

**HISTORY OF THE DOWNTOWN
SPECIAL ASSESSMENT
2011**



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The Downtown Special Assessment provides funding for a portion of the Visions 90 Capital Improvements Program. The Visions 90 Capital Improvements Program was a required part of the Downtown Development of Regional Impact (DDRI) Development Order. The Visions 90 Capital Improvements Program provides for a comprehensive set of water, sewer, roads, drainage and beautification improvements in the Downtown. Most, if not all, of the new buildings or structures in the Downtown are the result of the Visions 90 Program and the DDRI.

As planned, the Downtown Special Assessment will fund approximately \$15.9 million of the estimated \$45 million Visions 90 Capital Improvements Program. The Visions 90 Capital Improvements Program was made up of 25 projects. Since adoption of the Visions 90 Capital Improvements Program, two (2) of the projects have been deleted, 14 completed and seven (7) substantially completed. The location and status of each of these projects is shown on Map 1. The two (2) projects within the Downtown Area which are not completed are:

- North/South linkage between Mizner Park and Royal Palm Plaza; and
- Northeast Boca Raton Road between Northeast 1st Avenue and Mizner Boulevard.

These projects are currently under construction with a projected completion date of April of 2011.

The history, methodology and structure of the Downtown Special Assessment dates back to the late 1980's. The Downtown Special Assessment was envisioned as part of the DDRI process in order to fund a portion of the capital improvements program required by the Downtown Development Order. Shortly after adoption of the Development Order in March of 1988, the Boca Raton City Council formed the Downtown Infrastructure Task Force (Task Force). The Task Force was formed to provide public input and ideas in the special assessment process, the scheduling of improvements, and general design of facilities under the Visions 90 Program. The Task Force members represented the owners and tenants of a majority of the property owners in the Downtown area.

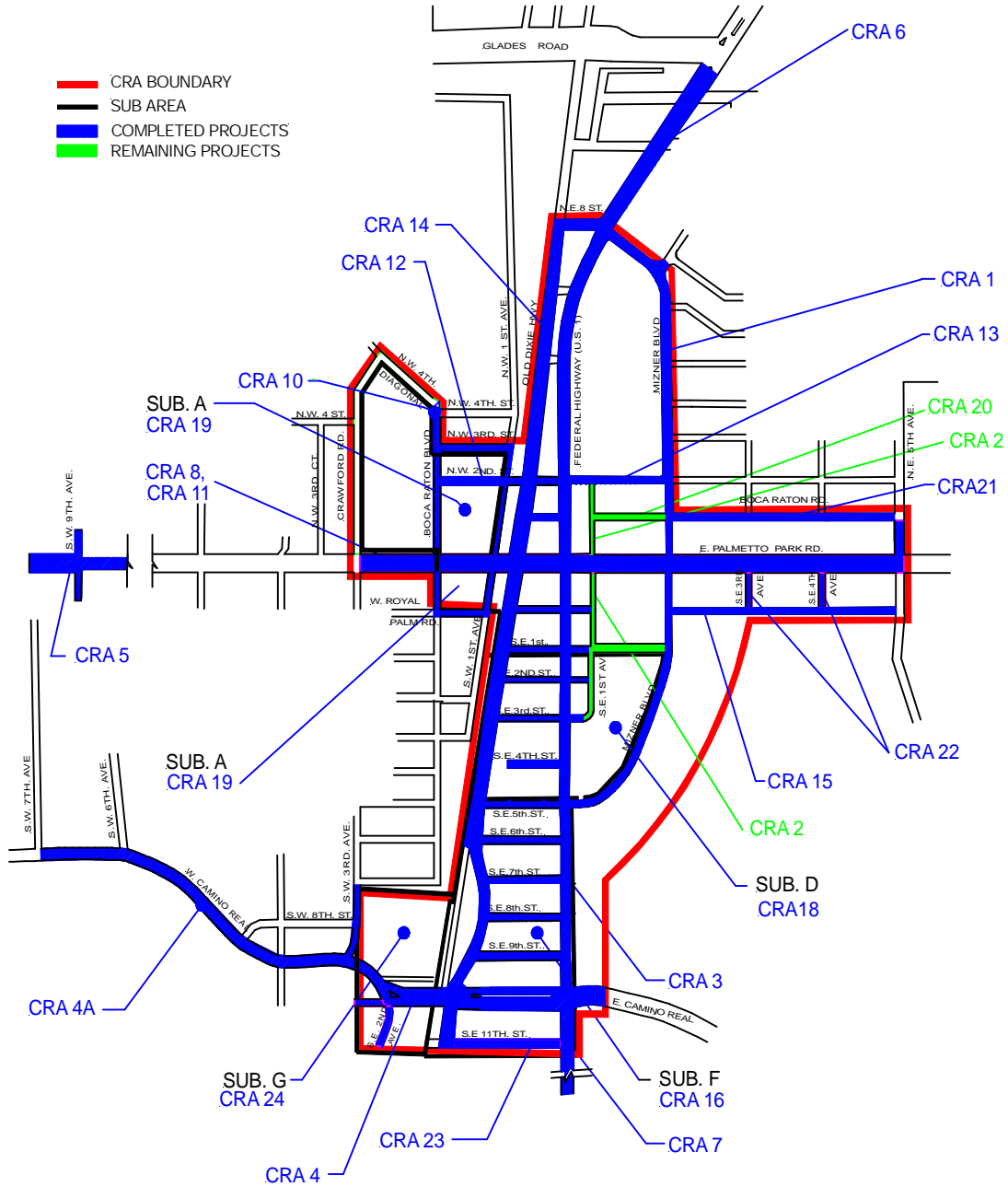
To objectively address the special assessment funding methodology, the Task Force participated in a comprehensive workshop/consensus building process. During this process, seven (7) alternative methodologies were fully evaluated. On February 9, 1989, after six months of deliberations, the Task Force recommended that:

- The ad valorem method be used in making the special assessment;
- Houses of Worship and residentially owned parcels zoned R1D and R3 which continue to be used for those purposes are excluded from the special assessment as not being directly benefited; and
- Single-family residences on commercial property and existing 100% owner-occupied buildings of less than 7,500 square feet which were the owner's principle place of business were eligible for deferment of the assessment.

The ad valorem method provides for annual special assessments based on the aggregate market value of the benefited properties based upon the data from the latest Certified Tax Roll from the Palm Beach County Property Appraiser's Office. The special assessment rate for each year is determined by dividing the debt service and administrative costs for the special assessment for the coming year by the total market value of all benefited properties. The special assessment rate is then multiplied by the market value of the property to determine the amount of the special assessment due on that property on January 1 of the next year. The special assessment bill due on January 1 of each year pays the debt service on the special assessment bonds for that calendar year.

Map 1 VISIONS 90 PROJECTS

- CRA BOUNDARY
- SUB AREA
- COMPLETED PROJECTS
- REMAINING PROJECTS



On May 5, 1990 the Downtown Special District was established as shown in Map 2. In this District, annual special assessments are calculated based upon the ad valorem method as provided for in the bond covenants and Resolutions No. 128-90 and No. 129-90 as approved by the Boca Raton City Council. Subsequent to the adoption of these resolutions, several property owners in the District litigated the use of the ad valorem method in the District. On February 27, 1992, the Florida Supreme Court upheld the use of the ad valorem method as a valid method for calculating the special assessment in the District.

The report prepared by Robert J. Harmon and Associates, Inc., “Benefits Evaluation of the Boca Raton Visions 90 Special Assessment Program,” played an important role in this litigation. This report set forth the economic benefits of the special assessment to downtown property owners. Included in these benefits were:

- Increased land values
- Premium rents
- Increased retail sales
- Reduced development costs

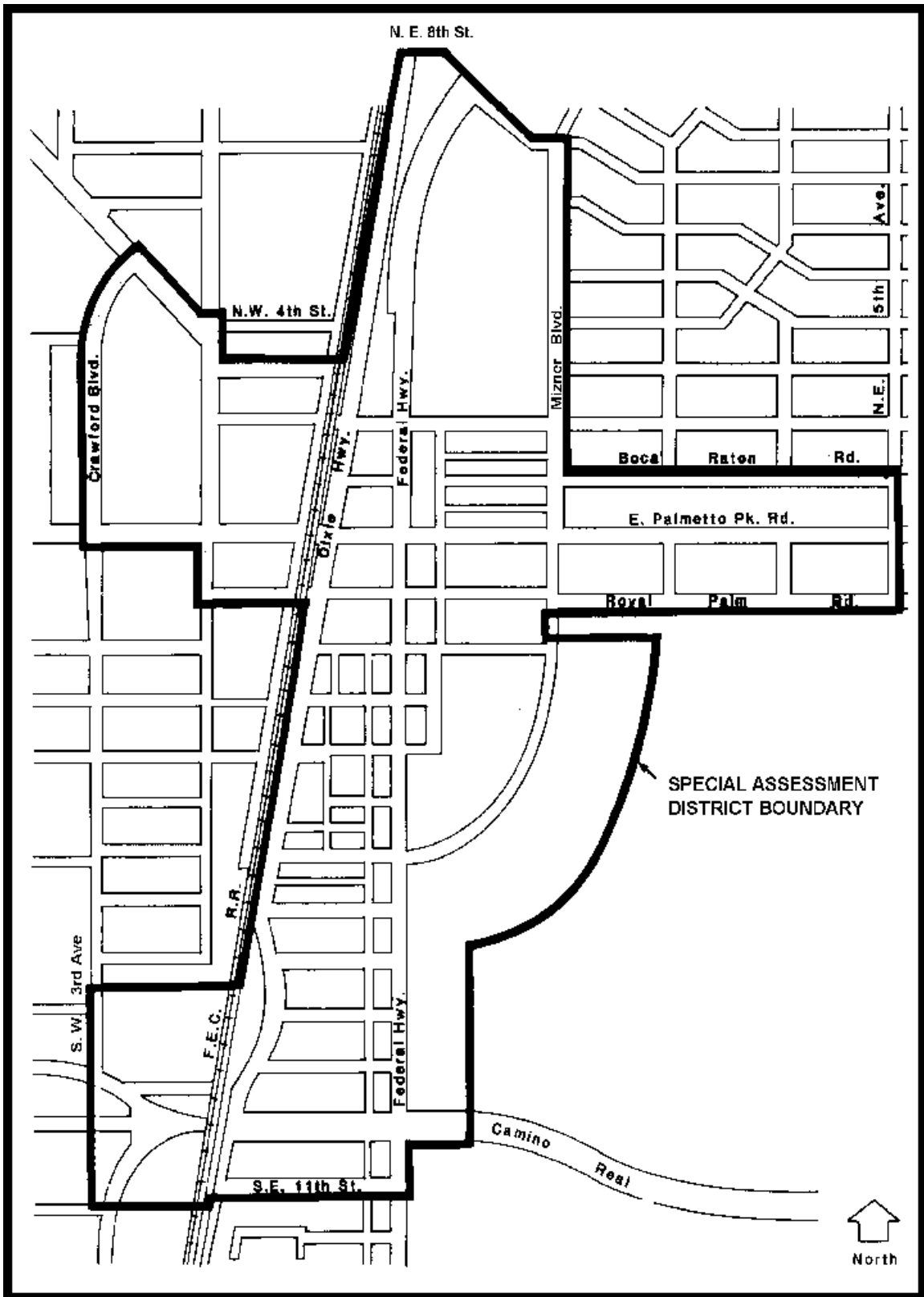
The analysis indicated that a typical Downtown property owner would receive at least \$7.00 in cumulative monetary benefits for every dollar of special assessment payments by the property owner.

Subsequent to the ruling of the Supreme Court, four (4) debt issues have been made. The first debt issue in 1992 was for \$9.2 million, a second in 1993 for \$3.975 million and a third in 2000 for \$3.180 million. In April of 2001, these debt issues were refinanced lowering the interest rate to 4.83%. In July 2009, the debt was again refinanced to lower the interest rate to 3.95%. In June 2010, the final debt issue of \$3,705,000 was made. The resultant debt schedule going forward is as follows:

**Table 1
Net Debt Service Schedule**

Year Ending July 1	2010 Series Bonds Net Debt Service	Prior Bond Net Debt Service	Total Net Debt Service
2010		\$1,070,453	\$1,070,453
2011		1,083,169	1,219,292
2012		1,082,319	1,208,294
2013	\$285,975	1,090,869	1,376,844
2014	282,775	1,093,519	1,376,294
2015	284,575	1,110,419	1,394,994
2016	285,450	1,121,119	1,406,569
2017	286,200	1,117,319	1,403,519
2018	285,950	1,122,319	1,408,269
2019	285,550	1,140,719	1,426,269
2020	284,769	1,146,919	1,431,688
2021	283,119	1,156,319	1,439,438
2022	286,294	1,162,388	1,448,681
2023	284,119		284,119
2024	286,769		286,769
2025	283,794		283,794
2026	285,356		285,356
2027	286,544		286,544
2028	281,744		281,744
2029	281,744		281,744
2030	<u>286,344</u>		<u>286,344</u>
Total	<u>\$5,127,071</u>	<u>\$14,497,847</u>	<u>\$19,887,014</u>

Map 2
Downtown Special Assessment District



Based upon public input from Downtown property owners, the first payment on the special assessment was delayed to January 1, 1996 and initial bond payments were spread over as many years as possible. The 2010 Bond Issue extended the final bond payment to 2030.

The calendar for each annual special assessment is generally as follows:

Late June* - Adoption of the preliminary assessment roll and establishment of the date and time of the equalization and adoption of the special assessment due the next January 1st.

Early July* - Mailing of notices to Downtown property owners of the proposed special assessment due the next January 1st and the date, time and location of the equalization hearing.

Early August* - Publication of the Notice in the newspaper of the date, time and location of the equalization hearing.

Mid August* - Last date for written objection to the amount of special assessment on individual properties. This date is set forth in the mailed notice and publication above.

Late August* - Equalization and adoption of the final assessment roll for payment due the next January 1st.

Early October - Mailing to Downtown property owners of special assessment bills due January 1st.

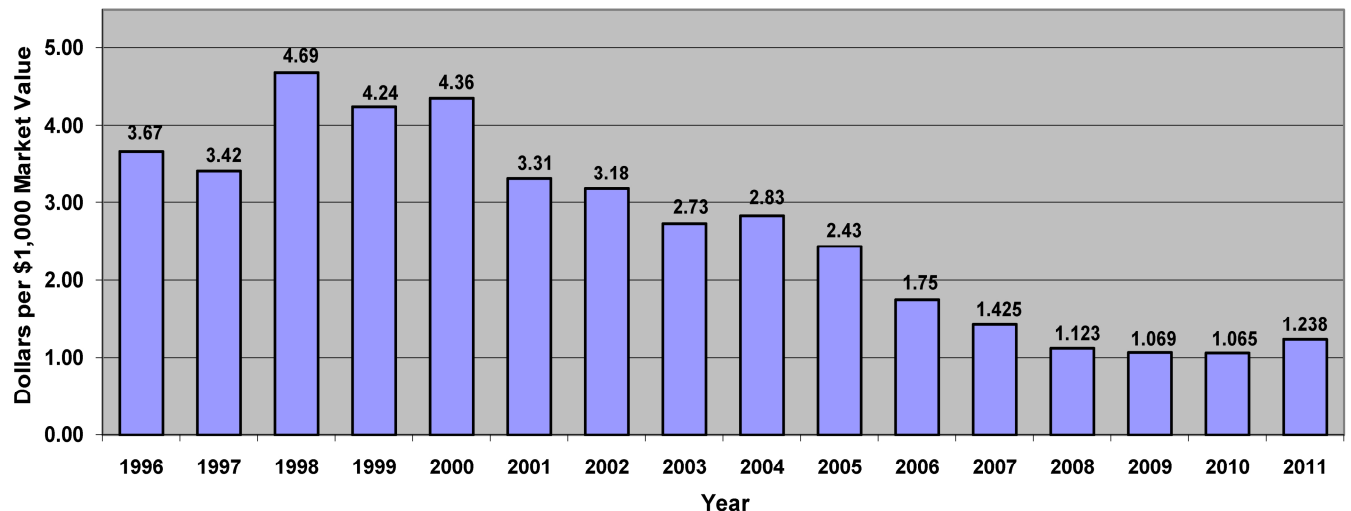
January 1 - Payments due.

*These dates may vary based upon the summer schedule of the City Council and the availability of changes in the certified tax roll after the value adjustment board.

In terms of new condominium units the individual units are not placed on the tax roll until the January 1st after the Certificate of Occupancy is issued. From that point it will be a year from the next October before the first individual unit bill will be issued. For example, a condominium completed in February of 2008, will go on the tax roll January 1, 2009, and the first special assessment bill to individual unit owners based upon the market value of their individual units will be in October of 2010 with a due date of January 1, 2011.

Since adoption of the special assessment, the special assessment rates in the Downtown have been as follows:

Graph 1
Special Assessment Rates



Based upon declining property values and the increase in net debt service in 2012, assessment rates determined by the bond covenants will increase over the next few years. After 2012 the assessment rate will decrease if real growth and appreciation of property occurs. If property values continue to decline and real growth does not occur assessment rates will continue to increase. In 2023, the assessment rate will decline approximately 80% because of the reduced net debt service, as shown in Table 1. The final special assessment will be made in 2030.

The Downtown special assessment is an integral part of the DDRI and Visions 90 Capital Improvements Program. In the six years prior to these programs, 75,000 square feet of new development was approved and built in the Downtown Area. Since implementation of these programs began, more than 3.3 million square feet of office equivalent development has been approved and over 2.4 million square feet of office equivalent development has been completed.

All recent Individual Development Approvals in the Downtown require disclosure of the Downtown Special Assessment prior to sale or transfer of the property. The Agency encourages all property owners to fully disclose the Downtown Special Assessment before the sale or transfer of any property Downtown.

Detailed questions regarding the Downtown Special Assessment should be directed to the City of Boca Raton Financial Services Department, (561) 393-7738.