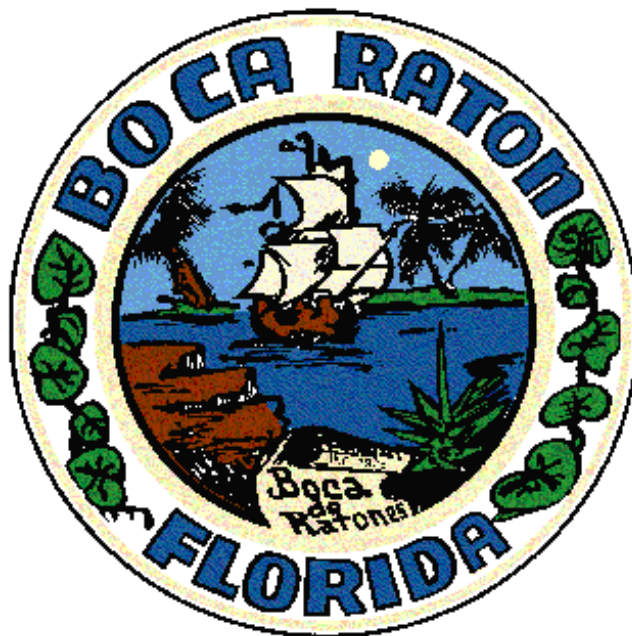


**HISTORY OF THE DOWNTOWN
SPECIAL ASSESSMENT
2009**



HISTORY OF THE DOWNTOWN SPECIAL ASSESSMENT

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 or under construction are:

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

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.

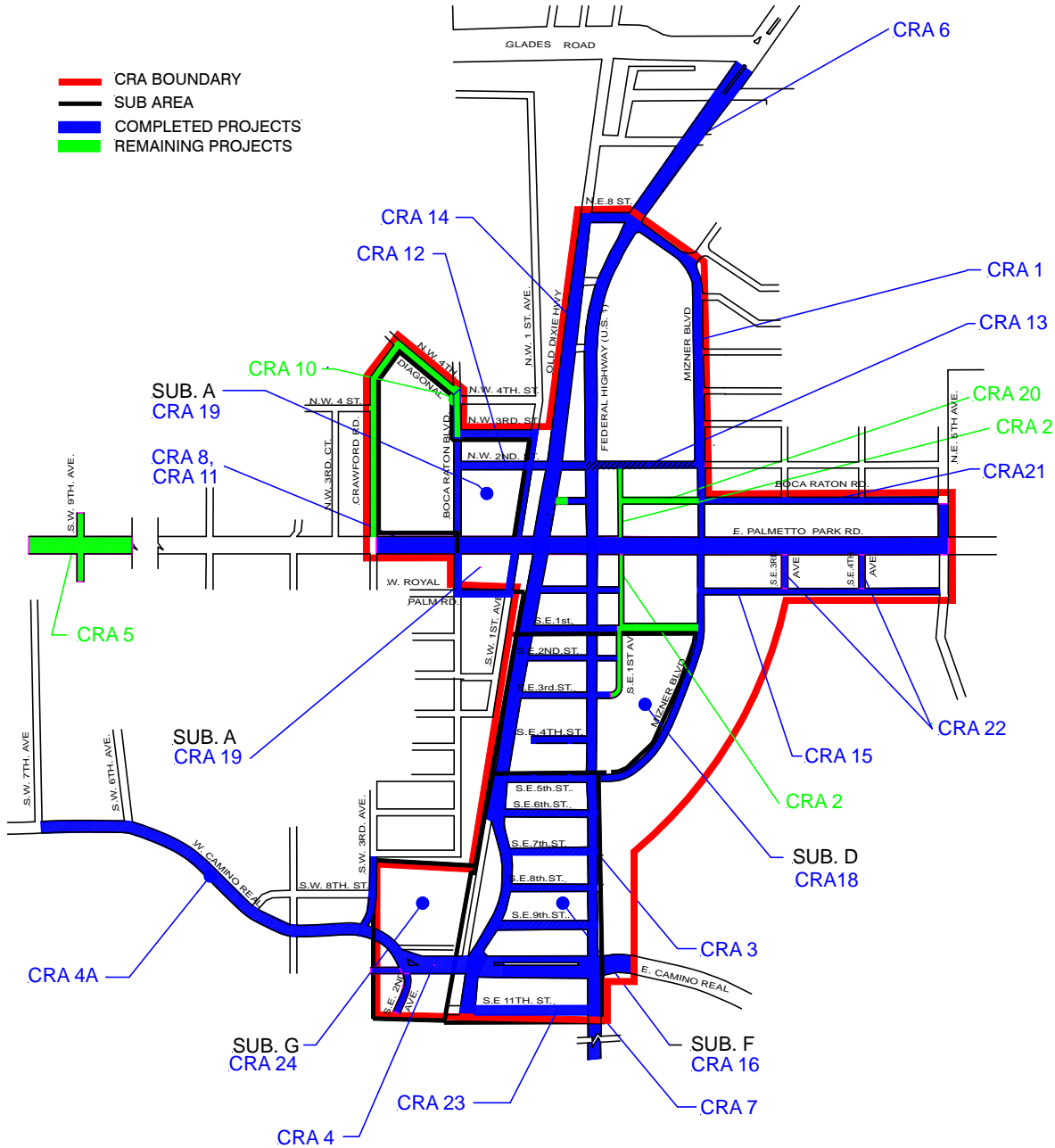
To objectively address the special assessment funding methodology, the Task Force participated in a comprehensive workshop/consensus building process. During this process, seven (7) alternative methodologies were fully evaluated. On February 9, 1989, after six months of deliberations, the Task Force 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, be 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 Palm Beach County Property Appraiser. 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 made based upon the ad valorem method approved in Resolution No. 128-90 and Resolution No. 129-90 by the Boca Raton City Council. Subsequent to the adoption of these resolutions, several property owners in the District litigated use of the ad valorem method in the District. On February 27, 1992, the Florida Supreme Court upheld 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, three (3) debt issues have been made. The first in 1992 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%.

Based upon public input from Downtown property owners, the first payment on the special assessment was delayed to January 1, 1996 and payments were spread over as many years as possible. The last special assessments payment will be in the year 2022.

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.

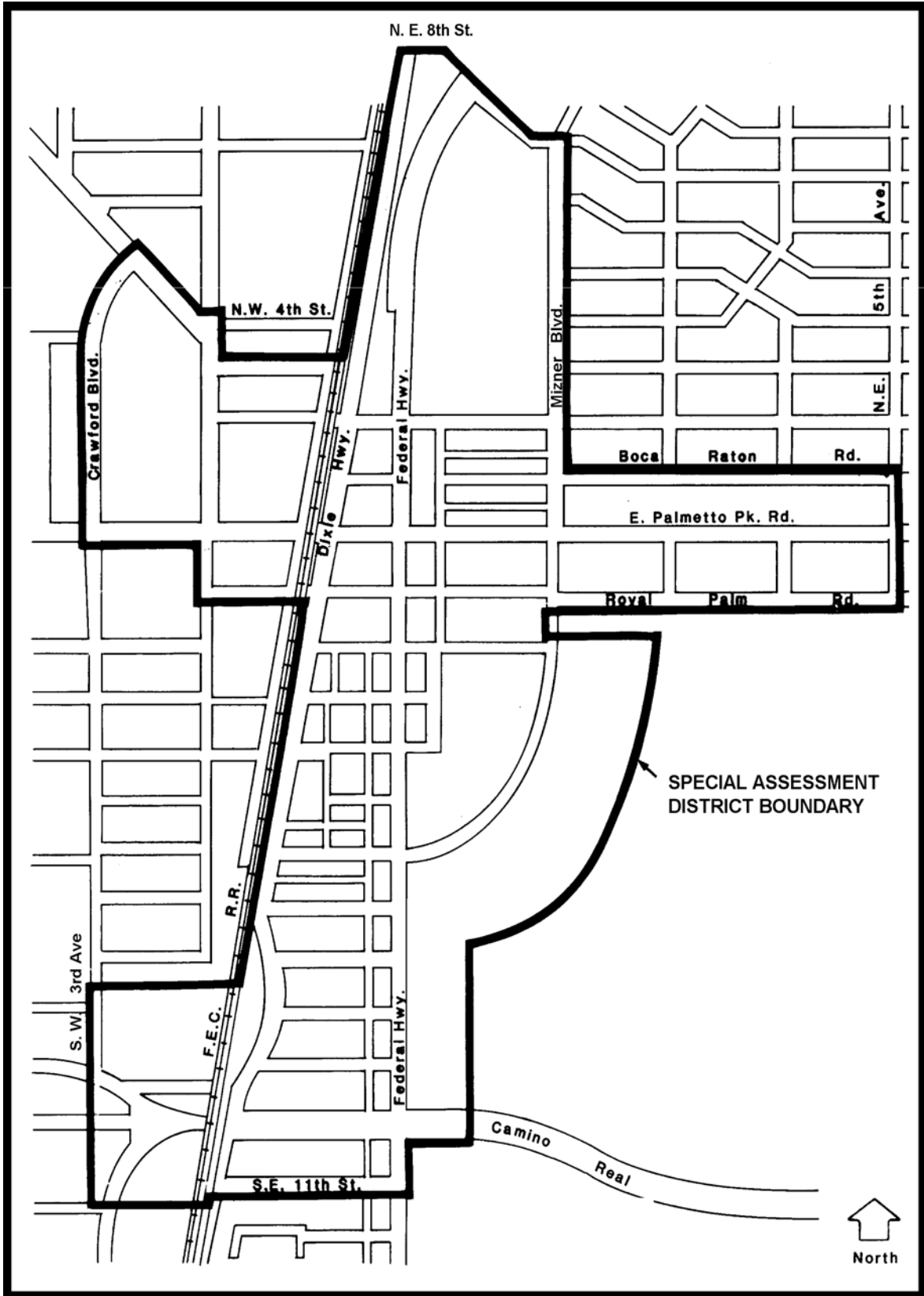
Early July - Mailing of notices to Downtown property owners of the proposed special assessment due the next January 1st and the date, time and location of the equalization hearing.

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.

Map 2 Downtown Special Assessment District



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

November 1 - Last date for qualified property owners to file an affidavit with the City Financial Services Department to defer special assessments.

January 1 - Payments due.

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. Prior to that date the special assessment bill(s) for the land prior to construction of the building shall be sent to the developer, association, or a pro-rata share to each individual unit owner based upon the ownership of the property at the time of billing.

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

January 1, 1996 \$3.67 per \$1,000 market value
January 1, 1997 \$3.42 per \$1,000 market value
January 1, 1998 \$4.69 per \$1,000 market value
January 1, 1999 \$4.24 per \$1,000 market value
January 1, 2000 \$4.36 per \$1,000 market value
January 1, 2001 \$3.31 per \$1,000 market value
January 1, 2002 \$3.18 per \$1,000 market value
January 1, 2003 \$2.73 per \$1,000 market value
January 1, 2004 \$2.83 per \$1,000 market value
January 1, 2005 \$2.43 per \$1,000 market value
January 1, 2006 \$1.75 per \$1,000 market value
January 1, 2007 \$1.425 per \$1,000 market value
January 1, 2008 \$1.123 per \$1,000 market value
January 1, 2009 \$1.069 per \$1,000 market value

Over the next few years, the special assessment rates may increase slightly as the final bond issue is made to fund the last two special assessment projects. However, in the long term, as the Downtown continues to develop, the assessment rate is expected to gradually decline.

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.