

**RIVERWALK MUNICIPAL IMPROVEMENT DISTRICT**  
**CITY OF ROCK HILL, SOUTH CAROLINA**  
**ASSESSMENT REPORT**

Prepared By:

**MuniCap, Inc.**

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# **RIVERWALK MUNICIPAL IMPROVEMENT DISTRICT CITY OF ROCK HILL, SOUTH CAROLINA**

## **ASSESSMENT REPORT**

### **Purpose of Report**

The Riverwalk Municipal Improvement District (the "Improvement District") is being created to finance the costs of public improvements for the benefit of the property in the Improvement District, through the proposed issuance of Bonds or other debt (the "Bonds") by City of Rock Hill (the "City"). The proceeds from the sale of the Bonds will be used to defray the cost of the public improvements, pay Bond issuance costs, pay interest on the Bonds during construction, and fund a debt service reserve fund.

The City intends to impose assessments upon property within the Improvement District (other than the property which will not receive a benefit from the public improvements) (hereinafter referenced as the "assessments") to fund 1) the repayment of the principal amount of the Bonds to be issued by the City, 2) interest on the Bonds until repaid, and 3) administrative expenses of the Improvement District related to the Bonds. The assessments may be paid over the term of the Bonds or may be prepaid at any time. If not prepaid, the assessments will be collected in annual installments each year for the above-described purposes.

Title 5, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the "Act"), provides the legal authority for the creation of the Improvement District, the imposition of the assessments and the issuance of the Bonds. The Act provides that an assessment:

. . . may be based upon assessed value, front footage, area, per parcel basis, the value of improvements to be constructed within the district, or any combination of them, as the basis is determined by the governing body of the City. In the event the governing body of the municipality determines that another basis of assessment is appropriate or a more equitable allocation of costs among property owners is appropriate, it may substitute such method for any of the foregoing.

This report explains the method of allocating the assessments, and thereby the costs of the public improvements, to the property within the Improvement District as provided for in the assessment roll for the Riverwalk Municipal Improvement District.

### **Description of the Improvement District**

The Improvement District consists of approximately 1,008 acres of a former industrial site located along the Catawba River in the City and is bounded on the north and east by the Catawba River and a rail line, on the south by a combination of I-77 and

small tax parcels, and on the west by US 21 (Cherry Road) and other small tax parcels. **Exhibit A** shows the location of the Improvement District, the property to be included in the Improvement District, and depicts Riverwalk’s conceptual master plan. Cherry Road and Celriver Road will act as the primary entry points to the property within the Improvement District.

There are currently two tax parcels in the Improvement District, which are shown by Table A.

**Table A**  
**Tax parcels within the Improvement District**

| <i>Current Owner</i>         | <i>Tax Map Number</i> | <i>Zoning</i>                | <i>Acreage</i> |
|------------------------------|-----------------------|------------------------------|----------------|
| The Greens of Rock Hill, LLC | 665 00 00 003         | <del>Xxx</del> PDR and PDMEC | 632.23         |
| The Greens of Rock Hill, LLC | 663 00 00 001         | <del>Xxx</del> PDR and PDC   | 376.09         |

PDR = Planned Development Residential

PDMEC = Planned Development Major Employment Center

PDC = Planned Development Commercial

Acreage Source: York County tax records.

The property in the Improvement District has previously been used as the Celanese Acetate Plant. The property is one of the largest brownfield and former textile mill redevelopment projects in the State of South Carolina. The property in the Improvement District is proposed to be a mixed-use development, including various residential types, retail, office, hospitality, and industrial uses. The industrial component is planned on the south side of Celriver Road, separate from the rest of the development areasite. The proposed uses are further described in the following Table B.

**Table B**  
**Projected Uses within the Improvement District**

| <i>Class</i> | <i>Description</i>  | <i>Proposed Development</i> |
|--------------|---------------------|-----------------------------|
| 1            | Single Family House | 737 Units                   |
| 2            | Town homes          | 310 Units                   |
| 3            | Apartments          | 500 Units                   |
| 4            | Hotel               | 120 Rooms                   |
| 5            | Office              | 135,000 square feet         |
| 6            | Retail              | 407,500 square feet         |
| 7            | Industrial          | 2,820,000 square feet       |

The City has approved the proposed uses of the property through an executed Planned Development Terms and Conditions agreement dated November 24, 2008.

**Proposed Public Improvements**

The purpose of the Improvement District, the assessments to be levied on the property in the Improvement District, and the Bonds to be issued with respect to the Improvement District is to finance all or a part of the costs of the public improvements as shown in the following Table C:

**Table C**  
**Estimated Costs of Public Improvements**

| <i>Public Improvement</i>   | <i>Estimated Costs</i> |
|---|------------------------|
| Collector roads, including paving, grading, engineering, utilities, landscaping | \$35,268,018           |
| Improvements to Cherry Road and Celriver Road                                   | \$1,250,000            |
| General utility   | \$913,868              |
| Trails, parks, recreational facilities  | \$7,500,915            |
| Publicly owned buildings  | \$3,500,000            |
| <b>Total improvement costs</b>  | <b>\$48,432,800</b>    |

A description of these improvements follows:

Collector roads

These improvements will provide roads, sidewalks, medians, landscaping and utilities within the development site.

Improvements to Cherry Road and Celriver Road

These improvements to Cherry Road and Celriver Road will include hardscaping, road widening, curbing, landscaping, and other standard road related improvements to the primary roads providing access to the Improvement District.

General utility

These improvements will relocate several high transmission lines located on the property that are owned by Duke Energy. The relocation of the transmission lines will allow for the development infrastructure to be constructed as approved and allow the City to provide electrical service to the development.

Trails, parks, and recreational facilities

These improvements will provide paved and unpaved trails throughout the development, including along the Catawba River, parks throughout the Improvement District, and recreational facilities, including baseball and cycling facilities.

Publicly owned building

These improvements will provide a publically owned civic building, which is expected to be part of the planned Cycling and Outdoor Center of the Carolinas, will be used by the public for recreational purposes, health, and wellness.

The public improvements described above are all provided to meet the needs of the property in the Improvement District that result from the proposed development of the property. The public improvements described above service primarily the property within the Improvement District. The road improvements to Cherry Road and Celriver Road make improvements to existing facilities so that these facilities can meet the increased demand to be placed on the facilities as a result of the proposed development.

**Projected Issuance of Bonds**

Bonds are proposed to be issued by the City in one or more series to finance the costs of the public improvements described above. Further, it is anticipated that the City will issue different types of Bonds, including Tax Increment Financing bonds, Municipal Improvement District bonds supported by long term permanent assessments, and Municipal Improvement District bonds supported by a shorter term “paydown” assessment. Bond proceeds would be used to defray the costs of constructing such public improvements, fund a debt service reserve fund, pay bond issuance costs and pay interest coming due on the Bonds during construction. Interest income on the bond proceeds will act as a supplement to the bond proceeds before they are fully expended. Table D shows the estimated sources and uses of funds for the Bonds.

**Table D**  
**Sources and Uses of Funds**

| <i>Description</i>               | <i>TIF/MID Bonds</i>                        | <i>MID<br/>Permanent<br/>Bonds</i> | <i>MID Pay<br/>Down Bonds</i> | <i>Total</i>                                |
|----------------------------------|---|------------------------------------|-------------------------------|---|
| <b>Sources of funds:</b>         |   |                                    |                               |   |
| Bond proceeds                    | \$24,485,000                                | \$19,200,000                       | \$24,299,000                  | \$67,984,000                                |
| Interest income on bond proceeds | <del>\$156,895</del> <u>\$149,593</u>       | \$103,749                          | \$130,587                     | <del>\$391,231</del> <u>\$383,929</u>       |
| <b>Total sources of funds</b>    | <del>\$24,641,895</del> <u>\$24,634,593</u> | \$19,303,749                       | \$24,429,587                  | <del>\$68,375,231</del> <u>\$67,929,929</u> |
| <b>Uses of funds:</b>            |   |                                    |                               |   |
| Public improvements              | <del>\$19,422</del> <u>\$18,518,969</u>     | \$12,843,700                       | \$16,166,132                  | <del>\$48,432</del> <u>\$47,528,801</u>     |
| Bond issuance costs              | \$650,000                                   | \$500,000                          | \$500,000                     | \$1,650,000                                 |
| Underwriter's discount           | \$244,170                                   | \$192,000                          | \$485,980                     | \$922,150                                   |
| Capitalized interest             | \$2,881,483                                 | \$3,847,245                        | \$4,846,343                   | \$11,575,071                                |
| Reserve fund                     | <del>\$1,441,700</del> <u>\$2,338,994</u>   | \$1,920,000                        | \$2,429,900                   | <del>\$5,791,600</del> <u>\$6,688,894</u>   |
| Rounding                         | <del>\$1,573</del> <u>\$997</u>             | \$804                              | \$1,232                       | <del>\$3,609</del> <u>\$13</u>              |
| <b>Total uses of funds</b>       | <del>\$24,641,895</del> <u>\$24,634,593</u> | \$19,303,749                       | \$24,429,587                  | <del>\$68,375,231</del> <u>\$67,929,929</u> |

The actual issuance of the Bonds may vary from these estimates depending on whether multiple series of the Bonds are issued, the principal amounts and dates each series of the Bonds are issued, the interest rates applicable to each series of the Bonds, the cost of issuing each series of the Bonds, reinvestment rates on bond proceeds, and other factors.

Bond issuance costs include legal fees, financial consulting fees, the cost of studies, the set-up and first year's fee of the trustee, trustee's counsel, City expenses, document printing costs and other miscellaneous costs related to the issuance of Bonds. The underwriter's discount is estimated at one percent of the Bonds issued.

Capitalized interest on the Bonds fund the interest on the Bonds for up to thirty-six months to allow time for the public improvements to be constructed, for the property

to be added to the property tax roll, and assessments to be collected from the property and applied to the payment of the debt service on the Bonds.

The purpose of the reserve fund is to ensure there are sufficient funds to pay debt service should it be necessary to take action to collect delinquent assessments. The proceeds in the reserve fund are invested and the income is applied to the annual debt service on the Bonds. The reserve fund itself is intended to eventually be applied to the repayment of the Bonds.

**Projected Debt Service**

A schedule showing projected debt service, including administrative costs, to be funded by assessments, is included as Exhibit **CB**. Interest is assumed to be either 6.0% or 7.0% per year, depending on the specific series of bonds. The assessments will be reduced pursuant to the rate and method of apportionment of assessments for any reductions in debt service, including reductions due to a lower interest rate.

The projected debt service requirements, including administrative cost, of the projected bond issuances that will be funded by assessments are summarized in Table E:

**Table E**  
**Projected Debt Service**

| <i>Debt service requirement</i> | <i>TIF/MID Bonds</i> | <i>MID Permanent Bonds</i> | <i>MID Pay Down Bonds</i> | <i>Total</i>         |
|---------------------------------|----------------------|----------------------------|---------------------------|----------------------|
| Total principal repayment       | \$24,485,000         | \$19,200,000               | \$24,299,000              | \$67,984,000         |
| Total interest                  | <u>\$24,298,410</u>  | <u>\$22,332,940</u>        | \$26,811,260              | <u>\$73,442,610</u>  |
| Total administrative costs      | <u>\$1,126,845</u>   | <u>\$898,439</u>           | \$587,986                 | <u>\$2,613,270</u>   |
| Total debt service requirement  | <u>\$49,910,255</u>  | <u>\$42,431,379</u>        | \$51,698,246              | <u>\$144,039,880</u> |
|                                 | <u>\$47,596,914</u>  | <u>\$51,661,682</u>        |                           | <u>\$150,956,842</u> |

**Determination of Assessments**

This section of the report explains the fair and equitable method of allocating the assessments as shown and provided for in the assessment roll. The method of allocating the assessments is based on the following:

- (i) the public improvements to be provided as a result of the assessments provide a special benefit to the property assessed and the value of this benefit is greater than the assessments;
- (ii) the amount of assessments to be collected is equal to the amount required to repay the Bonds issued to finance the public improvements that provide a special benefit; and

- (iii) the assessments are allocated to parcels within the Improvement District in a manner that reasonably represents the benefit each parcel will receive from the public improvements.

|

## Special Benefit

The property in the Improvement District will receive a special benefit from the public improvements to be provided from the assessments. The public improvements and the purpose of these improvements were described earlier in this report. The primary purpose of these improvements is to provide public infrastructure ~~to~~for the use of the property within the Improvement District. The public improvements therefore provide a special benefit to the property within the Improvement District.

The owners of all of the property in the Improvement District and the property to be assessed have requested that the City impose assessments on the property for the purpose of providing the public improvements. It is reasonable to believe the owners are acting in their interest and making this request because the benefit they receive from the public infrastructure improvements exceeds the cost of the assessments.

The assessments are being levied to provide improvements that are necessary for the highest and best use of the property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The six criteria for highest and best use are (i) reasonably probable, (ii) legally permissible, (iii) physically possible, (iv) appropriately supported, (v) financially feasible, and (vi) maximally productive.

The owners of the property in the Improvement District have analyzed various options for the use of the property, taking into consideration the legally permitted uses, the physical constraints of the site, financial parameters and market demand. The owners are understandably interested in maximizing the value of the property. Based on the owner’s evaluation, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property as described herein. This use of the property will require the public improvements as described herein. Without these improvements, the proposed use of the property would not be legally permissible, physically possible or appropriately supported and, as a result, the property could not be put to its highest and best use.

The financing provided by the Improvement District is long-term financing and pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing on comparable terms. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantages, the financing provided by the Improvement District is the most beneficial means of financing the public improvements.

The improvements add value greater than the cost, as the highest and best use of the property requires these improvements. (If the improvements did not add more value than cost, the highest and best use of the property would be a use that did not require the improvements.) The improvement district financing is the most beneficial means of

financing the improvements. Therefore, the assessments also add value to the property that is greater than the cost of the assessments.

In summary, the assessments result in a special benefit to the property and the value of this special benefit is greater than the assessments levied for the following reasons:

1. The public improvements to be provided as a result of the assessments are required for the highest and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the Improvement District is the most beneficial means of financing the improvements;
4. As a result, the value of the special benefits to the property from the public improvements to be provided as a result of the Improvement District will be equal to or greater than the assessments to be imposed on the property in the Improvement District.

#### Collection of Assessments

An owner of property in the Improvement District may pay the assessment for a parcel in full at any time in an amount necessary to call and redeem Bonds as allocated to the property or pay the assessments over the term of the Bonds. The projected annual installments of the assessments are shown on Appendix B-2 to the Assessment Roll. The annual installments of the assessments are projected to be repaid through ~~either 2027 or 2034~~2043; however, the actual repayment schedule may be modified based on the repayment terms of the Bonds. The annual installment of the assessments as shown on Appendix B-2 to the Assessment Roll include the principal of the Bonds to be repaid, interest on the unpaid principal at the interest rate on the Bonds, and administrative expenses related to the Bonds. The annual installments shown on the Assessment Roll are consistent with the projected debt service shown on Exhibit B attached hereto.

The actual debt service on the Bonds and administrative expenses may be less than estimated for purposes of the annual installments shown on Appendix B-2 to the Assessment Roll. The “Rate and Method of Apportionment of Assessments” attached as Appendix A to the Assessment Roll provides for the annual installments of the assessments to be equal to the required debt service on the Bonds and administrative expenses related to the Bonds, so that the annual installments of the assessments actually collected do not exceed the amount necessary to repay the Bonds and to pay administrative expenses.

In the case of the Tax Increment Financing (TIF) Bonds, the “Rate and Method of Apportionment of Assessments” attached as Appendix A to the Assessment Roll provides

for the annual installments of the assessments to be collected from each property only to the extent tax increment revenues are insufficient to pay the required debt service on the TIF Bonds and administrative expenses related to the TIF Bonds. Thus, the annual installments of the assessments actually collected do not exceed the amount necessary to repay the TIF Bonds and to pay administrative expense.

The Assessments are being accounted for in three parts, namely Assessment Part A, Assessment Part B and Assessment Part C, all as shown in the Assessment Roll and defined below. These separate parts represent the Assessments applied to repay different types of bond issues. The Assessments are accounted for in parts to facilitate applying the Assessments to various series of Bonds.

In summary, the annual installments on the assessments will be collected in an amount required to pay annual debt service on the Bonds, which are to be issued to finance public improvements that provide a special benefit to the property to be assessed, plus administrative expenses on the Bonds.

#### Allocation of Assessments

This section explains the allocation of the assessments to the property within the Improvement District. As explained previously, the owner of all of the property within the Improvement District has consented to the assessments imposed on the property, including the assessment allocated to each parcel, demonstrating the reasonableness of the allocation of the assessments.

The assessments are made on all of the real property within the Improvement District, with the exception of the non-benefited property. The “Rate and Method of Apportionment of Assessments” provides for the assessments to be reallocated as property is subdivided. The reallocation is made on the same basis as the initial allocation of assessments as shown on the Assessment Roll and explained herein.

~~————The method used to allocate the assessments is based on the projected average assessed value of the proposed development uses and the projected relative distribution of the proposed development uses across the two parcels of property to be assessed. An equivalent unit calculation is made based on the projected average assessed value.~~

~~There are seven classes of property identified within the improvement district, as shown by Table F. The assessments within each class are the same per expected unit, room, or 1,000 square feet. That is, each single family home is assessed the same, each other town home unit is assessed the same, each apartment unit is assessed the same, each hotel room is assessed the same, each 1,000 square feet of office is assessed the same, each 1,000 square feet of retail is assessed the same, and each 1,000 square feet of industrial / distribution space is assessed the same. The assessment on each parcel is based on the expected number of units, rooms, or, 1,000s of square feet of space to be developed on that parcel.~~

~~————Future estimated assessed value reasonably reflects the increase in value to~~

~~property that will result from the proposed development. Property with higher assessed value is reasonably assumed to be able to benefit more from the improvements, reflected by the higher assessed value, and property with lower assessed values able to benefit less from the improvements, reflected by the lower assessed value.~~

~~————The assessments are allocated as shown in the table below:~~

~~————The method used to allocate the assessments is based on a combination of two factors. First, certain improvements primarily benefit specific areas of the property within the district. For example, roads interior to the industrial area primarily benefit only the industrial area. Improvements that primarily benefit only certain areas are allocated to the property within these areas. For purposes of allocating improvements within areas of the district, four benefit areas are defined, as further described below.~~

~~————Second, within these benefit areas, assessments are allocating to property on the basis of estimated assessed value for the intended use of the property. For purposes of allocating the assessments to types of property, seven land use classes are identified and all assessed property is assigned to one of these land use classes (as more fully described below).~~

~~————The four benefit areas are as follows:~~

- ~~• Benefit Area 1, which represents the entire development site. Improvements that benefit all of the property within the district are allocated to all of the property in Benefit Area 1.~~
- ~~• Benefit Area 2, which includes only the industrial area. The industrial area consists of all land south of Celriver Road. The improvements that primarily benefit the industrial area are allocated to property in Benefit Area 2.~~
- ~~• Benefit Area 3, which includes all of the property in the district except the industrial area. This property consists of all of the land located north of Celriver Road. The improvements that primarily benefit this property are allocated to property in Benefit Area 3.~~
- ~~• Benefit Area 4, which includes the residential property (excluding the town center area). This property consists of the area proposed to be developed as single family homes and townhomes. The improvements that primarily benefit the residential areas are allocated to the property in Benefit Area 4.~~

~~————The following table identifies the improvements allocated to the property within each benefit area.~~

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**Table F**  
**Improvements Allocated to Each Benefit Area**

|   | <u>Area 1 -<br/>Entire<br/>Development</u> | <u>Area 2 -<br/>Industrial<br/>Only</u> | <u>Area 3 -<br/>Entire<br/>District<br/>Excluding<br/>Industrial</u> | <u>Area 4 -<br/>Residential<br/>Only</u> | <u>Total</u>               |
|---|--|---|--|--|----------------------------|
| <b><u>Public Improvement</u></b>                                    |  |   |  |  |                            |
| <b><u>Collector Roads</u></b>                                       |  |   |  |  |                            |
| <u>Main Street - Phase 1</u>  | \$0  | \$0                                     | \$1,875,636  | \$0                                      | <u>\$1,875,636</u>         |
| <u>Main Street - Phase 2</u>  | \$0  | \$0                                     | \$2,125,636  | \$0                                      | <u>\$2,125,636</u>         |
| <u>River District - Phase 1</u>                                     | \$0  | \$0                                     | \$2,569,906  | \$0                                      | <u>\$2,569,906</u>         |
| <u>River District - Phase 2</u>                                     | \$0  | \$0                                     | \$250,000  | \$0                                      | <u>\$250,000</u>           |
| <u>Eden Terrace, including<br/>right of way - Phase 1</u>           | \$0  | \$0                                     | \$2,424,853  | \$0                                      | <u>\$2,424,853</u>         |
| <u>Eden Terrace, including<br/>right of way - Phase 2</u>           | \$0  | \$0                                     | \$3,768,700  | \$0                                      | <u>\$3,768,700</u>         |
| <u>Industrial Park Road -<br/>Phase 2</u>                           | \$0  | \$3,367,157                             | \$0  | \$0                                      | <u>\$3,367,157</u>         |
| <u>Industrial Park Road -<br/>Phase 3</u>                           | \$0  | \$3,369,130                             | \$0  | \$0                                      | <u>\$3,369,130</u>         |
| <u>Cherry Road</u>  | \$0  | \$0                                     | \$570,000  | \$0                                      | <u>\$570,000</u>           |
| <u>Celriver Road Design &amp;<br/>R/W</u>                           | \$680,000                                  | \$0                                     | \$0  | \$0                                      | <u>\$680,000</u>           |
| <b><u>Residential Roads</u></b>                                     |  |   |  |  |                            |
| <u>Phase 1</u>  | \$0  | \$0                                     | \$0  | \$7,073,962                              | <u>\$7,073,962</u>         |
| <u>Phase 2</u>  | \$0  | \$0                                     | \$0  | \$8,443,038                              | <u>\$8,443,038</u>         |
| <b><u>General Utility</u></b>                                       |  |   |  |  |                            |
| <u>Utility Relocation</u>   | \$0  | \$0                                     | \$550,000  | \$0                                      | <u>\$550,000</u>           |
| <u>Utilities Relocation/Right<br/>of Way</u>                        | \$0  | \$0                                     | \$363,868  | \$0                                      | <u>\$363,868</u>           |
| <b><u>Other</u></b>   |  |   |  |  |                            |
| <u>Riverwalk Trail - paved<br/>Parks, Recreation<br/>Facilities</u> | \$0  | \$0                                     | \$1,776,783  | \$0                                      | <u>\$1,776,783</u>         |
| <u>Publicly Owned Civic<br/>Buildings</u>                           | \$0  | \$0                                     | \$5,075,000  | \$649,132                                | <u>\$5,724,132</u>         |
|   | <u>\$0</u>                                 | <u>\$0</u>                              | <u>\$3,500,000</u>   | <u>\$0</u>                               | <u>\$3,500,000</u>         |
|   | <b><u>\$680,000</u></b>                    | <b><u>\$6,736,287</u></b>               | <b><u>\$24,850,382</u></b>   | <b><u>\$16,166,132</u></b>               | <b><u>\$48,432,801</u></b> |

There are seven classes of property identified within the improvement district, as shown by Table FG. The assessments within each class are the same per expected unit, room, or 1,000 square feet. That is, each single family home is assessed the same, each other town home unit is assessed the same, each apartment unit is assessed the same, each hotel room is assessed the same, each 1,000 square feet of office is assessed the same, each 1,000 square feet of retail is assessed the same, and each 1,000 square feet of industrial / distribution space is assessed the same. The assessment on each parcel is

based on the expected number of units, rooms, or, 1,000s of square feet of space to be developed on that parcel.

Future estimated assessed value reasonably reflects the increase in value to property that will result from the proposed development. Property with higher assessed value is reasonably assumed to be able to benefit more from the improvements, reflected by the higher assessed value, and property with lower assessed values able to benefit less from the improvements, reflected by the lower assessed value.

The future estimated assessed value of property in each class is used to calculate an equivalent unit factor. The assessments are then allocated on the basis of the equivalent units of each parcel. The following table shows the equivalent unit factors for each class of property and each part of the assessment.

**Table G**  
**Equivalent Unit Calculation**

| <i>Class</i> | <i>Description</i>  | <i>Assessment Part A<br/>Equivalent Unit</i> | <i>Assessment Part B<br/>Equivalent Unit</i> | <i>Assessment Part C<br/>Equivalent Unit</i> |
|--------------|---------------------|--|--|--|
| 1            | Single Family House | 1.00 per unit                                | 1.00 per unit                                | 1.00 per unit                                |
| 2            | Town homes          | 0. <del>5762</del> per unit                  | 0. <del>5762</del> per unit                  | 0. <del>5762</del> per unit                  |
| 3            | Apartments          | 0. <del>3639</del> per unit                  | 0. <del>3639</del> per unit                  | 0. <del>3639</del> per unit                  |
| 4            | Hotel               | 0. <del>3033</del> per room                  | 0. <del>3033</del> per room                  | 0. <del>3033</del> per room                  |
| 5            | Office              | 0. <del>6264</del> per 1,000 sq ft           | 0. <del>6264</del> per 1,000 sq ft           | 0.62 per 1,000 sq ft                         |
| 6            | Retail              | 0. <del>5660</del> per 1,000 sq ft           | 0. <del>5660</del> per 1,000 sq ft           | 0.56 per 1,000 sq ft                         |
| 7            | Industrial          | 0.00 per 1,000 sq ft                         | 0. <del>2829</del> per 1,000 sq ft           | 0. <del>2829</del> per 1,000 sq ft           |

The Equivalent Unit factor for Class 7 property for Assessment Part A has an Equivalent Unit of zero, reflective of the plan to not use any of the proceeds from since the MID Only Permanent Bonds that are supported by the Assessment Part A for the benefits of will not be used to finance any of the improvements allocated to the industrial park area within the Improvement District.

The public improvements may be built in one or more phases and Bonds may be issued in one or more series to fund these improvements. Multiple series of Bonds will result in different levels of debt service as additional Bonds are issued and additional improvements made. As explained earlier, the annual installments of the assessments will be collected in an amount necessary to pay debt service on the Bonds and administrative expenses related to the Bonds, after giving consideration to the tax increments collected that are used for the TIF Bonds. Taking into consideration the phasing of the improvements and the issuance of Bonds and the variation in debt service

that will result, the annual installments of the assessments can be made most equitable and fair by classifying property based on the use of the improvements as the construction of the improvements is phased.

To accomplish this purpose, for each specific Bond issuance, an improvement area will be defined to include assessed property within the Improvement District ~~will be classified as Developed Property or Undeveloped Property. Developed Property represents property that is within a final plat map or for which a building permit has been issued, and will thus be~~ primarily improved by the public improvements funded by this specific Bond issuance. Assessed property within the Improvement District will be classified as Developed Property for this particular Bond issuance if it is in the improvement area, or classified as Undeveloped Property for this particular Bond issuance if it is not within the improvement area. Developed Property will thus represent property that is fully utilizing the public improvements; (or will be soon). Undeveloped Property ~~represents~~will represent property that has received a special benefit from the public improvements, as a result of those public improvements having been made, but is not yet utilizing the public improvements.

~~————The annual installments of the assessments to be collected from Developed Property will be at the level required to repay the Bonds once all of the Bonds have been issued and all of the property has been developed. The annual installments of the assessments to be collected from Undeveloped Property will be at the level required to pay debt service on the Bonds actually issued taking into consideration the annual installments of the assessments to be collected from Developed Property. This method fairly represents the benefit to be received at any time by property within the Improvement District, as Developed Property, which will be fully paying for the public improvements and will be fully utilizing these improvements. Undeveloped Property will pay for the costs of the improvements at any time the cost of the improvements is not fully paid by Developed Property, which reasonably represents the residual benefit of the public improvements to the Undeveloped Property. Each parcel will pay only the assessment allocated to that parcel, regardless of when classified as Developed Property. As a consequence, property classified as developed earlier than other property may stop paying the annual installment of assessments earlier as well.~~

### **Summary of Fair and Equitable Basis of the Assessments**

~~————This report explains the method of allocating the assessments to the property within the Improvement District as shown and provided for in the assessment roll for the Riverwalk Municipal Improvement District in a fair and equitable manner. The fair and equitable basis may be summarized as follows:~~

- ~~(iii) —the public improvements to be provided as a result of the assessments provide a special benefit to the property assessed and the value of this benefit is greater than the assessments;~~

~~————The annual installments of the assessments will be collected from Developed~~

Property at the full level of the assessments for this property. The annual installments of the assessments to be collected from Undeveloped Property will be at the level required to pay debt service on the Bonds actually issued taking into consideration the annual installments of the assessments to be collected from Developed Property. This method fairly represents the benefit to be received at any time by property within the Improvement District, as Developed Property, which will be fully paying for the public improvements and will be fully utilizing these improvements. Undeveloped Property will pay for the costs of the improvements at any time the cost of the improvements is not fully paid by Developed Property, which reasonably represents the residual benefit of the public improvements to the Undeveloped Property. Each parcel will pay only the assessment allocated to that parcel, regardless of when classified as Developed Property. As a consequence, property classified as developed earlier than other property may stop paying the annual installment of assessments earlier as well.

### **Summary of Fair and Equitable Basis of the Assessments**

This report explains the method of allocating the assessments to the property within the Improvement District as shown and provided for in the assessment roll for the Riverwalk Municipal Improvement District in a fair and equitable manner. The fair and equitable basis may be summarized as follows:

- (i) the public improvements to be provided as a result of the assessments provide a special benefit to the property assessed and the value of this benefit is greater than the assessments;
- (ii) the amount of assessments to be collected is equal to the amount required to repay the Bonds issued to finance the public improvements that provide a special benefit to the property assessed; and
- (iii) the assessments are allocated to parcels within the Improvement District in a manner that reasonably represents the benefit each parcel will receive from the public improvements.

For these reasons, the assessments are imposed on the property in the Improvement District in a fair and equitable manner.

|

**Exhibit A**

**Map of Improvement District**

| (Please see ~~separate pdf~~[the following page](#))

**Exhibit B**

**Projected Debt Service and Administrative Costs**

**1. All Proposed Series of MID Only Permanent Bonds, Combined**

| <u>Year Ending</u>  | <u>Principal</u>           | <u>Interest</u>            | <u>Administrative Expenses</u> | <u>Total</u>               |
|---------------------|----------------------------|----------------------------|--------------------------------|----------------------------|
| <u>2010</u>         | <u>\$0</u>                 | <u>\$481,250</u>           | <u>\$20,000</u>                | <u>\$501,250</u>           |
| <u>2011</u>         | <u>\$0</u>                 | <u>\$481,250</u>           | <u>\$20,400</u>                | <u>\$501,650</u>           |
| <u>2012</u>         | <u>\$0</u>                 | <u>\$481,250</u>           | <u>\$20,808</u>                | <u>\$502,058</u>           |
| <u>2013</u>         | <u>\$2,000</u>             | <u>\$481,250</u>           | <u>\$21,224</u>                | <u>\$504,474</u>           |
| <u>2014</u>         | <u>\$11,000</u>            | <u>\$1,343,860</u>         | <u>\$31,649</u>                | <u>\$1,386,509</u>         |
| <u>2015</u>         | <u>\$21,000</u>            | <u>\$1,343,090</u>         | <u>\$32,282</u>                | <u>\$1,396,372</u>         |
| <u>2016</u>         | <u>\$31,000</u>            | <u>\$1,341,620</u>         | <u>\$32,927</u>                | <u>\$1,405,547</u>         |
| <u>2017</u>         | <u>\$47,000</u>            | <u>\$1,339,450</u>         | <u>\$33,586</u>                | <u>\$1,420,036</u>         |
| <u>2018</u>         | <u>\$75,000</u>            | <u>\$1,336,160</u>         | <u>\$34,258</u>                | <u>\$1,445,418</u>         |
| <u>2019</u>         | <u>\$105,000</u>           | <u>\$1,330,910</u>         | <u>\$34,943</u>                | <u>\$1,470,853</u>         |
| <u>2020</u>         | <u>\$139,000</u>           | <u>\$1,323,560</u>         | <u>\$35,642</u>                | <u>\$1,498,202</u>         |
| <u>2021</u>         | <u>\$174,000</u>           | <u>\$1,313,830</u>         | <u>\$36,354</u>                | <u>\$1,524,184</u>         |
| <u>2022</u>         | <u>\$213,000</u>           | <u>\$1,301,650</u>         | <u>\$37,081</u>                | <u>\$1,551,731</u>         |
| <u>2023</u>         | <u>\$255,000</u>           | <u>\$1,286,740</u>         | <u>\$37,823</u>                | <u>\$1,579,563</u>         |
| <u>2024</u>         | <u>\$301,000</u>           | <u>\$1,268,890</u>         | <u>\$38,580</u>                | <u>\$1,608,470</u>         |
| <u>2025</u>         | <u>\$351,000</u>           | <u>\$1,247,820</u>         | <u>\$39,351</u>                | <u>\$1,638,171</u>         |
| <u>2026</u>         | <u>\$405,000</u>           | <u>\$1,223,250</u>         | <u>\$40,138</u>                | <u>\$1,668,388</u>         |
| <u>2027</u>         | <u>\$461,000</u>           | <u>\$1,194,900</u>         | <u>\$40,941</u>                | <u>\$1,696,841</u>         |
| <u>2035</u>         | <u>\$1,117,000</u>         | <u>\$793,590</u>           | <u>\$47,969</u>                | <u>\$1,958,559</u>         |
| <u>2036</u>         | <u>\$1,229,000</u>         | <u>\$715,400</u>           | <u>\$48,928</u>                | <u>\$1,993,328</u>         |
| <u>2037</u>         | <u>\$1,351,000</u>         | <u>\$629,370</u>           | <u>\$49,907</u>                | <u>\$2,030,277</u>         |
| <u>2038</u>         | <u>\$1,481,000</u>         | <u>\$534,800</u>           | <u>\$50,905</u>                | <u>\$2,066,705</u>         |
| <u>2039</u>         | <u>\$1,621,000</u>         | <u>\$431,130</u>           | <u>\$51,923</u>                | <u>\$2,104,053</u>         |
| <u>2040</u>         | <u>\$989,000</u>           | <u>\$317,660</u>           | <u>\$16,734</u>                | <u>\$1,323,394</u>         |
| <u>2041</u>         | <u>\$1,081,000</u>         | <u>\$248,430</u>           | <u>\$17,069</u>                | <u>\$1,346,499</u>         |
| <u>2042</u>         | <u>\$1,181,000</u>         | <u>\$172,760</u>           | <u>\$17,410</u>                | <u>\$1,371,170</u>         |
| <u>2043</u>         | <u>\$1,287,000</u>         | <u>\$90,090</u>            | <u>\$17,758</u>                | <u>\$1,394,848</u>         |
| <b><u>Total</u></b> | <b><u>\$19,200,000</u></b> | <b><u>\$31,244,640</u></b> | <b><u>\$1,217,042</u></b>      | <b><u>\$51,661,682</u></b> |

**2. All Proposed Series of TIF/MID Bonds, Combined**

| <u>Year Ending</u>  | <u>Principal</u>           | <u>Interest</u>            | <u>Administrative Expenses</u> | <u>Total</u>               |
|---------------------|----------------------------|----------------------------|--------------------------------|----------------------------|
| <u>2010</u>         | <u>\$0</u>                 | <u>\$604,080</u>           | <u>\$20,000</u>                | <u>\$624,080</u>           |
| <u>2011</u>         | <u>\$0</u>                 | <u>\$604,080</u>           | <u>\$20,400</u>                | <u>\$624,480</u>           |
| <u>2012</u>         | <u>\$326,000</u>           | <u>\$604,080</u>           | <u>\$20,808</u>                | <u>\$950,888</u>           |
| <u>2013</u>         | <u>\$345,000</u>           | <u>\$584,520</u>           | <u>\$21,224</u>                | <u>\$950,744</u>           |
| <u>2014</u>         | <u>\$366,000</u>           | <u>\$1,116,400</u>         | <u>\$31,649</u>                | <u>\$1,514,049</u>         |
| <u>2015</u>         | <u>\$388,000</u>           | <u>\$1,094,440</u>         | <u>\$32,282</u>                | <u>\$1,514,722</u>         |
| <u>2016</u>         | <u>\$411,000</u>           | <u>\$1,527,770</u>         | <u>\$42,927</u>                | <u>\$1,981,697</u>         |
| <u>2017</u>         | <u>\$436,000</u>           | <u>\$1,503,110</u>         | <u>\$43,786</u>                | <u>\$1,982,896</u>         |
| <u>2018</u>         | <u>\$462,000</u>           | <u>\$1,476,950</u>         | <u>\$44,662</u>                | <u>\$1,983,612</u>         |
| <u>2019</u>         | <u>\$708,000</u>           | <u>\$1,449,230</u>         | <u>\$45,555</u>                | <u>\$2,202,785</u>         |
| <u>2020</u>         | <u>\$768,000</u>           | <u>\$1,404,570</u>         | <u>\$46,466</u>                | <u>\$2,219,036</u>         |
| <u>2021</u>         | <u>\$1,080,000</u>         | <u>\$1,356,000</u>         | <u>\$47,395</u>                | <u>\$2,483,395</u>         |
| <u>2022</u>         | <u>\$1,180,000</u>         | <u>\$1,285,900</u>         | <u>\$48,343</u>                | <u>\$2,514,243</u>         |
| <u>2023</u>         | <u>\$1,287,000</u>         | <u>\$1,209,130</u>         | <u>\$49,310</u>                | <u>\$2,545,440</u>         |
| <u>2024</u>         | <u>\$1,403,000</u>         | <u>\$1,125,220</u>         | <u>\$50,296</u>                | <u>\$2,578,516</u>         |
| <u>2025</u>         | <u>\$1,527,000</u>         | <u>\$1,033,570</u>         | <u>\$51,302</u>                | <u>\$2,611,872</u>         |
| <u>2026</u>         | <u>\$1,659,000</u>         | <u>\$933,630</u>           | <u>\$52,328</u>                | <u>\$2,644,958</u>         |
| <u>2027</u>         | <u>\$1,801,000</u>         | <u>\$824,870</u>           | <u>\$53,375</u>                | <u>\$2,679,245</u>         |
| <u>2028</u>         | <u>\$1,953,000</u>         | <u>\$706,610</u>           | <u>\$54,442</u>                | <u>\$2,714,052</u>         |
| <u>2029</u>         | <u>\$2,116,000</u>         | <u>\$578,180</u>           | <u>\$55,531</u>                | <u>\$2,749,711</u>         |
| <u>2030</u>         | <u>\$1,360,000</u>         | <u>\$438,830</u>           | <u>\$26,923</u>                | <u>\$1,825,753</u>         |
| <u>2031</u>         | <u>\$1,492,000</u>         | <u>\$343,630</u>           | <u>\$27,461</u>                | <u>\$1,863,091</u>         |
| <u>2032</u>         | <u>\$1,633,000</u>         | <u>\$239,190</u>           | <u>\$28,010</u>                | <u>\$1,900,200</u>         |
| <u>2033</u>         | <u>\$1,784,000</u>         | <u>\$124,880</u>           | <u>\$28,571</u>                | <u>\$1,937,451</u>         |
| <b><u>Total</u></b> | <b><u>\$24,485,000</u></b> | <b><u>\$22,168,870</u></b> | <b><u>\$943,044</u></b>        | <b><u>\$47,596,914</u></b> |

**3. All Proposed Series of MID Only Paydown Bonds, Combined**

| <u>Year Ending</u>  | <u>Principal</u>           | <u>Interest</u>            | <u>Administrative Expenses</u> | <u>Total</u>               |
|---------------------|----------------------------|----------------------------|--------------------------------|----------------------------|
| <u>2010</u>         | <u>\$0</u>                 | <u>\$749,560</u>           | <u>\$20,000</u>                | <u>\$769,560</u>           |
| <u>2011</u>         | <u>\$0</u>                 | <u>\$749,560</u>           | <u>\$20,400</u>                | <u>\$769,960</u>           |
| <u>2012</u>         | <u>\$0</u>                 | <u>\$749,560</u>           | <u>\$20,808</u>                | <u>\$770,368</u>           |
| <u>2013</u>         | <u>\$0</u>                 | <u>\$749,560</u>           | <u>\$21,224</u>                | <u>\$770,784</u>           |
| <u>2014</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$31,649</u>                | <u>\$1,732,579</u>         |
| <u>2015</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$32,282</u>                | <u>\$1,733,212</u>         |
| <u>2016</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$32,927</u>                | <u>\$1,733,857</u>         |
| <u>2017</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$33,586</u>                | <u>\$1,734,516</u>         |
| <u>2018</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$34,258</u>                | <u>\$1,735,188</u>         |
| <u>2019</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$34,943</u>                | <u>\$1,735,873</u>         |
| <u>2020</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$35,642</u>                | <u>\$1,736,572</u>         |
| <u>2021</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$36,354</u>                | <u>\$1,737,284</u>         |
| <u>2022</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$37,081</u>                | <u>\$1,738,011</u>         |
| <u>2023</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$37,823</u>                | <u>\$1,738,753</u>         |
| <u>2024</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$38,580</u>                | <u>\$1,739,510</u>         |
| <u>2025</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$39,351</u>                | <u>\$1,740,281</u>         |
| <u>2026</u>         | <u>\$0</u>                 | <u>\$1,700,930</u>         | <u>\$40,138</u>                | <u>\$1,741,068</u>         |
| <u>2027</u>         | <u>\$24,299,000</u>        | <u>\$1,700,930</u>         | <u>\$40,941</u>                | <u>\$26,040,871</u>        |
| <b><u>Total</u></b> | <b><u>\$24,299,000</u></b> | <b><u>\$26,811,260</u></b> | <b><u>\$587,986</u></b>        | <b><u>\$51,698,246</u></b> |