

Developer Goals/Concerns	Potential Solutions	City Response
<ol style="list-style-type: none"> <li>1. Reduce the Maximum Tax</li> <li>2. Further reduce the approved property tax</li> </ol>	<ul style="list-style-type: none"> <li>• Reduce assumed interest rates used in the tax run analysis</li> <li>• Staged tax structure based on actual intensity of development</li> <li>• Increase development intensity included in tax run analysis to correlate with traffic mitigation requirements included in costs</li> <li>• Lower the cost of improvements to be financed</li> <li>• Assume reasonable salvage value for ROW not needed</li> <li>• Tax increment financing for improvements benefitting the Stadium Area</li> </ul>	<ul style="list-style-type: none"> <li>• The assigned special taxes for developed and existing property have been reduced by approximately 5% from the December 2006 rates. The tax on approved property has already been reduced from \$400,000/acre to \$100,000/acre. At these levels, the City will not be able to fund the all of the costs identified in the implementation plan based on the current level of expected development. To reduce the tax rates further would place excessive risk on the City.</li> <li>• The City has added language to the Platinum Triangle Policy Resolution regarding its intention to time bond issues in order to minimize the levy of special taxes on approved property.</li> <li>• As discussed at the meeting, lowering interest rates will not impact the tax rates since we are not fully funding the implementation plan with the currently approved development. Furthermore, current market interest rates for comparable credits are between 6% and 6.25%; the City believes that assuming rates of 6.50% and 7.25% is reasonable for 10+ year financing program.</li> <li>• A staged tax structure has been discussed and have concluded that because the current level of taxes do not support the full costs identified in the implementation plan, rate reductions could commence only after the amount of approved and developed property in the CFD would be sufficient to fully fund the implementation plan. Such commencement would, at best, be several years in the future and would not likely provide any real benefit to current owners.</li> <li>• Additional development will be needed to fully fund the</li> </ul>

		<p>implementation plan</p> <ul style="list-style-type: none"> <li>• Cost of improvements have been the City’s best opinion of probably cost.</li> <li>• Salvage value The City is not reducing ROW costs by the salvage value but it is also not including any costs associated with “goodwill value” or business loss.</li> <li>• Tax increment funding could only be used to benefit the Stadium property. It could not be used to reduce the cost of the CFD for the entire Platinum Triangle. Using tax increment to fund a portion of the CFD would only result in a disparity in tax rates between the property that develops on the Stadium property and that which develops elsewhere in the CFD. This might produce an unfair competitive advantage to the property around the Stadium, which is not recommended.</li> </ul>
<p>3. Efficient special tax prepayment structure</p> <p>4. Costs have increased by approx \$70 million since January 2007 while development intensity assumed for special tax calculation has decreased</p>	<ul style="list-style-type: none"> <li>• Eliminate cost of improvements related to additional development intensity not included in tax run analysis</li> <li>• Staged tax structure based on actual intensity of development</li> </ul>	<ul style="list-style-type: none"> <li>• The initial CFD Public Facilities Capacity identified in the prepayment formula has been reduced. This amount will be recalculated at the time of each prepayment to reflect the facilities funding capacity from all developed, approved, and existing property within the CFD as of the date of such calculation. The current figure is less than the equivalent public facilities cost identified prior to the new entitlements. Consequently, a property owner wishing to prepay under the existing RMA would pay less than that same property owner would have paid under the December 2006 RMA, all else being equal.</li> <li>• The tax rates were not calculated based on a specific level of development. To fully fund the implementation plan based on the known development would require tax rates that are higher than the December 2006 rates. Recognizing that this</li> </ul>

		<p>would be a burden to the development community, the City instead decided to reduce rates by approximately 5% and in doing so assume the risk that the implementation plan will not be fully funded without further projects approved.</p> <ul style="list-style-type: none"> <li>• See above response to items 1 &amp; 2 above.</li> </ul>
5. Understand which Impact Fees are reimbursed at the time of CFD Formation	<ul style="list-style-type: none"> <li>• Prepare a schedule of fees eligible for reimbursement through the CFD</li> </ul>	<ul style="list-style-type: none"> <li>• The schedule of reimbursable fees shall be posted on the CFD website.</li> </ul>
6. Extended construction and marketing time for high rise and podium products will result in additional special taxes paid by builders	<ul style="list-style-type: none"> <li>• Further extent the trigger for taxing developed property</li> <li>• Avoid taxing developed property if owned by builder as of July 1 (prior to C of O)</li> <li>• Separate CFD into improvement areas; allocate costs</li> </ul>	<ul style="list-style-type: none"> <li>• The trigger for developed property has already been extended and cannot be extended further. We need to strike a balance between a variety of property types with varying construction time frames.</li> <li>• There are possible tax law consequences in treating like properties differently based on their ownership. In addition, this would be difficult to administer since County records on ownership lag change of ownership.</li> <li>• Dividing the CFD into multiple improvement areas is not feasible.</li> </ul>
7. Term of special tax continues until earlier of 2058-59 or 5 years after the last bond issuance. Tax should be 5 years after the bond issuance for which it is being applied	<ul style="list-style-type: none"> <li>• Levy up to five years after the bond issuance for which the tax is being applied</li> <li>• Separate CFD into improvement areas; allocate costs</li> </ul>	<ul style="list-style-type: none"> <li>• RMA has been revised to provide that special taxes will be levied on developed property and existing property for no more than 40 years from the year a property was first classified as developed property or existing property. Existing property that converts to developed property would pay for no more than 40 years from the year it becomes classified as developed property.</li> <li>• Dividing the CFD into multiple improvement areas is not feasible.</li> </ul>