

DOWNTOWN MOBILE DISTRICT MANAGEMENT CORPORATION

Statement of Assets, Liabilities & Net Assets

Modified Cash Basis (unaudited) as of June 30, 2012

CURRENT ASSETS

Cash and Cash Equiv.....607,673
TOTAL CURRENT ASSETS.....607,673

FIXED ASSETS

Office Furniture & Equipment.....97,187
 Leasehold Improvements.....49,430
 Software.....5,937
 Accumulated Depreciation.....(132,241)
 Total Property and Equipment.....20,313

TOTAL ASSETS.....627,986

LIABILITIES & NET ASSETS

Payroll Liabilities.....2,796
 Prepaid Annual Meeting Sponsors.....6,200
 Prepaid Assessment Income.....352,554

TOTAL CURRENT LIABILITIES.....361,550

NET ASSETS.....266,436

TOTAL LIABILITIES & NET ASSETS.....627,986

Statement of Revenue & Expenses

Modified Cash Basis (unaudited) as of June 30, 2012

REVENUE

Assessment Income.....692,976
 Interest Charges on Assessments.....5,749
 Contracts & Main St. Program Funds.....490,788
 Downtown Mobile Alliance.....22,000
 Meetings.....39,175
 Uncategorized Income.....2,250
 Interest Income.....978

TOTAL REVENUES.....1,253,916

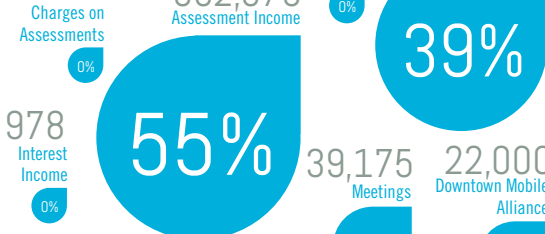
OPERATING EXPENSES

Business Recruitment/Retention.....173,730
 Communication & Marketing.....184,752
 Public Space Management.....687,840
 Special Projects/Landscape.....56,480
 Office Expenses.....70,362
 Depreciation.....15,372
 Education & Meetings.....33,493
 Annual Meeting.....45,853
 Professional Services.....32,848
 Office Repairs & Capital.....13,521

TOTAL OPERATING EXPENSES.....1,314,251

EXCESS REVENUES OVER EXPENSES.....-60,335

TOTAL REVENUES



TOTAL REVENUES 1,253,916

DOWNTOWN MOBILE ALLIANCE



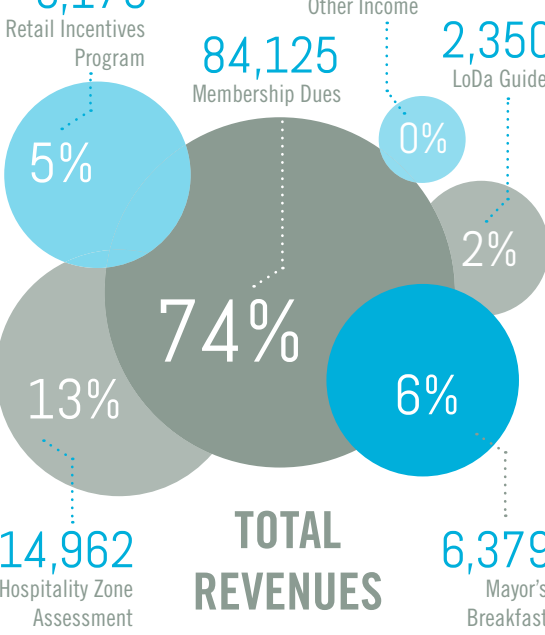
Statement of Revenues & Expenses

Modified Cash Basis for year ended June 30, 2012

REVENUE

Membership Dues.....84,125
 Hospitality Zone Assessment.....14,962
 LoDa Guide.....2,350
 Mayor's Breakfast.....6,379
 Retail Incentives Program.....5,178
 Other Income.....159

TOTAL REVENUES.....113,153



EXPENSES

Hospitality Zone Assessment.....30,633
 Government Street Parking Study.....2,835
 Bad Debt Expense.....16,471
 Office Supplies.....45
 Marketing Expenses.....4,363
 Membership Development Expense.....154
 Professional Services.....27,248
 Miscellaneous Printing.....76
 Meetings and Travel.....178
 Office Services.....22,000
 Retail Forgivable Loan.....696
 Incentives Program.....5,066

TOTAL OPERATING EXPENSES.....109,765

EXCESS REVENUES OVER EXPENSES.....3,388

MAIN STREET MOBILE, INC.

Statement of Revenues & Expenses

Modified Cash Basis for year ended June 30, 2012

REVENUE

CONTRIBUTIONS
 General Donations.....3,124
 Endowment.....950
 Misc. Income & Products Sold.....1,088

TOTAL CONTRIBUTIONS.....5,162

PROGRAM REVENUE & GRANTS

Community Foundation Endowment Proceeds.....8,950
 North Pole Stroll.....3,890
 SouthSounds Music Festival.....2,500
 Storm Drain Marker Program.....2,000
 Fluxus Project.....100
 Poinsettias.....6,681
 Retail Incubator.....30,000
 Commercial Redevelopment.....5,000

TOTAL PROGRAM REVENUE.....59,121

INVESTMENT INCOME.....1,011

TEMPORARY NET ASSETS RELEASED FROM RESTRICTION

Donor Advised Public Art.....6,500
 Artist Live Work Study.....6,732

TOTAL REVENUES.....78,526

OPERATING EXPENSES

PROGRAM SERVICES
 Endowment Payments.....2,350
 Main Street Awards.....692
 Main Street Expenses.....9,870
 Poinsettias.....4,063
 SouthSounds Music Festival.....1,800
 Donor Advised Public Art Expense.....6,598
 Artist Live Work Market Study.....12,982
 Brochures/Newsletter.....116
 Retail Incubator.....60,006

TOTAL PROGRAM SERVICES EXPENSE.....98,477

SUPPORTING SERVICES

Bank Charges.....25
 Professional Fees.....3,281
 Depreciation Expense.....1,768
 Insurance.....469
 Postage and Delivery.....389
 Office Supplies.....137

TOTAL MANAGEMENT & GENERAL EXPENSES.....6,069

TOTAL OPERATING EXPENSES.....104,546

TEMPORARY RESTRICTED NET ASSETS NOT RELEASED.....119,160

EXCESS (DEFICIT) REVENUES OVER EXPENSES.....(26,020)



LEADERSHIP CIRCLE
 Alabama Power Co.
 Alabama State Port Authority
 Hargrove Engineers & Constructors
 Red Square Agency

LEADERSHIP COUNCIL
 Alabama Coast Multimedia
 Armbrecht Jackson LLP
 BankTrust
 Burr & Forman LLP
 Cowart Hospitality Services, LLC
 Hand Arendall, LLC
 International Shipholding Corp
 Mobile Airport Authority
 Mobile Gas
 Peebles & Cameron LLC
 Phelps Dunbar
 PNC Bank
 Regions Bank

BUSINESS ADVOCATE
 Austal USA, LLC
 B B & T Bank
 BBVA Compass Bank
 Battle House Renaissance Mobile Hotel and Spa
 Cabaniss, Johnston, Gardner, Dumas & O'Neal
 Gulf States Engineering
 Hampton Inn & Suites Mobile Downtown
 Harrison Brothers Dry Dock & Repair Yard, Inc.
 Helmsing, Leach, Herlong, Newman & Rouse LLC
 Heroes Sports Bar & Grille
 Leavell Investment Management
 McDowell, Knight, Roedder, Sledge LLC
 Mostellar & Shreve, LLP
 Norton Lilly International
 Renaissance Mobile Riverview Plaza Hotel
 Roberts Brothers
 Southern Safety
 Taylor Martino
 Vickers, Riis, Murray and Curran LLP
 Volkert & Associates
 White-Spunner Associates, Inc.

NON-PROFITS
 Alabama Coastal Foundation
 Army Aviation Center Federal Credit Union
 Bellingrath Gardens & Home
 Christ Church Cathedral
 Community Foundation Of South Alabama
 Greater Mobile Development Corp.
 Gulf Coast Explorem
 GulfQuest
 Historic Mobile Preservation Society
 Martin Luther King Jr. Ave. Redevelopment Group
 Mobile Area Chamber Of Commerce
 Mobile Arts Council
 Mobile Baykeeper
 Mobile Carnival Museum
 Mobile Opera, Inc.
 Mobile Symphony
 Mobile United/Leadership Mobile
 South Alabama Regional Planning Commission
 United Way of Southwest Alabama
 University Of South Alabama Foundation
 W. T. Neal Trust
 Waterfront Rescue Mission
 Wilmer Hall
 Women's Business Center, Inc.
 YMCA Of South Alabama

BUSINESS SUPPORTER
 AHI Properties
 Armstrong & Associates
 Bellwether Group
 Boo Radley's
 Buck's Pizza
 Cabo Coastal Cantina
 Candlewood Suites

DOWNTOWN MOBILE ALLIANCE BOARD OF DIRECTORS & STAFF

Chairman
 Tyrone Fenderson,
 Commonwealth National Bank*

Vice Chairman, Development
 Mary Anne Ball, Bienville Properties*

Vice Chairman, Public Spaces
 Margo Gilbert, Battle House Hotel*

Vice Chairman, Marketing & Membership
 Richard Stimpson, Leavell Investment Management*

Vice Chairman, Parking & Transportation
 Stephen Carter, S & A Investment Strategies*

Secretary
 Chris Gill, Hand Arendall*

Treasurer
 Semih Kangal, Kangal and Associates*

Past Chairman
 Sam Covert, Alabama Power Co.*

STAFF
 Elizabeth Sanders, President & CEO
 Fred Rendfrey, Downtown Economic Development Director
 Carol Hunter, Communications Director
 Kristin McCracken, Finance Director
 Missy Hartley, Program Coordinator (joined us in June 2012)
 Valerie Weinschmidt, Project Coordinator
 Sherri Bumpers, (left us in May 2012)

CONTRACTS
 Donisa Browning, Financial Consultant

BID OPERATIONS MANAGER
 Clayton Rattedge

Horticulturalist
 Hap Kern

STEWARDS
 Michael McGarry
 Lorenzo Franklin
 Yolanda Duncan
 James Edwards
 Michael Newell

REGENTS
 Amanda Sutton
 David Wilson
 Kris Kupfer
 Houston Williamson

Ex-Officio
 Devereaux Bemis, Director, MHDC
 The Hon. Samuel L. Jones, Mayor of Mobile

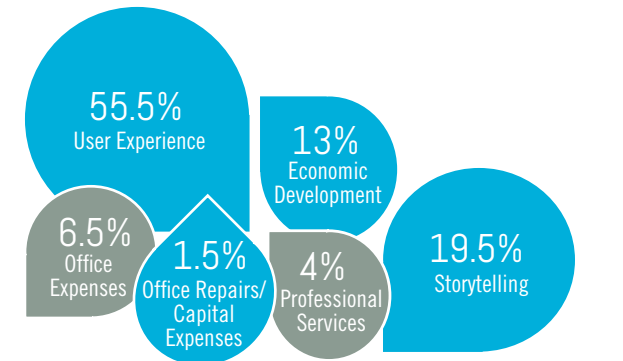
*DMDMC Board



BUDGETED CASH INFLOWS
 Property Assessments.....\$720,000
 Delinquent Assessments Collected.....\$10,000
 Reserve for Slow or Non-pay.....\$(35,000)
 RSA Agreement.....\$262,400
 City In Lieu.....\$77,000
 County In Lieu.....\$105,600
 Contract With DMA.....\$22,000
 Contract With GSA.....\$14,160
 Interest Income From Investment.....\$2,500
 Interest And Penalties On Assessments.....\$10,000
 Annual Meeting Income.....\$30,000
 Main Street Program Funds.....\$96,300

TOTAL INFLOWS.....\$1,314,960

TOTAL BUDGETED CASH INFLOWS.....\$1,314,960

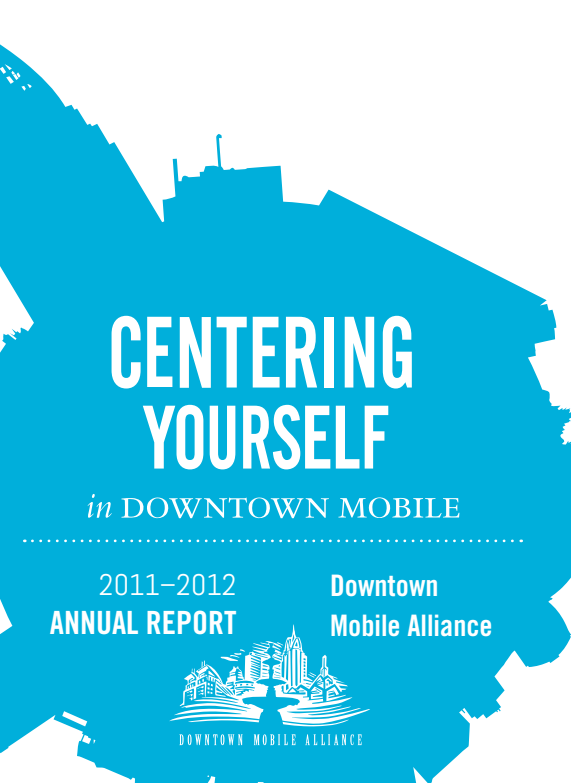


BUDGETED CASH OUTFLOWS
 User Experience.....\$746,000
 Hospitality/Safety/Maintenance/Landscaping.....\$20,000
 Special Projects.....\$261,000
 Storytelling.....\$201,000
 Communications/Marketing.....\$60,000
 Education/Annual Meeting.....\$175,000
 Economic Development.....\$175,000
 Recruitment/Retention.....\$175,000
 Professional Services.....\$53,500
 Office Expenses.....\$85,100
 Office Repairs/Capital Expenses.....\$20,000

TOTAL BUDGETED CASH OUTFLOWS.....\$1,340,600

Budgeted Net Cash Outflows.....-\$25,600
 Transfer from Reserves.....\$25,600

NET BUDGETED SURPLUS (DEFICIT).....\$0



BID SERVICES

Downtown Mobile is a special place! Sure, it's the center of commerce and government, arts and culture, and home to a great collection of local restaurants and merchants...but what other neighborhood also has a team of people dedicated to creating a truly lovely place? The Regents and Stewards of the Alliance (those friendly folks in purple and yellow) spend their day planting flowers, sweeping sidewalks, helping motorists get back on their way and handling many of the nuisance issues you never knew existed.

The visionary property owners who pay the special property assessment in the BID make it possible for the BID Services teams to assist thousands of visitors throughout the year and provide the services to our residents and workers that help knit together this wonderfully diverse neighborhood.



Downtown Mobile is where the creative energy that will drive our success is bred and nurtured each and every day. We know that our future depends on this energy and what will determine Mobile's success for the long haul includes the quality of our talent, the quality of our place, and the quality of the opportunity that people experience today. All of our members have a part to play in influencing the quality of our talent, the quality of our place, and the quality of opportunity our citizens and visitors experience.

The work that you fund when you support the Downtown Mobile Alliance is absolutely essential to ensuring that the most talented, creative, and energetic people stay in and, as importantly, move to our city. Because if we don't attract and keep these entrepreneurial individuals, we will just continue to putter along instead of soaring like we all know that we can. The Airbus announcement is phenomenal and we applaud every person who worked all these years to make it happen. The opportunity will be missed for Mobile, however, if most of the employees and ancillary investment lands in surrounding cities and counties. We can only blame ourselves if this happens.

To that end, we are working with our city leaders on several game changing initiatives. We engaged Andreas Duany's planning firm to implement the key recommendation from the New Plan for Old Mobile – modernize the zoning and development code for downtown. We have an opportunity to create a development code that gives clarity and security to developers. We believe that the next 10 years are going to be about new construction in Downtown Mobile. This code will give our city and our developers the vision and tools needed to efficiently rebuild downtown for the 21st Century.

Last year we set out to seek adoption of a trio of state incentives that we knew other states were using to encourage urban development. Well, thanks to Rep. Jamie Ison and the Mobile Delegation and the steadfast Beth Marietta Lyons, the Alabama New Markets Development Act was signed into law. In September, the Alabama Dept of Commerce began taking applications for projects from across our state.

My space is limited. Let me quickly celebrate the amazing successes of:

- The **Crescent Theatre** and its campaign to purchase a digital projector and sound system. Thanks to all who have given to this cause. Goal of \$76K met in 11 days.
- Waterfront Rescue Mission's** new combined service center for the homeless with 15 Place over at Congress St. and Washington Ave. A contractor has been selected, and construction started Nov 1 with an estimated move in of Dec. 2013. Kudos to these two organizations for working together to solve a problem and more efficiently serve a need.
- The **Urban Emporium** – In October this experimental non-profit retail incubator celebrated 12 months in operation. 12 budding retailers have been recruited to Downtown Mobile, one is in her own storefront and at least one other is headed that way. This project has proved there is a retail market in Downtown Mobile. A great big "Thank you" to the foundations who are investing in this new non-profit enterprise and the customers who have supported it so enthusiastically.

- Our **Sign Grant Program** funded in partnership with Austal USA has taken off. Look for fabulous new signs at TP Crockmiers, Olensky Brothers, Soul Kitchen, and Serda's with more on the way.

I conclude by thanking our board of directors for a great year of guidance and wisdom and our amazing staff for their enthusiasm and passion for serving our members in the quest to make Downtown Mobile a place of constant delight.

Elizabeth S. Sanders
PRESIDENT & CHIEF EXECUTIVE OFFICER

WORK



New Businesses

Economic development in Downtown Mobile continued to keep pace with the generally improving economy across the state and nation. The announcement that Airbus would be building a **\$600 million** assembly plant at the nearby Brookley Aeroplex has increased interest in downtown as a place to locate a business and/or a place to live and play.



TOTAL: +/- \$47.3 MILLION

8 Buildings Underwent Major Renovations

RSA BankTrust Building • Largest \$45 MILLION Renovation

The **Downtown Office Market Analysis** was updated this year and shows an overall occupancy of 77 percent, a slight increase over last year. Top tier properties were 94 percent occupied, another slight increase from 2010-11.

77% Overall Office Occupancy

The **Urban Emporium**, our retail incubator, is giving shoppers a dozen new reasons to come downtown. In its first year, the Emporium nurtured 12 businesses...everything from gourmet food, to women's clothing to pet supplies. It accomplished its primary mission of growing retailers in Mobile by graduating its first tenant this year - Covered Boutique, a women's clothing and accessories shop. Covered Boutique moved into a vacant storefront on Conception Street, expanding its space and helping to create more vibrancy on an emerging block.

The nurturing of new and expanding retailers is a dynamic undertaking, with constant ebb and flow of tenants. Keeping the Emporium fully leased is a daunting task, requiring continual scouting for potential retailers. The payoff, however, is a downtown with more shopping options for locals and more reasons for visitors to spend money in our city.

In an effort to make downtown's nightlife more vibrant and sustainable, the Alliance conducted a **Hospitality Zone Assessment** in January. With guidance and consultation from the Responsible Hospitality Institute, more than 75 stakeholders came together to develop recommendations to create a truly sociable city. The recommendations include:

- Improving Safety Standards
- Improving Lighting & Sidewalks Along Secondary Pedestrian Corridors
- Nurturing Young Musicians
- Re-examining The City's Liquor Laws
- Improving Taxi Availability
- Improving Management Of Trash

Downtown Mobile has much to offer potential developers, but until this year, it faced a distinct competitive disadvantage: a lack of state and local incentives for new and rehab projects. Along with counterparts from across the state, the Alliance was able to develop and pass legislation that created a **State New Markets Tax Credit** that closely mirrors its federal equivalent. The Waterfront Rescue Mission is hoping to use the credits to help build its new campus at Washington Avenue and Congress Street. The credits will also make it easier for a planned retail project in downtown's northwest quadrant to become a reality.

The Alliance will be actively working during the 2013 legislative session for the passage of State Historic Tax Credits and legislation allowing the creation of Cultural Districts, both of which will facilitate even more development in the state's urban cores.

ROYAL ST. Great **signage** is a hallmark of every vibrant city center. To encourage more interesting and engaging signs, the Alliance offered grants to businesses along Royal and Dauphin streets. Due to municipal and historic district approval requirements, the process from concept to installation can be arduous, but in 2011-12 one fabulous sign was illuminated (Spot of Tea) and another (T.P. Crockmiers) was approved. Additionally, funding for three more signs totaling \$21,000 has been approved and the signs are awaiting production.

The problem of blight was addressed aggressively this year, with the formation of the Downtown Mobile Alliance's **Blight Task Force**. The task force surveyed the downtown area, taking photographs of properties that appeared to violate the city's minimum property maintenance standards. The photos were sent to property owners along with a letter explaining options to remedy the violations. As a result of this effort, a few of the properties have been improved and the city's Urban Development Department is changing the way it enforces the property maintenance code.

Support for the Urban Emporium is provided by the Sybil H. Smith Charitable Trust, J.L. Bedsole Foundation, Alabama Power Foundation, Hearin Chandler Foundation, Ben May Charitable Trust, Mobile Paint Manufacturing.

FUN & GAMES



Downtown Mobile is the unquestionable center of commerce and government for our region, but that's just the "suit & tie" aspect of our personality. Downtown is also where the performing and visual arts combine to form a creative hub; where events bring more than three million visitors every year; and where our beautiful historic architecture and tree canopy create a backdrop that enhances everything we do. This is the fun side of downtown, where generations of Mobilians and newcomers alike come together to celebrate significant moments and small happenings. The Alliance added some new events this year and helped coordinate dozens of others, but in fact, every day in Downtown Mobile is an event...you just never know what you might encounter!



And how do people learn about all these wonderful happenings? More and more, it's through internet marketing and social media, and the Alliance has been successfully using these new communication tools to grow the audience for all our fun and games.

- With more than 2200 "fans" we reach thousands of folks on Facebook with our daily posts.
- Our website was viewed 93,250 times by 46,700 unique visitors.
- Pinterest, our latest foray into new media, has a few dozen followers, but is growing quickly.

In an effort to reduce the negative environmental effect of the events that take place downtown, the Alliance began a "Cleaner, Greener LoDa" initiative. Not only does this give us the opportunity to educate the public about the importance of living more lightly on the planet, but it reduces the amount of trash going into our waste stream and bodies of water.

Recycling at BayFest collected 674 pounds of aluminum and an unknown, though massive, amount of plastic.

225 storm drains were marked with medallions reminding everyone that whatever goes into the drains winds up in the Bay. The storm drain markers were paid for with a donation from the Coastal Land Trust.

A plan for collecting recyclables during Mardi Gras is being developed, with a phased-in implementation beginning with the 2013 Carnival season.

A LETTER FROM THE PRESIDENT

Recently, I moved my residency to Downtown Mobile. The other day when I was walking to work, I was struck by the level of detail I saw when walking that I never saw as a driver. I found the whole experience to be intellectually stimulating, stress reducing, and one that connected me directly to this place.

I say this because it helped me understand the power of what the Downtown Alliance does on a daily basis. We are all about the details. We pick up cigarette butts out of cracks and plant pansies by the truckload. We meet people on the street and



engage them eye to eye to give them directions or advice on a restaurant choice. We do all of this so that your customers and employees have the best possible experience when they are here.

It also helped me understand the challenges we have. Most people experience our city from within the enclosure of a sealed car. It is no wonder that as a community, many of our citizens don't see the need to fund things of beauty or to build civic buildings in our century like our forefathers did when they built Barton Academy or City Hall or the Cathedral. Or to maintain the sidewalks and other infrastructure experienced at the pedestrian level.

This organization, your organization, is one very small player with one very big vision for Mobile. We believe as many of you do that our city is the economic hub of the region. We believe that