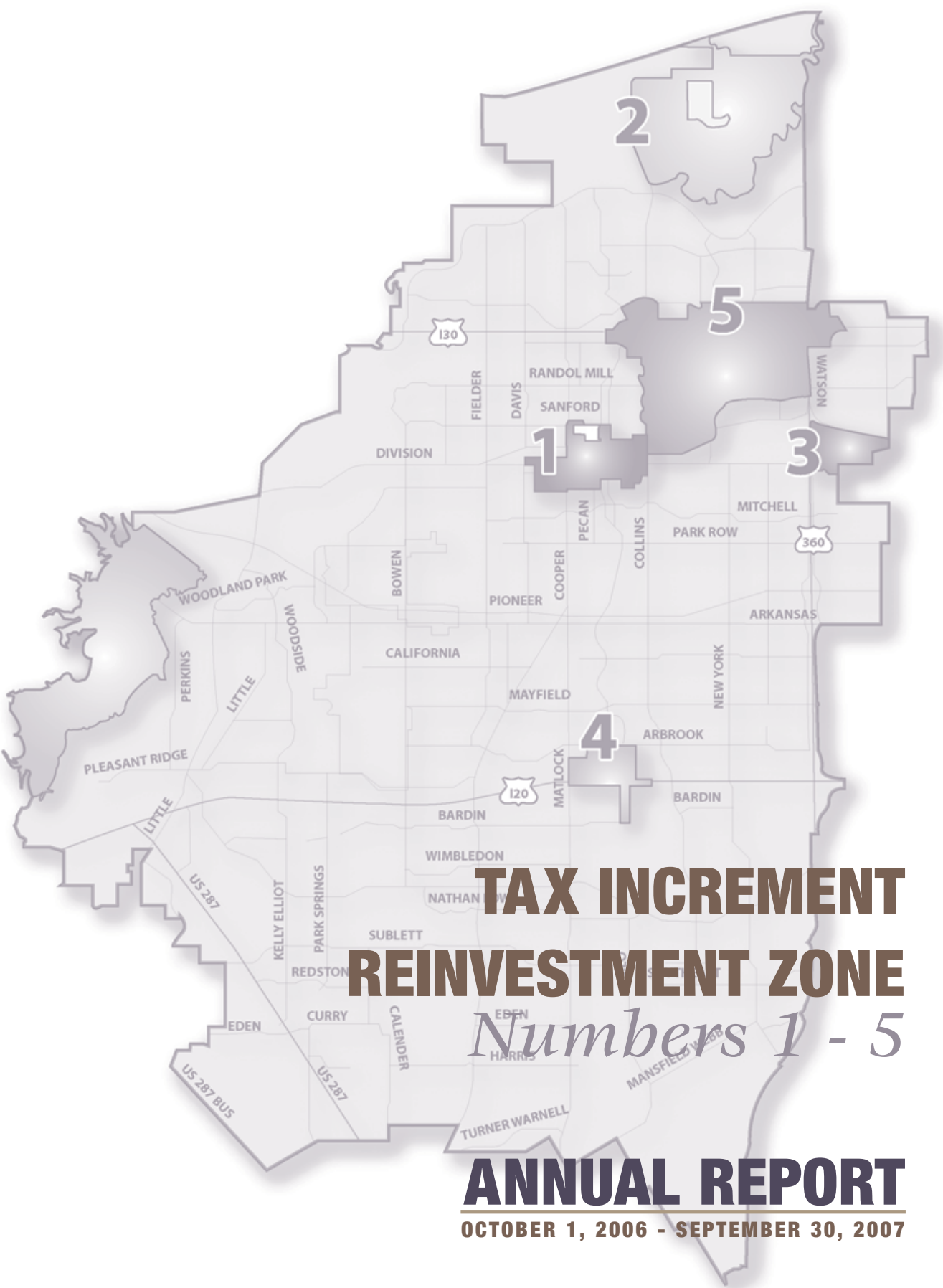


CITY OF ARLINGTON, TEXAS



TAX INCREMENT REINVESTMENT ZONE *Numbers 1 - 5*

ANNUAL REPORT

OCTOBER 1, 2006 - SEPTEMBER 30, 2007

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ANNUAL REPORT

Texas law requires the governing body of the municipality that created the reinvestment zone to submit a report to the chief executive officer of each taxing entity that levies property taxes on real property in the reinvestment zone on or before the 90th day following the end of the fiscal year of the municipality. This report must include:

1. *The amount and source of revenue in the tax increment fund established for the zone;*
2. *The amount and purpose of expenditures from the fund;*
3. *The amount of principal and interest due on outstanding bonded indebtedness;*
4. *The tax increment base and current captured appraised value retained by the zone; and*
5. *The captured appraised value shared by the municipality and other taxing units, the total amount of tax increments received, and any other additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.*

A copy of the report will also be sent to the Texas Attorney General and the Texas Comptroller of Public Accounts.

In compliance with State law, the financial report contains:

1. *The amounts and sources of revenues to the tax increment fund;*
2. *The amounts and purposes of expenditures from the tax increment fund;*
3. *The amount of bonded indebtedness; and*
4. *The tax increment base value, current captured appraised value retained, current captured appraised value shared, and the taxable value increment for each taxing unit.*

CITY OF ARLINGTON PROFILE

Centrally located in one of the fastest growing regions in the country, Arlington, Texas is a community of more than 350,000 people located in the heart of the Dallas/Fort Worth Metroplex. It is the third largest city in the Metroplex and the seventh largest in Texas.

Founded - 1875

Incorporated - April 21, 1884

Population - 364,300 (3/2007 Estimate)

Land Area - 99.5 square miles

What is Tax Increment Financing?

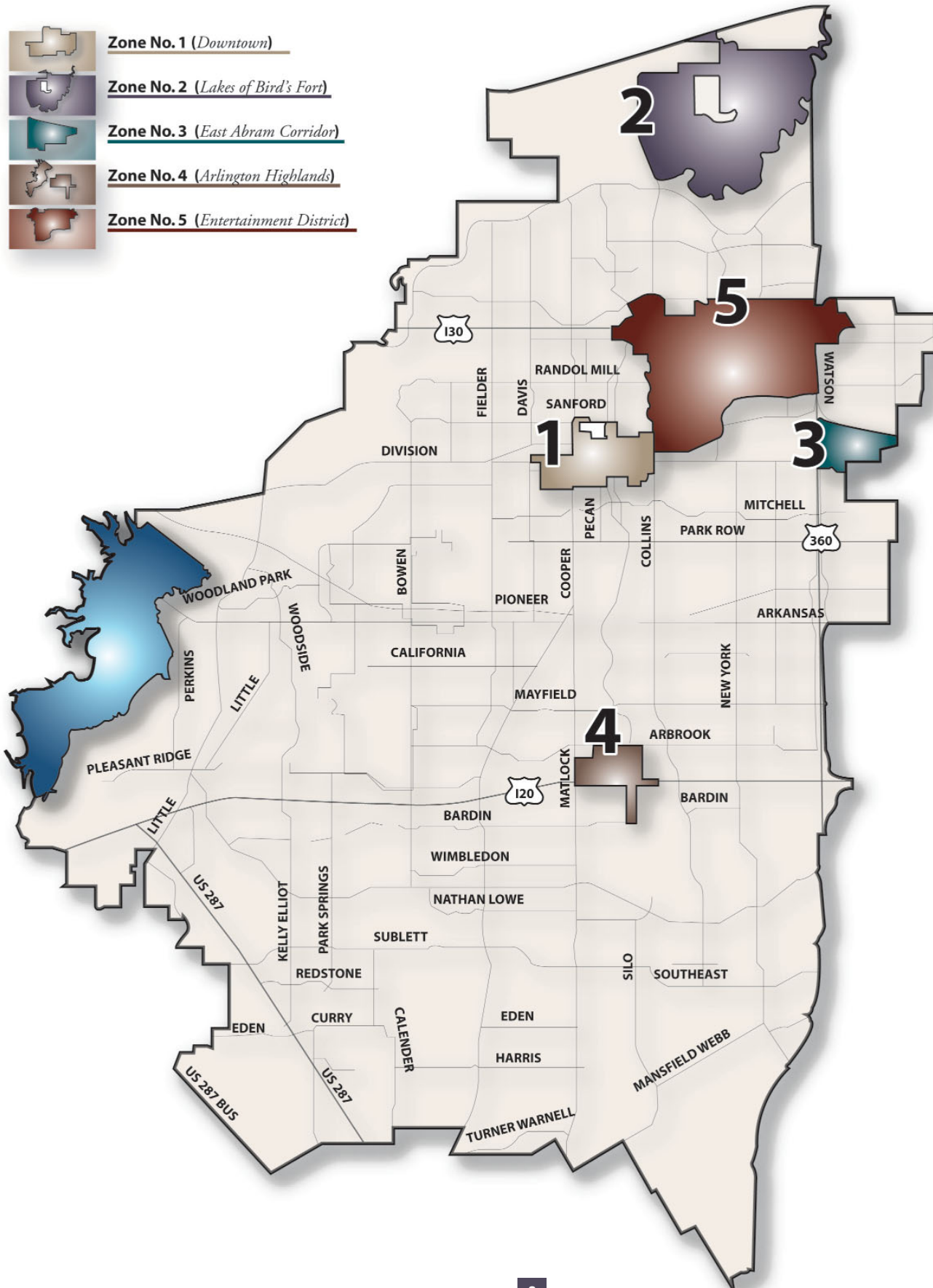
Tax Increment Financing (TIF) is a tool to finance public improvements within a defined area. The improvements should enhance the environment and attract new investment. The statutes governing tax increment financing are in Chapter 311 of the Texas Tax Code.

A municipality makes an area eligible for tax increment financing by designating a "reinvestment zone", also called a "tax increment reinvestment zone" ("TIRZ") or a "TIF zone." The City of Arlington currently has five such zones.

Costs of selected public improvements within the reinvestment zone may be paid by current or future tax revenues flowing from redeveloped or appreciated real properties in the zone. The additional tax dollars generated by growth of real property value in the zone are called the tax increment. These dollars flow to a tax increment fund ("Fund") for a specified term of years. Money flowing to the Fund each year is disbursed according to a plan and agreements approved by a TIRZ Board appointed by the participating local governmental units.

MAP OF TAX INCREMENT REINVESTMENT ZONES

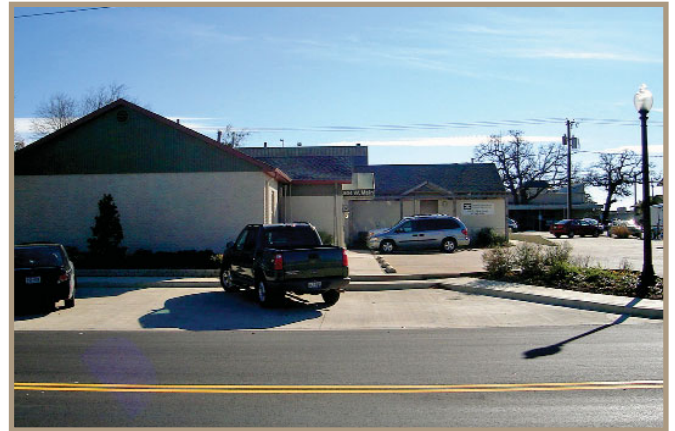
-  **Zone No. 1** (*Downtown*)
-  **Zone No. 2** (*Lakes of Bird's Fort*)
-  **Zone No. 3** (*East Abram Corridor*)
-  **Zone No. 4** (*Arlington Highlands*)
-  **Zone No. 5** (*Entertainment District*)



PURPOSE

The Arlington Tax Increment Reinvestment Zone Number One (Downtown) was established to provide a financing mechanism to facilitate redevelopment in the downtown area. Created by Ordinance 98-142 on November 3, 1998, the Downtown TIRZ will expire on December 31, 2018. The TIRZ's Base Year Value (1998) is \$73,511,154.

Main Street



BOARD OF DIRECTORS



Center Street streetscape improvements



First Baptist Church Welcome Center

Dr. Robert N. Cluck, Chair
City of Arlington

Sandra Godfrey
Tarrant County

Jerry Jordan
Tarrant County

Kristin Vandergriff
Tarrant County College

Kristin Jenkins
Tarrant County Hospital District

Steve Brown
Arlington Independent School District

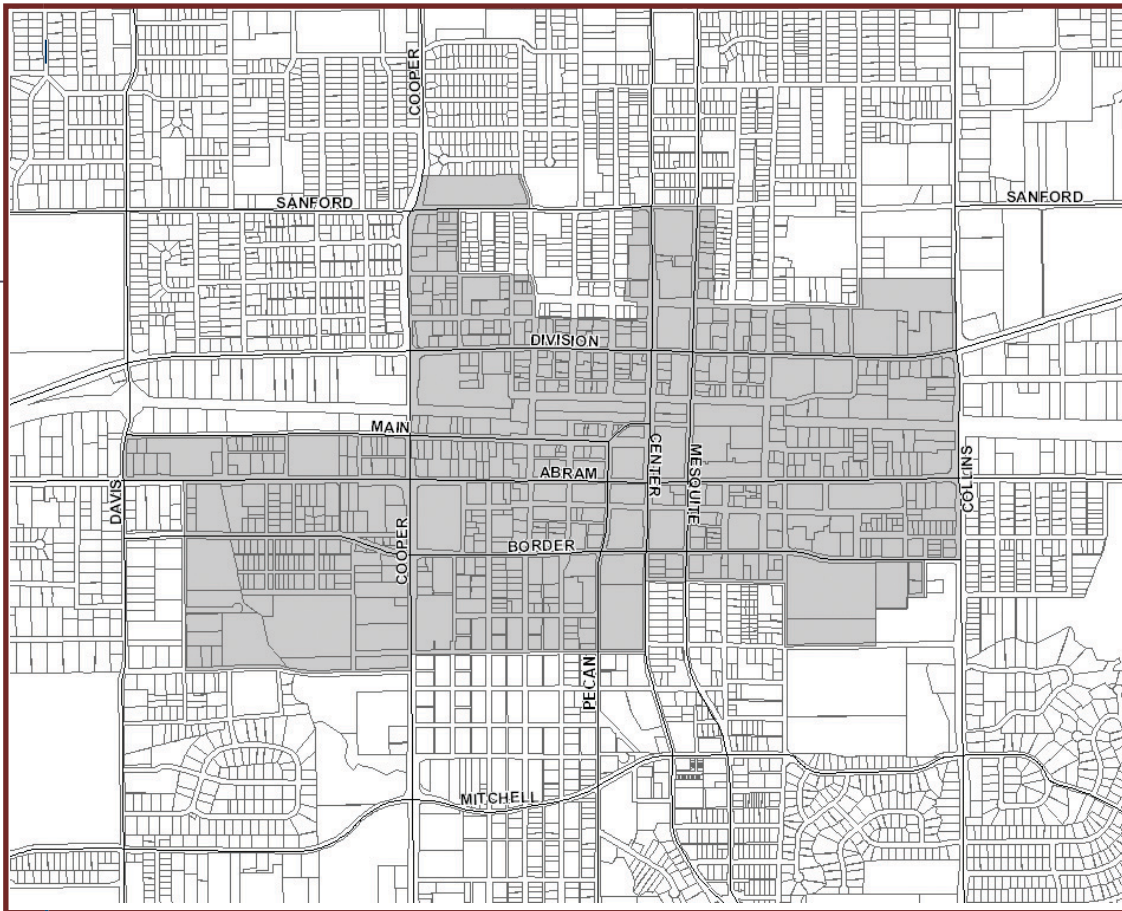
Lana Wolff, Councilmember
City of Arlington

Ron Wright, Councilmember
City of Arlington

Mel LeBlanc, Councilmember
City of Arlington



Vandergriff Town Center



University of Texas at Arlington

*Map of Tax Increment
Reinvestment Zone
No. 1*

FINANCIAL REPORT

The *Project and Financing Plan* not only outlines the financial strategy to encourage development but also provides several estimates of revenues into the tax increment fund that can serve as a benchmark for the district's performance. As of September 30, 2007, \$3,113,263.57 is available in the fund to further the District's goals.

Tarrant County Sub-Courthouse

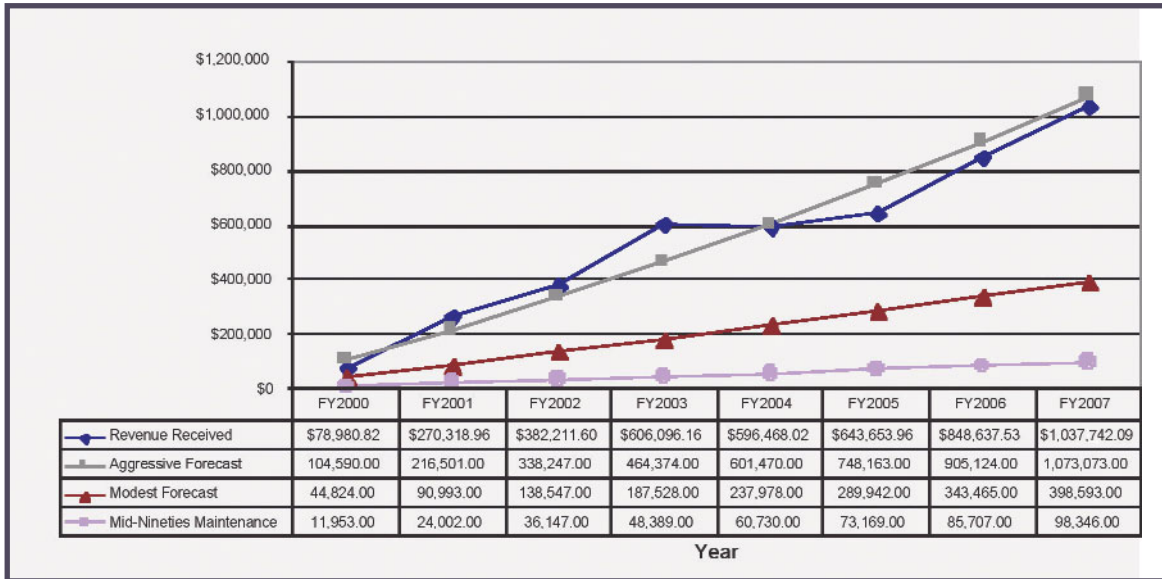


Revenue and Expenditures

Revenue and Expenditures, FY2004-FY2007

REVENUE	FY04 Tax Increment Fund Revenue	FY05 Tax Increment Fund Revenue	FY06 Tax Increment Fund Revenue	FY07 Tax Increment Fund Revenue
City of Arlington	\$89,951.50	\$94,951.82	\$120,896.58	\$156,110.74
Tarrant Co. Hospital	\$54,240.19	\$55,253.51	\$67,095.92	\$74,798.61
Tarrant Co. College	\$30,014.24	\$30,654.42	\$37,185.41	\$45,734.65
Tarrant Co.	\$56,216.97	\$53,196.22	\$77,419.16	\$79,478.18
Arlington I.S.D.	\$343,647.13	\$355,905.59	\$428,701.47	\$479,864.65
Interest Earnings	\$22,397.99	\$53,692.40	\$117,338.99	\$201,755.26
Total:	\$596,468.02	\$643,653.96	\$848,637.53	\$1,037,742.09
	FY04 Tax Increment Fund Expenditures	FY05 Tax Increment Fund Expenditures	FY06 Tax Increment Fund Expenditures	FY07 Tax Increment Fund Expenditures
EXPENDITURES	\$86,564.17	\$0.00	\$42,953.40	\$75,000.00
BONDED INDEBTEDNESS	\$0.00	\$0.00	\$0.00	\$0.00

Tax Increment Fund Revenue, FY2000 - FY2007



Revenues - Healthy growth in appraised values in the district since its creation has resulted in strong revenue growth for the fund. At \$1,037,742.09, revenue generated in FY2007 was 3.3 percent below the aggressive revenue forecast described in the Project and Financing Plan. The forecast assumed a 7 percent average annual growth in the assessed values in the district and projected revenues for FY2007 at \$1,073,073.

Expenditures - In April 2005, the Tax Increment Reinvestment Zone No.1 Board (TIRZ No.1 Board) and the City Council entered into a Tax Increment Reimbursement Agreement with Jerry Proter and John Arnot. They completed public and private improvements at 504 W. Main estimated at \$112,878. In October 2006, \$25,000 had been paid to Misters Proter and Arnot for landscaping, parking and lighting.

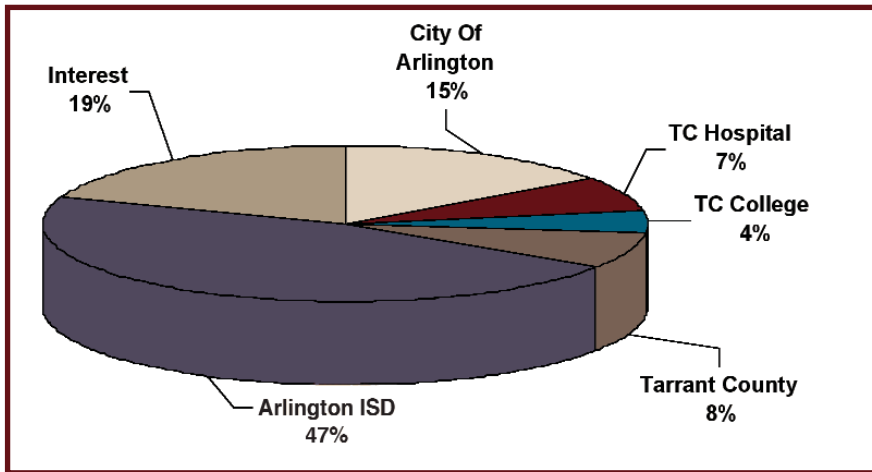


504 West Main

In March 2006, the Tax Increment Finance District Board and the City Council entered into a Tax Increment Reimbursement Agreement with Carl Walker Parking. This agreement reimburses Carl Walker up to \$50,000 for a parking study of the downtown area and to formulate short-term and long-term recommendations to improve parking in downtown Arlington. As of September 30, 2006, \$42,953.40 had been paid to Carl Walker.

In July 2006, the TIRZ No. 1 Board and City Council unanimously approved the expenditure of \$50,000 annually for the next three years from the TIRZ No. 1 Fund for the Downtown Management Corporation. The Corporation was organized to forge alliances between property owners, business interests, residents, and the City to improve and to enhance the economic vitality and overall environment of the Downtown Arlington area.

Tax Entities Share of Revenue, FY2007



Encumbrances -

In March 2006, the TIRZ No.1 Board and the City Council entered into a Tax Increment Reimbursement Agreement with Ralph Shelton for the Vandergriff Town Center development located at 224. N Mesquite. He completed public and private improvements on the site and the agreement anticipates reimbursing him \$613,620 for parking, landscaping, public access drives, and a plaza area.

In January 2007, the TIRZ No.1 Board and the City Council entered into a Tax Increment Reimbursement Agreement with Gary Walker for the Vandergriff Building located at 100 W. Division Street. He plans to complete public and private improvements on the site and the agreement anticipates reimbursing him \$341,018 for lighting, sidewalks, public art, and improvements to the exterior facade of the building.

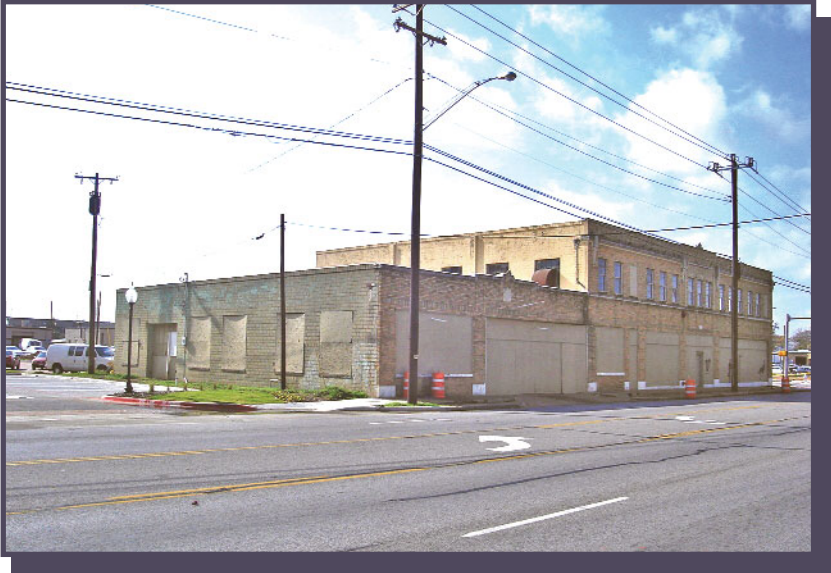
Appraised Values, FY2004-FY2007

	FY04	FY05	FY06	FY07
Tax Increment Base(1998)	\$73,511,154.00	\$73,511,154.00	\$73,511,154.00	\$73,511,154.00
Current Captured Appraised Value Retained	\$97,268,845.00	\$97,268,845.00	\$102,092,940.00	\$108,434,492.00
Current Captured Appraised Value Shared	\$23,757,691.00	\$23,757,691.00	\$28,581,786.00	\$34,923,338.00
Taxable Value Increment For:				
City of Arlington	\$23,189,354.00	\$23,602,243.00	\$28,486,471.00	\$34,939,735.00
Tarrant Co. Hospital	\$23,196,720.00	\$23,611,198.00	\$28,503,305.00	\$34,997,434.00
Tarrant Co. College	\$23,196,720.00	\$23,611,198.00	\$28,503,305.00	\$34,997,434.00
Tarrant Co.	\$23,196,720.00	\$23,611,198.00	\$28,503,305.00	\$34,997,434.00
Arlington I.S.D.	\$23,219,401.00	\$23,727,039.00	\$28,580,098.00	\$35,026,619.00

Appraised values for FY2007 are \$34,923,338 above the 1998 base year appraised values. This is 22 percent over the appraised values in FY2006.

DEVELOPMENTS AND INITIATIVES

VANDERGRIFF BUILDING



Located at the southeast corner of Division Street and Center Street, the Vandergriff Building will undergo intensive exterior improvements.

DOWNTOWN MANAGEMENT CORPORATION



THE
*Downtown
Arlington*
MANAGEMENT CORPORATION

Funds from the TIRZ No.1 Fund is one of four sources of funding for the Downtown Arlington Management Corporation. The Corporation was organized in part to improve and to enhance the economic vitality and overall environment of the Downtown Arlington area. One of the many projects aimed at enhancing the Downtown Area will be the Levitt Pavilion, an outdoor ampitheatre. The Pavilion, with its annual free concerts, will bring energy and an eclectic variety of arts and culture to Downtown Arlington.

PURPOSE

The Lakes of Bird's Fort Zone was created by Ordinance No. 05-089 on October 11, 2005. The preliminary development plan anticipated a master planned development of approximately 2000 acres that would include 1,600 residential single-family units, with mixed use commercial development that includes light industrial, mixed retail, and small office land uses.

Project costs to be financed by the TIRZ were identified to include street paving improvements; water, sanitary sewer, and storm sewer improvements; bridge and transit station construction; intersection improvements; as well as public safety and health care facilities; and creation and administration costs.

No work was initiated in the Lakes of Bird's Fort TIRZ in FY2007 and the property was sold in early 2007.

TIRZ No. 2 was terminated via City Council Ordinance No. 07-016 on March 27, 2007 in anticipation of a new developer acquiring the land and the creation of a new Tax Increment Reinvestment Zone.



On-site lake

BOARD OF DIRECTORS



Views of the site



Dr. Robert N. Cluck, Chair
City of Arlington

Sandra Godfrey
Tarrant County

Glen Whitley
Tarrant County

Kristin Vandergriff
Tarrant County College

Kristin Jenkins
Tarrant County Hospital District

Dr. Gene Buinger
Hurst-Euless-Bedford
Independent School District

Lana Wolff, Councilmember
City of Arlington

Ron Wright, Councilmember
City of Arlington

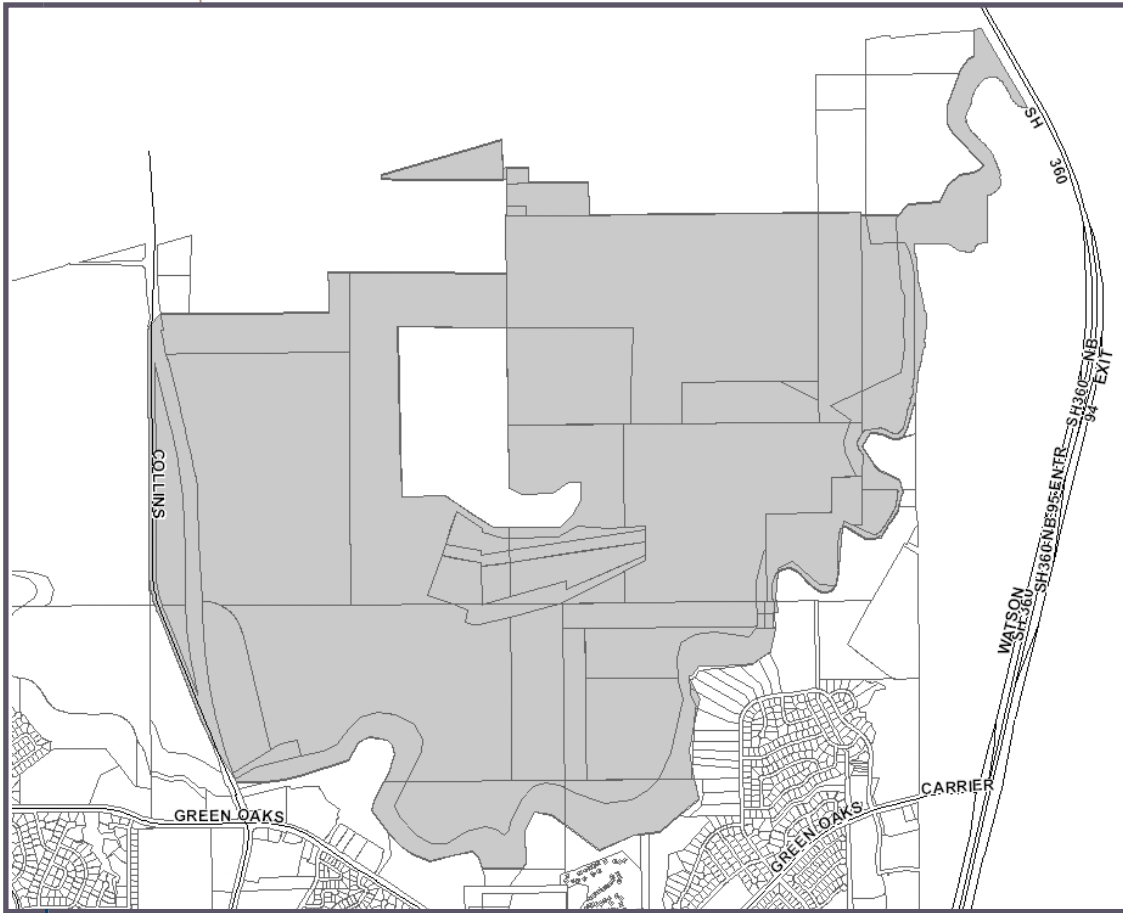
Mel LeBlanc, Councilmember
City of Arlington



Looking south along Collins Street



Looking northeast from Collins Street



View of site looking east

Map of Tax Increment Reinvestment Zone No. 2

PURPOSE

Created by Ordinance No. 05-097 on October 25, 2005, the East Abram Corridor TIRZ will expire on December 31, 2020. The goal of this TIRZ is to encourage and contribute to the retention and expansion of businesses and jobs within the redevelopment zone, to attract major private investment that would otherwise not occur, and fund needed public infrastructure to facilitate new development in the zone. The TIRZ's 2005 Base Year Value is \$25,249,924. No work was completed in the East Abram Corridor TIRZ in FY2007 as the developer was unable to assemble all land parcels necessary for the project. The City of Arlington is currently reassessing the feasibility of TIRZ No. 3.

Estimated Revenue, FY2007

REVENUE	FY07 Tax Increment Fund Est. Revenue
City of Arlington	\$17,717.24
Tarrant Co. Hospital	\$6,436.09
Tarrant Co. College	\$2,722.04
Tarrant Co.	\$7,423.19
Arlington I.S.D.	\$0.00
Interest Earnings	\$0.00
Total:	\$34,298.56
Forecasted Revenue (From the original Project and Financing Plan)	\$5,182.00

Revenue for TIRZ No. 3 has not yet been collected, but is estimated at \$34,298.56 for FY2007.

BOARD OF DIRECTORS



Southeast corner of Abram Street and SH360



Existing structures along Abram Street

Dr. Robert N. Cluck, Chair
City of Arlington

Sandra Godfrey
Tarrant County

Jerry Jordan
Tarrant County

Kristin Vandergriff
Tarrant County College

Kristin Jenkins
Tarrant County Hospital District

Steve Brown
Arlington Independent School District

Lana Wolff, Councilmember
City of Arlington

Ron Wright, Councilmember
City of Arlington

Mel LeBlanc, Councilmember
City of Arlington

PURPOSE

The Arlington Tax Increment Reinvestment Zone Number Four (Arlington Highlands) was created by Ordinance No. 05-108 on November 22, 2005 and will expire on December 31, 2025. The TIRZ's Project Plan and Financing Plan outlines the Zone's goal of constructing needed public infrastructure improvements and encouraging private development that will yield additional tax revenue. The TIRZ's 2005 Base Year Value is \$18,368,235.

Estimated Revenue, FY2007

REVENUE	FY07 Tax Increment Fund Est. Revenue
City of Arlington	\$31,571.29
Tarrant Co. Hospital	\$11,648.81
Tarrant Co. College	\$4,527.17
Tarrant Co.	\$13,227.78
Arlington I.S.D.	\$0.00
Interest Earnings	\$0.00
Total:	\$60,975.05
Forecasted Revenue (From the original Project and Financing Plan)	\$4,844.00

Revenue for TIRZ No. 4 has not yet been collected, but is estimated at \$60,975.05 for FY2007.

TIRZ No. 4 generated \$116,919.25 in sales tax revenue in FY07.

BOARD OF DIRECTORS



Studio Movie Grill



Matlock Road

Dr. Robert N. Cluck, Chair
City of Arlington

Sandra Godfrey
Tarrant County

Jerry Jordan
Tarrant County

Kristin Vandergriff
Tarrant County College

Kristin Jenkins
Tarrant County Hospital District

Steve Brown
Arlington Independent School District

Lana Wolff, Councilmember
City of Arlington

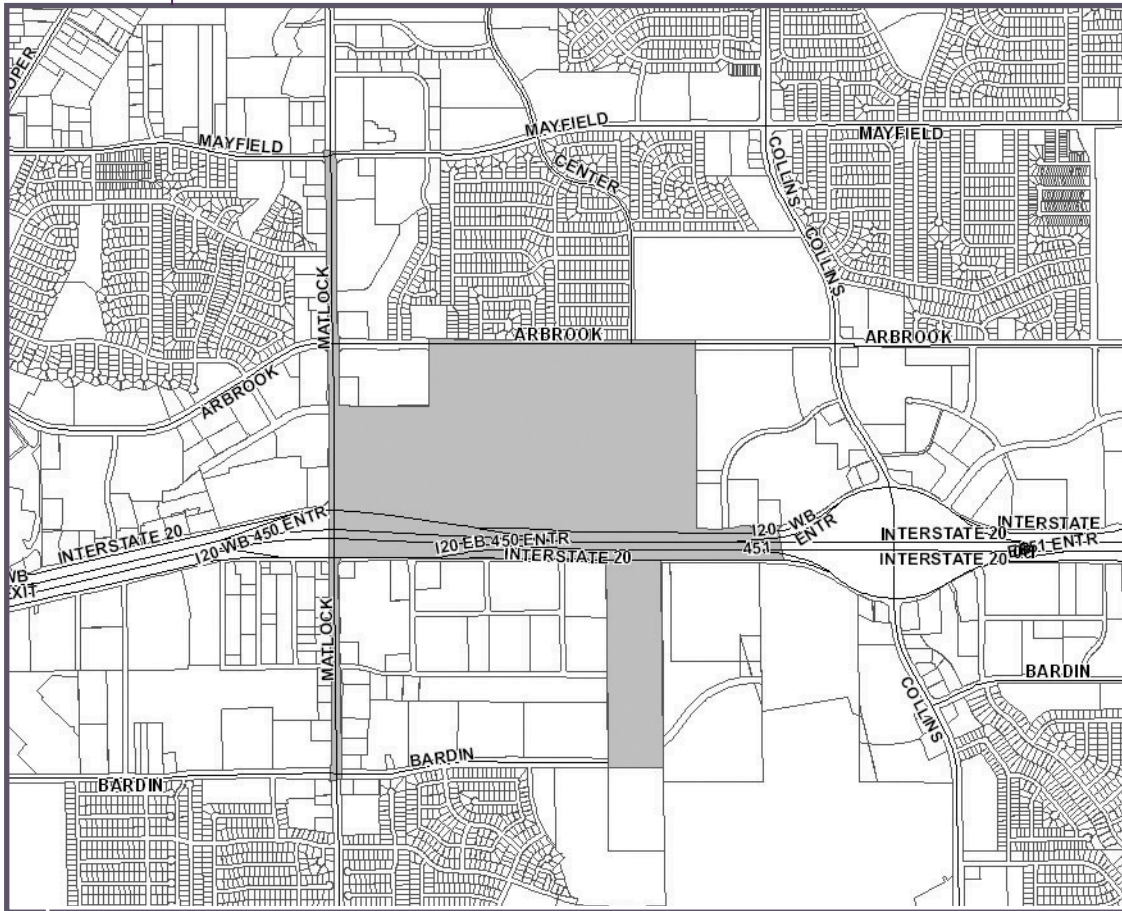
Ron Wright, Councilmember
City of Arlington

Mel LeBlanc, Councilmember
City of Arlington

Infrastructure improvements include expansion of Matlock Road to six lanes, a southern extension of Center Street from Arbrook to IH20, construction of a Center Street Bridge and extending Center to a point that will intersect with the extension of Bardin Road. The creation of TIRZ No. 4 facilitated the development of the Arlington Highlands project - 836,000 square feet of upscale shopping that is estimated to create over 4,000 new jobs and generate annual sales of over \$160 million.



New Stores



Map of Tax Increment Reinvestment Zone No. 4



View from I-20

PURPOSE

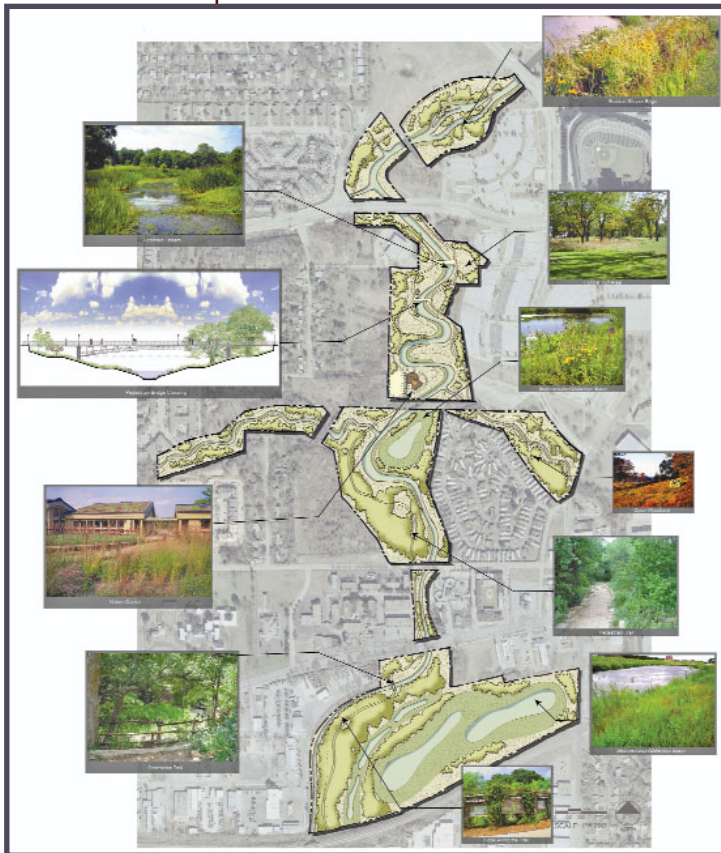
Created by Ordinance No. 06-117 on December 19, 2006, the Arlington Entertainment District (TIRZ No. 5) will expire on December 19, 2036. The Zone was established to facilitate private investment through traditional public sector infrastructure investment and encourage the wisest and best use of limited land resource within the District. The project scope is divided into two geographic areas - TIRZ Core Area and Surrounding Core Area. The financing and project plan provides \$48.8 million in funding for public



Glorypark Rendering

improvements for the Core Area and \$66.7 million for flood control, transportation, streetscape, public safety and other amenity improvements within the Surrounding Core Area to unify the Arlington Entertainment District. The TIRZ's 2006 Base Value is \$727,785,726.

BOARD OF DIRECTORS



Johnson Creek Conceptual Plan

Dr. Robert N. Cluck, Chair
City of Arlington

Sandra Godfrey
Tarrant County

Jerry Jordan
Tarrant County

Kristin Vandergriff
Tarrant County College

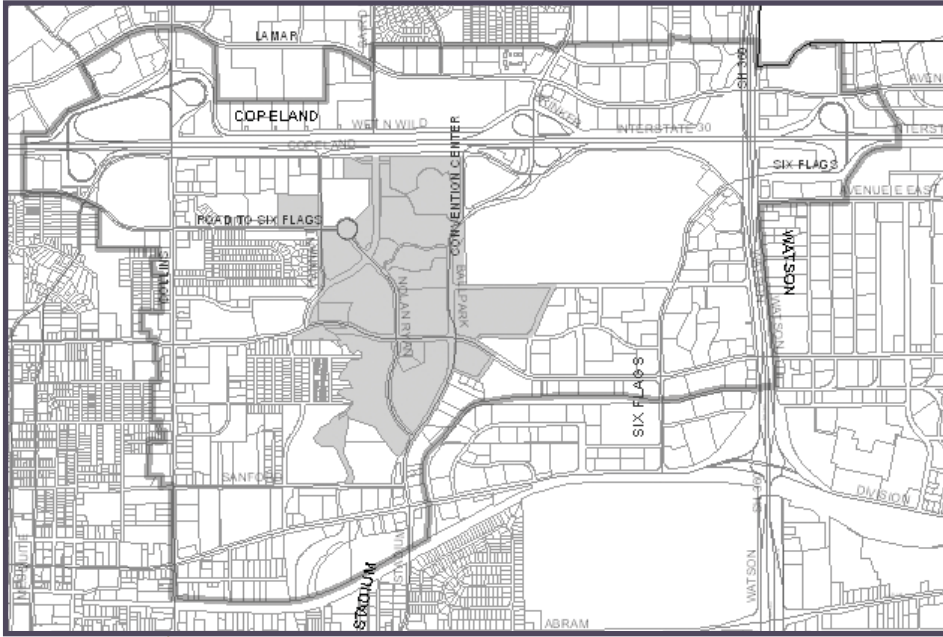
Kristin Jenkins
Tarrant County Hospital District

Steve Brown
Arlington Independent School District

Lana Wolff, Councilmember
City of Arlington

Ron Wright, Councilmember
City of Arlington

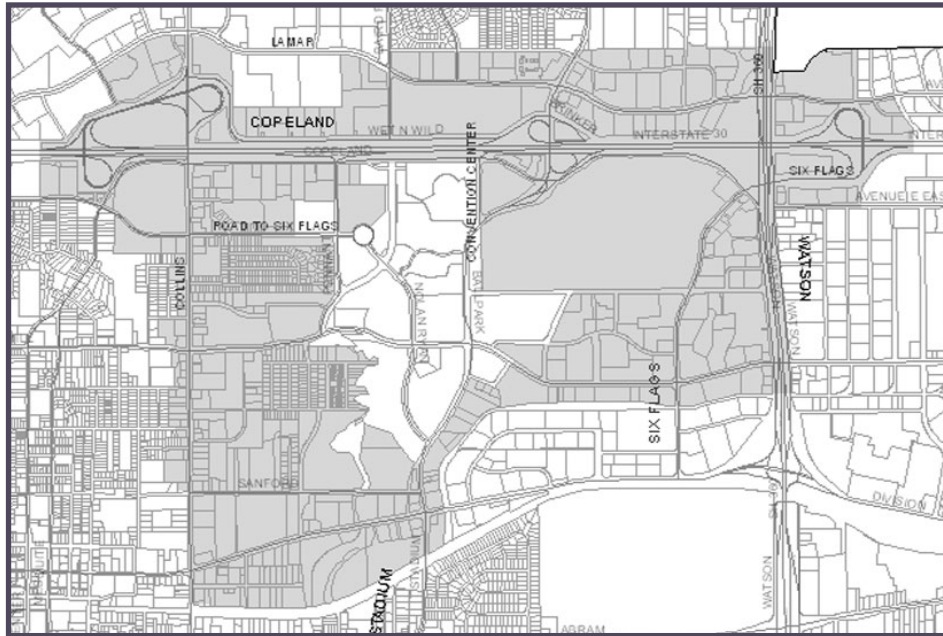
Mel LeBlanc, Councilmember
City of Arlington



Core Area



Gateway Signage



Surrounding Core Area



Sheraton Hotel

*Maps of Tax Increment
Reinvestment Zone
No. 5*



**TAX INCREMENT REINVESTMENT ZONE
Numbers 1 - 5 Annual Report
October 1, 2006 - September 30, 2007**

Prepared by the Department of Community Development and Planning
www.arlingtontx.gov/business/taxincrement.html