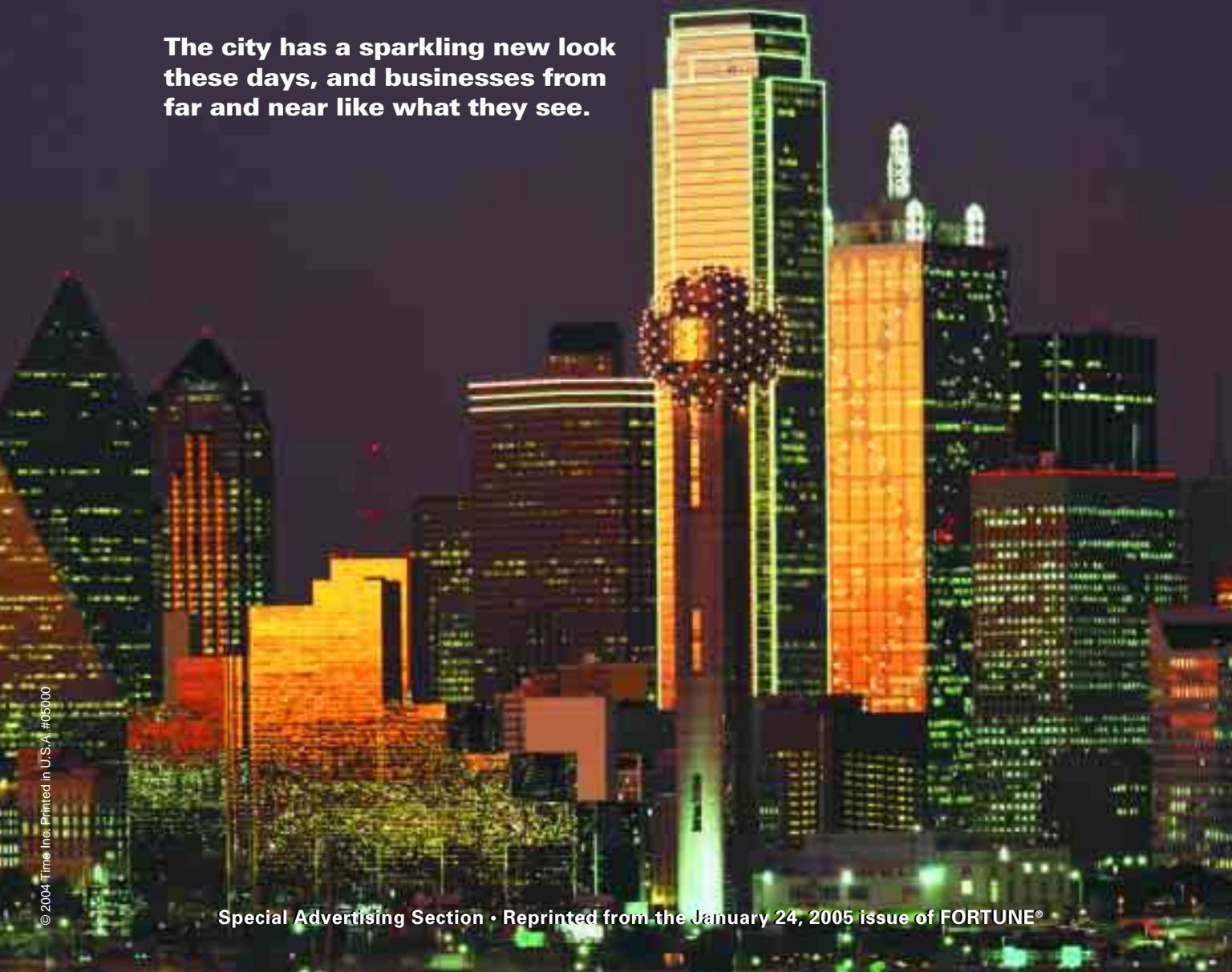


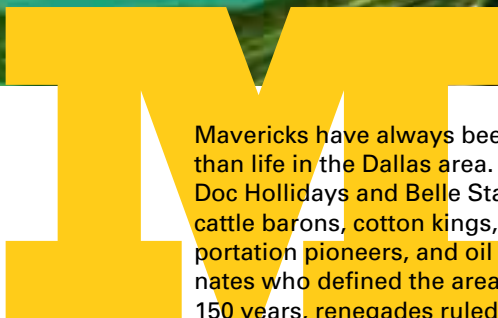
# FORTUNE

ECONOMIC  
DEVELOPMENT

## Dallas Means Business

The city has a sparkling new look these days, and businesses from far and near like what they see.





*In addition to residential and commercial projects, lakes, parks, and jogging trails, the new Trinity River development will feature bridges designed by Santiago Calatrava, the Spanish architect who created the Olympic Stadium for last summer's games in Athens.*

Mavericks have always been larger than life in the Dallas area. From the Doc Hollidays and Belle Stars to the cattle barons, cotton kings, transportation pioneers, and oil magnates who defined the area's first 150 years, renegades ruled.

What's maverick about things in Dallas today, says Mayor Laura Miller, are people like Mark Cuban, the outspoken owner of the local NBA team—and yes, they're called the Dallas Mavericks. Before embracing basketball, Cuban co-founded MicroSolutions (a leading systems integrator) and Broadcast.com (a multimedia giant). HDNet, a major force in high-definition TV, came later. "Cuban is smart, made a bunch of money on his own with cutting-edge technology, and is ambitious, successful, and not afraid to speak up," says Miller. "Guys like Mark are great poster children for Dallas."

The image of the self-assured billionaire Cuban—and Ross Perot before him, and H.L. Hunt before

that—is synonymous with the Dallas area itself: confident, prosperous, and leaping onto national and international stages in brand-new ways. For as much as people think they know about the personalities and history of this 9,000-square-mile area, there are still a few hidden gems, both natural and manmade, just being discovered.

### **An Emerald in the Rough**

Mayor Miller likes to tell a story from her 2004 trip to Italy. For four days, a savvy guide led her and her family through the ruins of Pompeii, the Sistine Chapel, and many of the country's other treasures. At the end of their time together, the guide asked, "If I ever come to Dallas, could you get me a tour of Southfork?"

"I was shocked," Miller says. "I told him I don't even know where Southfork *is*. It dawned on me that most people who have never been to Dallas think of it only as the home of the Cowboys and JR. So many other wonderful things have transpired here, but that's still the perception. And that's what motivates me every morning—I feel responsible for trying to change the image of Dallas to the 2004 model."

Miller and her family moved to the area in 1977. Her father was president of Dallas-based Neiman Marcus. "I was a northern girl used to old buildings and streets," she says, "and I came here, where the roads were freshly paved and office towers were sparkling." Because of the glitz, the grass, and the green neon lights that outline the Bank of America skyscraper, Miller has taken to calling Dallas the Emerald City. She wants to revive that image. She thinks residents do too.

In public office, Miller has spent much of her time focused on basics of life—filling potholes, enforcing code rules, improving recycling—but as mayor she is also expediting a much-needed revitalization. Part of that includes invigorating the downtown core: Gardens are scheduled to replace parking lots, lofts and stores will go into old office buildings, and the public transportation system will continue to grow.

Another part is recreating the southern sector of the city, long ago



vacated by retailers, other businesses, and residents. Business assistance centers have been established, a new Wal-Mart has opened, and the number of homes developed or slated for development has increased three-fold. What's more, the Bishop Arts District, the city's busiest trolley stop in the 1930s, is once again full with restaurants, artists, and funky shops.

### The Crown Jewel

But what will really get the southern sector hopping again is what's happening around the Trinity River, which meanders through Dallas and around Fort Worth—and which until lately has been the place where people dump their old tires. There's a plan underway to change all that, and it seems to have all the support it needs. Two new lakes will be dug, a park and trails will be built, and structures like an equestrian center are planned. Residential and commercial projects are expected to follow. Mayor Miller and her staff believe the new developments will help create a vibrant downtown.

"Trinity will be a great centralizing magnet for development in the central Dallas area for many years to come," says Alex Krieger, chairman of the department of urban planning at Harvard University. Krieger is also a partner in the design firm that was

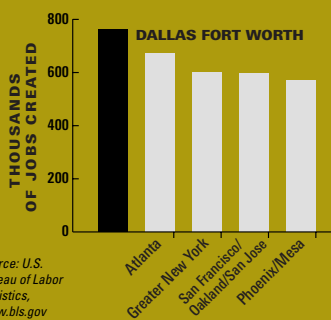
hired to help create a vision for the 10,000-acre Trinity River project. "It can have an impact on Dallas similar to what Central Park has had on New York," he adds. "If Dallas pulls this off, it'll be a great model for the 21st-century American city."

Fort Worth has a Trinity River project of its own, and the waterway is a resource that has been overlooked in recent years there as well. "Our plan changes the whole complexion of downtown," says Tom Higgins, Fort Worth's director of economic and community development. He envisions a smaller-scale Vancouver or the feel of Battery Park in New York City, with residential, retail, and entertainment developments such as a minor-league baseball park, a town lake, jogging trails, and other sports and leisure facilities.

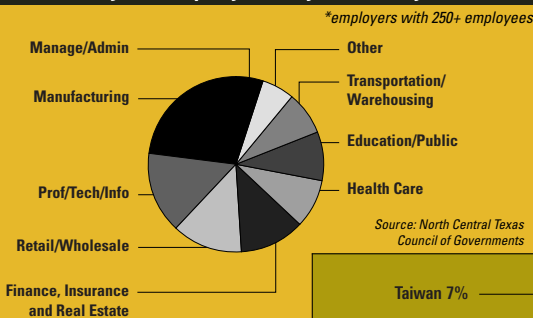
While the concepts of both cities are similar, Dallas takes first place in the "everything is bigger in Texas" category with a groundbreaking addition: three vehicular bridges designed by Spanish architect Santiago Calatrava, best known as the creator of Olympic Stadium for last summer's games in Athens. His first bridge, 40 stories tall, is scheduled to break ground in about a year. The three bridges are practical, helping to reconnect the southern sector, but they're also a great deal more. Mayor Miller

## DALLAS AT A GLANCE

### Top Metro Employment Growth



### Major Employers by Industry\*



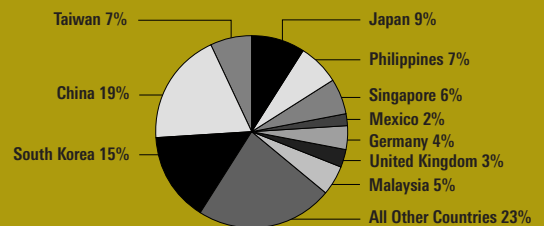
*Gross product in the area has nearly tripled in the past two decades.*

### DFW Key Economic Indicators 1980–2000 (Millions)

	1980	1990	2000
Real Gross Area Product	\$88,409,741	\$135,680,260	\$236,034,749
Real Personal Income	62,204,828	100,145,238	160,644,144
DFW CPI (Base: 1982-84=100)	81.5	125.1	164.7
Retail Sales	15,996,909	35,133,533	80,945,059

Source: The Perryman Group/BLS

### DFW Top 10 International Trading Partner Shares





*The 62-acre Dallas Arts District is the largest urban arts area in the country.*

likens them to the St. Louis arch: Their proximity to the city, water, and parks, and their innovative design, she says, could make them a main draw for visitors from near and far.

### **Deep in the Art of Texas**

Traveling to the Dallas/Fort Worth Metroplex area for internationally recognized architecture and art is nothing new: The arts community in Dallas has accounted for \$500 million of the city's annual economic output. The 62-acre Dallas Arts District, which includes the Dallas Museum of Art, the Morton H. Meyerson Symphony Center (designed by I.M. Pei), and the Nasher Sculpture Center (by Renzo Piano), is the largest urban arts district in the country. The Fort Worth Cultural District claims several top museums of its own, including the Kimbell Art Museum (designed by Louis I. Kahn) and the Modern Art Museum (by Tadao Ando), the second-largest contemporary art museum in the U.S. The Nasher and the Modern were recently named two of only 12 "must-visit new buildings" worldwide by *Budget Travel* magazine.

Dramatic new developments promise to make Dallas even more the envy of the national arts community. Wealthy people here have

always given generously to the arts, and private solicitations have now raised more than half of the money needed to build the \$275 million Dallas Center for the Performing Arts. One of its five venues will be the Winspear Opera House, named for Margot and Bill Winspear, who donated \$42 million to the fundraising campaign.

More recently, Ray Nasher was courted by the Guggenheim in New York, the National Gallery in Washington, and the Tate Gallery in London—all seeking his collection of more than 300 sculptures, by artists from Rodin to Calder. Nasher, a long-time Dallasite who developed the chic NorthPark shopping center in 1965, decided instead to spend more than \$70 million of his own money to keep the collection in Dallas. "It would have been much easier to go along with another entity," says Nasher. "But my family has had very good fortune here, and I felt this was an opportunity to give Dallas something no other city in the world had: a sculpture museum and garden in the middle of the city."

### **Big D Means Devotion**

Businesses often feel the same sense of loyalty to the area. In Fort Worth, Radio Shack and Pier 1 (both based here for decades) had outgrown their downtown offices. Both stayed—community was key—and have now moved into new buildings along the Trinity. "Our long heritage here and the dynamic developments going on downtown were big factors in wanting to stay," says Charles Hodges, director of media relations for Radio Shack, which employs 2,400 downtown. Misty Otto of Pier 1 reeled off a dozen reasons why Fort Worth is a good place for a business to locate. The company has "developed a strong relationship with the entire Fort Worth community," she adds. In the end, other cities weren't an option for its 1,000 headquarters workers.

Texas Instruments (TI) has had a long relationship with Dallas, and its founders helped shape the city. The company also established a science and technology institute in 1961—so Texas could foster top minds instead of importing or exporting them—that became the University of Texas at

1972



The introduction of Snapple

1929



The introduction of 7UP

1886



The introduction of Dr. Pepper

1876



The introduction of Mott's

1784



The introduction of Schweppes

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Dallas (UTD). The association ratcheted up to a new level in 2003 when the two parties announced the largest economic-development agreement in the U.S. In 2004, they broke ground simultaneously: TI for a \$3 billion chip-fabrication plant near the university, and UTD for an \$85 million natural science and engineering research building.

TI had narrowed its site choices to three in the U.S. and one abroad. It could have saved millions by going offshore, says Philip J. Ritter,

request of Governor Rick Perry in 2003. Those funds allow the state to respond quickly and aggressively to opportunities to bring jobs to Texas. More than \$200 million is under contract or pending—and the relocations or expansions are expected to bring nearly \$6 billion in direct economic investment to Texas.

“We are the talk of the nation, with the largest deal-closing fund that will create the jobs and capital investments that will provide more money for education, health care,

## **In 2004, the University of Texas at Dallas broke ground for an \$85 million natural science building, and Texas Instruments began work on a \$3 billion chip-fabrication plant.**

senior vice president, but “the moving wheels came together as never before in Texas.” In fact, the state was so determined to compete that the plan was code-named Project Emmitt, after former Dallas Cowboy running back Emmitt Smith, who had just moved to the Arizona Cardinals. The implied exhortation, says UTD’s Jon Senderling, was that the state shouldn’t let TI’s new plant leave Texas too.

### **Lone Star Assistance**

In the end, TI agreed to stay if the state and the private sector would ensure up to \$300 million to the university to expand its engineering school. Under Project Emmitt, \$50 million of that will come from the Texas Enterprise Fund, established by the legislature at the

and other important state priorities that benefit all Texans,” Perry has said. The fund is the main reason Texas just ousted North Carolina from a three-year reign atop *Site Selection* magazine’s rankings for best business climate in the country.

As part of a deal including \$20 million from the Enterprise Fund, Countrywide Financial Corp. of Calabasas, Calif., has committed to bring 7,500 jobs to North Texas, many in Richardson—the largest job-creation announcement in the U.S. since 2000. Vought Aircraft Industries of Dallas will create 3,000 new jobs by the end of 2009, thanks in part to a \$35 million grant from the fund.

Texas, a right-to-work state, is also attractive to businesses because there’s no personal or corporate income tax, no state property or unitary tax, and mandated tort reform. Other financial incentives include tax abatements, fee rebates, enterprise and foreign trade zones, expedited permitting, and free-port tax exemptions. In addition, municipalities can allocate a maximum of 1% of sales tax to a fund for economic-development purposes.

### **Urban Cowboys**

Frisco, a city north of Dallas, has probably the largest concentration of retail space in the Metroplex (4.6 million square feet, with a new Ikea coming). Last year its 1% of sales tax equalled \$13 million, which was split between economic and

## **Dallas Fast Facts** ★

1. The Dallas/Fort Worth area has been the fastest-growing large U.S. city, adding 1.4 million residents (almost 350 per day) between 1990 and 2001.
2. The Information Age was born in Dallas when Jack Kilby invented the microchip at Texas Instruments in 1958. (He won the Nobel Prize for Physics in 2000 for his work.)
3. The University of Texas system ranks fifth in the nation in total biotech patents issued to universities. The first four are the University of California system, MIT, Stanford, and Cal Tech.
4. More than 50 million people can be reached from DFW Airport overnight by truck or rail, and 98% of the U.S. population can be reached within 48 hours.
5. The Dallas/Fort Worth area led the country in employment growth from 1990 to 2002, adding 600,000 jobs (a 28% gain).





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*The University of Texas Southwestern Medical Center at Dallas has an international reputation for research, not to mention four Nobel Prize winners on the active faculty.*



community development. With that windfall it's creating a new urban center—or what Mayor Mike Simpson, president of the Metroplex Mayors Association, calls "making a destination city."

Since 1990, Frisco's population has soared to 73,300 from 6,100 (the Dallas area overall has been the fastest-growing large U.S. region since 1990). Residents enjoy a lot of amenities, and the city also draws many visitors. Frisco is home to the Rough Riders minor-league baseball team, the FC Dallas soccer team, and the Texas Tornado junior-league hockey team. The Dallas Stars pro hockey team trains there too. Businesses have set up shop in the 162-acre Hall Office Park, so new that hay is still baled in the field next door. Frisco is planning a convention center and hotel, plus a mixed-use

development on a rail line. And along with nearby Plano and Allen, the city will build a regional arts center.

When Cadbury Schweppes Americas Beverages—which counts consumer favorites Dr Pepper, Snapple, 7 Up, and Mott's among its nationally recognized brands—needed a new, centralized location with plenty of room to grow, Plano fit the bill. The community is vibrant and diverse, with affordable housing, excellent schools, and great shopping, restaurants, and performing arts.

Plano and Frisco are among the new metropolitan suburbs popping up around the two larger cities. The blueprint was Las Colinas, started more than 30 years ago on 12,000 private acres in the city of Irving. "Each master-planned community is a little unique," says Chris Wallace, president and CEO of the Greater Irving/Las Colinas Chamber of Commerce. "Our success is based on the quality of development, so businesses and residents know property values will be maintained." Las Colinas, which is located ten minutes from Dallas/Fort Worth International Airport (DFW), has attracted more than 2,000 companies in recent years, from Exxon-Mobil to the Boy Scouts of America.

### Thinking Big

Small businesses also thrive in the Dallas area, where the entrepreneurial spirit is a point of pride. After all, the microchip, the ATM, and the credit card are just a few of the products invented here.

When Alyce Mack, CEO of Adair Visual, wanted to ramp up financials

## TAKING BEAUTY GLOBAL

**B**runo, Guy, and Anthony Mascolo, founders of TONI&GUY USA Inc. and TIGI Linea, are three of the four brothers born to a renowned Italian hairdressing family. In 1985 the Mascolos were responsible for opening TONI&GUY salons in America and launching the TIGI product line in Dallas. TONI&GUY salons offer hairdressers career opportunities through hands-on educational programs.

Under the leadership of Bruno, Kyara Mascolo developed TIGI's global product lines: Bed Head Haircare and Make-Up, Catwalk, and Hardcore accessories. Anthony Mascolo heads creativity and artistry, Thomas Reasonover leads corporate operations, and Leslie Elliot directs the salon divisions. Currently the divisions generate \$250 million in gross revenues globally. The company now has 56 salons, 1,776 employees, and five academies.



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*DFW International Airport will soon complete a \$2.7 billion expansion, which will include a new international terminal and a high-speed Skylink train system that will provide passengers with easy access to the airport's 165 gates.*

at her 24-year-old retail eyeglass business, she didn't need to look far: She was accepted into the North Texas Commission's mentor-entrepreneur program and paired with Alcon Laboratories, based in Fort Worth. Since then, her business has boomed.

Mack tells what insiders know about the Metroplex—that the diversity of people and companies here is good for business. The area is home to many FORTUNE 500 companies in a range of industries, from health care and personal products to retail, computers, food production, and petroleum refining. "We've got a very well-balanced economy, which is why we're able to rebound when we get hit with whammies out of our control," says Bernard Weinstein, director of the Center for Economic Development and Research near Dallas. "If you have plenty of infrastructure and a well-educated workforce like we do, that's going to help."

Many of the dozens of colleges and universities here are already contributing to the smart workforce: The six major public universities in the area granted nearly 4,600 doctoral degrees in the past decade, third among similar institutions in

key metro areas, behind Silicon Valley and the Research Triangle. UTD, located in Dallas's Telecom Corridor, is taking things a step further by aiming to be a tier-one research university soon. "In the center of every place around the country where significant economic and unusual development has occurred, you can identify a major research unit," says Dr. Franklyn Jenifer, president of UTD. "We need a major research focus in the Dallas area. With our new building, we hope to hire top researchers. UTD is certainly on its way to being that kind of institution, and we're working with other universities to do that."

The tech sector is starting to revive after faltering when the proverbial bubble burst, while the first-rate health-care system has been the fastest-growing industry over the past decade. The University of Texas Southwestern Medical Center at Dallas has an outstanding international reputation in research and education—not to mention four Nobel Prize winners on active faculty. Its president, Dr. Kern Wildenthal, and Joel Allison, president and CEO of the Baylor Health Care System (and

2005 chairman of the Greater Dallas Chamber board), agree that the major health-care providers in the area work well together in seeking innovative ways to meet the medical needs of the community.

Baylor's recent answer is cancer immunotherapy company ODC Therapy Inc., which it formed in November to develop customized cancer vaccines. "We believe Dallas is positioned to take an even bigger role in the biotech arena," Allison says, "and we're part of an effort to attract more companies here because of research, scientific, and clinical efforts."

### Ready for Takeoff

After all is said and done, everyone agrees that Dallas and the surrounding cities might not be what they are today if it weren't for the region's extensive transportation infrastructure and geographic location. Equally close to North America's five largest business centers (New York City, Chicago, Los Angeles, Mexico City, and Toronto), the area has five interstate highways and 15 general aviation airports. It's an obvious choice for airline headquarters and hubs.

Southwest, based at Dallas Love Field, started in 1971 to serve Dallas, Houston, and San Antonio. By 2003 the low-fare airline was flying to 59 airports in 30 states. That same year, Southwest had its 31st consecutive year of profitability; profits reached \$298 million, up from \$198 million in 2002.

The world's largest carrier, American, with its largest hub at DFW Airport, operates 1,500 flights every day. To make it easier to book those flights online, AA.com recently added features that let customers view real-time seat maps and search for the most competitive fares and routing options, and a flexible-date search feature.

The hands-down economic engine of North Texas—and a key reason to locate a home or business in Dallas, say most government and business executives—is DFW, the world's third busiest airport. Almost six million people live in the Dallas area, and another 23 million visit every year, and DFW brings nearly 57 million passengers to its seven runways annually.

The airport generates \$14 billion

for economic development each year and supports more than 260,000 full-time jobs. A \$2.7 billion capital development program, including a two-million-square-foot international terminal (opening this summer) with a Grand Hyatt and the world's largest airport high-speed train, Skylink (opening this spring), aims to generate an additional \$34 billion impact and 77,000 new jobs over 15 years.

Throughout the Dallas area, international trade is booming. Airlines have increased service to Tokyo (the region's top seven trading partners are all in Asia), Buenos Aires, and other locales, and the Greater Dallas Chamber sent a recent trade mission to Brazil and Chile. "DFW can serve as an alternative gateway to North America. It's more efficient to fly through that airport if traveling to the western two-thirds of the U.S. from points south," says Dan S. Petty, president and CEO of the North Texas Commission, a public/private regional organization chartered to improve the economic vitality of the Metroplex. "This is a global economy, and we're playing in it," says Norm Bagwell, president of Chase Bank for the Dallas region and past Chamber chairman.

Previous generations might not have guessed how far the Dallas area would come since its cowtown and oil-gusher days, but they had the foresight to create an infrastructure that has spurred enormous growth. Thanks to their infusions of money, creativity, and gumption, and a diversity of business, both Dallas and the cities around it have flourished. The area is going like gangbusters now. With its gems—both hidden and known—there's obviously a lot more growth to come. — Heidi Ernst

### Web Listings

City of Dallas .....	<a href="http://www.dallascityhall.com">www.dallascityhall.com</a>
Metroplex Mayors Association .....	<a href="http://www.metroplexmayorsassoc.org">www.metroplexmayorsassoc.org</a>
North Texas Commission .....	<a href="http://www.ntc-dfw.org">www.ntc-dfw.org</a>
American Airlines .....	<a href="http://www.aa.com">www.aa.com</a>
Cadbury Schweppes Americas Beverages .....	<a href="http://www.cadburyschweppes.com">www.cadburyschweppes.com</a>
Dallas/Fort Worth International Airport .....	<a href="http://www.dfwairport.com">www.dfwairport.com</a>
Hall Financial Group .....	<a href="http://www.hallfinancial.com">www.hallfinancial.com</a>
Southwest Airlines .....	<a href="http://www.southwest.com">www.southwest.com</a>
Toni&Guy USA/TIGI Linea .....	<a href="http://www.tigihaircare.com">www.tigihaircare.com</a>






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