

# City of Sunrise, Florida Assessment Methodology Report to Fund the Public Parking Garages at Sawgrass Mills Mall

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# Table of Contents

- INTRODUCTION ..... 1
- OBJECTIVES ..... 3
- ASSESSMENT PROGRAM ..... 4
  - Description of Project ..... 4
  - Assessment Area Property Composition ..... 5
  - Financing Assumptions ..... 5
  - Standards for a Valid Special Assessment ..... 6
  - Special Benefit Assumptions ..... 7
  - Apportionment Methodology ..... 9
  - Prepayment of Assessments ..... 10
  - Maximum Annual Assessment Amounts ..... 12
  - Annual Calculations ..... 13

# List of Tables and Figures

|  |    |
|--|----|
| Figure 1—Parking Garages Assessment Area .....                         | 1  |
| Table 1—Sawgrass Mills DRI Permitted and Developed Square Footage..... | 4  |
| Table 2—List of Parcels.....   | 5  |
| Table 3—Tax Parcel Building Adjusted Square Footage.....               | 10 |
| Table 4—Initial Prepayment Amounts by Tax Parcel .....                 | 11 |
| Table 5—Adjusted Prepayment Amounts by Tax Parcel .....                | 11 |
| Table 6—Maximum Annual Assessment Calculations .....                   | 12 |
| Table 7—Maximum Annual Assessment Rate .....                           | 12 |
| Table 8—Maximum Annual Assessment Amounts by Tax Parcel .....          | 13 |

## Appendices

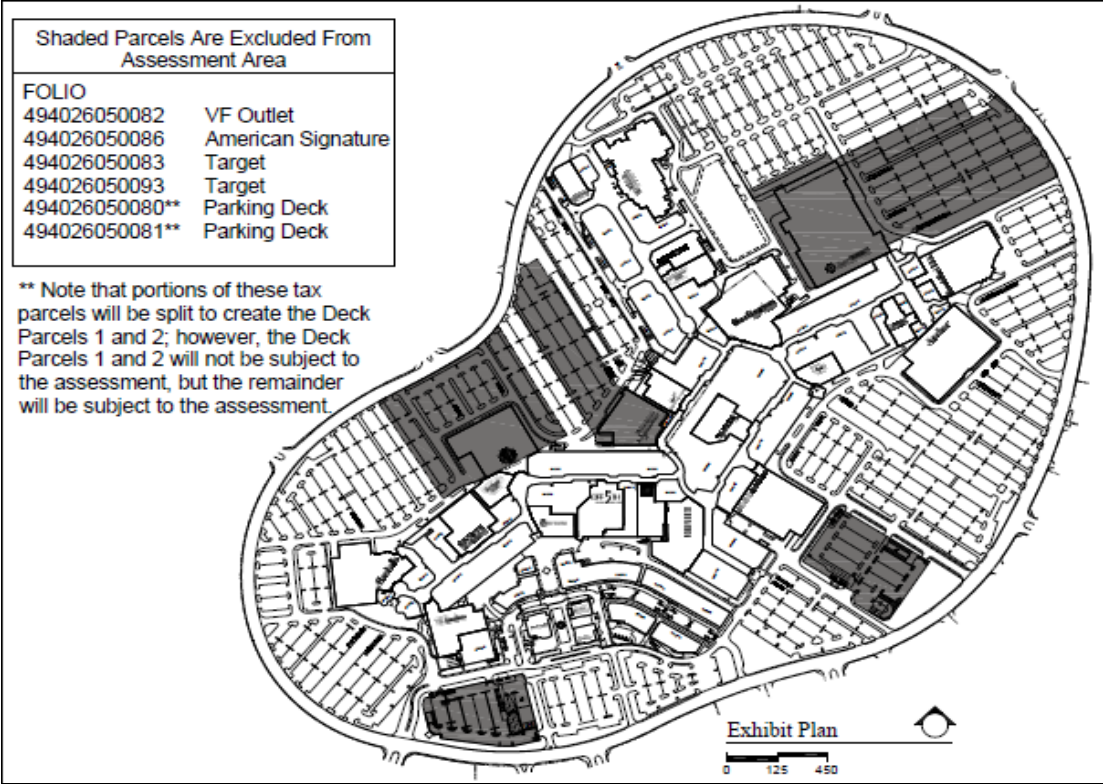
Appendix A—Debt Service Schedule

# Introduction

Government Services Group, Inc. ("GSG") has been engaged to assist the City of Sunrise ("City") in developing a special assessment program to fund the development, design, construction, equipment, installation and financing of two public parking garage structures to be owned by the City and located on land owned by Sawgrass Parking Deck, LLC (the "Deck Parcels Owner") within the City, together with (i) necessary improvements to public infrastructure, intersections, traffic signalization and rights-of-way and (ii) a portion of necessary improvements to parking lots and related work on land owned by Sawgrass Mills Phase II Limited Partnership, Sawgrass Mills Phase III Limited Partnership, Sawgrass Mills Phase IV Limited Partnership, and Sunrise Mills (MLP) Limited Partnership (collectively, the "Benefitted Owners"; the Benefitted Owners and the Deck Parcels Owner are collectively referred to as the "Developer"), all to be located at the Sawgrass Mills Mall (collectively, the "Parking Garages Project").

The proposed special assessment program (Parking Garages Assessment Program) will be imposed by the City and collected pursuant to the separate bill collection method commencing in Fiscal Year 2015-16 and will transition to the uniform method of collection pursuant to section 197.3632, Florida Statutes. The Parking Garages Assessment will be imposed on properties within the Parking Garages service area illustrated in Figure 1 (Parking Garages Assessment Area). In addition to the direct and special benefit to the properties within the Parking Garages Assessment Area, because of the unique and special nature of Sawgrass Mills Mall, the Parking Garages Project will also serve a public purpose and further the health, safety and welfare of the inhabitants of the City, as described in the section entitled, "Special Benefits Assumptions," of this Assessment Methodology Report.

**Figure 1**  
**Parking Garages Assessment Area**



The objective of the Parking Garages Assessment Program is to develop non-ad valorem assessments sufficient to pay the Project Cost of the Parking Garages Project and all related costs described herein, based on public policy set forth by the City's elected officials within the constraints of readily available data and case law precedent. This Assessment Methodology Report provides the following: (1) identifies the proposed Parking Garages Project, (2) describes the apportionment methodology including all underlying assumptions, and (3) provides the assessment rate calculations.

# Objectives

The City retained GSG to develop a special assessment program capable of funding the costs associated with the Parking Garages Project; the special assessments will be collected using the separate bill collection method commencing in Fiscal Year 2015-16 and will transition to the uniform method of collection pursuant to section 197.3632, Florida Statutes. The Uniform Method requires the use of data available on the ad valorem tax roll. Accordingly, the challenge for GSG is to develop a non-ad valorem assessment program which uses property information that is or will be on the ad valorem tax roll.

The Parking Garages Assessments are required to meet the Florida case law requirements for a valid special assessment. These requirements are:

- The services or facilities provided must provide a special benefit to the property being assessed; and,
- The costs assessed must be fairly and reasonably apportioned among the properties that receive the special benefit.

To this end, GSG has been charged to fully cost the proposed project, to develop a fair and reasonable apportionment methodology for such assessable costs and determine assessment rates and parcel classifications that are accurate, fair and reasonable. GSG performed the following tasks in accomplishing the project objectives:

- Evaluated the Parking Garages Project to identify the properties within the Parking Garages service area benefitted by the project (Parking Garages Assessment Area).
- Determined the anticipated relative benefit derived by the affected properties within the Parking Garages Assessment Area from the construction of the Parking Garages Project.
- Recommended the fair and reasonable apportionment of assessable costs among the benefitted parcels.
- Based on the full costs of constructing the proposed Parking Garages Project, determined what other costs should be recovered by the assessments.
- Reviewed such final cost determination with the City staff, consultants and financial advisors to confirm that all elements provide the requisite special benefit to the assessed property.
- Calculated assessment rates for the assessment program.
- Ascertained that the assessment rates and parcel classifications recommended conform to the statutory requirements of the Uniform Method.

# Assessment Program

## DESCRIPTION OF PROJECT

The Parking Garages Project includes the design, permitting and construction of two public parking garages and ancillary infrastructure located within the Sawgrass Mills Mall pursuant to a Parking Garages Construction and Development Agreement (Construction and Development Agreement) between the City and the Developer. Members of the Developer, which are owners of the majority of the property within the Sawgrass Mills Mall have proposed the expansion of the Sawgrass Mills Mall. The Sawgrass Mills Mall is within the Sawgrass Mills Development of Regional Impact (DRI) which was approved by Ordinance 893-X in 2002, as amended. The development order authorizes 3,342,000 square feet of retail space, 200,000 square feet of office space, 396 residential units and a 700 room hotel. The DRI has a build out date of December 2018 and a termination date of December 2019. Table 1 provides the permitted and developed square footage as of August 2014.

**Table 1**  
**Sawgrass Mills DRI Permitted and Developed Square Footage**

| Use                      | Permitted       | Developed       | Remainder     |
|--------------------------|-----------------|-----------------|---------------|
| Retail                   | 3,342,000 sq ft | 2,848,056 sq ft | 493,944 sq ft |
| Retail Mall              |                 | 2,364,522 sq ft |               |
| Retail Out Parcels       |                 | 483,534 sq ft   |               |
| Office - Out Parcels     | 200,000 sq ft   | 35,397 sq ft    | 164,603 sq ft |
| Residential - TAO Condos | 396 units       | 396 units       | None          |
| Hotel                    | 700 rooms       | Undeveloped     | 700 rooms     |

Source: Sawgrass Mills DRI Annual Report (August 2014)

The City approved a site plan for one parking garage under Section 16-31 of the City Code on December 10, 2013 (via Resolution 13-197 and Final Order); this is a five-level parking garage consisting of 1,685 parking spaces. This first additional parking garage will increase the total number of parking spaces for the Sawgrass Mills Mall from 10,123 to 11,697 to provide sufficient parking spaces for a proposed new addition to the Colonnade at Sawgrass and for the existing Sawgrass Mills Mall. [Note: Beginning parking spaces are 10,123 with a reduction of 521 spaces due to the garage construction. Additional parking spaces in the new garage are 1,685 with 410 parking spaces due to additional surface parking.]

Pursuant to the Construction and Development Agreement, the Deck Parcels Owner has agreed to ground-lease to the City the tax parcels upon which the parking garages will be constructed. The City and the Deck Parcels Owner will execute a Sublease Agreement and the City and the Developer will execute an Easement and Operating Agreement, both at bond closing for the Deck Parcels Owner to operate, manage and maintain the parking garages consistent with the Construction and Development Agreement. The City will pay for the construction of the two parking garages from the proceeds of assessment bonds issued by the City.

## ASSESSMENT AREA PROPERTY COMPOSITION

The City provided GSG with information from the ad valorem tax roll from the Broward County Property Appraiser's office to develop the assessment roll for the Parking Garages Assessment Area. Table 2 provides a listing of the parcels within the Parking Garages Assessment Area as well as their property use codes and the 2014 Just Value.

**Table 2**  
**List of Parcels**

| FOLIO                     | OWNER  | DOR USE CODE | DESCRIPTION              | 2014 JUST VALUE |
|---------------------------|--|--------------|--------------------------|-----------------|
| 494026050087              | SAWGRASS MILLS PHASE II LIMITED PARTNERSHIP  | 15           | Regional Shopping Center | \$17,378,390    |
| 494026050077              | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 15           | Regional Shopping Center | \$3,594,350     |
| 494026050084              | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 15           | Regional Shopping Center | \$5,945,190     |
| 494026050088              | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 15           | Regional Shopping Center | \$73,689,900    |
| 494026050091              | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 32           | Enclosed Theater         | \$5,382,040     |
| 494026050085              | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 28           | Parking Lots             | \$7,639,530     |
| 494026050078              | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 13           | Department Stores        | \$443,850       |
| 494026050079              | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 13           | Department Stores        | \$1,162,150     |
| 494026050080 <sup>1</sup> | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 15           | Regional Shopping Center | \$343,742,780   |
| 494026050081 <sup>2</sup> | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 13           | Department Stores        | \$8,657,690     |
| 494026050092              | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 28           | Parking Lots             | \$6,780,080     |

<sup>1, 2</sup> Note that portions of these tax parcels will be split to create the Deck Parcels; however, the Deck Parcels will not be subject to the assessment

Source: 2014 Ad Valorem Tax Roll Files

The land within the Parking Garages Assessment Area is owned by the Developer; however, parcels owned by the Deck Parcels Owner will not be subject to assessment. There are four other properties owned by Vanity Fair Outlet, Inc., Target Corporation (owns two separate properties) and American Signature, Inc. that are not included in the Parking Garages Assessment Area because they are not currently part of the expansion of the Colonnade at Sawgrass and their properties currently have sufficient parking spaces pursuant to the City's land development regulations.

## FINANCING ASSUMPTIONS

It is assumed that the Parking Garages Project assessable costs will be financed by the City over a period of 30 years through Special Assessment Bonds. Based on the net assessable costs to be generated (\$64.0 million), the annual debt service is based on the following assumptions:

- Construction Cost is \$64 million
- Contingency is estimated at \$510,486.89
- Interest Rate is All-In TIC of 7.372% (preliminary and subject to change based on credit and market factors)
- Dated Date is December 2, 2014

- First interest payment date will be May 1, 2015
  
- Two Payments per year
  - Interest on May 1 and November 1
  - Principal on May 1
  
- Debt Service Reserve (Maximum Annual Debt Service) current estimate is approximately \$6,343,621.00
- Capitalized Interest through November 1, 2015 is approximately \$4,905,809.11
- Cost of Issuance is approximately \$630,900.00
- Underwriters Discount is approximately \$609,183.00

## **STANDARDS FOR A VALID SPECIAL ASSESSMENT**

Municipalities may impose special assessments under their home rule authority. As established by case law, two requirements exist for the imposition of a valid special assessment: (1) the property assessed must derive a special benefit from the improvement or service provided, and (2) the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit. City of Boca Raton v. State, 595 So. 2d 25 (Fla. 1992).

The test to be applied in evaluating whether a special benefit is conferred on property by the provision of a service or facility is whether there is a “logical relationship” between the services provided and the benefit to real property. Whisnant v. Stringfellow, 50 So. 2d 885 (Fla. 1951). This logical relationship to property test defines the line between those services or improvements that can be funded by special assessments and those failing to satisfy the special benefit test. Governmental functions such as indigent health care, general law enforcement activities and the general provision of government fail to bear a logical relationship to property and thus are required to be funded by taxes. Examples of services or facilities that possess a logical relationship to property, and thus can be funded wholly or partially by special assessments are: solid waste collection and disposal, stormwater management, street improvements, water and wastewater services and downtown redevelopment.

The benefit required for a valid special assessment consists of more than simply an increase in market value and includes both potential increases in value and the added use and enjoyment of the property. Although the benefit derived need not be direct and immediate, the benefit must be special and peculiar to the property assessed and not a general benefit to the entire community. If a specific project provides a general community benefit, but still provides a unique special benefit to specific property, a portion of the project cost may be eligible for assessment against the benefited property. The Florida Supreme Court upheld an assessment imposed by a municipality to fund construction of roadway and median improvements, street lights and street monuments. See City of Winter Springs v. State, 776 So.2d 255 (Fla. 2001).

An improvement or service which specially benefits the assessed properties must also be "fairly and reasonably apportioned among the benefited properties." See City of Boca Raton v. State, 595 So. 2d 25 (Fla. 1992); Parrish v. Hillsborough County, 123 So. 830 (Fla. 1929). For example, in South Trail Fire Control Dist. Sarasota County v. State, 273 So. 2d 380 (Fla. 1973), the Court upheld the apportionment scheme that assessed business and commercial property on an area basis while other property was assessed on a flat rate basis. The Supreme Court held that the manner of the assessment's apportionment is immaterial and may vary provided that the amount of the assessment for each property does not exceed the proportional benefits it receives as compared to other properties. Although there are a wide variety of allocation methods that have passed judicial muster, the method applied to each specific assessment program must reasonably represent the relative amount of special benefit to be derived by the assessed property.

However, improper apportionment will defeat a special assessment when a special benefit is otherwise available. In City of Ft. Lauderdale v. Carter, 71 So. 2d 260 (Fla. 1954), a special assessment for garbage, waste and trash collection was apportioned based upon the value of the property. The Court held this assessment to be invalid in that apportioning on the basis of value did not bear any reasonable relationship to the services provided.

In comparison, the Supreme Court in City of Naples v. Moon, 269 So. 2d 355 (Fla. 1972), found that the levying of a special assessment for improved parking facilities was valid because the City established specific guidelines to measure the benefits accruing to the assessed property. The guidelines were the value of the property benefited, relative floor space of each improved property, its kind, susceptibility to improvement, and the maximum annual benefits to be conferred thereon See City of Naples, 269 So. 2d at 358.

Finally, in determining the reasonableness of the apportionment, courts generally give deference to the legislative determination of a local government See Harris v. Wilson, 693 So.2d 945 (Fla. 1997). In Sarasota County v. Sarasota Church of Christ, 667 So. 2d 180 (Fla. 1995), the Supreme Court stated, "[T]he legislative determination as to the existence of special benefits and as to the apportionment of the costs of those benefits should be upheld [by the courts] unless the determination is arbitrary." See Sarasota County v. Sarasota Church of Christ, 667 So. 2d at 184.

## **SPECIAL BENEFIT ASSUMPTIONS**

The Developer of the Sawgrass Mills Mall has proposed the expansion of the Sawgrass Mills Mall. The City's land development regulations require one (1) parking space per three hundred (300) square feet of gross leasable area. The purpose of the Parking Garages Project is to provide parking spaces for future expansion of the Sawgrass Mills Mall. The Parking Garages Project will provide long term parking for the Colonnade at Sawgrass and the rest of Sawgrass Mills Mall, thus providing a direct and special benefit to the properties within the Parking Garages Assessment Area.

In addition to the direct and special benefit to the properties within the Parking Garages Assessment Area, because of the unique and special nature of Sawgrass Mills Mall, the Parking Garages Project will also serve a public purpose and further the health, safety and welfare of the inhabitants of the City, all as more specifically described in Resolution No. 14-76 duly adopted on August 12, 2014 by the City Commission of the City (the "Inducement Resolution"). In the Inducement Resolution, the City

Commission found and determined that the following aspects of the Parking Garages Project would serve a public purpose and further the health, safety and welfare of the inhabitants of the City:

The City-owned public parking structures will enhance the public safety and welfare by providing the City's police department with a training facility, as well as a public safety command post. One or both of the parking structures will be designed and constructed to provide training spaces for the City's police department and to accommodate a local public safety command post.

Additionally, one or both of the garages will be designed and constructed to accommodate a rooftop police observation tower or towers and equipped with outward viewing video surveillance cameras, to be owned and operated by the City, thus enhancing the safety and security for the millions of annual visitors to Sawgrass Mills and the surrounding area.

The City-owned public parking structures will further enhance the public safety and welfare by providing the City's fire department with a training facility. One or both of the parking structures will be designed and constructed to incorporate a "fire tower" which will provide a training site for the City's fire department personnel.

The City-owned public parking structures will further advance the public safety and welfare by providing space for the temporary storage of City-owned vehicles and equipment during hurricanes and other emergency situations. In furtherance of its mutual aid agreements with local governmental bodies, to the extent space is available, the City also intends to allow neighboring municipalities and local governments to utilize the parking structures for the temporary storage of their vehicles and equipment in emergency situations.

Sawgrass Mills is a unique destination location within the City that attracts millions of visitors each year and serves as a significant economic and financial engine within the City. Sawgrass Mills attracts visitors from throughout Florida, as well as visitors from other states and from foreign jurisdictions in tremendous numbers. Most, if not all, visitors to Sawgrass Mills arrive in their own automobiles or rental cars and require parking, thus creating significant traffic congestion and traffic hazards on the public roadways surrounding the Sawgrass Mills development. The proposed parking garage structures to be owned by the City and constructed on the Sawgrass Mills property owned by the Deck Parcels Owner will alleviate the traffic congestion and facilitate the flow of traffic on the public roadways surrounding Sawgrass Mills. Additionally, by reducing the time that it takes for visitors to find parking at Sawgrass Mills and thus reducing the number of cars continuously driving on the perimeter public roadways in search of parking, the incidence of traffic accidents and the threat of injury resulting therefrom should be significantly reduced.

The City-owned parking structures will provide additional parking capacity for visitors to the BB&T Center owned by Broward County, Florida (County) enabling the City to offer a formalized parking arrangement to the County and/or an operating company duly authorized to act on behalf of the County, thus further alleviating traffic congestion, facilitating traffic flow and reducing the risk of traffic accidents and injury during the multitude of events held at the County-owned BB&T Center.

The City-owned parking structures will provide additional parking capacity for users of the proposed Metropica transit center, enabling the City to offer a formalized over-flow parking arrangement to the owner and/or an operating company duly authorized by such owner of the proposed Metropica transit center for parking within the City-owned garages, thus bolstering and enhancing the County's efforts to promote development in areas served by regional transit centers and the use of mass transportation facilities on a County-wide basis.

By providing additional parking through the City-owned parking structures and potentially freeing up spaces in the surface parking lots at Sawgrass Mills, the frequent parking problems confronting the owners of retail and other commercial establishments bordering Sawgrass Mills will be alleviated, since visitors to Sawgrass Mills will not need to utilize the parking facilities of such other retail and commercial establishments. By allowing visitors to these other retail and commercial establishments to park more easily at such retail and commercial establishments and avoid the need to continuously drive on the public roadways surrounding such retail and commercial establishments in search of parking, traffic congestion will be alleviated, traffic flow will be improved and the risk of traffic accidents and injury will be reduced.

As a result of increasing the available parking at Sawgrass Mills, the Benefitted Owners expect to increase the size of the mall by a substantial amount. The expansion of the mall will lead to significant employment opportunities for City residents and residents of neighboring municipalities, thus increasing gainful employment in the area and enhancing the economic prosperity and welfare of the City and its inhabitants. More specifically, the expansion of Sawgrass Mills is expected to create approximately 800 temporary jobs during the construction phase of the expansion. Upon completion of the expansion, the expanded mall is expected to generate in excess of 1,000 new and permanent retail jobs.

As a result of increasing the available parking at Sawgrass Mills and the resulting expansion of the mall, approximately five million additional visitors are expected to visit Sawgrass Mills annually. The direct and indirect financial impact of this increase in visitors and the corresponding increased economic activity within the City is expected to be substantial. Moreover, as a direct result of the capital investment accompanying the expansion of Sawgrass Mills, the City's ad valorem tax base will be substantially increased, thus resulting in additional ad valorem tax receipts to the City which will bolster the City's financial resources.

In furtherance of the State of Florida and the City's energy efficiency and conservation policies, the City-owned parking structures are to be designed and constructed to encourage energy efficiency and conservation by installing charging stations for electric vehicles in prime parking locations, by providing prime parking spaces for hybrid vehicles, and by the use of energy efficient lighting.

In furtherance of the City's "healthy communities" initiative and to promote and enhance the physical well-being of the City's inhabitants, the City-owned parking structures and right-of-way improvements will include bicycle racks and storage facilities, lockers and public walkways.

## **APPORTIONMENT METHODOLOGY**

All parcels within the Parking Garages Assessment Area benefit from the Parking Garages Project. The proposed apportionment methodology allocates the assessable costs among the tax parcels based on the adjusted square footage of the buildings on each tax parcel as assigned by the Broward County Property Appraiser.

The following assumptions support findings that the apportionment methodology is fair and reasonable.

- The assessment of the buildings by adjusted square footage as assigned by the Broward County Property Appraiser is fair and reasonable because the number of parking spaces required for new development is determined by the gross leasable area of the building per the City's land development regulations.

- The assessment of the buildings by adjusted square footage as assigned by the Broward County Property Appraiser is fair and reasonable because the increase in value is determined and measured by the adjusted square footage of structures and improvements within benefited parcels.
- The exclusion of the tax parcels which are currently designated as parking lots is fair and reasonable because these tax parcels do not contain building improvements.
- The exclusion of the tax parcels upon which the Parking Garages will be located is fair and reasonable because these tax parcels contain the improvements which provide the special benefit that is to be derived from the Parking Garages Project.

The amount of the assessable costs was divided by the total amount of adjusted square footage as assigned by the Broward County Property Appraiser to compute the Parking Garages Assessment amount per square foot. For each tax parcel, the amount of adjusted square footage located on the parcel will be multiplied by the adjusted square footage rate to compute the assessment amount for the parcel. Based on the above methodology, Table 3 summarizes the amount of adjusted square footage for each tax parcel within the Parking Garages Assessment Area.

**Table 3**  
**Tax Parcel Building Adjusted Square Footage**

| <b>FOLIO</b> | <b>OWNER</b>                                 | <b>EXISTING BUILDING<br/>SIZE ADJUSTED SQ FT</b> |
|--------------|--|--|
| 494026050087 | SAWGRASS MILLS PHASE II LIMITED PARTNERSHIP  | 120,755  |
| 494026050077 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 32,508   |
| 494026050084 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 57,921   |
| 494026050088 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 232,763  |
| 494026050091 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 28,054   |
| 494026050085 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 0  |
| 494026050078 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 7,987  |
| 494026050079 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 18,252   |
| 494026050080 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 1,835,482  |
| 494026050081 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 79,016   |
| 494026050092 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 0  |
|              |  | <b>2,412,738</b>                                 |

Source: Preliminary Assessment Roll

## **PREPAYMENT OF ASSESSMENTS**

In a typical assessment program, property owners are allowed to prepay their assessment amounts prior to financing to avoid additional financing costs and are provided additional prepayment opportunities at any time after the money has been borrowed, subject to financing costs.

**Prior to Borrowing Money:** An "initial prepayment amount" (IPP) for each parcel was computed by dividing the project costs by the total number of billing units within the Parking Garages Assessment Program. Each property owner may be provided with the opportunity to prepay the assessment at this rate prior to certain date. Amounts received by the City from prepayments would be used to pay the construction costs and decrease the amount of money to be borrowed. All initial prepayment amounts must be paid in full – partial payments will not be accepted.

If a property owner chooses to prepay the proposed capital improvements assessment in full without financing costs, the adopted initial prepayment (IPP) amount is \$26.80 per square foot. Table 4 provides the IPP for each tax parcel within the Parking Garages Assessment Area.

**Table 4**  
**Initial Prepayment Amounts by Tax Parcel**

| <b>FOLIO</b> | <b>OWNER</b>                                 | <b>INITIAL PREPAYMENT<br/>AMOUNT BY OWNER</b> |
|--------------|--|---|
| 494026050087 | SAWGRASS MILLS PHASE II LIMITED PARTNERSHIP  | \$3,236,234.00                                |
| 494026050077 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$871,214.40                                  |
| 494026050084 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$1,552,282.80                                |
| 494026050088 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$6,238,048.40                                |
| 494026050091 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$751,847.20                                  |
| 494026050085 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | N/A   |
| 494026050078 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$214,051.60                                  |
| 494026050079 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$489,153.60                                  |
| 494026050080 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$49,190,917.60                               |
| 494026050081 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$2,117,628.80                                |
| 494026050092 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | N/A   |
|              |  | <b>\$64,661,378.40</b>                        |

**Following the Borrowing of Money:** For most capital assessment programs, once the money has been borrowed, the initial prepayment amount is increased proportionally based on the costs related to financing the borrowed money, for all remaining property, so that the aggregate "adjusted prepayment amount" (APP) is equal to the total amount of money borrowed plus any financing costs. The adjusted prepayment amount is reduced annually to reflect the principal component of each annual assessment payment. Property owners are entitled at any time to prepay the balance of the remaining assessment at this rate. All adjusted prepayment amounts must be paid in full – partial payments will not be accepted.

If a property owner chooses to prepay the proposed capital improvements assessment, the beginning adjusted prepayment (APP) amount is \$33.60 per square foot. Table 5 provides the APP for each tax parcel within the Parking Garages Assessment Area.

**Table 5**  
**Adjusted Prepayment Amounts by Tax Parcel**

| <b>FOLIO</b> | <b>OWNER</b>                                 | <b>ADJUSTED PREPAYMENT<br/>AMOUNT BY OWNER</b> |
|--------------|--|--|
| 494026050087 | SAWGRASS MILLS PHASE II LIMITED PARTNERSHIP  | \$4,057,368.00                                 |
| 494026050077 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$1,092,268.80                                 |
| 494026050084 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$1,946,145.60                                 |
| 494026050088 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$7,820,836.80                                 |
| 494026050091 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | \$942,614.40                                   |
| 494026050085 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | N/A  |
| 494026050078 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$268,363.20                                   |
| 494026050079 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$613,267.20                                   |
| 494026050080 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$61,672,195.20                                |
| 494026050081 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | \$2,654,937.60                                 |
| 494026050092 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | N/A  |
|              |  | <b>\$81,067,996.80</b>                         |

## MAXIMUM ANNUAL ASSESSMENT AMOUNTS

Table 6 provides the calculation of the maximum annual assessment amounts based on the following assumptions:

- The maximum annual debt service amount is approximately \$6,343,621.00 as provided in Appendix A.
- Because the City will transition to the Uniform Method, the costs associated with that collection method are included as follows:
  - The Department of Revenue Collection costs are the costs for the City to bill and collect the assessments using the tax bills mailed annually around November 1<sup>st</sup> by the Broward County Department of Revenue Collection and are estimated at 2% of the annual assessment revenue.
  - Property Appraiser costs are the costs for the services provided by the Broward County Property Appraiser and are estimated at 2% of the annual assessment revenue.
  - Statutory Discount reflects a 95% collection of the annual assessment to cover the 4% statutory discount allowed by the Uniform Method and 1% reserve for under collection. Accordingly, the statutory discount is budgeted at 5% of the annual assessment revenue.

**Table 6**  
**Maximum Annual Assessment Calculations**

|   |  |                    |
|---|--|--------------------|
| Annual Debt Service                           | Debt Service                           | \$6,343,621        |
| Tax Collector Costs                           | Estimated at 2% of Annual Debt Service | \$126,872          |
| Property Appraiser Costs                      | Estimated at 2% of Annual Debt Service | \$126,872          |
| Statutory Discount                            | Estimated at 5% of Annual Debt Service | \$317,181          |
| <b>Total Maximum Annual Assessment Amount</b> |  | <b>\$6,914,547</b> |

Table 7 provides the calculation of the maximum annual assessment rate. To avoid the unnecessary costs of new proceedings which would have to be undertaken in the event that the maximum annual assessment rate is exceeded, GSG utilized the modified adjusted square footage in the calculation of the maximum annual assessment rate to provide for contingency. The modified adjusted square footage represents 95% of the actual adjusted square footage (2,412,738 sq ft x 95% = 2,292,101 sq ft). Based on the maximum annual assessment requirements in Table 6 and the modified adjusted square footage, the maximum annual assessment rate is \$3.10 per square foot.

**Table 7**  
**Maximum Annual Assessment Rate**

|   |   |                    |
|---|---|--------------------|
| <b>Total Maximum Annual Assessment Amount</b> |   | <b>\$6,914,547</b> |
| Modified Adjusted Square Footage              | Modified at 95% of Actual Adjusted Square Footage | 2,292,101          |
| <b>Maximum Annual Assessment Amount/Sq Ft</b> |   | <b>\$3.10</b>      |

Table 8 provides the maximum annual assessment amounts for each tax parcel within the Parking Garages Assessment Area based on the maximum annual assessment rate of \$3.10 per square foot multiplied by the actual adjusted square footage for the tax parcel and illustrates the effects of the contingency (i.e., assessment revenue generated at \$3.10 per square foot is \$7,479,487.80, representing almost \$565,000 in contingency).

**Table 8**  
**Maximum Annual Assessment Amounts by Tax Parcel**

| <b>FOLIO</b> | <b>OWNER</b>                                 | <b>EXISTING<br/>BUILDING ADJ SQ<br/>FT</b> | <b>MAXIMUM<br/>ANNUAL<br/>ASSESSMENT<br/>RATE</b> | <b>MAXIMUM ANNUAL<br/>ASSESSMENT AMOUNT<br/>BY OWNER</b> |
|--------------|--|--|---|--|
| 494026050087 | SAWGRASS MILLS PHASE II LIMITED PARTNERSHIP  | 120,755                                    | \$3.10  | \$374,340.50   |
| 494026050077 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 32,508                                     | \$3.10  | \$100,774.80   |
| 494026050084 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 57,921                                     | \$3.10  | \$179,555.10   |
| 494026050088 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 232,763                                    | \$3.10  | \$721,565.30   |
| 494026050091 | SAWGRASS MILLS PHASE III LIMITED PARTNERSHIP | 28,054                                     | \$3.10  | \$86,967.40  |
| 494026050085 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 0  | \$3.10  | \$0.00   |
| 494026050078 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 7,987                                      | \$3.10  | \$24,759.70  |
| 494026050079 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 18,252                                     | \$3.10  | \$56,581.20  |
| 494026050080 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 1,835,482                                  | \$3.10  | \$5,689,994.20   |
| 494026050081 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 79,016                                     | \$3.10  | \$244,949.60   |
| 494026050092 | SUNRISE MILLS (MLP) LIMITED PARTNERHIP       | 0  | \$3.10  | \$0.00   |
|              |  | <b>2,412,738</b>                           |   | <b>\$7,479,487.80</b>                                    |

## ANNUAL CALCULATIONS

Annually, before September 15, the Parking Garages Assessment Program assessment roll will be updated to reflect the most current ad valorem tax roll information and adjustments may be made in the following events:

- A tax parcel with building improvements is added to the Parking Garages Assessment Area: The amount of building adjusted square footage as assigned by the Broward County Property Appraiser and attributable to the additional tax parcel will be added to the prior year's total amount of adjusted square footage in the Parking Garage Assessment Area to compute the revised Parking Garages Assessment amount per square foot. For each tax parcel, the amount of adjusted square footage located on the parcel will be multiplied by the revised adjusted square footage rate to compute the assessment amount for the parcel.
- An existing tax parcel within the Parking Garages Assessment Area redevelops and adds additional improvements: The amount of building adjusted square footage as assigned by the Broward County Property Appraiser and attributable to the improvements will be added to the prior year's total amount of adjusted square footage in the Parking Garage Assessment Area to compute the revised Parking Garages Assessment amount per square foot. For each tax parcel, the amount of adjusted square footage located on the parcel will be multiplied by the revised adjusted square footage rate to compute the assessment amount for the parcel.

- An existing tax parcel within the Parking Garages Assessment Area redevelops and reduces the amount of building improvements: The amount of building adjusted square footage attributable to the reduction will be subtracted from the prior year's total amount of adjusted square footage in the Parking Garage Assessment Area to compute the revised Parking Garages Assessment amount per square foot. For each tax parcel, the amount of adjusted square footage located on the parcel will be multiplied by the revised adjusted square footage rate to compute the assessment amount for the parcel. If the adjustment results in assessment rates that exceed the Maximum Annual Assessment Rate established in this Assessment Methodology Report and the Initial Assessment Resolution, the City will need to undergo new proceedings pursuant to the requirements of the City's Master Assessment Ordinance (Ordinance No. 567 enacted on October 22, 2013) or, if applicable, section 197.3632, Florida Statutes.
- An assessed tax parcel within the Parking Garages Assessment Area is subdivided prior to final payment or prepayment of the assessment: The assessment will be allocated to each of the newly-created parcels on a building adjusted square footage basis; provided, however, no allocation shall occur and the assessment shall remain with the original parcel (and the lien securing the assessment shall remain on the entire parcel) unless the following requirements are met: (1) each resulting parcel must have a unique ad valorem property tax identification number; (2) the assessment may not be reallocated to a parcel proposed for dedication to the public or to common use of the subdivided parcels; and (3) the foregoing information must be provided to the City prior to subdivision of the tax parcels.

# Appendix A

## DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**

City of Sunrise, Florida  
Taxable Assessment Bonds, Series 2014

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**PRELIMINARY NUMBERS**

(Capitalized Interest through November 1, 2015)

| Period Ending | Principal  | Coupon | Interest       | Debt Service   |
|---------------|------------|--------|----------------|----------------|
| 05/01/2015    |            |        | 2,242,547.18   | 2,242,547.18   |
| 05/01/2016    | 925,000    | 2.855% | 5,418,234.80   | 6,343,234.80   |
| 05/01/2017    | 950,000    | 3.820% | 5,391,826.06   | 6,341,826.06   |
| 05/01/2018    | 985,000    | 4.367% | 5,355,536.06   | 6,340,536.06   |
| 05/01/2019    | 1,030,000  | 4.817% | 5,312,521.10   | 6,342,521.10   |
| 05/01/2020    | 1,080,000  | 6.260% | 5,262,906.00   | 6,342,906.00   |
| 05/01/2021    | 1,145,000  | 6.260% | 5,195,298.00   | 6,340,298.00   |
| 05/01/2022    | 1,220,000  | 6.260% | 5,123,621.00   | 6,343,621.00   |
| 05/01/2023    | 1,295,000  | 6.260% | 5,047,249.00   | 6,342,249.00   |
| 05/01/2024    | 1,375,000  | 6.260% | 4,966,182.00   | 6,341,182.00   |
| 05/01/2025    | 1,460,000  | 7.110% | 4,880,107.00   | 6,340,107.00   |
| 05/01/2026    | 1,565,000  | 7.110% | 4,776,301.00   | 6,341,301.00   |
| 05/01/2027    | 1,675,000  | 7.110% | 4,665,029.50   | 6,340,029.50   |
| 05/01/2028    | 1,795,000  | 7.110% | 4,545,937.00   | 6,340,937.00   |
| 05/01/2029    | 1,925,000  | 7.110% | 4,418,312.50   | 6,343,312.50   |
| 05/01/2030    | 2,060,000  | 7.110% | 4,281,445.00   | 6,341,445.00   |
| 05/01/2031    | 2,205,000  | 7.110% | 4,134,979.00   | 6,339,979.00   |
| 05/01/2032    | 2,365,000  | 7.110% | 3,978,203.50   | 6,343,203.50   |
| 05/01/2033    | 2,530,000  | 7.110% | 3,810,052.00   | 6,340,052.00   |
| 05/01/2034    | 2,710,000  | 7.110% | 3,630,169.00   | 6,340,169.00   |
| 05/01/2035    | 2,905,000  | 7.360% | 3,437,488.00   | 6,342,488.00   |
| 05/01/2036    | 3,115,000  | 7.360% | 3,223,680.00   | 6,338,680.00   |
| 05/01/2037    | 3,345,000  | 7.360% | 2,994,416.00   | 6,339,416.00   |
| 05/01/2038    | 3,595,000  | 7.360% | 2,748,224.00   | 6,343,224.00   |
| 05/01/2039    | 3,855,000  | 7.360% | 2,483,632.00   | 6,338,632.00   |
| 05/01/2040    | 4,140,000  | 7.360% | 2,199,904.00   | 6,339,904.00   |
| 05/01/2041    | 4,445,000  | 7.360% | 1,895,200.00   | 6,340,200.00   |
| 05/01/2042    | 4,775,000  | 7.360% | 1,568,048.00   | 6,343,048.00   |
| 05/01/2043    | 5,125,000  | 7.360% | 1,216,608.00   | 6,341,608.00   |
| 05/01/2044    | 5,500,000  | 7.360% | 839,408.00     | 6,339,408.00   |
| 05/01/2045    | 5,905,000  | 7.360% | 434,608.00     | 6,339,608.00   |
|               | 77,000,000 |        | 115,477,672.70 | 192,477,672.70 |

Notes:

\*Preliminary Numbers for discussion purposes only.  
Estimated Interest Rates Assume BBB Underlying Rating.