

**BOCA RATON  
COMMUNITY REDEVELOPMENT AGENCY  
ANNUAL REPORT**

**Under Chapter 163.356(3)(c)**



**DOWNTOWN  
BOCA**

*It's Happening!*

**FISCAL YEAR ENDED  
September 30, 2011**

**201 WEST PALMETTO PARK ROAD  
BOCA RATON, FLORIDA 33432-3730**

**(561) 367 – 7070**

## TABLE OF CONTENTS

	Page
Letter of Transmittal .....	i
List of Principal Officials .....	ii
Introduction .....	1
History of the Boca Raton Community Redevelopment Agency (BRCRA) .....	3
2011 BRCRA Activities .....	5
Tax Increment .....	6
Mizner Park Bonds .....	8
Funds Advanced by the City of Boca Raton .....	14
Challenges Facing BRCRA .....	14
Schedule of Deposits and Withdrawals .....	16
Financial Statements (unaudited) .....	17
Balance Sheet, All Governmental Funds .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	19
Mizner Park Revenue Fund Budget and Actual Comparison .....	20
BRCRA Operating Fund Budget and Actual Comparison .....	21
BRCRA Debt Service Fund Budget and Actual Comparison .....	22



## DOWNTOWN BOCA

*It's Happening!*

March 28, 2012

Boca Raton Community Redevelopment Agency  
Palm Beach County Board of Commissioners  
Greater Boca Raton Beach and Park District Board of Commissioners  
Citizens of the City of Boca Raton and Palm Beach County, Florida

Ladies and Gentlemen:

We are pleased to submit the Annual Report of the Boca Raton Community Redevelopment Agency (BRCRA) for the fiscal year ended September 30, 2011. State law requires that every community redevelopment agency annually file a report of activities for the preceding fiscal year. In addition to meeting this legal requirement, the report provides additional information concerning the benefits afforded by the Agency to other jurisdictions and citizenry in general.

It is the philosophy of the BRCRA to keep all interested parties informed with respect to the activities of the BRCRA and encourage active participation in the formulation and implementation of redevelopment programs benefiting the entire area. The Annual Report plays an important role in this process by:

- assisting in the economic, social and political decisions affecting the BRCRA and redevelopment programs;
- assessing the financial condition of the BRCRA and comparing actual financial results with the legally adopted budget;
- determining compliance with Chapter 163.356(3)(c) of the Florida Statutes; and
- assisting in evaluating the efficiency and effectiveness of BRCRA's redevelopment efforts.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the BRCRA. We believe the data, as presented, is accurate in all material respects, and that all disclosures necessary to enable the reader to gain an understanding of the BRCRA's operation and financial activity have been included.

Respectfully yours,

Leif J. Ahnell, C.P.A., C.G.F.O.  
Executive Director

Linda C. Davidson, C.P.A., C.G.F.O.  
Financial Services Director, City of Boca Raton

## LIST OF PRINCIPAL OFFICIALS

<b>Chairman</b>	<b>Constance J. Scott</b>
<b>Vice-Chairman</b>	<b>Anthony Majhess</b>
<b>Board Commissioner</b>	<b>Susan Haynie</b>
<b>Board Commissioner</b>	<b>Michael Mullaugh</b>
<b>Board Commissioner</b>	<b>Susan Whelchel</b>
<b>Executive Director/City Manager</b>	<b>Leif J. Ahnell</b>
<b>Deputy City Manager</b>	<b>George S. Brown</b>
<b>Assistant City Manager</b>	<b>Michael Woika</b>
<b>City Attorney</b>	<b>Diana Grub Frieser</b>
<b>City Clerk</b>	<b>Susan S. Saxton</b>
<b>Financial Services Director</b>	<b>Linda C. Davidson</b>
<b>Downtown Manager</b>	<b>Ruby L. Childers</b>
<b>Special Project Director</b>	<b>Robert E. George</b>

## Introduction

The Boca Raton Community Redevelopment Agency (BRCRA) was created in 1980 by the City of Boca Raton City Council under Chapter 163, Part III, of the Florida Statutes. The BRCRA is responsible for promoting economic redevelopment in the designated 344-acre Community Redevelopment Area (Exhibit 1 on page 2) in downtown Boca Raton (the “Redevelopment Area” or “Downtown”).

The BRCRA Board of Commissioners was originally comprised of five (5) members appointed by the City Council. This was later increased to seven (7) members in 1984. In February 1991, an initiative referendum replaced the appointed seven (7) members of the BRCRA Board of Commissioners with the five (5) City Council members. The City Council members currently serve as the BRCRA Board of Commissioners and the BRCRA is a dependent special district of the City of Boca Raton.

Under State Statutes and City Ordinances, the BRCRA has substantial powers and authority within the Redevelopment Area. These include the power to make and execute contracts, to acquire and dispose of property, to approve development plans, to implement a program of voluntary or compulsory rehabilitation of buildings, to mortgage its property, to borrow and invest money, and to apply for and accept grants and contributions.

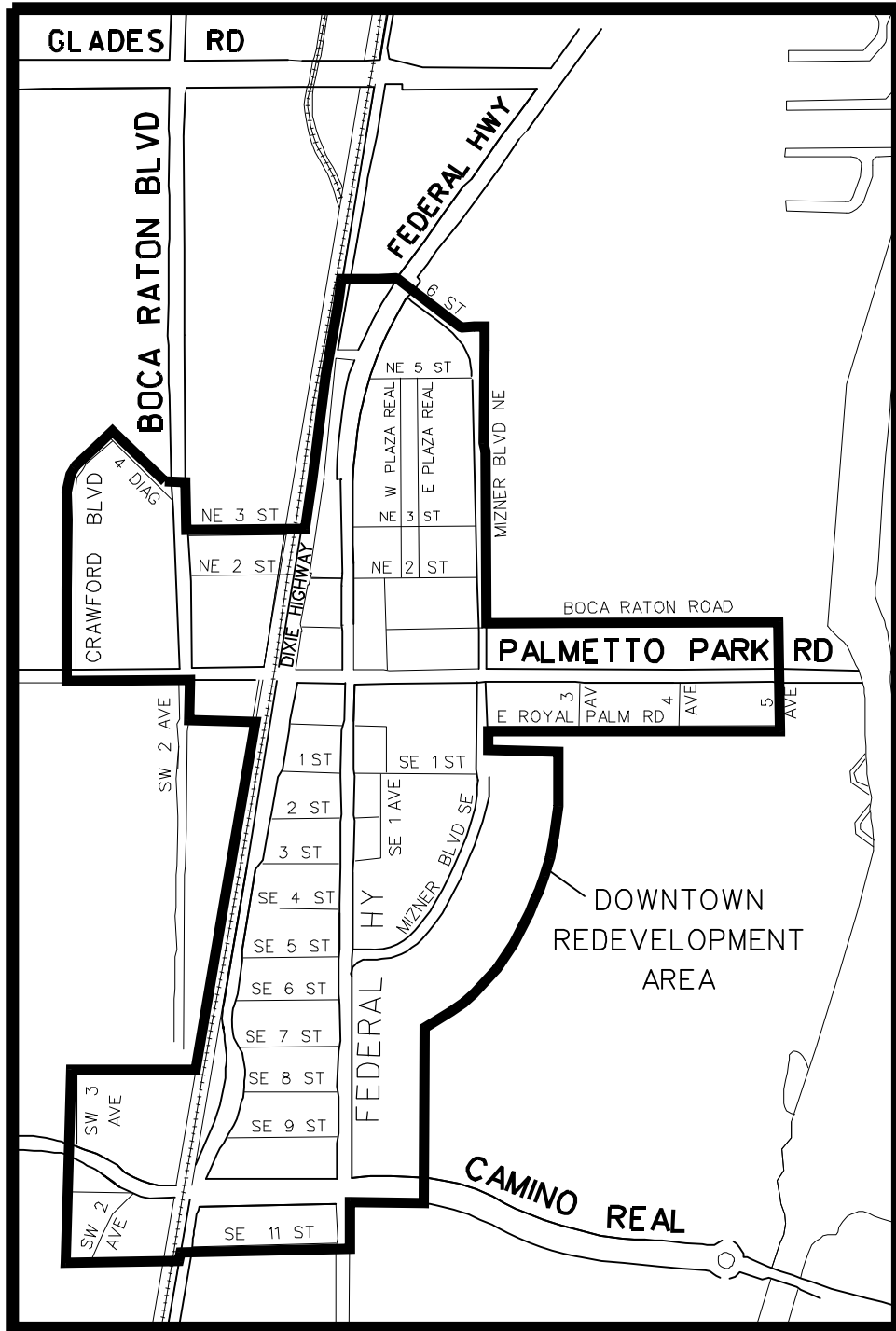
The primary funding source available to the BRCRA is Tax Increment Revenue. Tax Increment Revenue is the increase in ad valorem (property) tax attributed to increases in the assessed value over a “base year” for various jurisdictions in the Redevelopment Area. In the case of the BRCRA, the jurisdictions remitting tax increment are the City of Boca Raton, Palm Beach County and the Greater Boca Raton Beach and Park District.

Tax increment revenues provide a unique financial tool for funding redevelopment activities. Redevelopment activities in turn increase the tax increment through the development of new projects in the Redevelopment Area. Without the redevelopment activities of the BRCRA little if any of the tax increment would exist.

In 2011, the BRCRA received 44% (\$6.78 million) of the increase in ad valorem revenues over the “base year” in the redevelopment area. An estimated \$8.8 million in ad valorem revenues, attributable to the activities of the BRCRA, continue to go to the original jurisdictions. The largest portion, \$6.3 million, was distributed to the Palm Beach County School District.

Exhibit 1

BOCA RATON COMMUNITY REDEVELOPMENT AREA



## History of the BRCRA

After establishing the BRCRA in 1980, the City in 1982 established the Redevelopment Trust Fund and the “base year” for tax increment revenues as well as adopted the 1982 Community Redevelopment Plan. The 1982 plan set up land use controls, transportation and parking concepts and sign guidelines to aid in the achievement of specific redevelopment objectives. The 1982 Plan was largely dependent on private initiatives for the redevelopment of the area. The 1982 Plan produced little redevelopment activity with the exception of Sanborn Square Park and a few beautification improvements. The only major redevelopment project proposed during this time period, the Barbar Project, was defeated by the voters at a referendum in 1984.

The BRCRA reexamined its approach to redevelopment and in 1986 undertook a public initiative to stimulate additional redevelopment in the Downtown by seeking approval of a Downtown Development of Regional Impact (“DDR1”) for the entire Redevelopment Area. This process resulted in a new approach to downtown redevelopment based upon:

- developing Mizner Park to give people a reason to go Downtown;
- solving the infrastructure problems in Downtown; and
- eliminating the impediments to redevelopment through the approval process.

The DDR1 application was completed in January 1988 and a Development Order (Resolution No. 88-28) was approved by the City Council on March 15, 1988. The Development Order allows the construction of approximately 5,000,000 square feet of additional office equivalent development in the Downtown. The City and the BRCRA approved the Visions 90 Capital Improvements Program, a \$45 million dollar capital facilities plan to provide the infrastructure improvements to support this level of Downtown development and to mitigate impacts on the general public.

The Development Order was particularly significant as a result of the Florida Growth Management Act of 1985 as amended (“Growth Management Act”) which imposes considerable restraints on large-scale growth and development. The Development Order approval received by the BRCRA allows large developments in the Downtown to operate under the BRCRA’s Development Order, thereby allowing developers to bypass the expensive and time-consuming Development of Regional Impact (DRI) process.

Pursuant to the Development Order, the Visions 90 Downtown Capital Improvements Program provides a comprehensive set of water, sewer, roads, drainage and beautification improvements in the Downtown. These improvements provide the Downtown with efficient access to the regional road networks; upgraded water, sewer and drainage facilities; and transform the Downtown streets into attractive tree-lined ways with distinctive sidewalks, street lights, traffic signals and outdoor furniture.

The Visions 90 Downtown Capital Improvements Program is being funded and built by the cooperative efforts of the Florida Department of Transportation, Palm Beach County, City of Boca Raton and special assessments on benefited Downtown Properties paid by downtown property owners. Major completed projects include Federal Highway, Palmetto Park Road, Mizner Boulevard and numerous side streets.

In 1989 the BRCRA, with the assistance of the City of Boca Raton undertook, a major redevelopment project, Mizner Park. The Mizner Park Project involved the issuance of \$68 million dollars in Bonds and the acquisition of the Boca Mall site (30 acres), demolition of the mall and construction of a mixed use “urban village” incorporating public park facilities, mixed-use development and cultural facilities. Mizner Park opened in January of 1991 and gave people a reason to go Downtown.

In September 1992, the City Council amended the Development Order (Ordinance No. 4035) to eliminate costly infrastructure improvements that were determined, based upon a detailed analysis, to be unnecessary to support the continued development of the Downtown. This amendment was subsequently approved by referendum on May 4, 1993.

In January 1995, the Downtown Plan was amended to enable the extension of Plaza Real in Mizner Park to Northeast 2<sup>nd</sup> Street and to update it to more current standards. Under Chapter 163, Part III, Florida Statutes, the BRCRA and Tax Increment Revenue will continue to exist for 30 years from the latest amendment date or until January 2025.

In September of 2000, the BRCRA adopted the Rules of the BRCRA pursuant to the Development Order (Rules). These Rules clarified and documented BRCRA procedures and expanded notice requirements encouraging public input.

In 2006, the Development Order was amended to enable the approval of the Via Mizner Project on the northeast corner of Camino Real and Federal Highway. This amendment was determined to be non-substantial under Section 380.06 (19) F.S.

In August 2007, the City received the Master Plan Update from Urban Design Associates of Pittsburgh, Pennsylvania. The fundamental finding of the Master Plan Update was that currently Downtown is a series of successful but separate contained destinations. While these separate destinations (Mizner Park, Sanborn Square, Plaza Real South, Royal Palm Place, and Camino Real West of Federal Highway) may have pedestrian-scaled environments within them, they are not connected to each other to form a cohesive, pedestrian oriented Downtown. In order to overcome this separateness and create the cohesive, pedestrian oriented Downtown desired by most residents and stakeholders, the Master Plan Update developed a new overall framework for future development.

In February 2008, the City Council adopted the Master Plan Update as the framework for successfully realizing the vision of Downtown Boca Raton and designated the Downtown Boca Raton Advisory Committee as the Steering Committee responsible for providing recommendations on the implementation. Implementation of this framework requires additional studies, modifications to both the Downtown Plan and Development Order and continuing input from both stakeholders in the area and the general public. The resulting implemented regulations will likely guide redevelopment in the Downtown over the next 10 or 20 years.

In September of 2008, the Development Order was amended updating several transportation conditions in the Development Order. These updates eliminated unnecessary and obsolete traffic improvements and studies from the Development Order. This amendment was determined to be non-substantial under Section 380.06 (19) F.S.

In November of 2008, the Development Order was amended by adding Downtown Quality Development Regulations (DQDR) based on the Downtown Master Plan Update and subsequent work on Interim Design Guidelines and a Pattern Book. The purpose of DQDR is to improve the design of Downtown Development projects resulting in improved articulation of buildings and the

creation of a continuous, interconnected network of congenial, pedestrian-oriented streets and public spaces throughout the Downtown. To achieve this purpose, the DQDR provides for additional building height on a portion of the building footprint, based upon several factors including:

- creation of a continuous, interconnected network of congenial, pedestrian-oriented streets and public spaces throughout the Downtown,
- improved building articulation and building design,
- a reduction in height in other portions of the building or site, and
- no increase in development on the site beyond that which would be approvable on the site prior to this amendment.

The Development Order, as amended, and the Rules of the BRCRA are the controlling land use regulations and procedures in Downtown Boca Raton. The BRCRA's approach to redevelopment based on the Development Order, Mizner Park and Visions 90 Downtown Capital Improvements Program has been highly successful in creating redevelopment activity in the Downtown.

In the six years prior to the Development Order, 75,000 square feet of new development was approved and built in the Redevelopment Area. Since approval of the Development Order in March 1988, the BRCRA has approved development applications providing for over 3.6 million square feet of office equivalent development, including Mizner Park. Of these 3.6 million square feet of approved office equivalent development, construction of approximately 2.4\* million square feet of office equivalent development has been completed.

(\*Note: Due to a rounding error, last year's report ending September 30, 2010 indicated 2.7 million square feet of office equivalent development completed; the correct amount should have been 2.4.)

## **2011 BRCRA Activities**

The BRCRA has not undertaken a project involving tax increment revenues and financing since the Mizner Park Project. Currently, the BRCRA has an operating fund, a special revenue fund and a debt service fund. The operating fund provides for the day-to-day operation of BRCRA and is currently not funded by any tax increment. The Funds related to the Mizner Park Bonds track and collect the tax increment revenues, Mizner Park lease revenues, payments from the City of Boca Raton, and make the necessary bond payments.

The day-to-day operation of the BRCRA includes the operation of the BRCRA office, administration of the Development Order and the Mizner Park Leases, plan review services and the BRCRA's day-to-day dealings with the public, developers, the City and other governmental agencies. Most of this work is performed for the BRCRA by City staff under an interlocal agreement for services between the BRCRA and the City.

2011 was slightly higher, but another slow year in terms of development with only 9,289 square feet of building permits issued in the Downtown. During this period, Agency activities were primarily involved in day-to-day operations of existing programs, Downtown special events, and planning activities, in cooperation with the City. Achievements of the BRCRA in 2011 include:

- Continued development of a Downtown Pattern Book and Transportation Design for Livable Communities Study.

- Implemented Initiatives from the Strategic Branding and Marketing Plan, including creation of a new logo and tagline and a banner campaign to brand “Downtown Boca” as a destination.
- Updated the Downtown Website for business and event activities.
- Continued the Downtown Marketing forums and workshops with Downtown merchants.
- Assisted the City in completing the construction of the Pedestrian Promenade and East Palmetto Park Road improvements.
- Created a North/South pedestrian promenade from the south end of Mizner Park to South Plaza Real;
- Continued to assist the City in the implementation of the Traffic Demand Management Ordinance in the Downtown.
- Completed the 22nd Annual Report on the Downtown Development of Regional Impact.
- Completed the 10th Annual Report to Downtown property owners.
- Completed CRA Annual Report under 163.356(3)(c) Florida Statutes.
- Administered the terms of the Mizner Park Contract.
- Worked closely with City Staff on infrastructure and special assessment projects.
- Began efforts to consider funding alternatives of possible improvements for downtown including: Marketing/Promotion, Transportation/Shuttle System, and Parking Options.
- Continued the Agency's practice of meeting with, and receiving input from, all groups in the community concerning the Downtown.

## **Tax Increment**

The Tax Increment is determined annually and is the amount equal to 95 percent of the difference between: (a) the amount of ad valorem taxes levied each year by each taxing authority contributing to the tax increment, exclusive of any debt service millage, on taxable real property contained within the Redevelopment Area; and (b) the amount of ad valorem taxes which would have been produced by the rate at which the tax is levied each year by the taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown on the assessment roll used by each taxing authority prior to August 10, 1982, the effective date of the Ordinance creating the Redevelopment Trust Fund. Palm Beach County, the City of Boca Raton and the Greater Boca Raton Beach and Park District currently make Tax Increment payments into the BRCRA's Redevelopment Trust Fund.

The City's operating millage rates have been decreased from \$3.099 per \$1,000 in 1984 to \$3.02 per \$1,000 in 2011. The millage for Palm Beach County has increased from \$3.827 per \$1,000 in 1984 to \$4.7500 per \$1,000 in 2011. The Greater Boca Raton Beach and Park District millage rates have been increased from \$0.865 per \$1,000 in 1984 to \$0.9889 per \$1,000 in 2011. The millage rates from 1984 through 2011 are set forth in Exhibit 2 on Page 8.

The taxable value of real property in the redevelopment area has risen dramatically from 1984 through 2011. In 1984 the taxable value of the redevelopment area was \$115.4 million. Comparatively, in 2011 the taxable value of the redevelopment area was \$889 million. Taxable values in the redevelopment area for the fiscal years 1984 through 2011 are set forth in Exhibit 3 on Page 9.

Based upon the above millage rates and the dramatic increase in taxable values the tax increment has gone up significantly during the same period. In 1984 the tax increment was approximately \$328,000. In 2011 the tax increment was \$6.78 million. The tax increment for the redevelopment area for the fiscal years 1984 through 2011 are set forth in Exhibit 4, page 10.

Future Tax Increment increases remain doubtful over the next few years because of various factors. These factors include:

- Reduced Taxable Values – For Fiscal Year 2010-11 the values in the Redevelopment Area decreased by 1%. This is significantly below the 14% annual increase over the prior 10 years.
- Approval of the constitutional amendment which provided homesteaded properties with both an increase in the homestead exemption and portability related to Save Our Homes.
- Continuing consideration of various proposals by the Florida Legislature for additional property tax relief such as tax rate cuts, limits on property tax increases and proposals which may affect the future collection of tax increment.
- A stagnant real estate market with decreased construction and lower property values.

The ultimate impact of these factors is likely to reduce future tax increment amounts over the next few years.

## The Mizner Park Bonds

The Mizner Park Bonds are secured by a pledge of tax increment revenues, lease revenues from Mizner Park and deficiency payments received by the BRCRA pursuant to an interlocal agreement with the City. In the event that the tax increment revenues and the future lease revenues are insufficient to pay the required obligations under the Mizner Park Bonds, the City is required to pay the BRCRA, from Public Service Taxes, an amount equal to any deficit in the amounts required to be on deposit in the sinking fund established under the bond resolution.

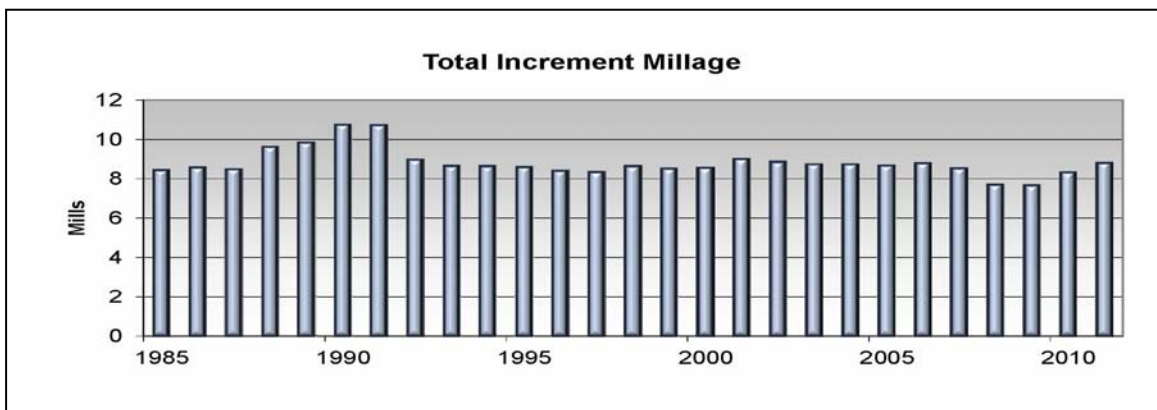
As of September 30, 2011 the outstanding Mizner Park Bond debt service requirements are as follows:

<b>Mizner Park Tax Increment Bonds</b>			
<b><u>Year Ended September 30</u></b>	<b><u>Principal</u><sup>1</sup></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2012	\$5,815,000	\$ 704,206	\$6,519,206
2013	6,075,000	433,644	6,508,644
2014	6,355,000	146,959	6,501,959
2015	2,987,363	3,667,637	\$6,655,000
2016	2,815,486	3,804,514	6,620,000
2015-2018	<u>7,662,319</u>	<u>12,197,781</u>	<u>\$19,860,100</u>
Total	\$31,710,168	\$20,954,741	\$52,664,909

<sup>1</sup>The total amount outstanding is \$43,741,269 made up of the principal amount \$31,710,168 plus \$12,031,101 of accreted interest on Capital Appreciation Bonds.

**Exhibit 2  
BOCA RATON COMMUNITY REDEVELOPMENT AGENCY  
OPERATING MILLAGE RATES IN REDEVELOPMENT AREA**

<u>Year</u>	<u>City of Boca Raton</u>	<u>Palm Beach County</u>	<u>Greater Beach &amp; Park District</u>	<u>PBC Health Care District</u>	<u>Children's Services District</u>	<u>Total</u>	<u>Percentage Change In Total</u>
1984 <sup>1</sup>	3.099	3.827	0.8650	0.380		8.171	
1985	3.148	3.835	0.8650	0.535		8.383	2.6%
1986	2.933	4.195	0.8650	0.535		8.528	1.7
1987	2.735	4.343	0.8650	0.499		8.442	(1.0)
1988	2.946	4.444	1.0900	0.990	0.092	9.562	13.3
1989	3.122	4.750	1.0710	0.680	0.154	9.777	2.2
1990	3.518	4.652	1.0710	1.250	0.193	10.684	9.3
1991 <sup>2</sup>	3.542	4.600	1.0550	1.250	0.224	10.671	(0.1)
1992 <sup>3</sup>	3.358	4.331	1.0000		0.222	8.911	(16.5)
1993	3.358	4.318	0.9160			8.592	(3.6)
1994	3.339	4.328	0.9150			8.582	(0.1)
1995	3.346	4.293	0.9100			8.549	(0.4)
1996	3.248	4.218	0.8870			8.353	(2.3)
1997	3.185	4.236	0.8740			8.295	(0.7)
1998	3.127	4.600	0.8590			8.586	3.5
1999	3.028	4.600	0.8350			8.463	(1.4)
2000	3.000	4.600	0.9000			8.500	0.4
2001	3.150	4.600	1.2000			8.950	5.2
2002	3.150	4.550	1.1000			8.800	(1.7)
2003	3.150	4.500	1.0360			8.686	(1.3)
2004	3.150	4.500	1.0360			8.686	0.0
2005	3.150	4.500	0.9700			8.6199	(0.8)
2006	3.360	4.450	0.9310			8.7411	1.4
2007	3.300	4.280	0.8939			8.4739	(3.0)
2008	3.020	3.7811	0.8527			7.6538	(9.6)
2009	3.020	3.7811	0.8140			7.6151	(0.5)
2010	3.020	4.3440	0.9015			8.2655	8.5%
2011	3.020	4.7500	0.9889			8.7589	5.9%



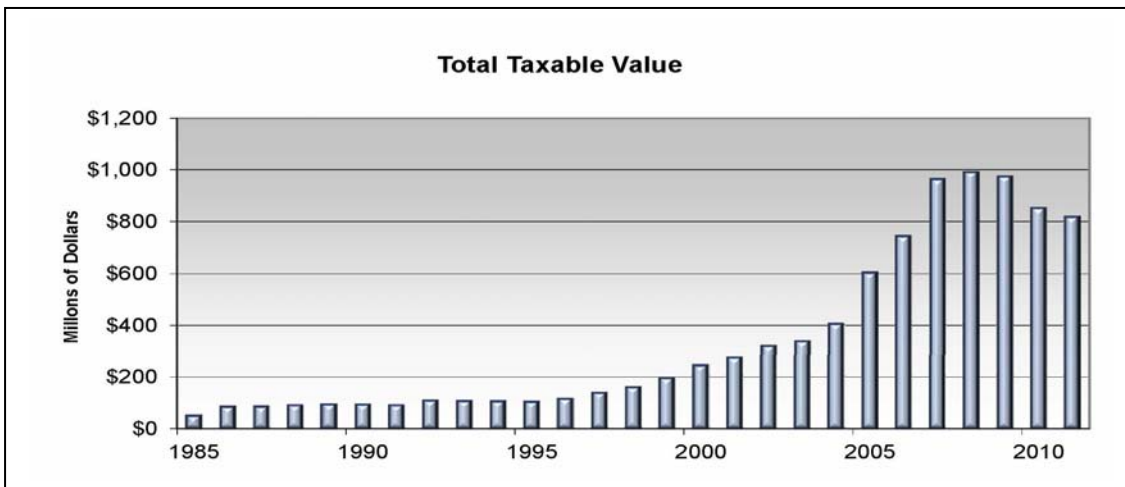
- (1) First year in which the Tax Increment was collected.
- (2) After FY 1991, Tax Increment millage rates do not include any millage from the PBC Health Care District.
- (3) After FY 1992, Tax Increment millage rates do not include any millage from the Health Care District or the Children's Services Council.

Source: BRCRA Records.

**Exhibit 3**

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY  
DOWNTOWN ASSESSED (TAXABLE) VALUES  
(millions of dollars)**

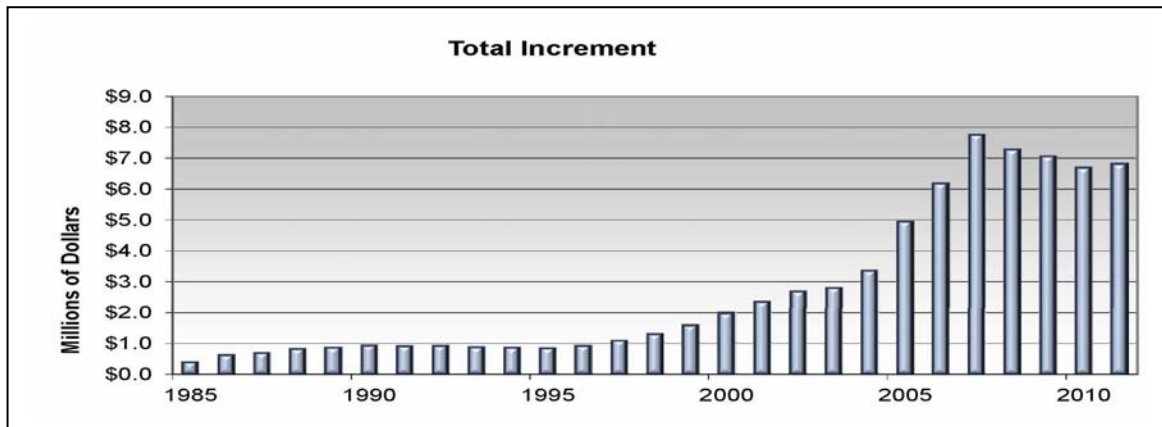
<u>Fiscal Year Ending September 30</u>	<u>Taxable Value</u>	<u>Frozen Base</u>	<u>Incremental Value</u>	<u>Percentage Change in Incremental Value</u>
1984	\$115.4	\$73.8	\$41.6	
1985	120.3	73.8	46.5	11.8%
1986	154.9	73.8	81.1	74.4
1987	155.9	73.8	82.1	1.2
1988	161.0	73.8	87.2	6.2
1989	163.7	73.8	89.9	3.1
1990	162.8	73.8	89.0	(1.0)
1991	160.7	73.8	86.9	(2.4)
1992	179.0	73.8	105.2	21.1
1993	177.4	73.8	103.6	(1.5)
1994	176.4	73.8	102.6	(1.0)
1995	173.9	73.8	100.1	(2.4)
1996	186.2	73.8	112.4	12.3
1997	209.6	73.8	135.8	20.8
1998	231.9	73.8	158.1	16.4
1999	267.8	73.8	194.0	22.7
2000	316.9	73.8	243.1	25.3
2001	346.2	73.8	272.4	12.0
2002	391.0	73.8	317.2	16.4
2003	409.1	73.8	335.3	5.7
2004	476.1	73.8	402.3	20.0
2005	673.4	73.8	599.6	49.0
2006	813.9	73.8	740.1	23.4
2007	1,034.0	73.8	960.2	29.7
2008	1,069.5	73.8	989.7	3.1
2009	1,044.6	73.8	970.8	(2.5)
2010	921.8	73.8	848.0	(12.6)%
2011	888.8	73.8	815.0	(1.0)%



Source: BRCRA Records

**Exhibit 4**  
**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY**  
**TAX INCREMENT**

Fiscal Year Ended September 30	Tax Increment	Percent Growth (decrease)
1984 <sup>1</sup>	\$ 327,863	--
1985	371,276	13.2%
1986	592,082	59.5
1987	658,919	11.3
1988	793,000	20.3
1989	835,845	5.4
1990	903,790	8.1
1991 <sup>2</sup>	882,242	(2.4)
1992 <sup>3</sup>	891,255	1.0
1993	846,645	(5.0)
1994	836,725	(1.2)
1995	813,827	(2.7)
1996	892,261	9.6
1997	1,069,978	19.9
1998	1,289,525	20.5
1999	1,569,117	21.6
2000	1,963,709	25.1
2001	2,316,017	17.9
2002	2,652,262	14.5
2003	2,767,496	4.3
2004	3,320,212	20.0
2005	4,910,071	49.0
2006	6,146,820	25.1
2007 <sup>4</sup>	7,730,246	25.8
2008 <sup>4</sup>	7,243,489	(6.0)
2009 <sup>4</sup>	7,023,123	(3.0)
2010	6,658,891	(5.2)%
2011 <sup>4</sup>	6,781,844	1.8%



- (1) First year in which the Tax Increment was collected.
- (2) After FY 1991, Tax Increment receipts do not include any payments from the PBC Health Care District.
- (3) After FY 1992, Tax Increment receipts do not include any payments from the Health Care District or the Children's Service Council.
- (4) Tax Increment is reflected in the financial statements as follows:  
2007 \$6,308,900 in revenue and \$959,046 placed in escrow pursuant to F.S. 163.387(7)(c)  
2008 \$6,308,900 in revenue and \$934,589 placed in escrow pursuant to F.S. 163.387(7)(c)  
2009 \$6,750,600 in revenue and \$272,523 placed in escrow pursuant to F.S. 163.387(7)(c)  
2011 \$6,781,844 in revenue and \$2,166,158 recognized in revenue from prior years escrows

Source: BRCRA Records

During the 1991 Legislative Session, the Florida State Legislature passed legislation exempting the Palm Beach County Health Care District (District) from tax increment payments to the BRCRA. Subsequently, this legislation became law and has resulted in the loss of approximately \$7.9 million in tax increment since 1991, and will continue to adversely affect the BRCRA in future years. At closing on the original financing, approximately 17.5% of all future tax increment revenues were expected from the District.

In the 1992 Legislative Session, the Florida State Legislature passed legislation exempting the Palm Beach County Children's Services Council from tax increment payments to the BRCRA in Fiscal Year 1993. This has resulted in the loss of approximately \$4.3 million in tax increment revenue since 1993. At closing, approximately 2.3% of all future tax increment revenues were expected from the Children's Services Council.

The percentage of the total tax increment paid by the 10 largest taxpayers has fallen from 58.5% in 1998 to 47.57% in 2010. Exhibit 5 below details the 10 largest taxpayers in the redevelopment area based upon the January 1, 2010 taxable values of their taxable property.

**Exhibit 5**  
**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY**  
**TOP 10 TAXPAYERS**

<u>Taxpayer</u>	<u>Property</u>	<u>Taxable Values</u>	<u>Approximate Amount of Tax Increment<sup>1</sup></u>	<u>Approximate Percentage of Tax Increment</u>
James H. & Marta Batmasian	Shopping Ctr/Real Estate	\$110,452,469	\$842,795	12.43%
General Growth Partners	Mizner Park Comm. Bldgs.	91,498,727	698,170	10.29%
200 East Partners LLC	Residential Development	61,488,916	469,184	6.92%
El Ad on the Green LLC	Residential Development	29,800,000	227,385	3.35%
Boca Raton Florida Investment LP	Office Buildings	26,889,159	205,175	3.03%
GLL BVK Properties LP	Office Buildings	22,794,017	173,927	2.56%
El Ad Camino Real LLC	Residential Development	22,457,606	171,360	2.53%
Palmetto Park at Federal LLC	Office Bldgs/Real Estate	19,650,000	149,937	2.21%
Via Mizner Associates	Office Bldgs/Real Estate	19,083,236	145,612	2.15%
150 East Palmetto LLC	Office Building	<u>18,693,477</u>	<u>142,638</u>	2.10%
Total:		\$422,807,607	\$3,226,183	47.57%

(1) The approximate amount of tax increment is calculated as the taxes paid by the property owner to jurisdictions contributing to the tax increment multiplied by the share of taxes paid by the contributing jurisdiction to the BRCRA.

Source: Tax Collector, Palm Beach County, 2010 tax roll

A portion of the Mizner Park property is leased to a private developer who has constructed commercial and residential facilities. The lease is a ground lease with contingency rent increases based upon net operating income over the life of the lease. The lease has a term of 99 years and requires minimum fixed future rentals of \$1,180,000 in 2012, 2013, 2014, 2015 and 2016, and \$127,938,333 in total thereafter, plus contingent rentals. Contingent rentals are the difference between the minimum fixed amount and 15% of the tenant's net operating income as defined in each lease agreement. In fiscal year 2011 rental income amounted to \$1,236,280 including \$56,280 in contingent rentals.

The ability of the tenant to pay the BRCRA the lease revenues is dependent upon their ability to sublease the commercial facilities constructed thereon and such other guarantees contracted by the BRCRA. The BRCRA has an unsubordinated claim on the buildings constructed under the leases prior to the mortgage holder. All portions of the project have been constructed.

Management monitors the collection of pledged revenues to comply with the bond resolution. Tax increment and lease revenue payments of contingent rentals from the developer began in 2001 and are available for debt service. Management cannot presently make a reliable estimate of future contingent rentals. If lease rental and tax increment revenues are not sufficient for debt service, the City's pledge of the Public Service Tax would be required to be used for the repayment of the debt service.

Tax increment revenues and lease payments have not been sufficient to make all necessary debt service payments and the City has made deficiency payments in the following years and amounts:

<u>Year</u>	<u>Amount</u>
1997	\$ 231,200
1998	659,400
1999	-
2000	692,100
2001	993,100
2002	998,100
2003	1,356,600
2004	1,837,900
2005	<u>961,100</u>
Total	\$7,729,500

Management believes that there is a low risk of future deficiencies in tax increment and lease revenues that will require the use of the City's Public Service Tax revenues. However, if any combination of changes in property values, millage rates, Lease Revenues or statutory changes decrease pledged revenues by more than 17%, then additional deficiency payments may become necessary.

## Funds Advanced by the City of Boca Raton

The City of Boca Raton has advanced substantial funds to the BRCRA based upon interlocal agreements in order to cover a number of unforeseen events which have occurred with respect to the redevelopment program. Among these events were:

- Florida State Legislative action reducing the tax increment through the exclusion of the Palm Beach County Health Care District in 1991;
- Florida State Legislative action reducing the tax increment through the exclusion of the Children's Services Council in 1992;
- The significant reduction in taxable values in the redevelopment area brought about by the recession of the early 1990's and the savings and loan crisis; and
- Higher than expected Mizner Park Operating expenses.

As a result of these events, there have not been sufficient revenues from the tax increment and Mizner Park leases to pay all of the Mizner Park debt service, maintain Mizner Park and the BRCRA operation. To address these issues, BRCRA and the City have entered into two (2) interlocal agreements. Under the first of these interlocal agreements, the City funds the debt service deficiency from Public Service Taxes. Under the second agreement, the City provides the resources necessary to continue the BRCRA operation through a combination of operating transfers to the BRCRA, the provision of services (accounting, legal, engineering, etc.) and maintenance of Mizner Park. As of September 30, 2011 the estimated outstanding amount of these transfers, deficiency payments and services was:

Transfers for BRCRA Operations	\$ 712,200
Services Provided	6,593,864
Mizner Park Maintenance	8,441,150
Interest related to the above	5,218,656
Mizner Park Bond deficiency payments and debt service transfers	<u>2,729,500</u>
<b>Total</b>	<b>\$23,695,370</b>

Under the terms of the interlocal agreements the BRCRA must repay the above amounts when future revenues become available. For FY 2010 and FY 2011 the CRA repaid the City \$2.5 million or \$5,000,000 in total for Mizner Park deficiency payments and debt service transfers. An additional \$2.0 million is budgeted for repayment in FY 2011-12.

## Challenges Facing the BRCRA

While the BRCRA's approach to redevelopment based on the Development Order, Mizner Park and the Visions 90 Downtown Capital Improvements Program has been highly successful in creating an environment in Downtown which has led to substantial redevelopment and dramatic increases in taxable values and tax increment, the BRCRA area continues to have major challenges.

Among these challenges are:

- Taming traffic on Federal Highway and Palmetto Park Road by slowing speed through the construction of crossings, the narrowing of roadways and other measures;
- Improving the design of Downtown buildings and pedestrian linkages;
- Implementing and funding a branding and marketing strategies Downtown;
- Coordinating and funding of downtown events;
- Continuing to create an attractive pedestrian friendly environment Downtown in the face of declining revenues and regulatory obstacles;
- Introducing mass transit and alternative transportation modes in the Downtown; and
- Repaying the Mizner Park debt and moneys advanced from the City of Boca Raton.

Achieving these goals will require the continued cooperation and support of all interested parties and jurisdictions and will benefit not only the Downtown and the City of Boca Raton but the entire County.

## Schedule of Deposits and Withdrawals

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Boca Raton Community Redevelopment Agency Funds (BRCRA) for the fiscal year ended September 30, 2011.

Since issuance of the Mizner Park Bonds in 1989 tax increment revenues have only been used to repay debt service related to those bonds. All other BRCRA activities have been funded from other sources.

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues	\$8,948,102	
Lease revenues	1,236,280	
Investment income	55,385	
Other	221,799	
Purpose of withdrawals:		
Debt service – principal		\$5,575,000
Debt service – interest		958,747
Salaries and benefits		326,364
Professional services		242,017
Advertising		1,422
Reimbursement for debt service		2,500,000
Industry development		2,417,297
Other contractual services		6,669
Insurance premiums		9,000
IT technology		2,000
Dues and subscriptions		1,994
Miscellaneous		3,656
	<u>\$10,461,566</u>	<u>\$12,044,166</u>

## Financial Statements

Within the context of financial reporting, the BRCRA is considered a blended component unit of the City of Boca Raton (City) and is therefore included in the City's annual financial audit. The financial statements included herein are unaudited statements of the BRCRA. Audited statements are included in the City of Boca Raton's Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2011 and may be obtained in the Financial Services Department located at 201 West Palmetto Park Road, Boca Raton, Florida or online at <http://www.ci.boca-raton.fl.us/fin/pdf/CAFR2011.pdf>

The BRCRA's Financial Statements are made up of three funds:

**Boca Raton Community Redevelopment Agency Operating Fund** - The Operating Fund provides for the Agency's day-to-day operations through the use of City staff from the Development Services and Financial Services Departments. This includes the Agency office, all general administration, plan review services and the BRCRA's day-to-day dealings with the public, developers, the City and other governmental agencies.

**Boca Raton Community Redevelopment Agency Mizner Park Special Revenue Fund** - The Mizner Park Revenue Fund is provided for and controlled by the bond covenants on the refinanced Mizner Park Bonds. All tax increment revenues and Mizner Park lease revenues are placed in this fund as they are received by the BRCRA. Moneys from this fund are then transferred as needed, based upon the bond covenants, to the Boca Raton Community Redevelopment Agency Debt Service Fund. If there are moneys left over after making all of the required transfers to the Debt Service Fund during the bond year, those monies may be used for any other lawful purpose.

**Boca Raton Community Redevelopment Agency Debt Service Fund** - The Debt Service Fund is provided for and controlled by the bond covenants on the refinanced Mizner Park Bonds. This Fund receives the transfers from the Mizner Park Revenue Fund and holds the moneys until they are used for debt service on the next bond payment date. In the event that the transfer from the Mizner Park Revenue Fund is insufficient to meet bond covenants, then the City of Boca Raton must make a payment into the Mizner Park Debt Service Fund. Moneys in this fund pay principal and interest on the Mizner Park Bond Issue and related administrative fees.

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011  
(Unaudited)**

	<b>Community Redevelopment Agency Operating Fund</b>	<b>Community Redevelopment Agency Mizner Park Special Revenue Fund</b>	<b>Community Redevelopment Agency Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 859,747	\$ 842,186	\$ 1,978,228	\$ 3,680,161
Investments	615,079	639,352	1,501,789	2,756,220
Receivables, net:				
Lease revenues		11,436,371		11,436,371
Interest	928	2,053	3,030	6,011
Total assets	<u>\$ 1,475,754</u>	<u>\$ 12,919,962</u>	<u>\$ 3,483,047</u>	<u>\$ 17,878,763</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 146,347			\$ 146,347
Retainage payable	1,701			1,701
Performance bonds and escrow funds	22,091			22,091
Deferred revenue		\$ 11,436,371		11,436,371
Total liabilities	<u>170,139</u>	<u>11,436,371</u>	<u>3,483,047</u>	<u>11,606,510</u>
Fund balances:				
Restricted for:				
Downtown	1,302,548	1,483,591		2,786,139
Debt Service			\$ 3,483,047	3,483,047
Committed to:				
Parking	3,067			3,067
Total fund balances	<u>1,305,615</u>	<u>1,483,591</u>	<u>3,483,047</u>	<u>6,272,253</u>
Total liabilities and fund balances	<u>\$ 1,475,754</u>	<u>\$ 12,919,962</u>	<u>\$ 3,483,047</u>	<u>\$ 17,878,763</u>

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
**(Unaudited)**

	<b>Community Redevelopment Agency Operating Fund</b>	<b>Community Redevelopment Agency Mizner Park Special Revenue Fund</b>	<b>Community Redevelopment Agency Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes		\$ 8,948,102		\$ 8,948,102
Charges for services	\$ 221,799	1,236,280		1,458,079
Investment earnings	20,206	18,413	\$ 16,766	55,385
Miscellaneous	10,000			
Total revenues	<u>252,005</u>	<u>10,202,795</u>	<u>16,766</u>	<u>10,461,566</u>
<b>EXPENDITURES</b>				
Current:				
Community development	3,010,419	2,500,000		5,510,419
Principal			5,575,000	5,575,000
Interest			958,747	958,747
Total expenditures	<u>3,010,419</u>	<u>2,500,000</u>	<u>6,533,747</u>	<u>12,044,166</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,758,414)</u>	<u>7,702,795</u>	<u>(6,516,981)</u>	<u>(1,582,600)</u>
<b>Other financing sources (uses)</b>				
Transfers in	104,800		6,702,400	6,807,200
Transfers out		(6,807,200)		(6,807,200)
Total other financing sources (uses)	<u>104,800</u>	<u>(6,807,200)</u>	<u>6,702,400</u>	
<b>Net change in fund balances</b>	<u>(2,653,614)</u>	<u>895,595</u>	<u>185,419</u>	<u>(1,572,600)</u>
<b>Fund balances - beginning</b>	<u>3,959,229</u>	<u>587,996</u>	<u>3,297,628</u>	<u>7,844,853</u>
<b>Fund balances - ending</b>	<u>\$ 1,305,615</u>	<u>\$ 1,483,591</u>	<u>\$ 3,483,047</u>	<u>\$ 6,272,253</u>

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY  
MIZNER PARK REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive / (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 6,593,700	\$ 6,593,700	\$ 8,948,102	\$ 2,354,402
Charges for services	1,180,000	1,180,000	1,236,280	56,280
Investment earnings	31,000	31,000	18,413	(12,587)
Total revenues	<u>7,804,700</u>	<u>7,804,700</u>	<u>10,202,795</u>	<u>2,398,095</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	
Total expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	
Excess (deficiency) of revenues over	<u>5,304,700</u>	<u>5,304,700</u>	<u>7,702,795</u>	<u>2,398,095</u>
<b>OTHER FINANCING USES</b>				
Transfers in				
Transfers out	<u>(6,807,200)</u>	<u>(6,807,200)</u>	<u>(6,807,200)</u>	
Total other financing uses	<u>(6,807,200)</u>	<u>(6,807,200)</u>	<u>(6,807,200)</u>	
Net change in fund balance	<u>\$ (1,502,500)</u>	<u>\$ (1,502,500)</u>	895,595	<u>\$ 2,398,095</u>
Fund balance - beginning			<u>587,996</u>	
Fund balance - ending			<u>\$ 1,483,591</u>	

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY**  
**OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
<b>REVENUES</b>				
Taxes				
Charges for services	\$ 623,000	\$ 623,000	\$ 221,799	\$ (401,201)
Investment earnings	1,500	1,500	20,206	18,706
Miscellaneous			10,000	10,000
Total revenues	<u>624,500</u>	<u>624,500</u>	<u>252,005</u>	<u>(372,495)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	797,900	3,850,700	3,010,419	840,281
Total expenditures	<u>797,900</u>	<u>3,850,700</u>	<u>3,010,419</u>	<u>840,281</u>
Excess (deficiency) of revenues over expenditures	<u>(173,400)</u>	<u>(3,226,200)</u>	<u>(2,758,414)</u>	<u>467,786</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	104,800	104,800	104,800	
Total other financing sources	<u>104,800</u>	<u>104,800</u>	<u>104,800</u>	
Net change in fund balance	<u>\$ (68,600)</u>	<u>\$ (3,121,400)</u>	<u>(2,653,614)</u>	<u>\$ 467,786</u>
Fund balance - beginning			<u>3,959,229</u>	
Fund balance - ending			<u>\$ 1,305,615</u>	

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive / (Negative)</b>
<b>REVENUES</b>				
Investment earnings	\$ 43,000	\$ 43,000	\$ 16,766	\$ (26,234)
Total revenues	<u>43,000</u>	<u>43,000</u>	<u>16,766</u>	<u>(26,234)</u>
<b>EXPENDITURES</b>				
Current:				
Principal	5,575,000	5,575,000	5,575,000	
Interest	962,000	962,000	958,747	3,253
Total expenditures	<u>6,537,000</u>	<u>6,537,000</u>	<u>6,533,747</u>	<u>3,253</u>
Excess (deficiency) of revenues over expen	<u>(6,494,000)</u>	<u>(6,494,000)</u>	<u>(6,516,981)</u>	<u>(22,981)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,702,400	6,702,400	6,702,400	
Total other financing sources	<u>6,702,400</u>	<u>6,702,400</u>	<u>6,702,400</u>	
Net change in fund balance	<u>\$ 208,400</u>	<u>\$ 208,400</u>	185,419	<u>\$ (22,981)</u>
Fund balance - beginning			<u>3,297,628</u>	
Fund balance - ending			<u>\$ 3,483,047</u>	