

070694
February 28, 2007

WHEREAS, the City Council of the City of Dallas recognized the importance of its role in local economic development initiatives and programs; and

WHEREAS, the City Council has established Tax Increment Financing Reinvestment Zone Number One, (State-Thomas TIF District), and established a Board of Directors for the District to promote development and redevelopment in the State-Thomas area pursuant to Ordinance No. 20160, approved by the City Council on December 14, 1988, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Code; and

WHEREAS, on December 13, 1989, the City Council, approved Ordinance No. 20530, which authorized the State-Thomas TIF District Project Plan and Reinvestment Zone Financing Plan, as amended; and

WHEREAS, the Tax Increment Financing Act specifies that the governing body of a city shall submit an annual report on the financial status of the district to the chief executive officer of each taxing unit that levies property taxes on real property in a reinvestment zone, and a copy of the report shall be forwarded to the Attorney General of Texas and the State Comptroller; and

WHEREAS, on January 17, 2007, the Board of Directors of the State-Thomas TIF District passed a motion accepting the FY 2006 Annual Report for Tax Increment Financing Reinvestment Zone Number One and recommending approval of same by the City Council.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the FY 2006 Annual Report for Tax Increment Financing Reinvestment Zone Number One, as of September 30, 2006, a copy of which is attached hereto (**Exhibit A**), is hereby accepted.

Section 2. That the City Manager is hereby authorized to submit the FY 2006 Annual Report for Tax Increment Financing Reinvestment Zone Number One, to the chief executive officers of Dallas County, Dallas County Hospital District, Dallas Independent School District and Dallas County Community College District; and to the Attorney General of Texas, and the State Comptroller, as required by state law.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

Distribution: Office of Economic Development - Tenna Kirk, 5CS
Office of Economic Development - Sajid Safdar, 2CN
City Attorney's Office - Barbara Martinez

FEB 28 2007

Rebecca Westmore
Secretary

APPROVED *Paul Fontenot*
HEAD OF DEPARTMENT

APPROVED *Sajid Safdar*
CITY CONTROLLER

APPROVED *[Signature]*
CITY MANAGER

070694



**State Thomas TIF District
FY 2006
Annual Report**



City of Dallas

Office of Economic Development
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Dallas, Texas 75201
(214) 670-9821

http://www.bigd-ed.org/area_redevelopment.html

October 1, 2005 to September 30, 2006

Reinvestment Zone Number One State Thomas Tax Increment Financing District



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Mission Statement

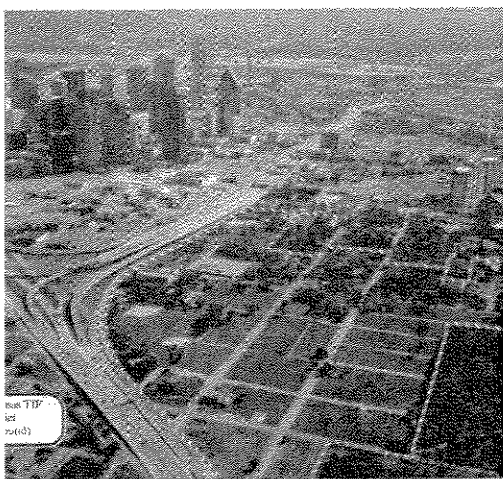
The mission of Reinvestment Zone Number One, State Thomas Tax Increment Financing District (State-Thomas TIF) is the promotion of the redevelopment, stabilization, and growth of the State-Thomas TIF District area. An accompanying goal is the stabilization and growth of the value of the area's tax base.

District Accomplishments

The area in which the State-Thomas TIF District lies has become one of the most successful examples of mixed-use neighborhood development in Dallas. With 2,696 residential units completed since the TIF's implementation in 1989, an additional 43 under construction and an additional 20 units have been announced, the State-Thomas has become a model for the impact a TIF can have on an area.

On the following page is a list of projects within the district that have utilized the TIF funding and other projects which did not utilize the TIF funding, overall contributing for the development of the State-Thomas TIF District.

The State-Thomas TIF Design Review Committee, TIF Board members, and community representatives continued working to develop a final strategy for the District. The strategy focuses on completing the remaining TIF public improvements and other issues related to the development and future viability of the area. The strategy was approved by the State-Thomas TIF Board of Directors in September 2004 and will function as a working document for implementation through the end of the TIF District in 2008. These public improvements projects are under engineering/design stage and scheduled to be completed by 2008.



TIF District circa 1989

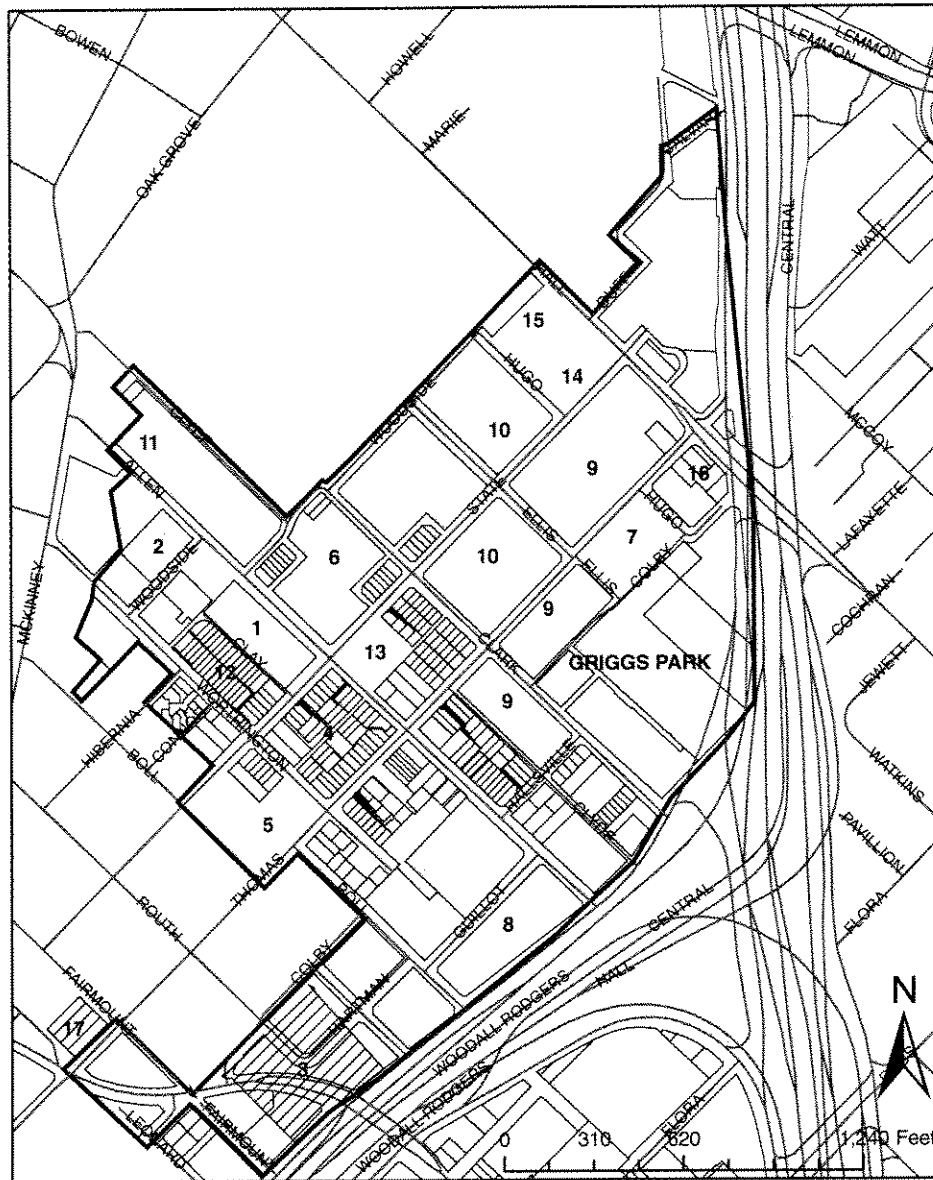


Gables development at State & Ellis

State Thomas TIF District Projects						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Completed	Status	Units/SF²	Approx. Value³	TIF Investment⁴
The Meridian	Block 575	1990	Completed	132 apts	\$9,570,000	\$3,056,934
The Worthington	Block 577	1991	Completed	332 apts	\$25,802,000	\$919,193
Uptown Village	Block 558	1995	Completed	300 apts	\$18,676,640	\$1,117,314
Homes of Thomas Court	Block 574	1998	Completed	26TH	\$7,931,948	\$139,271
Belvedere	Block 563	2000	Completed	104 condos 6 TH	\$19,301,989	\$859,384
Heights of State-Thomas	Block 579/580	2000 Woodside Plaza -04	Completed	430 apts 13 TH	\$35,555,548	\$3,907,424
Heights of State-Thomas	Block 588	2000	Completed	127 apts	\$13,100,000	\$1,290,357
Heights of State-Thomas	Block 572	2000	Completed	196 apts	\$11,108,360	\$1,114,057
Big Gables	Block 583, 584,591,592 N	2002	Completed	177 TH	\$32,653,820	\$4,982,384
Big Gables	Block 585 & 581	2003	Completed	209 units	\$23,470,180	\$1,844,565
Ravello	Block 578	2003-04	Completed	290 units	\$18,187,920	\$531,602
Worthington Corners	Block 575	2003	Completed	37 TH	\$11,209,453	\$953,683
Sundance Row	Block 586	2006	Completed	41 TH	\$12,179,574	\$686,062
West Side	Block 582	Phase I- 19 units completed in 2006	43 units Under Construction	62 TH	\$23,000,000	\$689,124
Greenwood Town Homes	Block 582	2007	Anticipated	8 TH	\$4,660,551	\$237,000
3200 Town Homes	Block 587	2007	Anticipated	12 TH	\$5,357,594	\$190,000
Subtotal: 2,439 Units Completed 43 Under Construction 20 Anticipated					\$267,947,432	\$22,518,386

Projects Within TIF District Not Utilizing TIF Funding						
Project	Location	Calendar Year Completed	Status	Units/SF²	Approx. Value³	TIF Investment⁴
Carriage House	Block 586	1996	Completed	24 apts	\$4,006,467	N/A
The Abbey	Block 561	1996	Completed	34 apts	\$4,770,000	N/A
Drexler	Block 574	2000	Completed	6 TH	\$2,123,000	N/A
State Thomas TH	Block 592I & 593C	2001	Completed	26 TH	\$8,280,466	N/A
2916 State Street	Block 586	2002	Completed	4 TH	\$1,165,540	N/A
Drexel Manor	Block 577	2002	Completed	28 TH	\$6,478,152	N/A
	Block 587	2003	Completed	20 units	\$1,632,320	N/A
Gables	Block 593	2003	Completed	16 TH	\$1,700,000	N/A
Drexler Court	Block 574	2003	Completed	12 TH	\$4,300,000	N/A
Block 593 Town Homes	Block 593	2004	Completed	8 TH	\$1,500,000	N/A
Drexel Montane	Block 576	2004	Completed	30 TH	\$3,000,000	N/A
Place Prevot	Block 573	2005	Completed	13 TH	\$6,750,000	N/A
Wai Mart NH Market	Block 633	2005	Completed	40,000 sf retail	\$2,200,000	N/A
Subtotal :221 Units Completed 40,000 SF Retail					\$47,905,945	N/A
Projects Adjacent to TIF District						
Project	Location	Calendar Year Completed	Status	Units/SF²	Approx. Value³	TIF Investment⁴
Za Za condominiums	Block 548	2004	Completed	36 Condos	\$7,812,195	\$58,190
Subtotal : 36 Units Completed					\$7,812,195	\$58,190
TOTAL : 2,696 Units Completed 43 Under Construction 20 Anticipated 40,000 SF Retail					\$323,655,572	\$22,576,576
<p>¹ All information updated as of September 30, 2006.</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. Asterisk indicates investment also includes interest not shown.</p>						

State-Thomas Projects Utilizing TIF Funding



- | | |
|---|---|
| <ul style="list-style-type: none"> State Thoms TIF Boundary Freeway Office of Economic Development | <ul style="list-style-type: none"> 1. Meridian 2. Worthington 3. Uptown Village 4. Thomas Court 5. Belvedere 6. Heights of State Thomas- Block 579/580 7. Heights of State Thomas- Block 588 8. Heights of State Thomas- Block 572 9. Gables Block- 583/584/591/592 10. Gables - Block 581/585 11. Ravello 12. Worthington Corners- Block 575 13. Sundance Row 14. West Side 15. Greenwood Town Homes 16. 3200 Thomas 17. Za Za Condominiums |
|---|---|

District Initiatives				
Activity	Scope	Status	Investment	Source
Street Resurfacing	Clark Street to Woodall Rodgers	Underway	\$18,339	2003 Bond Program
Street Resurfacing	Hall Street from McKinney Avenue to Central Expressway	Completed	\$182,253	2003 Bond Program
Flood Protection and Storm Drainage Facilities	State Thomas @ Woodall Rodgers	Bond sale is prescheduled for 2009 and Project construction anticipated to begin in mid 2010	\$11,741,960	2006 Bond Program
Park and Recreation Facilities	Griggs Park	Bond sale is prescheduled for 2009 and Project construction anticipated to begin in mid 2010	Estimate: \$300,000 O and M: \$4,250	2006 Bond Program
State-Thomas TIF remaining infrastructure projects	Streetscape & Utility upgrade, Utility burial, on portions of the State Thomas TIF District not completed with prior development Griggs Park-sidewalks, gateway portal	Final design will be completed by early Feb 2007 and construction anticipated to begin in mid 2007	Estimated Design and Construction cost - \$ 7.4 million	TIF Funding

State Thomas TIF District Change in Value from 1988 to 2006					
Block	1988 Value	2006 Value	Change in value	% Change	Notable Development
547	\$1,083,680	\$1,425,840	\$342,160	32%	Vacant land
552	\$592,440	\$3,072,910	\$2,480,470	419%	Comerica
558	\$5,453,392	\$21,272,610	\$15,819,218	290%	Uptown Village
561	\$1,205,990	\$5,618,090	\$4,412,100	366%	Abbey
562	\$2,958,800	\$6,211,926	\$3,253,126	110%	
563	\$1,368,120	\$19,301,989	\$17,933,869	1311%	Belvedere
565	\$1,155,350	\$4,672,488	\$3,517,138	304%	Small business, various units, vacant land
572	\$1,818,480	\$13,898,110	\$12,079,630	664%	Heights of State-Thomas V-B
573	\$851,140	\$13,448,569	\$12,597,429	1480%	Lexington (Place Prevot), Various units
574	\$1,427,180	\$14,934,100	\$13,506,920	946%	Homes of Thomas Court and Perry Homes
575	\$1,436,410	\$20,973,423	\$19,537,283	1360%	The Meridian and Perry Homes Town Homes
576	\$1,634,780	\$16,419,182	\$14,784,402	904%	Commercial
577	\$1,743,720	\$28,275,220	\$26,531,500	1522%	The Worthington and Drexel Manor
578	\$1,742,610	\$54,930,000	\$53,187,390	3052%	Ravello
579	\$1,506,410	\$24,380,770	\$22,874,360	1581%	Post Properties' Block 579
580	\$1,714,300	\$23,173,827	\$21,459,527	1252%	Post Properties' Block 580
581	\$1,384,450	\$15,500,000	\$14,115,550	1020%	Big Gables
582	\$1,671,710	\$9,060,560	\$7,388,850	442%	Westside @ State-Thomas
583	\$1,437,960	\$20,740,000	\$19,302,040	1342%	Big Gables
584	\$1,403,440				other blocks
585	\$1,374,460	\$24,000,000	\$22,625,540	1646%	Big Gables
586	\$1,164,730	\$19,101,651	\$17,936,921	1540%	Carriage House, various units and vacant land
587	\$885,160	\$4,736,360	\$3,851,200	435%	Vacant land and various units
588	\$1,047,600	\$34,463,686	\$33,416,086	3190%	Post Properties Block 588
591	\$895,230	\$7,000,000	\$6,104,770	682%	Big Gables
592	\$2,014,310	\$14,866,374	\$12,852,064	638%	Big Gables and Perry Homes Town Homes
593	\$894,380	\$7,144,777	\$6,250,397	699%	Gables and various units
633	\$5,640,840	\$9,671,370	\$4,030,530	71%	Vacant land
	\$47,506,802	\$438,293,832	\$390,787,030	823%	

Value and Increment Revenue Summary

The State-Thomas TIF District's assessed 2006 net taxable value was \$438,293,832. This represents an increase of \$390.8 million over the assessed value of the base year (1988) value, 822.6%, and a \$100.8 million (29.9%) increase from the previous year. The District generates over 2.8 million annually in City property tax revenues. The TIF District no longer collects incremental tax revenue. New construction that actually occurs in 2006 will be reflected on the 2007 tax roll.

Development Goals and Objectives

On December 13, 1989, City Council authorized the State-Thomas TIF Project and Financing Plan and the State-Thomas Board of Directors. The State-Thomas Tax Increment Financing District was the first tax increment district to be created by the City of Dallas. The District has been successful at utilizing TIF funded public infrastructure improvements to attract and enable private sector development. Development that has occurred in the State-Thomas TIF District has had a substantial impact on the surrounding community. The success of this District has spurred the confidence of the real estate community and has encouraged increased development activity in the "Uptown area." Among the objectives and programs of the plan are:

- Replace and enhance infrastructure to provide a foundation for development
The vast majority of block faces in the State-Thomas TIF District have been enhanced to meet the State-Thomas infrastructure standards that have helped support the development in the area. The remaining streets are anticipated to be completed by 2007 (see map page 12).
- Develop residential housing, including apartments and townhouses
2,759 residential units have been developed (2,696 completed, 43 under construction and 20 announced) are planned since the implementation of the TIF.
- Create and maintain high standards of environmental excellence in the area and implement design standards for public improvements and private development
The Implementation of the State-Thomas Design Guidelines won the 1999 Urban Design Advisory Committee Built Project Award.



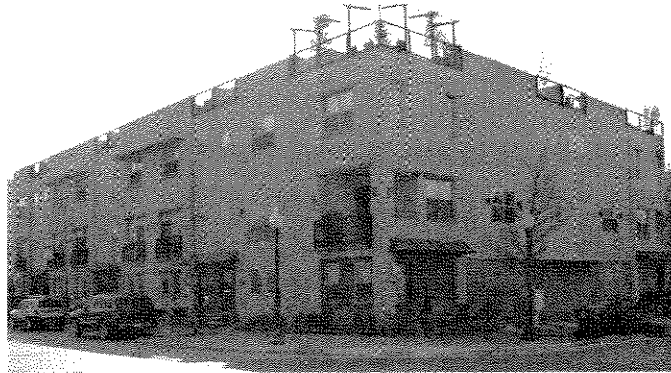
Pedestrian oriented buildings

Gateway
portal >



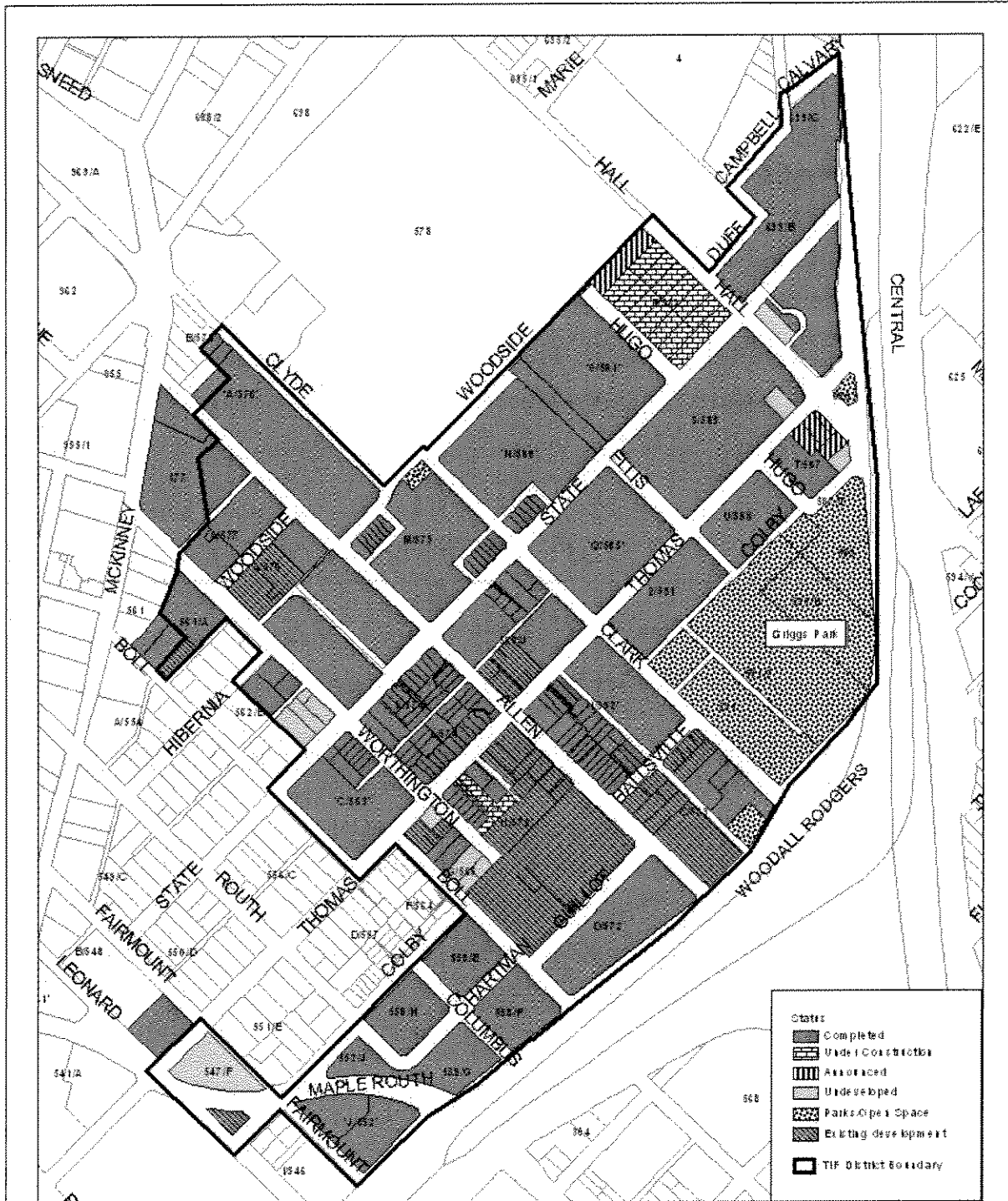
The 1989 State-Thomas TIF District Project and Financing Plan has several development goals in its 20 year plan listed below. These goals were revisited during the recent strategic planning process with the conclusion that the District has been an overwhelming success. Some of the goals, based on projections made in 1988, have not come to fruition due to changing market conditions.

- 3,840 residential units
2,759 units have been built, are under construction, or are planned to date. Additional units may be built on a few remaining vacant lots.



Sundance Row located along Clark Street between State and Thomas Streets.

- Approximately 600,000 square feet of commercial office space
Other than tenant leasing offices and a small number of residences being used as office space, there has been little office development in the District. Initial projections were based on the idea that the office market would expand significantly north of the central business district; however, trends have not gone in that direction. One of the prime sites at Hall and Central has instead been developed for retail with the Wal-Mart Neighborhood Market.
- 140,000 square feet of convenience and specialty retail
Approximately 20,000 square feet of retail has been developed to date. Another 40,000 square feet of retail space is completed. Some of the residential developments being built may contain retail on the ground floor. Contributing factors to less retail development in the District include large retail developments nearby at West Village and Cityplace that were not anticipated when the Plan's projections were made.



State-Thomas TIF District
Current Development Status

Note: Not all completed or planned projects involve TIF participation

Office of Economic
 Development
 September 2006



Year-end Summary of Meetings

During the October 1, 2005 through September 30, 2006 period the State-Thomas TIF District Board of Directors has directed its efforts to implement the objectives set forth in its Project and Financing Plan. The State-Thomas TIF District Board of Directors held two meetings during Fiscal Year 2005-2006.

The Board can consist of up to ten members, including five City of Dallas appointees, two Dallas Independent School District appointees, one Dallas County appointee, one Dallas Community College District appointee, and one Dallas County Hospital District appointee. The Board members are (FY 2006 Board meetings attended): Alberta Robinson – City Representative (1 of 2 meetings), Bob Edmonson – City Representative (2 of 2 meetings), Earl Latimer II – City Representative (2 of 2 meetings), Hank Rossi City Representative (0 of 2 meetings), Ed DesPlas – DCCCD Representative (2 of 2 meetings), David Rastellini – DISD Representative (0 of 2 meetings), Rick Loessberg – County Representative (2 of 2 meetings), Orlando Alameda– DISD Representative (1 of 2 meetings) joined the TIF Board, replacing Larry Oliver – DISD Representative (0 of 1 meetings).

During the subject period, the State-Thomas Board of Directors reviewed several items associated with the development and management of the State-Thomas TIF District. These items were forwarded to City Council for approval. The City Council approved the following State-Thomas TIF item during Fiscal Year 2005-2006:

- On April 12, 2006 the City Council approved Resolution No. 06-1078 accepting the FY 2004-05 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number One. The resolution also authorized 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 June 28, 2006 the City Council approved Resolution No. 06-1700 authorizing a supplemental agreement no.1 to the professional services contract with Huitt-Zollars, Inc. and HRR Engineering, Inc. for improvements for State Thomas Group I and Group II.

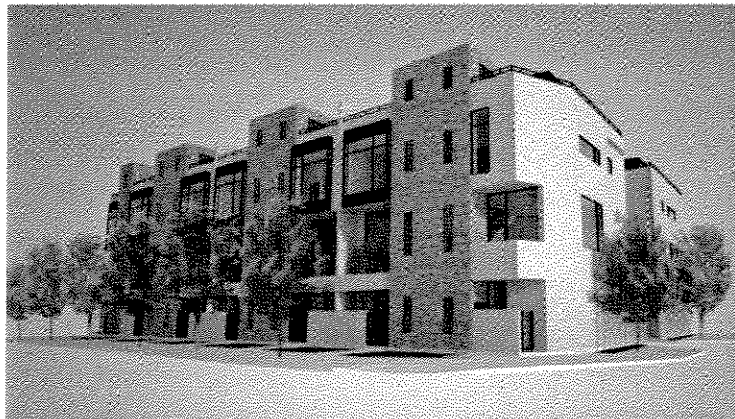
Pending TIF Items

- A development agreement with GWTH, L.P. for the funding of design and construction of certain public improvements for the Greenwood Town Homes in Tax Increment Financing Reinvestment Zone Number One, (State-Thomas TIF District) in an amount not to exceed \$237,000.



Greenwood Town Homes (Block 582)

- A development agreement with Califco LLC for the funding of design and construction of certain public improvements for the 3200 Thomas Town Homes in Tax Increment Financing Reinvestment Zone Number One, (State-Thomas TIF District) in an amount not to exceed \$190,000.



3200 Thomas Town Homes (Block 582)

- Several public improvement projects identified in the State-Thomas Strategic planning effort will be funded directly by State-Thomas TIF District funds. These improvements will complete the public infrastructure investment set out in the TIF

Project Plan and Reinvestment Zone Financing Plan. Further improvements, needed but not anticipated as TIF-funded improvements will be identified for future funding. The engineering/design phase for remaining TIF funding improvements will be completed by mid 2007.

- FY 2005-2006 Annual Report, State Thomas TIF District.

Budget and Spending Status

Each TIF District establishes a budget for the public improvement expenditures necessary to support private investment in the district in the Project Plan and Reinvestment Zone Financing Plan. The State-Thomas budget and spending to date is shown below:

State Thomas TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget¹	Allocated²	Balance
Water & Sewer	\$5,125,165	\$4,944,485	\$180,680
Paving, Streetscape & Storm Drainage & Engineering	\$16,607,277	\$16,172,880	\$434,397
New Park	\$0	\$0	\$0
Utilities Burial	\$4,888,317	\$2,102,965	\$2,785,352
Administration	\$612,697	\$495,079 ³	\$117,618
Reserve	\$4,278,575	\$0	\$4,278,575
Total Budget	\$31,512,031	\$23,715,409	\$7,796,622

¹ Budget in current dollars; TIF Project Plan shows the budget in net present value.
² Includes interest accrued as of the end of FY 2006 and an additional interest expected to accrue prior to final payment.
³ TIF administration fee include funds expended or committed through Fiscal Year 2006.

State Thomas TIF District Project Plan Budget	
Category	TIF Budget*
Water and Sewer	\$2,481,239
Paving and Drainage	\$6,922,506
New Park	\$0
Eng. Design/Construction Management	\$1,164,176
Utility Burial	\$2,366,574
Administration	\$250,000
Reserve	\$1,199,949
Total	\$14,384,444

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

State-Thomas TIF District Construction Contracts and Minority Participation			
Project	Contractor	Contract Awarded	%Minority Participation
* The Meridian	Gibson & Assoc.		
* The Worthington	Hasty Contractor		
Uptown Village	Jim Bowman Const.	\$1,118,227.00	16.44%
Homes of Thomas Court (Block 574)	N/A	Not publicly Bid (30%)	N/A
Belvedere (Block 563)	Tiseo Paving	\$435,832.00	64.16%
Heights of State-Thomas (Block 579/580)	Ed Bell	\$1,339,331.00	10.98%
Heights of State-Thomas (Block 588)	Texas Standard	\$965,839.00	37.42%
Heights of State-Thomas (Block 572)	Tiseo Paving	\$810,517.00	31.00%
Ravello (Block 578)	Texas Standard	\$253,465.00	28.59%
Block 583,584,591,592N	Architectural Utilities	\$2,814,399.00	19.33%
Gables' wastewater mains	Kebo Services, Inc.	\$726,242.00	26.62%
Gables' Blocks 581 & 585	Gibson & Assoc., Inc.	\$1,433,212.00	10.11%
Worthington Corners (Block 575)	Gibson & Assoc., Inc	\$713,780.00	12.50%
Woodsite Plaza (Block 579)	Texas Standard	\$217,038.80	0.00%
Sundance Row (Block 586)	V.A. Construction	\$433,921.80	18.58%
Ravello (Block 578)	Texas Standard	\$209,864.75	25.11%
Metropolitan Club (Block 547)	Texas Standard	\$48,026.00	25.54%
Westside @ State-Thomas (Block 582)	Texas Standard	\$523,530.00	28.00%
	Total	12,043,225	17.67%

FY 2005-2006 Work Program

- Assist with issues related to the GWTH, LP plan to build 8 town homes in the Block 582. The single-family town homes will be contained within one building which is three stories in height with roof-top decks. The total private investment is \$4.6 million. The average price of these units is \$712,000 sales price ranging from \$632,020 to \$774,000.
- Assist with issues related with the Califco LLC plan to build 12 town homes in the Block 587. These town homes will be in two buildings, four stories tall with a total minimum residential use of 36,000 square feet and unit price ranging from \$490,000 to \$750,000 and average sales price of these units is \$549,000.
- Assist with issues related with the West Side at State Thomas, located on State Street between Hugo Street and Thomas Street in Block 582.
- Assist with the implementation of the final strategies for the district. City staff and the State-Thomas Design Review committee will work with consultants for the design/engineering of remaining public infrastructure improvements.
- Assist to market TIF assistance to encourage the development of other vacant sites in the State-Thomas TIF District.
- Staff will work with the Board of Directors and the Uptown Public Improvement District to identify ways and means of maintaining landscaping in the State-Thomas TIF area, as part of the State-Thomas TIF District Board of Directors work plan for 2007.

City of Dallas, Texas
State-Thomas Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2006

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 \$612,697 (in current dollars) over the life of the TIF to reimburse the City for administrative costs. The Zone incurred \$89,519 in administrative costs for fiscal year 2006. The City began billing the Zone for administrative costs in FY'1989-90. 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 the City of Dallas and private developers to fund improvements that are being made by the Department of Public Works and Transportation. Developer advances outstanding at year-end, which bear interest from the date of advance, include the following:

\$655,730 in developer advance for the West Side at State-Thomas project as of December 13, 2005 bearing interest at a rate of 4.79% compounded semi-annually.

6. Capital assets activity for the year ended September 30, 2006 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	<u>\$10,876,251</u>	<u>\$552,062</u>	<u>(\$8,949,975)</u>	<u>\$2,478,338</u>
Total capital assets, not being depreciated	<u>\$10,876,251</u>	<u>\$552,062</u>	<u>(\$8,949,975)</u>	<u>\$2,478,338</u>
Capital assets being depreciated:				
Improvements	\$6,718,616	\$8,949,975	\$0	\$15,668,591
Less accumulated depreciation:	(\$279,243)	(\$1,234,727)	\$0	(\$1,513,970)
Total capital assets being depreciated	<u>\$6,439,373</u>	<u>\$7,715,248</u>	<u>\$0</u>	<u>\$14,154,621</u>
Governmental capital Assets, net	<u>\$17,315,624</u>	<u>\$8,267,310</u>	<u>(\$8,949,975)</u>	<u>\$16,632,959</u>

7. All expenditures for capital improvements, including accounts payable of \$88,476 as of 9/30/94, \$122,607 as of September 30, 1998, \$85,291 September 30, 1999, \$440,552 as of September 30, 2000, \$139,122 as of September 30, 2001, 63,512 as of September 30, 2004, and \$309,577 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.

City of Dallas, Texas
State-Thomas Tax Increment Financing District
Reinvestment Zone Number One
As of September 30, 2006

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:

\$360,685 Interest Income
<u>\$6,173 Ad Valorem Taxes (Collected in FY'2006 based on 2005 Certified Tax Roll)</u>
<u>\$366,858</u>

2. Amount and purpose of expenditures from the fund:

\$89,519 Administrative Expense
\$825 Non-Capital outlay
\$30,775 Interest and fiscal charges
<u>\$552,062 Capital outlay *</u>
<u>\$673,181</u> Total Expenditures

* Capital outlay during FY'2005-06 were as follows:

Sundance Row-Block 586	\$94,222
West Side at State-Thomas	\$350,790
Design Services for State-Thomas Projects	\$107,051
Other	\$0
Total Project Costs	<u>\$552,062</u>

3. Amount of Principal and Interest due-on outstanding indebtedness as of 9/30/06 is as follows:

Developer	Project	Balance Due (Since Inception)			Payments To Date			Net Bal. Due
		Principal	Accrued Interest	Total Due	Principal	Accrued Interest	Total Paid	
City of Dallas	Meridian	\$2,100,000	\$956,934	\$3,056,934	\$2,100,000	\$956,934	\$3,056,934	\$0
City of Dallas	Worthington	\$457,343	\$461,850	\$919,193	\$457,343	\$461,850	\$919,193	\$0
City of Dallas	Uptown Village	\$800,000	\$317,341	\$1,117,341	\$800,000	\$317,341	\$1,117,341	\$0
Post Properties, Inc.	Heights of ST-Blocks 579/580	\$3,134,156	\$773,268	\$3,907,424	\$3,134,156	\$773,268	\$3,907,424	\$0
Grenadier Group	Thomas Courts-Block 563	\$610,985	\$114,855	\$725,840	\$610,985	\$114,855	\$725,840	\$0
Grenadier Group	Thomas Courts-Phase IA & IB	\$139,270	\$0	\$139,270	\$139,270	\$0	\$139,270	\$0
Post Properties, Inc.	Heights of ST-Block 572	\$1,070,934	\$181,968	\$1,252,902	\$1,070,934	\$181,968	\$1,252,902	\$0
Post Properties, Inc.	Heights of ST-Block 588	\$1,200,789	\$215,513	\$1,416,302	\$1,200,789	\$215,513	\$1,416,302	\$0
Gables Realty, LP	Heights of ST-Blocks 583,4,5,91	\$3,366,248	\$646,116	\$4,012,364	\$3,366,248	\$646,116	\$4,012,364	\$0
Gables Residential	Gables Allen St-Block 578	\$311,587	\$30,078	\$341,665	\$311,587	\$30,078	\$341,665	\$0
Gables Realty, LP	Heights of ST-Sanitary Lines	\$791,603	\$106,075	\$897,678	\$791,603	\$106,075	\$897,678	\$0
Gables Realty, LP	Heights of ST-Blocks 581 & 585	\$1,742,313	\$198,668	\$1,940,981	\$1,742,313	\$198,668	\$1,940,981	\$0
Perry Homes	State/Worthington-Block 575	\$886,654	\$67,030	\$953,683	\$886,654	\$67,030	\$953,683	\$0
J.G. Moore & Co., Inc.	Sundance Row-Block 586	\$697,302	\$26,304	\$723,606	\$697,302	\$26,304	\$723,606	\$0
Gables Residential Trust	Phase IX-A- North of Block 578	\$251,617	\$12,645	\$264,262	\$251,617	\$12,645	\$264,262	\$0
Givens Records Dev., Ltd.	Hotel Za Za Condominiums	\$61,973	\$4,471	\$66,444	\$61,973	\$4,471	\$66,444	\$0
J.G. Moore & Co., Inc.	West Side at State-Thomas-Block 582	\$655,730	\$25,264	\$680,994	\$0	\$0	\$0	\$680,994
Totals		\$18,278,504	\$4,138,378	\$22,416,882	\$17,822,774	\$4,113,114	\$21,735,888	\$680,994

** Reimbursed for 30% of total cost without accrued interest per terms of the Development Agreement.

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

Taxing Jurisdiction	Taxable	Base Year	Est. Captured
	Value 2006	1988 Value	Value 2006**
City of Dallas	\$438,293,832	\$47,506,802	\$390,787,030
Dallas Independent School District	\$438,293,832	\$47,506,802	\$390,787,030
Dallas County	\$438,293,832	\$47,506,802	\$390,787,030
Dallas County Hospital District	\$438,293,832	\$47,506,802	\$390,787,030
Dallas County Community College Dist.	\$438,293,832	\$47,506,802	\$390,787,030

*** Based on preliminary Taxable Values. Final values will be determined on February 01, 2007.

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:

City of Dallas, Texas
State-Thomas Tax Increment Financing District
Reinvestment Zone Number One
As of September 30, 2006

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.

<u>Taxing Jurisdiction</u>	<u>Participation Per \$100</u>	<u>Amount of Estimated 2006 Increment (\$)</u>
City of Dallas	0.72920	\$0
Dallas Independent School District	1.50264	\$0
Dallas County	0.21390	\$0
Dallas County Hospital District	0.25400	\$0
Dallas County Community College District	0.08100	\$0
Total	<u>\$2.78074</u>	<u>\$0</u>

(1) TIF will not collect any increments for 2006 tax year as it has reached the cap for public improvements budget in accordance with the Project Financing Plan. Increments of \$2,907,356 for the 2006 tax year will go to the City's General Fund.

B. The total amount of tax increment billed for the 2006 tax year is \$0. For the 2005 tax year, \$6,173 of increments were received comprising of prior years' unpaid accounts.

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City of Dallas, Texas
 State Thomas Tax Increment Financing District Fund
 Cash Flow Statement for the Period Ended September 30, 2006
 With Comparative Totals for September 30, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990 and 1989
 (Unaudited)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Operating income (loss)	\$997,006	\$12,381	\$5,859,337	\$4,273,691	\$3,591,454	\$3,019,409	(\$1,033,912)	\$284,906	(\$1,103,823)	(\$693,159)	(\$640,405)	(\$371,338)	(\$504,467)	(\$405,08)	(\$711,801)	(\$882,359)		(\$34,900)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:																		
Changes in assets and liabilities:																		
(Increase) decrease in interest receivable	\$0	(\$28,111)	(\$10,020)	\$5,131	\$39,676	(\$1,139)	(\$27,432)	\$13,916	(\$13,058)	(\$11,726)	\$6,225	(\$10,976)	\$0	\$0	\$0	\$0	\$0	\$0
(Increase) decrease in accounts receivable	\$0	\$0	\$0	\$0	\$0	\$25,874	(\$26,676)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase (decrease) in accounts payable	(\$200,377)	\$246,266	\$63,512	(\$24,803)	(\$136,122)	(\$294,803)	\$497,539	\$83,607	\$122,607	\$0	\$0	(\$98,478)	\$98,478	\$0	\$0	\$0	\$0	\$0
Increase (decrease) in advances from developers/City	\$0	\$0	\$0	(\$3,230,154)	(\$3,453,877)	(\$206,993)	\$3,329,471	(\$47,078)	\$1,791,856	\$1,285,949	\$0	\$0	\$800,000	\$0	\$0	\$0	\$437,343	\$2,100,000
Increase (decrease) in deferred tax revenue	\$0	\$0	\$0	\$0	\$0	(\$26,874)	\$26,874	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase (decrease) in accrued interest	\$0	\$0	\$0	(\$497,631)	(\$337,023)	(\$178,646)	(\$123,983)	\$362,075	(\$390,344)	(\$46,246)	\$296,947	\$322,875	\$130,740	\$110,306	\$105,280	\$75,003	\$64,029	\$24,300
Increase (decrease) in accrued liability	(\$3,248)	\$13,461	(\$27,292)	\$39,872	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totall adjustments	(\$416,371)	(\$2,117,646)	\$733,547	(\$3,590,882)	(\$3,830,044)	(\$1,300,003)	\$3,629,615	\$432,724	\$1,501,096	\$1,227,377	\$239,472	\$273,423	\$1,021,215	\$110,306	\$105,280	\$75,003	\$64,029	\$24,300
Net cash provided by operating activities	(\$1,083,379)	(\$2,105,295)	\$6,342,604	\$672,809	(\$338,590)	\$1,718,507	(\$4,298)	\$717,630	\$397,273	\$698,218	(\$346,653)	(\$147,913)	\$355,440	(\$394,161)	(\$259,828)	(\$236,298)	(\$851,021)	\$2,100,000
Cash flows from investing activities:																		
Interest on investment activities	\$390,885	\$200,540	\$166,266	\$161,566	\$221,003	\$147,760	\$381,002	\$100,600	\$74,887	\$35,207	\$23,470	\$96,233	\$0	\$0	\$0	\$0	\$0	\$0
Net increase/(decrease) in fair value of investments	\$0	(\$21,327)	(\$98,525)	\$355,211	(\$103,290)	\$61,240	\$66,391	(\$28,175)	\$36,021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cash provided by investing activities	\$390,885	\$179,213	\$129,654	\$416,799	(\$117,223)	\$309,020	\$346,393	\$72,746	\$112,908	\$35,207	\$23,470	\$96,233	\$0	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in pooled cash and cash equivalents	(\$722,694)	(\$1,833,044)	\$6,472,608	\$1,029,608	(\$180,867)	\$1,927,527	\$342,095	\$790,375	\$510,463	\$993,725	(\$323,459)	(\$121,622)	\$352,440	(\$304,161)	(\$299,828)	(\$436,298)	(\$861,021)	\$2,100,000
Pooled cash and cash equivalents at beginning of year	\$10,928,006	\$12,202,850	\$5,728,982	\$4,630,274	\$4,880,144	\$3,362,615	\$2,610,939	\$1,805,234	\$1,309,771	\$318,046	\$639,059	\$761,131	\$408,691	\$602,852	\$1,102,681	\$1,738,975	\$2,100,000	\$0
Pooled cash and cash equivalents at end of year	\$9,545,712	\$10,369,806	\$12,201,465	\$5,728,982	\$4,699,274	\$4,890,141	\$2,952,615	\$2,610,609	\$1,820,234	\$1,309,771	\$318,046	\$639,059	\$761,131	\$408,691	\$602,852	\$1,132,681	\$1,738,979	\$2,100,000

City of Dallas, Texas
 State Thomas Tax Increment Financing District Fund
 Statement of Net Assets/Balance Sheet as of September 30, 2006
 With Comparative Totals for September 30, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990 and 1989
 (Unaudited)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Assets:																		
Prepaid cash and cash equivalents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest receivable	\$48,935	\$48,935	\$10,523	\$773	\$0	\$43,982	\$42,749	\$13,317	\$59,235	\$16,178	\$4,451	\$10,976	\$0	\$0	\$0	\$0	\$0	\$0
All Valuation tax receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$26,674	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property, plant and equipment	\$16,632,649	\$17,315,624	\$16,440,257	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$16,681,584	\$17,364,559	\$16,450,780	\$773	\$0	\$48,414	\$69,423	\$13,317	\$59,235	\$16,178	\$4,451	\$10,976	\$0	\$0	\$0	\$0	\$0	\$0
Liabilities and Fund Balance (Deficit):																		
Liabilities:																		
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advanced from developer	\$665,730	\$759,275	\$3,096,335	\$2,390,958	\$5,621,112	\$0,074,989	\$0,670,982	\$6,447,511	\$3,357,343	\$3,357,343	\$3,357,343	\$3,357,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343
Deferred tax revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accrued interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accrued liability	\$15,932	\$19,641	\$6,350	\$3,672	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total liabilities	\$15,932	\$19,641	\$6,350	\$3,672	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance (Deficit):																		
Fund Balance (Deficit)	\$665,652	\$759,918	\$3,094,430	\$2,387,101	\$5,621,112	\$0,074,989	\$0,670,982	\$6,447,511	\$3,357,343	\$3,357,343	\$3,357,343	\$3,357,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343
Total Liabilities and Fund Equity	\$681,584	\$779,566	\$3,100,780	\$2,390,654	\$5,621,112	\$0,074,989	\$0,670,982	\$6,447,511	\$3,357,343	\$3,357,343	\$3,357,343	\$3,357,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343	\$2,557,343

City of Dallas, Texas
 State Thomas Tax Increment Financing District Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
 For the Period Ended September 30, 2006
 With Comparative Totals for September 30, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990 and 1989
 (Unaudited)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Revenues:																		
Tax increment	\$29,461,635	\$6,173	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant from City/developer participation	\$60,742	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest income	\$1,024,922	\$293,540	\$199,289	\$161,568	\$271,003	\$147,780	\$281,002	\$100,520	\$74,867	\$35,507	\$29,470	\$26,263	\$0	\$0	\$0	\$0	\$0	\$0
Net increase/(decrease) in fair value of investments	\$0	(\$21,203)	(\$68,625)	(\$41,412)	(\$13,290)	\$61,583	\$68,301	(\$28,175)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenues	\$30,486,657	\$6,151,710	\$6,130,964	\$6,970,710	\$6,325,722	\$4,656,722	\$2,825,722	\$1,771,870	\$679,662	\$409,110	\$28,938	\$123,514	\$39,251	\$0	\$0	\$0	\$0	\$0
Expenditures:																		
Administrative expenses	\$495,079	\$64,250	\$70,725	\$66,631	\$60,474	\$47,500	\$32,476	\$37,773	\$0	\$16,992	\$0	\$0	\$2,476	\$2,962	\$4,461	\$16	(\$173)	\$0
Non-capital outlay	\$1,905	\$1,060	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$18,146,829	\$625	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest and flow charges	\$4,789,758	\$30,775	\$295,165	\$30,078	\$138,844	\$540,926	\$584,542	\$688,630	\$429,074	\$333,704	\$296,947	\$322,975	\$132,740	\$110,306	\$105,389	\$73,502	\$64,029	\$34,300
Total expenditures	\$23,431,571	\$67,010	\$365,950	\$1,675,653	\$1,677,950	\$1,018,426	\$913,018	\$1,113,918	\$878,148	\$500,706	\$443,374	\$409,449	\$235,216	\$219,690	\$172,231	\$149,590	\$88,303	\$34,300
Excess (Deficiency) of Revenues Over Expenditures	\$6,055,086	\$5,494,699	\$5,765,014	\$5,295,057	\$4,647,772	\$3,638,296	\$1,912,704	\$657,952	\$801,514	\$408,404	\$239,564	\$114,065	\$16,735	\$0	\$0	\$0	\$0	\$0
Fund balance (Deficit) at beginning of year as previously reported	\$3,305,025	\$0,328,647	\$0,044,046	\$3,305,025	(\$1,385,465)	(\$6,026,641)	(\$6,333,071)	(\$5,036,462)	(\$5,338,114)	(\$4,402,477)	(\$4,108,606)	(\$3,501,898)	(\$3,206,845)	(\$2,338,079)	(\$2,033,603)	(\$1,628,484)	(\$4,300)	\$0
Prior period restatement	\$300,146	\$0	\$0	\$0	(\$343)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund balance (Deficit) at beginning of year, as restated	\$3,605,171	\$0,328,647	\$0,044,046	\$3,305,025	(\$1,068,822)	(\$6,026,641)	(\$6,333,071)	(\$5,036,462)	(\$5,338,114)	(\$4,402,477)	(\$4,108,606)	(\$3,501,898)	(\$3,206,845)	(\$2,338,079)	(\$2,033,603)	(\$1,628,484)	(\$4,300)	\$0
Fund balance (Deficit) at end of year	\$0,022,134	\$0,022,134	\$0,044,046	\$3,305,025	(\$1,068,822)	(\$6,026,641)	(\$6,333,071)	(\$5,036,462)	(\$5,338,114)	(\$4,402,477)	(\$4,108,606)	(\$3,501,898)	(\$3,206,845)	(\$2,338,079)	(\$2,033,603)	(\$1,628,484)	(\$4,300)	\$0

(1) Includes no Statement of Net Assets and reflects the implementation of Governmental Accounting Standards Board (GASB) statement # 34. The columns for the Statement of Revenues and Expenditures and Changes in Fund Balance (Deficit) reflect the fund financial statements.

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