



MASTER ASSESSMENT METHODOLOGY

UNIVERSITY PARK RECREATION DISTRICT SERIES 2024 BOND(S)

November 2023

Prepared for:

Members of the Board of Supervisors,
University Park Recreation District

Prepared on November 3, 2023

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1.0 Introduction

1.1 Purpose

This “Master Assessment Methodology,” (“Methodology”) provides a system for the allocation of non-ad valorem special assessments securing the repayment of long-term debt planned to be issued by the University Park Recreation District (“UPRD”) to fund beneficial recreational improvements and facilities. The Methodology described herein has two goals: (1) quantifying the special benefits received by properties within the District as a result of the construction of the District’s improvements and facilities, and (2) equitably allocating the costs incurred by the District to provide these benefits to properties in the District.

1.2 Background

The UPRD was created by Manatee County Ordinance 18-29 (“Ordinance”) on August 2, 2018 to finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain Recreation Facilities (“the Club”). The Club includes a 27-hole golf course and practice facilities, a pro shop, a clubhouse with kitchen, administrative and community facilities, tennis courts, a croquet court, a fitness center, a golf cart storage facility, and associated facilities, as well as certain other facilities and parcels of land that are within the University Park Country Club development.¹

UPRD is considering the financing of certain recreational improvements and facilities (see Section 1.4). This report provides a funding plan to finance the certain recreational improvements via special assessments.

Special assessments are authorized under Section 2-8-154(o) of the Ordinance providing for the use of non-ad valorem assessments (imposed along with property taxes) pursuant to Chapter 170, F.S. to fund purchase and improvement of the Club. Chapter 170.02 states that “Special assessments against property deemed to be benefited by local improvements, as provided for in s. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality [or in this case UPRD] may prescribe.”

¹ Technically, the University Park Development of Regional Impact approved by Manatee County, as amended



1.3 Current Land Use Plan for UPRD

As of the date of this report, there are 1,202 single family residential units with UPRD. UPRD intends on financing the certain recreational improvements via bond issuance with a 30-year term (herein after referred to as the (“Series 2024 Bond(s)”). These units represent the source of repayment of the Series 2024 Bond(s) via special assessment.

1.4 CIP - Infrastructure Installation

The District will install, repair and/or construct certain recreational improvements as provided in Table 1.

Table 1. Summary of Recreational Improvement Costs*

<u>Category</u>	<u>\$</u>
Golf Course Irrigation & Infrastructure	\$6,000,000
Kitchen Renovation & Modernization	\$3,000,000
Fitness Renovation & Modernization	\$3,500,000
Club Centre-Reception, Activity Rooms, Offices	\$5,500,000
Additional Parking	<u>\$500,000</u>
TOTAL*	\$18,500,000

Source: UPRD, *subject to change based on final price estimates and total includes allowance for escalation and contingencies.

1.5 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law require two things. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments that exceeds the burden of the debt placed upon them. Second, the assessments must be fairly and reasonably allocated to the properties being assessed in proportion to the benefits they will receive.²

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District’s Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that mathematical perfection is probably impossible, but if reasonable people disagree the assessment will be upheld. Only if the Board was to act in an arbitrary, capricious or grossly unfair fashion would its assessment method be overturned.

² 595 So.2d 25 (1992) CITY OF BOCA RATON, Florida, Etc., Appellant/Cross-Appellee, v.

STATE of Florida, Etc., et al., Appellees/Cross-Appellant Supreme Court of Florida; Van Assenderp and Solis, “Dispelling the Myths: Florida’s Non Ad Valorem Special Assessment Law”, Florida State University Law Review, Volume 20, Issue 4, pages 822-869;



One of the leading cases concerning special assessments is *City of Boca Raton v. State of Florida*.³ A number of aspects of the Supreme Court's decision bear on the special assessments contemplated here. Below, is a quote from the decision.

"No system of appraising benefits or assessing costs has yet been devised that is not open to some criticism. None have attained the ideal position of exact equality, but, if assessing boards would bear in mind that benefits actually accruing to the property improved in addition to those received by the community at large must control both as to benefits prorated and the limit of assessments for cost of improvement, the system employed would be as near the ideal as it is humanly possible to make it." While front foot or square foot methodologies for apportioning costs of special improvement projects are more traditional, other methods are permissible. As we stated in *South Trail Fire Control District v. State*, 273 So.2d 380, 384 (Fla. 1973): "The manner of the assessment is immaterial and may vary within the district, as long as the amount of the assessment for each tract is not in excess of the proportional benefits as compared to other assessments on other tracts."

In creating the UPRD Manatee County found that "establishment of the UPRD is the preferred mechanism whereby such purchase can be consummated and financed, to the benefit of the public and all residents of the community of University Park."⁴ Manatee County also concluded that "All of the territory within the UPRD will be benefitted by the long-term operation and maintenance of the recreational facilities by the UPRD."⁵

1.6 Special Benefits and General Benefits

Continued enhancement of recreational facilities by UPRD will create both: (1) special benefits to the assessable properties in UPRD and (2) general benefits to properties outside UPRD. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to UPRD.

Property owners in UPRD, who would be specially assessed under this plan of finance, will receive special benefits from the recreational improvements. The recreational improvements are an integral part of the University Park development. The residents in UPRD petitioned to form UPRD, and more than 80% of the votes cast voted to form UPRD, subjecting themselves to special assessments as necessary. Furthermore, it is well recognized that in a master-planned, amenitized, community with a golf club, that property values are higher than in other similar communities. Dating back to the mid-1990s academic studies have demonstrated that homes in golf course communities enjoyed price premiums of 7.6% or more.⁶ A recent study by Realtor.com found that homes with the word "golf" in their listing description had median listing prices about 25 percent higher than those in the overall counties⁷ According to a recent Wallstreet Journal article when a course closes, prices for nearby homes typically fall about 25%. Furthermore, prices can plummet 40% or 50% if a contentious legal battle arises, as potential home buyers balk at the uncertainty accompanying litigation.⁸

³ 595 So.2d 25 (1992) CITY OF BOCA RATON, Florida, Etc., Appellant/Cross-Appellee, v. STATE of Florida, Etc., et al., Appellees/Cross-Appellant Supreme Court of Florida

⁴ Manatee County Ordinance 18-29

⁵ Ibid

⁶ A. Quang Do and Gary Grudnitski, (May 1995), "Golf courses and residential house prices: An empirical examination, *The Journal of Real Estate Finance and Economics* Volume 10, Issue 3, pp 261-270

⁷ Taylor, Candace (June 10, 2019), "Golf Owners Find Themselves in a Hole", *The Wallstreet Journal*.

⁸ IBID



As discussed herein, the average assessment (principal per unit) for the Series 2024 Bonds would be \$17,138. The total amount of the proposed assessments would vary from \$10,070 to \$40,863 based on the 50%/50% methodology previously used for the bond assessments as described below.

The proposed assessments would amount to 1.6% to 8.3% (average of 2.73%) of the market values of homes (also referred to as the just values) as estimated by the Manatee County Property Appraiser as of 2022. Since 2017, property values of UPRD properties have increased by 37.5% based on data via the Manatee County Property Appraiser.

In light of these facts, it is clear that the improvement and enhancement of recreational facilities will confer a special benefit on the properties in UPRD that will bear the assessments. Property owners' property values will be protected, and the owners will gain enhanced enjoyment from public ownership. The value of these benefits will clearly exceed their costs, ranging from 1.6% to 8.3% (average of 2.73%) of home values as of 2022.

There is no doubt that the general public, and property owners outside UPRD, benefit from the recreational improvements. However, these benefits are incidental. Clearly properties outside UPRD do not enjoy the same level of use and enjoyment from the recreational improvements compared to those properties lying inside of the boundaries of UPRD. Furthermore, the recreational improvements are likely to preserve and to enhance property values in UPRD and unlikely to do so for properties outside UPRD.

1.7 Special Benefit and Equitable Apportionment

As noted above, valid special assessments must meet the two-pronged test set out in Boca Raton v. Florida. First, the properties assessed must receive a special benefit that exceeds the burden of the debt to be imposed. Second, the assessments must be fairly allocated to the properties being assessed in proportion to the benefits they will receive. As discussed above, the properties to be assessed clearly would receive special benefits in excess of the assessment debt to be imposed. The residents of UPRD, which includes most of the property owners, voted to form UPRD knowing that this exposed them to current and future assessments. This is tantamount to an arms-length transaction where the buyer is willing to make payments (in this case special assessments) to acquire goods and services (in this case recreational improvements). Having satisfied the special benefit prong of the test, the balance of this report focuses on the equitable apportionment prong.

2.0 CIP Plan of Finance

As discussed previously, UPRD is considering financing certain recreational improvements as described in Table 1 via the issuance of its Series 2024 Bond(s). Since the exact interest rate and issuance costs cannot be known with certainty until the Series 2024 Bond(s) are issued, the Series 2024 Bond(s) were sized based on the following core considerations: 1) a maximum par amount of \$20,600,000, 2) an interest rate of 5.5% and 3) a term of 30 years.



In addition to core considerations, with any issuance of long-term debt there are certain elements standard to an issuance depending on the final structure, such as a debt service reserve account, a capitalized interest account and cost of issuance which pays for costs associated with the necessary legal and professional opinions needed to close the transaction including bond counsel, district counsel, financial advisor, and trustee. Also included in the cost of issuance is any necessary bank placement fee and/or underwriter's discount, Table 2 summarizes the Series 2024 Bond(s) sizing.

It is important to note that to the ultimate structure of the financing and associated financing rate, will impact the funds available for the certain recreation improvements. To the extent that the ultimate financing results in project funds not sufficient to cover all costs detailed in Table 1; some elements of the recreation facilities may need to be excluded from the financing.

Table 2. Estimated UPRD Financing Details, Series 2024 Bond(s)

<u>Category</u>	<u>Total Value</u>
Project Funds	\$18,500,000
Debt Service Reserve (50% of MADS)	\$711,743.75
Capitalized Interest	\$616,855.56
Cost of Issuance	\$250,000
Underwriter's Discount	\$206,000.00
Bond Insurance	\$313,768.54
Rounding	\$1,632.15
Maximum Bond Principal	\$20,600,000
Average Annual Interest Rate:	5.50%
Term (Years):	30
Capitalized Interest (Months):	7
Maximum Net Annual Debt Service:	\$1,423,488
Maximum Gross Annual Debt Service (1):	\$1,530,632

Source: PFM Financial Advisors LLC

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 7.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

3.0 Assessment Allocation Methodology

3.1 Overview

As noted above, the allocation of debt must be equitable and proportionate to the benefits the properties receive. There is a wide array of options available to apportion the costs of the Series 2024 Bond(s) to the benefitting properties in UPRD. For example, it is reasonable to allocate the costs equally to all households per unit since all receive special benefits from the recreational improvements. Alternatively,



it is reasonable to allocate a portion of the costs based on the values of the homes. This is because if all homes received an equal percentage benefit from the recreational facilities related to an increase in, or protection of, the value of their property, the more valuable homes receive more dollar value of benefit than do the less valuable homes. In addition, it is reasonable to allocate the costs of the Series 2024 Bond(s) using a combination of a fixed-fee amount and an amount based on home value.

Allocation based upon a fixed fee to defray 50% of the cost, with the balance allocated based on market value is recommended for the following reasons. First, this is the allocation methodology approved for UPRD's existing Series 2019 Bonds. Second, all homes in UPRD specially benefit from the certain recreational facilities. Therefore, it is reasonable and appropriate for all to share equally in a portion of the Bond cost. Third, it is also reasonable and appropriate to recognize that more valuable homes derive more special benefit in dollar terms than less valuable homes from the recreational facilities. Therefore, an equally weighted assessment allocation is the most equitable option.

3.2 Allocation Using the 50% / 50% Methodology

The recommended allocation methodology apportions 50% of the annual debt service cost on an equal pro rata basis to all 1,202 homes in UPRD. The remaining 50% is allocated based on the market value of the homes as of September, 2022. Table 3 shows the derivation of the base fee which equals \$636.70 per home.

Table 3. Calculation of Base Fee for the 50%/50% Allocation Methodology

Category	Amount
Debt Service	\$1,423,487.50
Administrative Cost	\$107,144.22
Total Annual Assessment	\$1,530,631.72
50% of Annual Assessment (includes administrative costs)	\$765,316
Number of Homes	1,202
Base Rate Per Home (includes administrative cost)	\$636.70

Source: PFM Financial Advisors LLC

The balance of the \$1,530,631.72 of annual total assessment necessary is allocated through imposing a tax rate, or millage (equal to \$1 per \$1,000 of market value). Based on the market value of homes in UPRD, the millage required is 0.9296. Market value was selected, because market value is the most equitable basis and it is the basis most consistent with the logic that the special benefit from the recreational facilities is conferred in part based on property value.

The market value of a home (termed "Just Value" in Florida) is the fair market value of the home according to the property assessor in each county ("PA"). The assessed value of a home is equal to the market value less various assessment differentials such as Save Our Homes. The taxable value of a home is its assessed value less exemptions, such as the Homestead Exemption.⁹ Property taxes are based on taxable value.

⁹ <http://floridarevenue.com/property/Documents/at.pdf>

Also The Florida Supreme Court has interpreted the meaning of "just valuation" and the application of the eight statutory factors that the Property Appraisers must consider in arriving at just value. Case law provides that, "... the just valuation at which property must be assessed under the constitution and section 193.011 is synonymous with fair market value, i.e., the amount a purchaser, willing but not obliged to buy, would pay a seller who is willing but not obliged to sell. In arriving at fair



Market value is used here for the following reasons. First, as discussed above, a portion of the special benefit from the Club and its facilities accrues to property value. Market value is the value of the property itself, before various adjustments related to assessment differentials or exemptions. Therefore, market value is the appropriate basis. Second, the assessment differentials derived mostly from Save Our Homes limits on assessed value are highly differentiated and based on tenure not on special benefit. Furthermore, the various exemptions, including Homestead, are also not related to special benefit.

The use of a fixed valuation date of September 1, 2022 is appropriate for the following reasons. First, it represents a current set of valuations consistent with an approved methodology which voters approved at the formation of the UPRD. Second, a fixed valuation provides certainty to the properties being assessed that their assessment will remain constant. Thus, assessment payers will know with certainty what their assessments will be. Third, a fixed valuation date will result in greater efficiency and lower cost in administering the assessment roll each year.

The tax collectors of Florida send out the tax bills in October of each year for collection of taxes from November through March of the following calendar year. The tax bills show assessed value, exempt value and taxable value. The various millage rates for each taxing authority are separately shown, since their millage rates vary, and the total is then provided. The tax bills do not show the market value (Just Value) of the property. The market value is shown on the top line of the "Notice of Proposed Property Taxes and Proposed or Adopted Non-Ad Valorem Assessments" mailed in late August of each year.

The tax assessment roll proposed in this report showing the proposed UPRD special assessment is provided in Section 4.

4.0 Preliminary Master Assessment Roll

Should UPRD decide to impose assessments as described above, the assessment amount for each property is presented in Exhibit A.

market value, the assessor must consider, but not necessarily use, each of the factors set out in section 193.011. Valencia Center, Inc. v. Bystrom, 543 So.2d 214,216 (Fla. 1989) (quoting Walter v. Schuler, 176 So.2d 81 (Fla.1965) and Oyster Pointe Resort Condominium Ass'n v. Nolte, 524 So.2d 415 (Fla.1988)).



Exhibit A – Assessment Roll

Parcel_ID	Neigh_Abbr	Lot	Neighborhood_Name	Street_No.	Street_Name	Zip	2022 Property Market Value (\$000)	Series 2024 Bonds Principal	Market Value Based Assessment (gross)	Fixed Fee Per Lot (gross)	Total Annual Assessment (gross)	
1919922359	WW	17	Wentworth	7303	Windemere LN	34201	589.57	\$15,945	\$548.07	\$636.70	\$1,184.77	
1919922409	WW	18	Wentworth	7307	Windemere LN	34201	460.02	\$14,324	\$427.64	\$636.70	\$1,064.34	
1919922458	WW	19	Wentworth	7311	Windemere LN	34201	533.48	\$15,243	\$495.93	\$636.70	\$1,132.63	
1919922508	WW	20	Wentworth	7315	Windemere LN	34201	455.11	\$14,263	\$423.08	\$636.70	\$1,059.78	
1919922557	WW	21	Wentworth	7319	Windemere LN	34201	492.89	\$14,736	\$458.19	\$636.70	\$1,094.90	
1919922607	WW	22	Wentworth	7323	Windemere LN	34201	554.62	\$15,508	\$515.58	\$636.70	\$1,152.28	
1919922656	WW	23	Wentworth	7329	Windemere LN	34201	567.25	\$15,666	\$527.32	\$636.70	\$1,164.03	
1919922706	WW	24	Wentworth	7349	Windemere LN	34201	588.24	\$15,929	\$546.83	\$636.70	\$1,183.53	
1919922755	WW	25	Wentworth	7353	Windemere LN	34201	484.42	\$14,630	\$450.32	\$636.70	\$1,087.02	
1919922805	WW	26	Wentworth	7357	Windemere LN	34201	465.64	\$14,395	\$432.86	\$636.70	\$1,069.57	
1919922854	WW	27	Wentworth	7301	St. George's Way	34201	544.22	\$15,378	\$505.91	\$636.70	\$1,142.61	
1919922904	WW	28	Wentworth	7305	St. George's Way	34201	437.48	\$14,042	\$406.68	\$636.70	\$1,043.38	
1919922953	WW	29	Wentworth	7311	St. Georges Way	34201	482.60	\$14,607	\$448.63	\$636.70	\$1,085.33	
1919923001	WW	30	Wentworth	7317	St. George's Way	34201	567.58	\$15,670	\$527.63	\$636.70	\$1,164.33	
1919923050	WW	31	Wentworth	7321	St. George's Way	34201	575.63	\$15,771	\$535.11	\$636.70	\$1,171.81	
1919923100	WW	32	Wentworth	7327	St. George's Way	34201	487.54	\$14,669	\$453.22	\$636.70	\$1,089.92	
1919923159	WW	33	Wentworth	7331	St. George's Way	34201	602.08	\$16,102	\$559.70	\$636.70	\$1,196.40	
1919923209	WW	34	Wentworth	7335	St. George's Way	34201	523.90	\$15,124	\$487.02	\$636.70	\$1,123.72	
1919923258	WW	35	Wentworth	7339	St. George's Way	34201	557.70	\$15,546	\$518.44	\$636.70	\$1,155.14	
1919923308	WW	36	Wentworth	7340	St. George's Way	34201	551.58	\$15,470	\$512.75	\$636.70	\$1,149.46	
1919923357	WW	37	Wentworth	7336	St. Geoges Way	34201	509.01	\$14,937	\$473.18	\$636.70	\$1,109.89	
1919923407	WW	38	Wentworth	7332	St. George's Way	34201	568.69	\$15,684	\$528.66	\$636.70	\$1,165.36	
1919923456	WW	39	Wentworth	7328	St. George's Way	34201	544.00	\$15,375	\$505.70	\$636.70	\$1,142.40	
1919923506	WW	40	Wentworth	7324	St. George's Way	34201	602.98	\$16,113	\$560.53	\$636.70	\$1,197.23	
1919923555	WW	41	Wentworth	7320	St. George's Way	34201	507.03	\$14,913	\$471.34	\$636.70	\$1,108.04	
1919923605	WW	42	Wentworth	7316	St. George's Way	34201	486.05	\$14,650	\$451.83	\$636.70	\$1,088.53	
1919923654	WW	43	Wentworth	7312	St. George's Way	34201	629.25	\$16,442	\$584.95	\$636.70	\$1,221.66	
1919923704	WW	44	Wentworth	7308	St. Geoges Way	34201	522.92	\$15,111	\$486.11	\$636.70	\$1,122.81	
1919923753	WW	45	Wentworth	7304	St. George's Way	34201	493.66	\$14,745	\$458.91	\$636.70	\$1,095.62	
1919923803	WW	46	Wentworth	7300	St. George's Way	34201	469.72	\$14,446	\$436.65	\$636.70	\$1,073.36	
1919923852	WW	47	Wentworth	7212	St. Georges Way	34201	639.36	\$16,568	\$594.36	\$636.70	\$1,231.06	
1919923902	WW	48	Wentworth	7208	St. George's Way	34201	646.06	\$16,652	\$600.58	\$636.70	\$1,237.29	
1919923951	WW	49	Wentworth	7204	St. George's Way	34201	674.08	\$17,003	\$626.63	\$636.70	\$1,263.34	
							761.85	\$18,101		\$708.22	\$636.70	\$1,344.92
									\$20,600,000	\$765,315.86	\$765,315.86	\$1,530,631.72