

OFFICE OF THE CITY AUDITOR

VERIFICATION OF THE AFFIDAVITS OF COMPLIANCE RECEIVED UNDER THE CITY OF DALLAS ECONOMIC DEVELOPMENT TAX ABATEMENT CERTIFICATION PROCESS FOR 2003



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May 28, 2004

Memorandum



CITY OF DALLAS

May 28, 2004

Honorable Mayor and Members of the City Council
City of Dallas

At the request of the City Council Business and Commerce Committee, we have conducted a verification of the affidavits of compliance received under the City of Dallas' Economic Development Tax Abatement Certification Process.

Our observations and tests disclosed that the City of Dallas' Department of Development Services certification process for 2003 functioned as designed. The City has tax abatement agreements that reduce the City tax base by \$1,459,523,189 and represent \$10,213,743 in forgone City taxes for 2003. Additionally, as a result of our work, tax abatement account corrections will allow the City to levy an additional \$73,774 in taxes over the period 2003-2007.

We appreciate the cooperation of City and Dallas Central Appraisal District staff during our examination.

Thomas M. Taylor

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City Auditor

c: Teodoro J. Benavides, City Manager

**VERIFICATION OF THE AFFIDAVITS OF COMPLIANCE RECEIVED
UNDER THE CITY OF DALLAS ECONOMIC DEVELOPMENT
TAX ABATEMENT CERTIFICATION PROCESS**

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INTRODUCTION

Authorization

At the request of the City Council Business and Commerce Committee, we have conducted a verification of the affidavits of compliance received under the City of Dallas' Development Services Tax Abatement Certification Process. This verification was conducted under the authority of Chapter IX, Section 2 of the Dallas City Charter and the Annual Audit Plan approved by the City Council.

Scope and Methodology

The objectives were to determine whether:

- The companies had complied with the requirements outlined in the individual tax abatement agreements between the companies and the City.
- The companies had specifically complied with the improvements requirement as outlined in Section 2 and the job creation requirement as outlined in Section 3 of the tax abatement agreements between the companies and the City.
- The Economic Development Division (EDD) of the Department of Development Services (DDS) had properly reviewed compliance of those abatees that previously met the improvement requirements.

Our audit was performed in accordance with generally accepted government auditing standards and, accordingly, included tests of records and other procedures that we considered necessary in the circumstances. The scope of our audit included the verification of the information on the affidavits of compliance for nine tax abatement agreements that began January 1, 2003 (Appendix A). Our review included onsite visits to the facilities. Additionally, we reviewed EDD records on 23 previously existing tax abatement agreements (Appendix B) and Housing Department records on their five previously existing tax abatement agreements (Appendix C). In our review of the tax abatement program, we tested the accuracy of the property valuation information and tax abatement calculations provided by the Dallas Central Appraisal District (DCAD). We examined existing and proposed individual tax abatement accounts for compliance with the related contract terms as to the timing of the abatement and to its mathematical correctness.

Overall Conclusion

Our observations and tests disclosed that the City of Dallas has tax abatement agreements that reduce the City tax base by \$1,459,523,189 and represent \$10,213,743 in forgone City taxes for 2003. As a result of our work, tax abatement account corrections were made that will allow the City to levy an additional \$73,774 in taxes (\$72,988 in taxes for 2003 and an additional \$786

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cumulatively over the period 2004-2007). The EDD's certification process for 2003 functioned as designed.

Background

The Public/Private Partnership Program is designed to increase the City's tax base by encouraging new business investment and promoting the creation/retention of quality jobs for Dallas residents. City Council Resolution #89-3264, October 11, 1989, adopted the initial *Guidelines and Criteria* governing the Public/Private Partnership Program for tax agreements and other incentive programs, including infrastructure cost participation, development fee rebates, public improvement districts, and tax increment financing. According to state law, Dallas must readopt its *Guidelines and Criteria* every two years in order to offer tax abatement. The current *Guidelines and Criteria* were readopted on December 11, 2002.

Upon City Council authorization, the City provides tax abatement on added taxable value resulting from improvements made to either real estate or on the value of new business personal property. The value of land, existing real property improvements, or existing business personal property is not subject to tax abatement and remains on the City's tax rolls. Additionally, tax abatement is provided to prospective companies where "but for" the incentive the company would not have committed the project to a Dallas site. The "but for" test is assumed to be met in Southern Dallas and the Southern Dallas Enterprise Zones. The percentages and duration of tax abatement agreements vary based on geographical location, project type, investment, and job creation/retention. However, state law does not allow for tax abatement periods to exceed ten years.

Annually, all companies with existing tax abatement agreements must certify that they are in compliance with the terms and conditions of the tax abatement agreement in order to be eligible to receive an abatement on taxes due to the City. These conditions include, but are not limited to, job creation/retention, specific property improvement costs, dates for substantial completion of property improvements, and affordable housing requirements for residential abatements. Companies that do not submit affidavits of compliance to the City, and/or cannot evidence said compliance upon the request of City staff, should not receive the tax abatement.

In 2003, there were 88 eligible tax abatement agreements with the City (Appendix E). Of these, 83 agreements are under the direction of EDD. Five of the 88 agreements have affordable housing components and are under the direction of the Housing Department.

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Of the 88 eligible tax abatement agreements, 82 agreements were certified to DCAD by EDD and the Housing Department to receive tax abatements in 2003. Of the six that were not certified to DCAD:

- One was terminated by EDD for not complying with the agreement,
- Two were denied for initial compliance,
- Two are under review by EDD, and
- One was denied for having delinquent ad valorem taxes.

Of the 82 City certified agreements, five did not receive tax abatements because of not having an increase in appraised value over the base year amount; therefore, there is no increased value to abate.

The remaining 77 tax abatement agreements for agreements that received tax abatements comprised 115 related tax accounts that reduced the City tax base by \$1,459,523,189 and represent \$10,213,743 in forgone City taxes for the 2003 tax year (Appendix F).

We reviewed documentation on the following EDD's records:

- Nine of the 88 tax abatement agreements had a tax abatement period beginning January 1, 2003. (Appendix A) We determined that five of these agreements were in compliance and were eligible for the 2003 tax abatement. Four of the agreements were denied certification by EDD and are not eligible for the 2003 tax abatement. Two of the four agreements were denied due to failure to submit documentation for initial compliance. One agreement was denied because of failure to build the required improvements. The other agreement was denied because of unpaid ad valorem taxes.
- Ten of the 88 tax abatement agreements were judgmentally selected for review (Appendix B). These ten agreements were existing tax abatement agreements that are reviewed annually and had previously met all compliance requirements. We concluded that all of the related submissions for City certification were correctly evaluated by EDD. Nine of the ten agreements were certified to the DCAD. The remaining agreement was denied certification because of an insufficient number of jobs as required in the agreement.
- Thirteen of the 88 tax abatement agreements, in which the initial year of the "job creation" clause was in full effect, were reviewed. Stated another way, 2003 was the first year that the entity had to meet the "job creation" requirement of the tax abatement agreement (Appendix B). Twelve of the 13 agreements were in compliance and were subsequently certified by EDD to DCAD. The remaining agreement had an insufficient number of

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jobs as required in the agreement and was consequently not certified by EDD.

The City Auditor's Office reviewed and verified documentation on the five tax abatement agreements under the Housing Department. The Housing Department determined these agreements were in compliance with the affordable housing components and were certified to DCAD.

No further action is required on the existing agreements that are certified by EDD and the Housing Department.

OPPORTUNITIES FOR IMPROVEMENT

Our review was not intended to be a detailed study of every system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Corrections made to tax abatement records will allow the City to cumulatively levy an additional \$73,774 in taxes for 2003-07.

We identified seven tax accounts with errors on the DCAD Tax Abatement Exemption for 2003 schedule (Appendix D). Six of the accounts were related to five of the tax abatement agreements and one account was not yet an abatement recipient. These seven accounts were not correctly recorded in DCAD records because of clerical input errors. Subsequently, we informed DCAD of the necessary corrections, and DCAD accordingly corrected the seven accounts. These corrections will result in the City levying an additional \$72,988 in taxes for 2003. These corrections will positively affect the future calculations of the related tax abatements until the expiration of their individual tax abatement agreements. Therefore, the City should cumulatively levy an additional \$786 in taxes over the period 2004-2007 if all the related agreements remain in force.

DCAD has made the appropriate corrections to the related tax accounts and has provided the corrected information to EDD. No further action is required by EDD or DCAD for the 2003 tax abatements. The City Auditor's Office continues to monitor the initial compliance requirements of the tax abatement agreements and verify the accuracy of DCAD tax account records and calculations for the City's tax abatement agreements.

We recommend that the Assistant Director of EDD develop procedures to annually sample tax accounts for accuracy of the records and to notify DCAD of any discrepancies in the records.

Management's Response:

Development Services will develop procedures to annually sample tax accounts for accuracy as suggested by the City Auditor. These procedures will be implemented prior to receipt of the 2004 certified tax rolls from the Dallas Central Appraisal District.

**Appendix A. 2003 Tax Abatement Agreements
Beginning January 1, 2003**

TAX ABATEMENT AGREEMENTS BEGINNING JANUARY 1, 2003			
COMPANY	ABATEMENT TYPE (REAL / TANGIBLE PERSONAL PROPERTY)	2003 INITIAL COMPLIANCE	COMMENTS
¹ BUILDING NO. 1, MOUNTAIN CREEK, L.P.	RP	YES	
² CANLIX INVESTMENT 38, LTD.	(1)	NO	Did not build building
³ CRASH RESCUE	(1)	NO	Did not submit evidence of construction
⁴ KINKO'S INC.	RP	YES	
⁵ MRS. BAIRD'S BAKERIES, INC. & EAST DALLAS B.W., LTD.	RP	YES	
⁶ NEW WORLD AUTO IMPORTS, INC. & SHAHAB SALEHOUN	(1)	NO	Had outstanding ad valorem taxes
⁷ ST. GERMAIN HOLDINGS, LTD & RUDOLPH FOODS COMPANY, INC.	(1)	NO	Did not submit evidence of construction
⁸ STEMMONS CORNERSTONE QUORUM L.P.	RP	YES	
⁹ WAL-MART STORES, INC. & BSTCO (TCDFW SPOKE)	RP	YES	

Footnotes:

(1) Were not certified to receive tax abatement for 2003.

Appendix B. 2003 Tax Abatement Agreements Job Review

2003 TAX ABATEMENT AGREEMENTS JOBS REVIEW				
COMPANY	ABATEMENT TYPE (REAL / TANGIBLE PERSONAL PROPERTY)	2003 JOBS COMPLIANCE TESTING	2003 JOBS COMPLIANCE	COMMENTS
1 AETNA LIFE/CARTER-CROWLEY	TPP	ANNUAL	YES	
2 AFFILIATED COMPUTER SERVICES, INC.	RP	ANNUAL	YES	
3 ALLEGIANCE TELECOM, INC. W/ NCX OFFICE DEVELOPMENT, LP	TPP	ANNUAL	YES	
4 CENTEX CORPORATION W/ INTERNATIONAL CENTER DEVELOPMENT II & III, LTD. B14	TPP	ANNUAL	YES	
5 ERNST & YOUNG W/REEF (MAIN)	(1)	ANNUAL	NO	Insufficient number of jobs
6 ERNST & YOUNG W/C-W #5 LTD (SAN JACINTO)	TPP	ANNUAL	YES	
7 HKS/OLY PRTRSH (ECOM)	RP	ANNUAL	YES	
8 LEPERCQ (VARTECH)	RP	ANNUAL	YES	
9 QUILTCRAFT INDUSTRIES, INC. & LJP REALTY, LTD.	TPP	ANNUAL	YES	
10 TEXAS INSTRUMENTS, INC. (DMOS 6/R&D1)	TPP	ANNUAL	YES	
11 BRIDGFORD FOODS CORP. #2 (CHANCELLOR ROW)	RP	INITIAL	YES	
12 CENTEX CORPORATION W/ CENTEX OFFICE CITYMARK I, LP	TPP	INITIAL	YES	
13 CORRAL GROUP, INC.	RP	INITIAL	YES	
14 DSW INVESTMENTS LIMITED & DSW INVESTMENTS I, INC.	RP	INITIAL	YES	
15 E. L. BOSS, JR., DBA BOTANICAL TECHNOLOGIES, INC.	(1)	INITIAL	NO	No job information received
16 MINYARDS FOOD STORES, INC. & MINYARD PROPERTIES, INC. (CAMP WISDOM)	RP	INITIAL	YES	
17 MRS. BAIRD'S BAKERIES, INC. & EAST DALLAS B.W., LTD.	RP	INITIAL	YES	
18 PINNACLE INDUSTRIAL CENTER LP (BLDG # 6)	RP	INITIAL	YES	
19 PINNACLE INDUSTRIAL CENTER LP (BLDG # 9)	RP	INITIAL	YES	
20 STEMMONS CORNERSTONE CROSSING I, L.P. AND JUS-MADE	RP	INITIAL	YES	
21 TCDFW UNT BTS, LP (CROW FAMILY HOLDINGS)	RP	INITIAL	YES	
22 TOWER 2001 LP (BRYAN TOWER)	RP	INITIAL	YES	
23 VARTEC TELECOM, INC. & LEPERCQ CORPORATE INCOME FUND, L.P.	TPP	INITIAL	YES	

Footnotes:

(1) Were not certified to receive tax abatement for 2003.

**Appendix C. 2003 Tax Abatement Agreements
Housing Department (Multi-Family)**

2003 TAX ABATEMENT AGREEMENTS HOUSING DEPARTMENT (MULTI-FAMILY)				
COMPANY	ABATEMENT TYPE (REAL / TANGIBLE PERSONAL PROPERTY)	2003 HOUSING COMPLIANCE TESTING	2003 HOUSING COMPLIANCE	COMMENTS
EBAN VILLAGE I, LTD. (TABONO JV) (APTS)	RP	ANNUAL	YES	
GASTON APT LP PS (APTS)	RP	ANNUAL	YES	
JEFFERSON AT BRYAN PLACE, LP (AML1) (APTS)	RP	ANNUAL	YES	
JEFFERSON AT KESSLER HEIGHTS (APTS)	RP	ANNUAL	YES	
JEFFERSON AT THE NORTH END LP (APTS)	RP	ANNUAL	YES	

Appendix D. 2003 Tax Abatement Corrections

2003 TAX ABATEMENT CORRECTIONS													
COMPANY	DCAD REPORT REF	ACCOUNT NUMBER	EXPIRATION DATE	2003 TAXES SAVED	2004 TAXES SAVED	2005 TAXES SAVED	2006 TAXES SAVED	2007 TAXES SAVED	2008 TAXES SAVED	2009 TAXES SAVED	2010 TAXES SAVED	2011 TAXES SAVED	TOTALS
BRONCO BOWL HOLDING, INC.	(1)	000005287930000000	2005	\$10,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,035
BRONCO BOWL HOLDING, INC.	(1)	000005287930001100	2003	\$3,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,734
DALLAS TRANSFER & TERMINAL STORAGE	(2)	000007008030000000	2003	\$11,617	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,617
ERNST & YOUNG LLP & RAK MAIN PLACE ASSOCIATES L.P.	(3)	999605300000049000	2004	\$13,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,667
AETNA LIFE/CARTER-CROWLEY	(4)	999609200000058700	2006	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$1,032
ALLEGIANCE TELECOM, INC. W/IM JV (STEMMONS)	(6)	999728000000458850	2007	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$15
JEFFERSON AT TEXAS ST LP (BRYAN PLACE PHASE II)	(6)	000289000100100000	NA	\$33,674	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,674
TOTAL TAXES SAVED				\$72,988	\$261	\$522	\$261	\$783	\$786	\$786	\$786	\$0	\$73,774
2003-2011 CUMULATIVE SAVINGS													\$786

EXPLANATIONS
(1) BRONCO BOWL HOLDING, INC. Not certified to DCAD by City of Dallas EDD
(2) DALLAS TRANSFER & TERMINAL STORAGE Not certified to DCAD by City of Dallas EDD
(3) ERNST & YOUNG LLP & RAK MAIN PLACE ASSOCIATES L.P. (M) Not certified to DCAD by City of Dallas EDD
(4) AETNA LIFE/CARTER-CROWLEY DCAD had an incorrect base value.
(6) ALLEGIANCE TELECOM, INC. W/IM JV (STEMMONS) DCAD had an incorrect base value.
(6) JEFFERSON AT TEXAS ST LP (BRYAN PLACE PHASE II) Not certified to DCAD by City of Dallas Housing Department.

Appendix E. 2003 Eligible Tax Abatement Agreements

2003 ELIGIBLE TAX ABATEMENT AGREEMENTS								
COMPANY (MULTI-FAMILY IN BOLD)	AGRM TYPE	EFF DATE	TERM YEARS	ABATE %	BASE YEAR	EXPR DATE	RESLTN NO.	
COMMERCIAL								
1 ABF FREIGHT SYSTEM, INC.	(6)	RP	1997	10	100%	1996	2006	95-3255
2 AETNA LIFE/CARTER-CROWLEY	(6)	TPP	1997	10	100%	1996	2006	96-1390
3 AFFILIATED COMPUTER SERVICES, INC.	(5)	RP	2001	10	75%	2001	2010	00-0278
4 ALBERTSON'S, INC & WEST CLIFF SHOPPING PLAZA I LIMITED PARTNERSHI	(6)	RP	2002	10	90%	2001	2011	00-1182 01-2473
5 ALBERTSON'S, INC (JEFFERSON)	(6)	RP	2000	10	90%	1999	2009	99-3329 99-3330
6 ALLEGIANCE TELECOM, INC W/ NCX OFFICE DEVELOPMENT, LP (Phase I)	(6)	TPP	2001	10	75%	2000	2010	00-1439
7 ALLEGIANCE TELECOM, INC. W/IM JV	(6)	TPP	1998	10	90%	1997	2007	98-0327
8 AMBERJACK, LTD. (STONEBRIDGE LC)	(6)	RP	1997	10	90%	1996	2006	96-3643
9 ARGENT PINNACLE PARK, L.P. (PROLOGIS TRUST)	(6)	RP	2002	10	90%	2001	2011	00-1917
10 A/V AUDIO VISUAL, INC. & 4646 W. DAVIS, LLC	(6)	RP	2002	10	75%	2001	2011	01-0780
11 BRIDGFORD FOODS CORP. #2 (CHANCELLOR ROW)	(6)	RP	2002	8	75%	2000	2009	00-2944 00-2945
12 BRIDGFORD FOODS CORP. (GOOD-LATIMER)	(6)	RP	1996	10	100%	1995	2005	94-4352
13 BUD'S SALADS, INC.	(6)	RP	1994	10	100%	1993	2003	93-2079
14 BUILDING NO. 1, MOUNTAIN CREEK, L.P.	(6)	RP	2003	10	90%	2002	2012	02-0333
15 CANLIX INVESTMENT 38, LTD.	(2)	RP	2003	10	90%	2001	2012	00-0411 01-1247
16 CENTEX CORPORATION W/ CENTEX OFFICE CITYMARK I, LP	(6)	TPP	2001	5	50%	1999	2005	99-3880
17 CENTEX CORPORATION W/ INTERNATIONAL CENTER DEVELOPMENT II & III	(6)	TPP	1997	10	75%	1996	2006	95-0649
18 COMERICA BANK	(6)	RP	1995	10	100%	1994	2004	94-2231
19 CORPORATE REINVESTMENTS	(6)	RP	2002	10	90%	2000	2011	00-1916
20 CORRAL GROUP, INC. (GC MAC LLC)	(6)	RP	2001	10	90%	2000	2010	00-0570 01-3668
21 CRASH RESCUE	(1)	RP	2002	10	50%	2002	2011	00-1882
22 CROW FAMILY HOLDINGS INDUSTRIAL TEXAS LP	(6)	RP	2000	10	90%	1999	2009	99-3876
23 CUMBRE, INC.	(5)	RP	2002	5	50%	2001	2006	01-2225
24 DALLAS FREIGHTLINER, INC. (BOWEN & ASSOC. LLC)	(6)	RP	1994	10	100%	1993	2003	94-0844
25 DALLAS TRANSFER & TERMINAL STORAGE	(3)	RP	1994	10	100%	1993	2003	93-3076
26 DAYTON HUDSON CORP. (TARGET)	(6)	RP	1994	10	100%	1994	2003	93-4140
27 DSW INVESTMENTS LIMITED & DSW INVESTMENTS I, INC.	(6)	RP	2001	10	90%	2000	2010	00-0884
28 EDDINS ENTERPRISES, INC. (FRIENDLY CHEVROLET)	(6)	RP	1998	10	90%	1997	2007	97-2541
29 ERNST & YOUNG LLP & RAK MAIN PLACE ASSOCIATES L.P. (MAIN)	(3)	TPP	2000	5	75%	1999	2004	99-1731
30 ERNST & YOUNG W/C-W #5 LTD (SAN JACINTO)	(6)	TPP	1998	10	100%	1995	2007	95-3422
31 FAIR PARK HEALTH CARE, INC. (DALLAS N.H. REALTY LTD)	(6)	RP	1995	10	100%	1994	2004	94-0254
32 FEATHERLITE BUILDING PRODUCTS	(6)	RP	1998	10	90%	1997	2007	97-1598
33 FIRSTPLUS FINANCIAL GROUP W/LEPERCQ	(5)	RP	1998	10	50%	1997	2007	97-3960
34 FOR KEEP'S SAKE, INC.	(6)	RP	1998	10	90%	1997	2007	97-3659
35 FREEMAN DECORATING COMPANY & RED BIRD INDUSTRIAL PARK, LP	(6)	RP	2000	10	90%	1999	2009	99-1069
36 FRITO-LAY (STONEBRIDGE)	(6)	RP	2000	10	90%	1999	2009	99-0326
37 FRITO-LAY, INC.	(6)	TPP	1995	10	50% & 75%	1994	2004	94-3523 95-4195 97-0157
38 GRANNUM COMMUNICATIONS DALLAS, INC.	(6)	RP	1996	10	100%	1995	2005	95-4187
39 HBE CORP. (SEVEN SEVENTEEN HB)	(6)	RP	1999	10	100% & 90%	1997	2008	96-3908
40 HILLWOOD METRO NO. 8 L.L.C.	(6)	RP	2002	10	90%	2000	2011	00-3732
41 HKS/OLY PRTSHP (ECOM)	(6)	RP	1998	10	90%	1997	2007	97-2540
42 HOME DEPOT, INC. (HD DEV PROPERTIES LP) (LEMMON)	(6)	RP	1998	10	90%	1997	2007	97-0317
43 INTERNATIONAL CENTER DEVELOPMENT II & III, LTD.	(6)	RP	1996	10	100%	1995	2005	95-0655
44 INTERNET MARKETING & CREATIVE CONCEPTS (IMC) & CULLUM INTEREST	(6)	RP	2000	10	90%	1999	2009	99-2337
45 KINKO'S INC.	(6)	RP & TPP	2003	10	50% RP 90% TPP	2001	2012	01-3706
46 LAZO TECHNOLOGIES, INC.	(6)	TPP	1999	10	50%	1998	2008	98-1781
47 MCDONALDS CORP. WIKAREN SKINNER	(6)	RP	1995	10	100%	1994	2004	94-2516

Appendix E. 2003 Eligible Tax Abatement Agreements

2003 ELIGIBLE TAX ABATEMENT AGREEMENTS									
COMPANY (MULTI-FAMILY IN BOLD)		AGRM TYPE	EFF DATE	TERM YEARS	ABATE %	BASE YEAR	EXPR DATE	RESLTN NO.	
48	MEDLINE INDUSTRIES, INC. (1200 TOWN LINE RD ASSOC)	(6)	RP	1998	10	90%	1997	2007	97-1193
49	MINYARD PROPERTIES W/MINYARD FOODS (MLK)	(6)	RP	1995	10	100%	1994	2004	94-0997
50	MINYARDS FOOD STORES, INC. (CAMP WISDOM)	(6)	RP	2000	10	90%	1999	2009	98-0149
51	MOCKINGBIRD PARTNERS LP (3300 HOTEL PROPERTY)	(6)	RP	1999	10	90%	1998	2008	98-0328
52	MRS. BAIRD'S BAKERIES, INC. & EAST DALLAS B.W., LTD.	(6)	RP	2003	10	50%	2002	2012	02-0678
53	NEW WORLD AUTO IMPORTS INC. & SHAHAB SALEHOUN	(4)	RP	2002	10	90%	2001	2011	01-0539
54	OMNICOM GROUP, INC & HARWOOD CENTER LP	(6)	TPP	2000	10	90%	1999	2009	99-2340
55	OVERHEAD DOOR CORPORATION	(6)	TPP	2002	7	75%	2001	2008	01-3069
56	PECAN DELUXE CANDY COMPANY	(6)	RP	1994	10	100%	1993	2003	93-3528
57	PINNACLE INDUSTRIAL CENTER LP (BLDG A)	(6)	RP	2001	10	90%	1998	2010	98-3664
58	PINNACLE INDUSTRIAL CENTER LP (BLDG-E C)	(6)	RP	2001	10	90%	1998	2010	98-3664
59	PINNACLE INDUSTRIAL CENTER LP (BLDG-H G)	(6)	RP	2001	10	90%	1998	2010	98-3664
60	PRO-LINE INTERNATIONAL, INC.	(6)	TPP	2002	10	90%	2000	2011	00-3740 00-3741
61	QUALEX PHOTOFINISHING LABS, INC.	(6)	TPP	2002	5	50%	2001	2006	01-0540
62	QUILTcraft INDUSTRIES, INC. & LJP REALTY, LTD.	(6)	TPP	2000	10	75%	1999	2009	99-0151
63	REUNION HOTEL/TOWER JV & HUNT-WOODBINE REALTY	(6)	RP	2001	10	90%	1998	2009	98-2455
64	ROSS AKARD ACQUISITION, LP	(6)	RP	2001	5	50%	2000	2005	00-1669
65	SEARS LOGISTICS SERVICES, INC.	(6)	TPP	1999	10	75%	1998	2008	98-3119
66	SOUTHERN FOOD GROUPS (SCHEPPS DAIRY)	(6)	RP	2000	10	90%	1998	2009	98-3290
67	ST. GERMAIN HOLDINGS, LTD & RUDOLPH FOODS COMPANY, INC.	(2)	RP	2003	10	75%	2001	2012	01-3344
68	STANDARD FRUIT AND VEGETABLE CO., INC.	(5)	RP	1998	10	90%	1997	2007	97-1599
69	STEMMONS CORNERSTONE CROSSING I, L.P. & JUS-MADE	(6)	RP	2001	7	90%	2000	2007	00-2373
70	STEMMONS CORNERSTONE QUORUM L.P.	(5)	RP	2003	8	50%	2001	2010	01-3345
71	STEWART & STEVENSON SERVICES, INC.	(6)	RP	2002	10	90%	2000	2011	00-1698
72	TCDWF UNT BTS, LP (CROW FAMILY HOLDINGS)	(6)	RP	2000	7	90%	1999	2006	99-3877
73	TEXAS INSTRUMENTS, INC. (DMOS 6/R&D1)	(6)	TPP	1998	10	100%	1996	2007	96-1164
74	TOWER 2001 LP (BRYAN TOWER)	(6)	RP	1999	10	100%	1996	2008	96-1144
75	TRANSAMERICA CORP. W/TRIZEC RENAISSANCE	(6)	TPP	1997	10	90%	1996	2006	96-1850
76	USAA REAL ESTATE COMPANY (SBC)	(6)	RP	2002	10	90%	2001	2011	00-1915 01-3351
77	UTILITY TRAILER OF DALLAS, INC.	(6)	RP	1997	10	90%	1996	2006	96-3282 96-3283
78	VARTEC TELECOM, INC. & LEPERCQ CORPORATE INCOME FUND, L.P.	(6)	TPP	2001	5	50%	2000	2005	00-0871
79	VICEROY DELIVERY LP W/DELIVERY LIMITED, INC.	(6)	RP	1999	10	90%	1998	2008	98-3548
80	VOLMER W/PETSMART (DFW/WHEATLAND)	(6)	RP	1999	10	90%	1998	2008	98-2742
81	WAL-MART STORES, INC. & TCDWF SPOKE	(6)	RP	2003	10	90% 50%	2001	2012	01-2269 01-2270
82	WALT HALL KIRBY ASSOCIATES, LTD.	(6)	RP	2000	10	90%	1999	2009	98-1750 99-3648
83	WEST CLIFF SHOPPING PLAZA I LIMITED PARTNERSHIP	(6)	RP	2002	10	90%	2002	2011	00-1181 00-1183 01-2473
MULTI-FAMILY									
1	EBAN VILLAGE I, LTD. (APTS)	(6)	RP	1997	10	100%	1997	2006	97-0879
2	GASTON APT LP PS (APTS)	(6)	RP	1997	10	100%	1995	2006	94-3986
3	AMLI AT BRYAN PLACE, L.P.(JEFFERSON AT BRYAN PLACE, LP)	(6)	RP	1999	10	90%	1997	2008	97-0692
4	JEFFERSON AT KESSLER HEIGHTS, PHASE 1, L.P. & JEFFERSON AT KESSLER HEIGHTS, PHASE 2, L.P. (APTS)	(6)	RP	2002	10	100%	1999	2011	98-3583 99-1298
5	JEFFERSON AT THE NORTH END LP (APTS)	(6)	RP	1999	10	100%	1996	2008	95-2468 96-2261

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Footnotes:

- | | |
|---|---|
| 1. Terminated by Economic Development Division. | 4. Late payment of ad valorem taxes. |
| 2. Denied for initial compliance for 2003. | 5. Base value higher or equal to market value (no added value). |
| 3. Under review by Economic Development Division. | 6. Received tax abatement. |

Appendix F. 2003 Tax Abatements

2003 TAX ABATEMENTS										
COMPANY	ABATEMENT TYPE (REAL/TANGIBLE PERSONAL PROPERTY)	EFFECTIVE DATE	TERM YEARS	ABATEMENT PERCENTAGE	EXPIRATION DATE	2003 MARKET VALUE	2003 APPRAISED VALUE ABATED	2003 ABATED TAXES @ \$0.6998 PER \$100	2003 LEVIED TAXES @ \$0.6998 PER \$100	
9 STEMMONS CORNERSTONE CROSSING, L.P. & JUS-MADE	RP	2001	7	90%	2007	\$4,919,880	\$3,081,807	\$21,566	\$12,863	
0 STEWART & STEVENSON SERVICES, INC.	RP	2002	10	90%	2011	\$10,727,740	\$9,483,543	\$66,366	\$8,707	
1 TODRW UNIT B'YS, LP (GROW FAMILY HOLDINGS)	RP	2000	7	90%	2006	\$7,000,000	\$6,166,659	\$43,154	\$5,832	
2 TEXAS INSTRUMENTS, INC. (DIMOS 6/R&D1)	TPP	1988	10	100%	2007	\$888,715,090	\$855,440,922	\$5,986,376	\$232,853	
3 TOWER 2001 LP (BRYAN TOWER)	RP	2000	10	100%	2009	\$50,940,390	\$38,075,390	\$266,452	\$90,029	
4 TRANSAMERICA CORP. W/TRIZEC RENAISSANCE	TPP	1997	10	90%	2006	\$9,981,620	\$8,983,368	\$62,866	\$6,985	
5 USAA REAL ESTATE COMPANY (SBC)	RP	2002	10	90%	2011	\$20,096,930	\$9,618,686	\$67,711	\$71,927	
6 UTILITY TRAILER OF DALLAS, INC.	RP	1997	10	90%	2006	\$2,031,920	\$1,593,882	\$11,154	\$3,065	
7 VARTICO TELECOM, INC. & LEFERCO CORPORATE INCOME FUND, L	TPP	2001	5	50%	2005	\$7,935,000	\$3,168,455	\$22,173	\$33,356	
8 VICEROY DELIVERY LP W/DELIVERY LIMITED, INC.	RP	1999	10	90%	2008	\$1,800,000	\$631,341	\$4,418	\$8,178	
9 VOLMER W/PETS/SMART (DPR/WHEATLAND)	RP	1999	10	90%	2008	\$2,649,440	\$1,548,666	\$10,838	\$7,703	
0 WAL-MART STORES, INC. & TODRW SPOKE	RP	2003	10	90%	2012	\$11,675,330	\$10,458,496	\$73,189	\$8,515	
1 WEST HALL KIRBY ASSOCIATES, LTD.	RP	2000	10	90%	2009	\$4,123,880	\$2,792,439	\$19,541	\$9,317	
2 WEST CLIFF SHOPPING PLAZA I LIMITED PARTNERSHIP	RP	2002	10	90%	2011	\$4,092,920	\$2,760,831	\$19,320	\$9,322	
COMMERCIAL SUBTOTAL (rounded)						\$1,626,085,630	\$1,344,472,499	\$9,408,619	\$1,970,729	
MULTI-FAMILY										
3 EBAN VILLAGE I, LTD. (APTS)	RP	1997	10	100%	2006	\$1,503,000	\$1,146,790	\$8,025	\$2,493	
4 GASTON APT LP PS (APTS)	RP	1997	10	100%	2006	\$28,790,240	\$26,368,700	\$184,528	\$16,946	
5 AMLI AT BRYAN PLACE, LP (JEFFERSON AT BRYAN PLACE, LP)	RP	1999	10	90%	2008	\$31,600,000	\$27,329,026	\$191,249	\$29,888	
6 JEFFERSON AT KESSLER HEIGHTS, PHASE 1, L.P. & JEFFERSON AT KESSLER HEIGHTS, PHASE 2, L.P. (APTS)	RP	2002	10	100%	2011	\$22,076,650	\$21,042,574	\$147,256	\$7,236	
7 JEFFERSON AT THE NORTH END LP (APTS)	RP	1999	10	100%	2008	\$40,775,000	\$39,163,600	\$274,067	\$11,277	
MULTI-FAMILY SUBTOTAL (rounded)						\$124,744,890	\$115,050,690	\$805,125	\$67,840	
TOTAL ABATEMENTS (rounded)						\$1,750,830,520	\$1,459,523,189	\$10,213,743	\$2,038,569	