

# Memorandum

**To:** Mr. Roger M. Carlton, Executive Director  
Hallandale Beach Community Redevelopment Agency

**From:** Paul Lambert  
Lambert Advisory LLC

**Date:** 3/27/17

**Re:** Village at Gulfstream Park TIF Financial Review – 2015 Tax Year

We have completed our review of the Village at Gulfstream Park LLC's (VGP) audited return<sup>1</sup> thresholds as defined within the Tax Increment Funding Assistance Agreement dated May 21, 2009 (TIF Agreement) between the Hallandale Beach Community Redevelopment Agency (HBCRA), VGP, and the Village at Gulfstream Park Community Development District (CDD). We have had further discussions with representative of VGP to clarify several questions associated with the financials and to obtain additional information.

We limit our discussion within this memorandum to our conclusions as to the increment due the CDD given that The VGP has submitted a letter requesting confidentiality under Florida Statue 288.075 which specifically references our firm. The ability of VGP under this statute to request confidentiality was detailed by the City Attorney in an email dated June 17, 2011 to the representatives of VGP.

Based upon our initial assessment and given the terms of the TIF Agreement, the CDD/VGP is due \$452,099 in increment against ad valorem taxes collected for 2015. In 2015, \$452,099 was 50.0% of the incremental taxes received over base year 2008. The payment of \$452,099 is consistent with the TIF Agreement which provides for the payment of up to 100% of the increment received but not greater than \$900,000 for the first five years after the project began operation. Subsequent to the initial five year period which concluded at the end of 2014, the HBCRA is only required to make payments up to 50% of increment received or \$900,000 whichever is less.

Increment owed would also be reduced should certain return-on-investment thresholds be met by the developer; however our review of the audited financials indicates that the project has not yet surpassed these thresholds. Indeed, assuming that the financial condition of VGP did not change dramatically during 2016, it is our recommendation that the HBCRA budget between \$450,000 and \$500,000 for the next tax year under the assumption that VGP will continue to not achieve the threshold.

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<sup>1</sup> The returns were audited however we have questioned the treatment of a single figure associated with a land sale tied to the project's first condominium development. While the question has not been resolved to our satisfaction as there is a continuing difference of opinion on the treatment of the land sale, for the purposes of the Fiscal Year 2015 TIF calculation the treatment of the land sale has no impact on the amount due from the HBCRA to VGP. Land sales may have implications for future years' calculations and therefore we will continue to work with the project owners and City to resolve the difference of opinion of how certain land sales should be treated.

Our calculation of the increment due to CDD/VGP based upon 2015 taxes received is detailed in the tables which follow. It should be noted that the Hallandale Beach CRA receives property level incremental tax revenue based upon taxes charged by three taxing authority: City, County, and Child Services. The HBCRA does not receive incremental revenue from a property value calculation of increment associated with the South Broward Hospital District's taxing authority per an Interlocal Agreement dated April 26, 2000.

### 2015 Increment Due VGP Analysis

		Notes
Current Taxable Value (2015 LAC Taxable Value)	\$ 115,204,670	6 folios subdivided from 3 in 2008
Minus: Baseline (2008 LAC Taxable Value)	<u>\$ 26,143,300</u>	3 folios
Incremental Taxable Value	\$ 89,061,370	
City Incremental Tax as Calculated	\$462,389	2015 Rate: 5.1918 mils
County Incremental Tax as Calculated	\$487,530	2015 Rate: 5.4741 mils (non-debt portion)
Child Services Incremental Tax as Calculated	<u>\$43,480</u>	2015 Rate: 0.4882 mils
Total Increment as Calculated	\$ 993,399	
Less: Increment Yet Paid	\$0	
Less: Actual Early Payment Discounts	<u>(\$39,438)</u>	Per Broward County = 3.97% on amounts paid
Net Increment Paid	\$953,961	
Less: County Administrative Holdback	\$49,764	Statutory Administrative County's Holdback Allowance of 5.00%
Net Amount Collected by CRA and Due VGP CDD	\$452,099	Lesser of 50% of \$904,197 or \$900,000

Please feel free to contact at your earliest convenience should you have any questions or would like to discuss these findings further.