530,129)	(\$546,790)
Fund balance (deficit) at end of year	(\$3,048,451)	(\$3,048,451)	(\$3,440,656)	(\$3,377,708)	(\$1,042,968)	(\$535,888)

Note: These unaudited financial statements are based on preliminary numbers and are subject to change. If these numbers change, TIF board will be provided with the audited numbers after completion of the City's audit

City of Dallas, Texas
Oak Cliff Gateway Tax Increment Financing District Fund
Cash Flow Statement for the Period Ended September 30, 2008
With Comparative Totals for September 30, 2007, 2006, 2005, and 2004
(Unaudited)

	2008	2007	2006	2005	2004
Operating income (loss)	\$375,823	(\$108,686)	(\$2,414,182)	(\$538,015)	(\$3,553)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Changes in assets and liabilities:					
(Increase) decrease in interest receivable	\$4,848	\$4,207	\$232	(\$8,669)	(\$504)
Taxes receivable-delinquent	\$0	(\$86,357)	\$0	\$0	\$0
Less: allowance for uncollectible accounts	\$0	\$30,225	\$0	\$0	\$0
Increase (decrease) in accounts payable	\$0	\$0	(\$574,924)	\$574,924	\$0
Increase (decrease) in advances from developers	(\$390,781)	(\$612,396)	\$35,653	\$3,018,860	(\$148,276)
Increase (decrease) in deferred tax revenue	\$0	\$56,132	\$0	\$0	\$0
Increase (decrease) in accrue liability	\$0	(\$72,127)	\$165,402	\$26,370	(\$23,280)
Total adjustments	(\$385,933)	(\$680,316)	(\$373,638)	\$3,611,486	(\$172,059)
Net cash provided by operating activities	(\$10,109)	(\$789,002)	(\$2,787,820)	\$3,073,471	(\$175,612)
Cash flows from investing activities:					
Interest on investment activities	\$16,382	\$38,914	\$65,158	\$24,391	\$19,346
Net increase(decrease) in fair value of investments	\$0	\$6,824	\$14,285	\$6,544	(\$10,650)
Net cash provided by investing activities	\$16,382	\$45,737	\$79,443	\$30,935	\$8,696
Net cash provided by financing activities	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in pooled cash and cash equivalents	\$6,273	(\$743,265)	(\$2,708,377)	\$3,104,405	(\$166,916)
Pooled cash and cash equivalents at beginning of year	\$327,265	\$1,070,530	\$3,778,907	\$674,502	\$841,417
Pooled cash and cash equivalents at end of year	\$333,538	\$327,265	\$1,070,530	\$3,778,907	\$674,502
	(\$0)	\$0			

City of Dallas, Texas
 Oak Cliff Area Gateway Tax Increment Financing District
 Reinvestment Zone Number Three
 As of September 30, 2008

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$16,382	Interest Income
\$44,885	Developer participation
<u>\$772,572</u>	Ad Valorem Taxes (Collected in FY2007-08 based on 2007 Certified Tax Roll)
<u>\$744,269</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$66,304	Administrative Expense
\$285,759	Interest Expense
\$0	Non-Capital outlay *
\$0	Capital outlay
<u>\$352,064</u>	Total Expenditures

* These costs were incurred for the Lake Cliff Tower redevelopment project in the TIF district.

3. Amount of Principal and Interest due-on outstanding indebtedness as of September 30, 2008 is as follows:

Project Description	Balance Due (Since Inception)			Payments To Date			Net Bal. Due
	Principal	Accrued Interest	Total Due	Principal	Accrued Interest	Total Paid	
Jefferson at Kessler Heights	\$1,500,000	\$676,404	\$2,176,404	\$1,500,000	\$676,404	\$2,176,404	\$0
Lake Cliff Tower Redevelopment	\$3,950,086	\$457,459	\$4,407,545	\$690,622	\$359,378	\$1,050,000	\$3,357,545
Totals	<u>\$5,450,086</u>	<u>\$1,133,863</u>	<u>\$6,583,949</u>	<u>\$2,190,622</u>	<u>\$1,035,782</u>	<u>\$3,226,404</u>	<u>\$3,357,545</u>
							Principal \$3,259,465
							Accrued Interest \$98,081
							Total Outstanding \$3,357,545

The Zone entered into a development agreement with Bishop Colorado Retail Plaza, LP for the development of "Bishop Colorado Retail Plaza" project in the TIF in an amount not to exceed \$350,000 with anticipated reimbursement in June 2012.

4. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2008	Base Year 1992 Value	Est. Captured Value 2008**
City of Dallas	\$97,653,772	\$38,570,128	\$59,083,644
Dallas Independent School District	\$97,653,772	\$38,570,128	\$59,083,644
Dallas County	\$97,653,772	\$38,570,128	\$59,083,644
Dallas County Hospital District	\$97,653,772	\$38,570,128	\$59,083,644
Dallas County Community College Dist.	\$97,653,772	\$38,570,128	\$59,083,644

** Based on preliminary Taxable Values. Final values will be determined on February 01, 2009.

5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment Per \$100	Amount of Estimated 2008 Increment
City of Dallas	0.74790	\$441,887
Dallas Independent School District	0.92010	\$543,629
Dallas County	0.22810	\$134,770
Dallas County Hospital District	0.25400	\$150,072
Dallas County Community College District	0.06940	\$52,821
Total for all Jurisdictions	<u>\$2.23950</u>	<u>\$1,323,178</u>

B. The total estimated amount of tax increment to be billed for the 2008 tax year is shown above. For the 2007 tax year, increment in the amount of \$772,572 was received.

City of Dallas, Texas
Oak Cliff Gateway Area Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2008
(Un-audited)

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred. For purposes of the "Statement of Cash Flow," the operating loss represents tax increment revenues less total expenditures.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The Zone's cash balances are invested in the City's investment pool and earn pro rata interest. The City invests in U.S. Treasury and Agency securities with maturities which are less than five years and money market mutual funds rated Aaa or AAAM. The weighted average maturity of the portfolio is less than 365 days.
5. The Zone's Financial Plan permits expenditures not to exceed \$802,690 (in current \$) over the life of the TIF to reimburse the City for administrative costs. The Zone incurred \$66,304 in administrative costs for fiscal year 2008. The City began billing the Zone for administrative costs in FY1998-99. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
7. The Zone has received advances from developers to fund public improvements that are being made by the Department of Public Works and Transportation. Developer advances outstanding during fiscal year 2008, which bear interest from the date of advance, include the following:

\$2,518,178, \$93,260, \$2313.25, \$253,332, and \$392,381 in advances for the Lake Cliff Tower project as of June 15, 2005, September 20, 2005, January 23, 2006, March 30, 2006, June 8, 2006, and December 19, 2007 respectively bearing interest at 4.69% compounded semi-annually;
8. The Zone has reimbursed developer advances amounting to \$3,226,404, including principal and interest, with TIF funds as of September 30, 2008.

9. Capital assets activity for the year ended September 30, 2008 is as follows:

	Balance at beginning of year	Additions	Transfers and retirements	Balance at end of year
Capital assets, not being depreciated:				
Land	\$0	\$0	\$0	\$0
Construction in progress	0	0	\$0	0
Total capital assets, not being depreciated	\$0	\$0	\$0	\$0
Capital assets being depreciated:				
Improvements	\$1,574,803	\$0	\$0	\$1,574,803
Less accumulated depreciation:	(34,807)	(31,496)	0	(66,303)
Total capital assets being depreciated	\$1,539,996	(\$31,496)	\$0	\$1,508,500
Governmental capital Assets, net	\$1,539,996	(\$31,496)	\$0	\$1,508,500

10. All expenditures for capital improvements, including accounts payable of \$574,924 as of September 30, 2005 have been expensed as project costs as incurred. All project costs resulting in capital improvements which are owned by the City are capitalized in the General Fixed Assets Account Group of the City of Dallas.