

MODIFIED FINANCE PLAN FOR LAKE DEVELOPMENT

June 27, 2013

I. Interim Operations and Maintenance Assessment (IOMA)

From lake completion, all parcels within the District with undeveloped land at the time of formation of the District, would begin to pay an **Annual IOMA**. The assessment would be based on 20% of the Rio Salado Community Facilities District Annual Operations and Maintenance Budget. The assessment would be based on a per linear foot lake frontage basis. The City will break down linear feet of lake frontage by ownership into square foot of property owned within the CFD, then allocate the cost over each property on a square foot basis. The 20% factor would remain constant until such time as the property is developed and a Certificate of Occupancy obtained.

II. Operations and Maintenance Assessment

From the date of issuance of a Certificate of Occupancy, that portion of the property developed shall begin to pay 100% of the Annual Operations and Maintenance Assessment in accordance with the District's Budget. If for example, 5 acres of a 20-acre site is developed, the Operations and Maintenance Assessment would be assessed for only that part of the property developed. Calculation of the assessment would also be based on linear feet of lake frontage. Remaining undeveloped property would continue to pay the only the IOMA .

III. Lake Assessment (Capital Cost)

From the date of issuance of a Certificate of Occupancy, property owners would begin to pay an annual lake Assessment on that portion of the property developed, based on the actual cost of lake construction, as revised by a base index factor and assessed on a per linear foot calculation. The remaining undeveloped land would not be assessed until development occurs. The original lake capital cost for that portion of the property undeveloped would be indexed by the West Urban CPI rate as the annual Cost Index Factor (CIF) to the date of the Certificate of Occupancy. For example, the 2012 CPI would be used as the CIF for the 2013/14 fiscal year. This would generate a revised lake capital cost for that portion of property being developed. The developer would have the option of paying this revised capital amount either in a lump sum or over a period of 25 years at the average interest rate on the bonds issued by the City to fund construction of the Lake (or 3.64%).

- Developed property at the time of the formation of the District would be exempt from Lake Assessment, Land Assessment and Operations and Maintenance Assessment until such time as the property is re-developed, intensified and/ or the land use changed. Assessments shall begin when any of the following occurs after the date of formation of the District:
 - ∇ Building Size is increased by more than 1,000 square feet cumulatively.
 - ∇ Any change in land use or zoning.
 - ∇ Any intensification of use requiring additional parking beyond that of the 1,000 square foot building expansion.