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Dear Client:

For the first time in history, total office sales in the Austin market hit the billion dollar mark in 2005. This is just one more sign of the increasing dynamism of the Austin area economy.

And this billion dollar mark included only multi-tenant office buildings over 30,000 sq.ft., according to **Helen Jobs**, Senior Advisor to Sperry Van Ness, who previously tracked the sale of Austin office properties for 10 years as owner and broker of her company, Gold Eagle Investments.

The year 2005 closed out strong. Her mid-year report tallied 13 office buildings sold and in the last half of the year, 20 more were sold. How much money changed hands? She reports the total dollar value of the 33 transactions was \$1,021,550,163. **This is 52% higher than sales of the previous year.** **“Even more significant,” she continues, “is the 30% increase in the per square foot price.** One factor contributing to the higher price per square foot is that 12 of the 33 sales were properties built in the past seven years.”

Further underscoring the economic dynamic is that some buildings changed hands last year *again* – after selling last year or earlier this year. For instance, Research Park Plaza I and II sold in June, after selling in March. **Bridgepoint Plaza and Progressive Insurance Buildings sold in 2004 and then again in 2005 for more than twice the original consideration.** More than 53% of the office building sales were in the Northwest and Far Northwest, “currently two of the ‘hottest’ markets in Austin,” Jobs reported.

This escalating trend actually started when the pent-up demand exploded in 2004, with twice as many sales and five times the consideration over the previous three years. This trend continued exponentially in 2005.

Another interesting development occurred in 2005. For multi-tenant office buildings over 30,000 sq.ft. there were no new building completions in 2005. **“For the first time since 1994, we have gone an entire year without adding any new office space,”** she noted. But this is one trend that will end this year. Jobs says there are currently four buildings under construction: “Simon has 75,000 sq.ft. underway at the Domain, Stratus at Lantana is 85,000 sq.ft., Brandywine (formerly Prentiss) is building the Park at Barton Creek and Hill Partners is 40% pre-leased at San Clemente in Davenport.” Big dollars are moving through here.

The world's first emissions-free, coal-fueled electric and hydrogen production plant, a billion dollar project, could be built in Central Texas near Jewett. Jewett? Where-the-heck is Jewett?

Jewett is a town of about 900 residents, in Leon County northeast of the Austin area and a little southeast of Waco. (To underscore how rural it is, it's about 30 miles north of North Zulch, 11 miles southeast of Farrar and around 10 miles northeast of Marquez. In other words, it's way out in the boonies.) **But Jewett is in the running for this billion dollar international project.**

The project is called FutureGen. It's a billion dollar energy partnership between private industry, the US Department of Energy and foreign countries. It represents a new energy era, providing a **bridge from the fossil-based energy economy of today to the hydrogen-based energy economy of tomorrow.**

The proposed coal-fueled electric and hydrogen production plant will be designed to showcase clean-coal technologies. **The prototype will be the cleanest fossil-fuel power plant in the world**, according to those touting the project. FutureGen is designed to capture and permanently store carbon dioxide, which will be available for commercial use, such as enhanced oil and gas recovery. The hydrogen produced by FutureGen also has a ready commercial market in the refinery and chemical industries.

So, how can a tiny town such as Jewett, with extremely limited resources, battle for such an economic development plum? After all, FutureGen will create more than 11,000 jobs, \$347 million in wages, generate more than \$98 million in tax revenue and result in more than \$1.2 billion in economic benefit to Texas. Well, **Jewett is obviously not going it alone.** The Texas Legislature appropriated \$2 million for Texas to use to compete for this plant and some of this money was used to involve UTAustin's Bureau of Economic Geology in the planning.

And Jewett is not the only Texas "city" in the mix. The State of Texas is orchestrating this effort and has winnowed the possible sites to two. The Odessa area is the other. Proposals are due to be submitted to the US Department of Energy by 5/4/06 and the Jewett and Odessa options will be included in the Texas bid. Other states are also presenting proposals. **The final site will not be announced until the fall of 2007.** The plant is anticipated to be operational by 2012.

What got Jewett into the "final two?" Well, first of all, it is not so much the town of Jewett as it is a 400-acre site nearby that borders the Leon, Freestone and Limestone County lines. Jewett is the nearest community. Jewett made the cut apparently because of its many natural attributes, including **deep layers of sand in geological formations in which to store carbon dioxide** gas (a major environmental concern), accessibility of lignite coal and a water source.

If Jewett is chosen, and this is certainly far from certain right now, it will be intriguing to see how the area handles this humongous facility and what is needed to support and maintain it.

It doesn't happen every election, but 5/13/06 a majority of the seats on the Austin City Council are up for consideration.

When the City Charter was amended to create **staggered terms for the Austin mayor and council members**, it set up a cycle whereby three members of the seven-member body were elected in one three-year-cycle and four members (counting the mayor) were on the ballot in the other three-year cycle (which is where we stand this time around).

The mayor and one councilmember are seeking re-election, while another council member is running against the mayor. **The filing deadline has passed and the ballot positions have been drawn.** All positions will be voted upon citywide. Here's how the ballot will look:

Mayor – **Will Wynn** (the incumbent), **Danny Thomas** (the council member who is challenging the mayor) and **Jennifer Gale**. Place 2 Council member – **Eliza May, Mike Martinez** and **Wes Benedict**. Place 5 Council member – **Kedron Jerome Touvell, Laine Jastram, Mark Hopkins, Brewster McCracken** (the incumbent) and **Colin Kalmbacher**. Place 6 Council member – **DeWayne W. Lofton, Sheryl Cole** and **Darrell Pierce**.

As you check out the signs that are sure to spring up all over Austin touting one candidate or the other, you will notice a “banner” strip across some of the signs. **This “banner” reflects a growing influence in city politics.** Individuals can contribute no more than \$100 to a candidate. But organizations (political action committees) are under no such restriction.

So what happens is that groups with vested interests before the Mayor/City Council – such as the **firefighters and police unions** – endorse candidates and then pump a lot of money into their campaigns. The banners on the top of campaign signs read something like “Firefighters endorse ...” or “Law enforcement supports ...”. Check them out.

What this tells you is that these candidate's campaign war chests have been enhanced beyond the \$100 individual donation limit. **It's much more than simply a show of support, it is a bottom-line benefit** and it is having an impact on who is elected to govern the city.

In fact, one candidate, former State Senator **Hector Uribe**, very openly dropped his candidacy for the city council just before the filing deadline – decrying the influence of these political action committees and the fact he was unable to garner their support.

If you want to vote in the May 13th city election, you must register to vote by April 13th (if you haven't already done so). **Early voting takes place May 1st through May 9th.** If a runoff election becomes necessary, it will be held June 17th.

If you've been worried about someone getting your credit or debit card number off your receipt for goods or services, you now have some muscle to prevent this from occurring.

Back in 2003 a law was enacted that required all retailers to **print no more than the last four digits or the card's expiration date on your receipt**. The kicker is the law allowed retailers with cash registers or other types of receipt-printing machines that were installed before August 31, 2003 two years to comply. Well, the two years is up now and, as of 12/31/05, all Texas retailers must comply with the law.

So, be sure to check your receipts to see if all but the last four numbers of your credit/debit card have been "xxxx-ed" out, as well as your card's expiration date.

If your full credit card number is printed on the receipt, the retailer has violated the law and can be subject to a fine.

If you have a receipt generated after 12/31/05 that contains more than the last four digits of your credit or debit card, you should **file a complaint with the Texas Attorney General**. Complaints can be filed on the AG's Web site at <http://www.oag.state.tx.us> or by calling (800) 252-8011. Violators can be fined up to \$500 for each calendar month during which a violation occurs.

"Identity theft is a problem that threatens every Texas consumer and this common-sense measure helps reduce that threat," said Texas AG **Greg Abbott**. The Better Business Bureau reports that the most frequently reported sources of information used to commit identity fraud are *not computer-based*. Computer crimes account for only 11.6% of the perpetrator sources known by the victims. **A lost or stolen wallet, checkbook or credit card was cited by almost 29% of the victims** who knew how their personal information was obtained. In addition to checking the amount when you receive your receipts, check the credit card number.

Dr. Louis Overholster has modified the well-known "serenity prayer" to come up with the "senility prayer" that says: "Grant me the senility to forget the people I never liked anyway, the good fortune to run into the ones I do, and the eyesight to tell the difference!"

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Sincerely



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