

**OUTLINE AND SUMMARY OF PRELIMINARY FEEDBACK
RAYS' APRIL 9 WORKING DRAFT - MEMORANDUM OF UNDERSTANDING REGARDING
NEW STADIUM PROJECT AND FUTURE PROJECT AGREEMENTS (the "MOU")**

This Outline and Summary is intended to capture the non-exclusive preliminary feedback from the government parties related to the MOU the Rays provided on or about April 9, 2026. Additional feedback will be provided as the Parties continue to review and discuss open items.

The Rays remain committed to working with the City, County, CRA, and TSA to deliver a world-class ballpark and an impactful mixed-use district for the region. Per the MOU language, we have committed to preserving longstanding public priorities such as fire, law enforcement, and emergency management services. We remain focused on moving this effort forward on a timeline that preserves the opportunity for the 2029 opening season. The Rays' responses are set forth below. While we have endeavored to address as many questions as possible at this stage, a number of items will be more appropriately refined and resolved in the definitive agreements, as noted below. We believe the responses provided reflect meaningful progress and offer a strong framework for continuing that work collaboratively and efficiently.

1. TIMING:

The MOU states that all of the Project Agreements are to be completed by June 1, 2026. Establishing a timeline for completion of the Project Agreements cannot be reasonably considered until the Parties reach an agreement on the terms and conditions set forth in the MOU. Once the Parties reach an agreement on the MOU, certain Project Agreements could be prioritized over others to help move the project forward. It would likely take at least 60-90 days to negotiate the Development and Funding Agreement (and possibly the Use Agreement) following the approval of the MOU.

We understand the government parties' concern regarding the timeline for completing the project agreements. At the same time, maintaining momentum is essential to keeping the project on track to open for the 2029 season, which is critical for the success of the project in Tampa Bay.

Accordingly, we would like to continue working together toward a May vote on the MOU, with the shared goal of completing the definitive agreements as soon as reasonably possible thereafter. Based on in-depth discussions with potential ballpark contractors, we remain confident that the project schedule can be maintained if the Parties are able to finalize the definitive agreements as soon as possible in order to meet the 2029 season.

2. PARTIES:

The government parties need to evaluate the entities that the Rays intend to use for the Development and Funding Agreement, License/Use Agreement, CIT Guaranty Agreement, Mixed-Use Development Agreement and PILOT Agreement, if applicable and any additional security to credit enhance these private obligations. The government parties will include the City, County, CRA and a delegation of authority to TSA associated with construction oversight.

We understand that the government parties will need to review the entities proposed by the Rays and we are prepared to work cooperatively through that process, with the understanding that the final structure will be agreed upon and reflected in the definitive agreements.

3. BEST EFFORTS:

The MOU requires a high standard of “best efforts” to negotiate certain open terms and finalize the Project Agreements in multiple places. This concept has been discussed on multiple occasions and appears to be an effort to create binding obligations on open items and set the table for a detrimental reliance claim if the Parties cannot reach an agreement. In order to protect the public interest, the MOU must expressly state that it is non-binding and any obligations are subject to the review and approval of each of the Project Agreements, in the sole discretion of all Parties.

The Rays are prepared to revise this concept to a good-faith standard, coupled with language confirming that the MOU is contingent upon approval of the definitive agreements by the Parties. The intent is for this document serve as a meaningful framework to move forward on the definitive agreements.

4. CONVEYANCE OF STADIUM LAND / MIXED-USE LAND:

The Parties need to evaluate and discuss the conveyance of the stadium land from the College to the County. The timing and manner of this conveyance could have an impact on ad valorem taxation. The government entities recognize that there may be sales tax benefits depending on how conveyance is structured. With respect to the stadium, the Rays’ use of the stadium will be through a license and use agreement rather than a lease. The Parties also need to evaluate and discuss the conveyance or leasing of the Mixed-Use Development land from the College to the Rays (or its affiliate). The timing and manner of this conveyance or license structure could have an impact on ad valorem taxation.

Our intent is that the entirety of the Hillsborough College site for the stadium and mixed-use development will initially be ground leased to the Rays for a term of no less than 100 years.

Upon completion of the stadium, the following would occur simultaneously with respect to the stadium parcel:

1. the ground lease would terminate as to the stadium parcel,
2. the stadium site would be conveyed by Hillsborough College to the County in fee simple, and
3. the License/Use Agreement between the County and the Rays would become effective.

The mixed-use portions of the site would remain subject to the long-term ground lease structure with Hillsborough College, as ground lessor, and the Rays, as ground lessee.

See attached the State Cabinet resolution approving this overall structure, including the ground lease to the Rays and conveyance to the County set forth on Schedule 1.

Specific Items & Questions:

- 4 a). Define the specific time that ownership of the stadium will be transferred to the County. **Ownership of the stadium site would transfer to the County in fee simple upon completion of the stadium, concurrently with the commencement of the License/Use Agreement.**
- 4 b). Describe the procurement process the Rays propose to use to hire contractors to build the stadium. **The Rays will procure stadium construction through a competitive, qualification-driven private procurement process commonly used for large, technically complex sports and entertainment projects. Under the current project structure, Hillsborough College will own the stadium site throughout the construction period and during that time will lease the site to the Rays, and the Rays (as the leasehold owner during construction and the party responsible for delivering the work) will directly retain the design professionals and contractors and will manage the construction through an owner-led delivery model.**
- 4 c). Describe what property (if any) will be transferred to the County or City as part of the mixed-use development in Phases 1-3. Provide drawings or graphics to show what properties will become public properties. **The mixed-use development property is currently intended to remain under the Rays-controlled ground leasehold**

interests, with Hillsborough College retaining fee ownership. The County would have the benefit of various easements and related rights associated with the stadium site, as set forth in the CC&Rs currently being negotiated with Hillsborough College.

- 4 d). Describe the process and timelines for the Rays, their development partner(s), the County, and/or the City to receive property (properties) from Hillsborough College. **This remains under discussion with Hillsborough College. The anticipated structure is either:**
- bifurcation of the ground lease among development partners by building site, or**
 - the Rays serving as the primary ground lessee for the mixed-use development, with subleases to development partners.**
- The final approach and associated timing will be addressed in the ground lease.**

5. **PROCUREMENT:**

As discussed on multiple occasions, since the government parties do not have the authority to waive any applicable public procurement requirements, the design and construction of the stadium and any public infrastructure must be undertaken in a manner compliant with such legally required public procurement requirements or in a manner that does not require such public procurement requirements

We agree that governmental entities must comply with any public procurement requirements that apply to their own contracting actions, and that those requirements are not subject to waiver. Under the contemplated structure, however, the Rays will be directly engaging and contracting with the design team and contractors, and administering the job. On that basis, the Rays' understanding is that the procurement of the stadium design and construction is a private procurement undertaken by the Rays as the contracting party. To the extent any other scope is separately structured so that a governmental entity is the contracting party procuring that work in its own name (including any separately scoped public infrastructure or other governmental procurements), that procurement would be conducted by the responsible governmental entity in compliance with applicable legal requirements and implemented through the definitive agreements and related project governance.

6. **MIXED-USE DEVELOPMENT:**

The MOU must create an obligation for the Rays to complete the Mixed-Use Development based on an agreed upon development program and/or scope. Any agreement between the

College and the Rays concerning the Mixed-Use Development must require that it is subject to ad-valorem tax or an equivalent payment in lieu of taxes. The Mixed-Use Development (and private use areas within the stadium) is intended to provide ad valorem tax revenues that support a portion of the public funding components of the Project and the Drew Park CRA in general.

As you know, the Rays are still in the master planning process and do not yet have entitlements for the mixed-use development. The Rays acknowledge the importance of the mixed-use development to the broader district vision and to the anticipated tax revenue generated by the project. While the Rays are still in the master planning process and do not yet have entitlements for the mixed-use development, we are committed to advancing the mixed-use development in good faith and in alignment with the shared objectives of the Parties. However, due to factors such as market conditions, entitlement processes, and other variables outside of our direct control, the Rays are unable to commit to an absolute obligation to complete all mixed-use phases on a prescribed schedule or to guarantee specific mixed-use valuation thresholds as a direct covenant under the MOU or the definitive agreements. Notwithstanding these constraints, the Rays have agreed to pay the CRA Variable Rent, to the extent the anticipated mixed-use development or corresponding taxable value is delayed, thereby aligning our interests with the success of the mixed-use development and the financial objectives of the government entities.

We also understand that, based on current statutes, case law, and Attorney General opinions, the mixed-use development will be subject to ad valorem taxation under the proposed structure. See attached tax memo set forth on Schedule 2.

Specific Items & Questions:

- 6 a). Since TIF funding is based upon the value of the entire mixed-use development in the proposed Stadium District, what is the minimum valuation needed to be created for the Rays and their development partner(s) to meet the threshold for CRA bonds to be issued by the City's CRA? Describe the plan for dealing with minimum valuations that do not meet the threshold to issue CRA bonds. Is there any limitation (time, amount, etc.) on any guarantee the Rays and/or their development partner(s) will offer to backstop the CRA bonds?

We are awaiting additional input on the threshold assumptions. Subject to final financing terms, the Rays' intent is to pay "rent" to the CRA equal to debt service due under the CRA bonds less the actual property taxes paid by the mixed-use

development in any given year (the “CRA Variable Rent”). The form, scope, and duration of the CRA Variable Rent will be set forth in the Development and Funding Agreement.

- 6 b). What is the minimum valuation of completed mixed-use development that the Rays and/or their development partner(s) will agree to guarantee in Phases 2 and 3? Will the Rays and/or their development partner(s) commit to building only facilities that would be subject to ad valorem taxes in Phases 2 and 3? (This prohibition would not apply to Hillsborough College buildings.)

The Rays intend to develop and invest in a robust and world-class mixed-use development, including multiple hotels, office, retail, restaurants, multi-family, wellness, educational, sports medicine and sports training, and further acknowledge the importance of the mixed-use development to the overall success of the project and the public interest in ensuring that the development generates meaningful taxable value. The Rays are committed to advancing the mixed-use development in a manner that maximizes value and supports the objectives of the district. However, as is typical in comparable public-private partnerships, providing a guarantee of minimum valuation for the mixed-use development in Phases 2 and 3 is not feasible due to factors outside of our direct control, such as real estate market conditions and entitlement processes. The intent is for the mixed-use development to be fully taxable, and the Rays will continue to work diligently and in good faith to maximize the value and pace of development in partnership with the community and stakeholders. This approach reflects both our commitment to the project and the practical realities of large-scale development, and is consistent with market practice for similar projects.

- 6 c). What surety or other guarantee – other than rent payments on the stadium – do the Rays and/or their development partner(s) propose to provide to the County and City to ensure the proposed minimum valuations in Phases 2 and 3 are actually achieved?

The Rays do not propose to provide a separate valuation guarantee for the mixed-use development beyond the CRA Variable Rent, as the Rays’ commitments to the government parties are centered on delivering the stadium project, which serves as an anchor for the broader district. The mixed-use development is a

related but distinct development program and should not be treated as an independent guaranteed valuation covenant to the government parties.

7. ENTITLEMENTS / APPROVALS / PERMITTING:

There are provisions in the MOU that may rise to the level of contract zoning, to which the Parties cannot legally agree. The government parties cannot agree “not to unreasonably withhold” any land use, zoning or funding approvals. The Parties need to evaluate and discuss whether the College or the City is going to be responsible for approvals and permitting associated with the stadium and the Mixed-Use Development. In addition, any other permitting obligations, including but not limited to any necessary review, permitting and approval by FAA, Hillsborough County Aviation Authority, SWFWMD, FDOT must be obtained. Further, the latter phases of the mixed-use development which may have an impact on the existing Tax Collectors office in Drew Park, must be discussed and negotiated.

We understand and agree that the Parties cannot agree to an “unreasonably withhold” provision related to land use/zoning or funding approvals. We are pursuing a Comprehensive Plan amendment for RMU-100. With the Westshore Overlay, existing CI zoning and this Comprehensive Plan designation the development will have the necessary requirements for the stadium. The pending PDA zoning will be withdrawn. At that point, Hillsborough College will handle all development permitting on state-owned land. We agree that all other permitting and approvals including, but not limited to the FAA, Hillsborough County Aviation Authority, SWFWMD, and FDOT will be obtained in accordance with all applicable laws and regulations. The Rays will work with the Tax Collector to reach mutually agreeable terms for any redevelopment/relocation of the impacted facility.

Specific Items & Questions:

- 7 a). Describe how the land from Hillsborough College will be transferred to the Rays or their development partner(s). Will any land remain owned by Hillsborough College? If so, describe that land area and provide a graphic showing what will be retained and what will be conveyed to the Rays and/or their development partner(s).

Please see the response above. In summary, our contemplated structure is a long-term ground lease from Hillsborough College, with the stadium site conveyed to the County in fee simple upon stadium completion and the mixed-use areas remaining subject to the ground lease. A graphic depicting the contemplated layout of the overall property will follow shortly, however, as we are in the site planning stage, any such graphic will be preliminary in nature.

- 7 b). Describe the process the Rays and/or their development partner(s) will use to entitle development on the site. What is the maximum density proposed in Phases 1-3 for each phase?

The development site will be entitled through a Comprehensive Plan amendment for RMU-100, the existing CI zoning and the Westshore Overlay. Maximum density for the site under the Comprehensive Plan category (RMU-100) allows for a maximum 3.5 FAR. We have not reached a point in development where we can determine the density distribution across all phases.

8. DESIGN / CONSTRUCTION APPROVAL AND CONSTRUCTION OVERSIGHT OF STADIUM:

The government entities must have review and approval over design and construction of the stadium and infrastructure that is funded through public funding sources. This shall include participation in value engineering and project oversight by an owner's representative for the stadium and infrastructure that is funded through public funding sources. The Parties can agree on a "quality standard" for the stadium, but that shall not be a substitute for the government entities participation in the foregoing review and approval process.

This project is intended to deliver a first-class, modern and state-of-the-art, major league facility for the region, and maintaining that quality is important both to the Rays and to the long-term public value of the stadium.

As such, while Rays are prepared to agree to an objective baseline quality standard for the stadium consistent with market practices and to appropriate oversight mechanisms with respect to public funding compliance, the Rays cannot agree to a process that would allow government parties to direct value engineering in a manner that reduces the first-class, modern, and state-of-the-art quality or competitive standard of the project. That said, if the final construction cost is less than the agreed project budget of \$2.3 billion, the public contribution would be reduced on a pro rata basis.

Specific Items & Questions:

- 8 a). Are construction drawings completed? If not, provide a timeline for completing the drawings and getting bids for the work.

Design documents are in an early schematic phase and the Rays are actively iterating the design with architects and engineers and receiving concurrent budget input from contractors. The schedule for completion of drawings, pricing, and procurement milestones will be addressed in the Development and Funding

Agreement. The Rays understand that funding would not be deployed until the appropriate design and pricing milestones outlined in the Development and Funding Agreement have been satisfied.

- 8 b). Describe what value engineering items the Rays and/or their design consultants and/or their contractors have contemplated. If there are value engineering items that were considered but ultimately discarded, what were those items and why were they discarded?

The Rays are continuing to evaluate potential design and construction efficiencies in the ordinary course as the project advances, with the objective of delivering a first-class, modern, state-of-the-art Major League facility for the region. A more complete response regarding specific value engineering items can be provided once internal design and construction review is further advanced. For context, the current budget is in line with comparable projects. As was announced by the Kansas City Royals yesterday, the cost of their new ballpark is projected to be \$1.9 billion without a roof. Other new comparable ballpark projects include the Las Vegas A's opening in April of 2028.

Ultimately, while stakeholder input is considered as part of the process, design decisions should ultimately be made by the Rays and their retained project professionals based on overall project goals, performance requirements, and operational considerations.

- 8 c). Describe how the Rays determined the percentage of public funds that will go toward specific areas and/or amenities in the stadium and surrounding grounds. How will disputes be resolved between the Rays and the County/City/TSA about whether certain areas, amenities, and/or construction methods and materials used are eligible for public funding?

The project budget will highlight costs associated with building components and areas as would be customary. The Parties should address how funds are deployed on the project through a mutually agreed framework in the Development and Funding Agreement. The Rays are open to establishing a practical process for determining eligible public uses of funds for areas and amenities and for resolving disputes over categorization.

- 8 d). Provide a schedule for when each funding source will be deployed into the stadium construction project and any related pre- or post-development activities.

We agree that this should be provided, and will be a condition precedent in the Development and Funding Agreement. All funding sources would be pooled and deployed on a pari passu basis.

9. PROJECT BUDGET / COST OVERRUNS:

The public funding cannot exceed the amounts agreed upon in the MOU and can in no circumstances be greater than the private funding. In the event that the project budget is reduced, the public funding must be reduced on a proportionate basis. The Rays shall be responsible for all cost overruns associated with the construction of the Project.

The Rays agree that public funding should not exceed the amounts agreed in the MOU and that, if the overall project budget of \$2.3 billion is reduced, the public contribution should also be reduced proportionately.

The Rays agree that the Rays would be responsible for stadium project cost overruns, subject to the final terms of the definitive agreements.

Specific Items & Questions:

- 9 a). How was the stadium budget determined? Provide estimates received from contractors (if any) for each major trades portion of stadium construction – site work, structural, concrete, roofing, mechanical, plumbing, electrical, furnishings and fixtures, etc.

Current budget assumptions are being informed by ongoing market pricing, consultant input, and contractor estimates and feedback. Supporting information can be provided in an appropriate form as part of the Development and Funding Agreement.

- 9 b). Provide a schedule for when each major trade activity will occur during the stadium construction project.

The project schedule for when each major trade activity will occur during the stadium construction project will be included in the Development and Funding Agreement.

- 9 c). Since the Rays intend the County will own the stadium at some point, describe what role the County/City/TSA will have in selecting the contractor(s) for the stadium construction. **The Rays will be responsible for the selection of the contractor.**

10. PUBLIC FUNDING:

There are a number of issues that need further evaluation and discussion related to public funding. These include but are not limited to the following:

PUBLIC FUNDING COMMITMENT:

The Rays seek confirmation from the City and County on their commitment to public funding amounts contemplated in the April 16, 2026 presentation during BOCC Workshop (reflecting a County contribution of \$702 million and a City contribution of \$224 million), and seek clarity on how to resolve the public funding shortfall. Prior to April 16, 2026, there was a \$75 million shortfall. The April 16, 2026 presentation identified an additional \$60 million shortfall based on the assumption that the CIT bonds would be taxable, and reflected that amount as an increase in the CRA Bonds. The Rays do not agree to addressing that additional \$60 million shortfall through an increase in the CRA Bonds, because doing so would correspondingly increase the Rays' payment obligations under the CRA Variable Rent (defined herein) structure. More importantly, the Rays believe the financing should be structured in a manner that preserves the ability for the CIT bonds to remain tax-exempt. As discussed below, and subject to further work with the Parties and financing professionals, the Rays believe there is a viable framework to achieve that result, which would eliminate that additional \$60 million shortfall, leaving the Parties to identify a path to bridge the pre-existing \$75 million funding gap.

While we recognize that certain sources may remain subject to legal, financial, and policy review, the Rays believe the MOU should reflect a clear framework for how the City and County intend to deliver their respective funding contributions so that all Parties can evaluate project feasibility and maintain the schedule necessary for a 2029 opening.

- Use of Public Funds: The public funds shall only be applied to public portions of the stadium and public infrastructure improvements. Public funds cannot be applied to any private portion of the stadium or non-public infrastructure. Moreover, the private funding must equal or exceed all public funding. The Parties need to discuss how the different funding sources can be utilized and applied to specific public improvements.

The Rays are open to a process to confirm eligible uses of public funds, which can be more specifically addressed in the Development and Funding Agreement.

- CIT Funding: The Rays shall provide a backstop to the CIT funding in the event it does not meet growth assumptions of 4%+ per annum, payable over 15 years on an annual basis. The backstop must be secured and guaranteed by a third-party credit facility or escrow acceptable to the government parties. This backstop may cause some or all of the bonds to be taxable. **A CIT backstop structure that would result in the CIT Bonds being fully comprised of taxable bonds or substantially reduced tax-exempt bonds is not viable. In lieu thereof, the Rays propose to provide a Contingent Reserve of \$20,000,000 to help mitigate the risk of a shortfall in the CIT growth rate, payable in 2041 and 2042. The Contingent Reserve will be funded on a sliding scale conditioned on the CIT actual growth rate compared to 3.70%. In return, the project will receive a mirror image amount of revenues tied to any CIT growth rate over 3.70%, in 2041 or 2042. The foregoing terms will be further detailed in the Development and Funding Agreement.**
- CIT Funding: The City has the option of issuing its own CIT bonds versus entering into an interlocal agreement with the County. **Agreed, provided that the bond validation for each issuance is concurrent. The specific mechanics will be addressed in the definitive agreements.**
- CRA Funding: The Rays will be responsible for debt service on the CRA Bonds to the extent TIF revenues from the Mixed-Use Development are insufficient over the life of the CRA bonds. This payment responsibility will be evidenced by a use or other type of agreement and secured by a third party credit facility or escrow acceptable to the government parties. **The Rays will pay CRA Variable Rent as discussed above, to be further documented in the definitive agreements.**
- CRA Funding: The government parties shall not be responsible for creating a home rule tax increment after the expiration of the Drew Park CRA. **We understand there cannot be contract zoning, but would like confirmation that there will not be a prohibition on the Rays seeking a home rule TIA after the expiration of the extension of the Drew Park CRA as contemplated.**
- CRA Funding / Ticket Surcharge Funding: These funding sources will be taxable. The CRA Bonds and the Ticket Surcharge Bonds will be privately placed. **Agreed. The Rays agree that the CRA bonds and ticket surcharge bonds will be taxable and privately placed. The specific account structure will be addressed in the definitive agreements.**

- TDT Funding: This funding source shall be limited to the 6th cent and one of the first 3 cents, and may only be applied to public portions of the stadium. **The County has the full discretion to determine which portion of the TDT funds are used.**
- CDBG-DR Funding: This funding source may be applied solely to stormwater public improvements providing a benefit to the entire Drew Park CRA. The Rays shall satisfy any and all government approvals and regulatory requirements for this funding, including any applicable public procurement and Davis-Bacon Act requirements.
- Prior Commitments: The government parties shall not prioritize the public funding for the Project over funding that has been set aside for other professional sports projects and/or other prior funding commitments. Any form of most favored nations provision in favor of the Rays regarding public funds is unacceptable. **The City, County and CRA have full discretion to identify and assemble their own funding sources, however, we understand and agree that this is the intent. We can agree to remove any MFN concept from the MOU and any definitive agreements.**
- Bond / Credit Rating: The government parties shall not be required to provide funding structures that would compromise their bond / credit rating in the discretion of the government parties. **Agreed.**

- Issuance Costs / Interest Risk / Investment Earnings: Issuance costs and interest rate risk associated with bonds shall be the responsibility of the Rays and not the government parties. Investment earnings on private money shall be attributed to private funding and investment earnings on public money shall be attributed to public funding. Any savings from a future refunding of public bonds shall inure to the benefit of the public parties and not to the stadium or the Rays.
 - **Issuance Costs/Interest Risk: These matters have not been fully addressed in the sources and uses. Issuance costs with respect to any bonds issued would typically be paid out of bond proceeds. If the project does not proceed after bond issuance, the Rays would reimburse the City/County for certain costs, including bond counsel fees, financial advisor fees, and any other arbitrage-related expenses. A general allocation of all issuance costs and interest rate risk to the Rays (as sought by the government parties) can be agreed upon in the definitive agreements.**
 - **Investment Earnings: Agreed. Investment earnings on funds held in the City Account, County Account, and CRA Account should be held in such accounts and attributed to public funding (inclusive of the \$1.065B total public commitment). Similarly, earnings on the Rays Account would be held in the Rays Account and attributed to private funding.**
 - **Refunding Savings: The Rays agree that savings from a future refunding of public bonds should inure to the benefit of the public parties. However, any**

savings from refunding ticket surcharge bonds or taxable CRA bonds should not be subject to this same treatment, as these are effectively private or team-supported funding sources.

- **Bond Validation**: No public funding shall be authorized unless all bonds (including CRA bonds) have been judicially validated including expiration of any appellate rights. **While we agree that bond validation should be a condition to bond issuance, the TDT and CIT bonds are planned to be issued first, with the CRA bonds to be issued later during the construction period, pursuant to a funding schedule to be more particularly set forth in the definitive agreements, such that the validation of the CRA bonds is not a condition precedent to the funding of the proceeds from the TDT and CIT bonds.**
- **Alternate Funding Sources**: The government parties shall not be responsible for seeking or obtaining alternate funding sources. However, the government parties have identified (through the AECOM report) various potential alternative funding sources, including but not limited to, ticket surcharges, special assessments and/or CDD assessments. The governmental parties shall not be responsible for ensuring any of these sources are available. **We appreciate that the government parties may not be able to commit to obtaining alternate funding sources, but we'd like a commitment to ultimately fulfill the public funding commitment, with reasonable parameters. That said, the AECOM report has identified various possible funding tools, including ticket surcharges, special assessments, and/or CDD assessments. To the extent those mechanisms rely on project-generated revenues, they are effectively private or team-supported sources rather than public funding, and would not be considered an alternate public funding source.**
- **Funding Schedule**: Construction shall not commence until all funding sources have been funded and private funding sources have been received / committed in a manner that is acceptable to the government parties in their discretion. Disbursements under the Construction Funds Trust Agreement should be pari-passu between the public and private funding sources. **The timing and mechanics of funding commitments and disbursements should be clearly documented in the Development and Funding Agreement. Construction should not commence until all funding release conditions have been met per the definitive agreements.**

Specific Items & Questions:

- 10 a). Provide a detailed timeline or schedule for when all private and public funding sources will be used during construction of the stadium. **This will be addressed in the Development and Funding Agreement.**

10 b). Describe the process for how the Rays intend the County/City/TSA to deposit funds and approve draws from a construction trust fund or similar type of account to be used during construction (including any applicable pre- and post-construction activities). **This will be addressed in the Construction Trust Fund Agreement, but we generally anticipate it to function as follows, which is consistent with market practice:**

- **Accounts Established:** A trustee would establish separate accounts under a construction trust: a City Account, County Account, CRA Account, and the Rays Account, each with associated subaccounts for different funding sources (e.g., TDT, CIT, CRA TIF, CDBG-DR, cash reserves). The specific structure will be addressed in the definitive agreements.
- **Deposits:** Once critical pre-construction milestones are reached, the City, County, CRA Board, and the Rays would make deposits to the trust.
- **Monthly Draw Requests:** The Rays would submit a monthly draw request (with supporting documentation) to the construction monitor and other reviewing parties.
- **Review Period:** Each reviewing party would have a period to object in writing to any items in the draw request, with an agreed-upon objection resolution procedure.
- **Disbursement:** Upon receiving all required approvals, the trustee would disburse the approved amounts from the applicable accounts.
- **Pari Passu Disbursements:** The Rays' position is that all project costs (excluding cost overruns) be paid on a pari passu basis.
- **Insufficient Funds:** The trustee would not disburse any public funds on any date when there is an insufficient commitment from the Rays to fund its proportionate share.

10 c). Describe the surety the Rays propose to use to backstop any public funds. Will the County or City have approval rights for the surety? What mechanism do the Rays intend to be in place for the County and/or City to draw upon the surety?

Based on advice of tax counsel, the Rays' position is that it is important to distinguish between (a) construction/completion-period credit support (e.g., performance bonds, completion guarantees) and (b) longer-term backstops of revenue, growth assumptions, or bond payments.

Construction-period credit support that is limited in duration and amount, and objectively callable only upon construction default, should be treatable as outside the bond credit/yield analysis and would not jeopardize tax-exempt status. However, if any “surety” drifts into a longer-term backstop of revenue, growth assumptions, or bond payments—or if draws function economically as payments on the bonds—that would create federal tax risk.

Rather than a separate surety product related to the bonds, the Rays’ proposal contemplates a Contingent Reserve as part of the overall financing structure. This Contingent Reserve is intended to provide added protection and financial support for the CIT bonds, but is also designed to establish a framework that preserves the ability for the bonds to be issued on a tax-exempt basis, subject to final review and approval by bond counsel and satisfaction of applicable legal requirements. The details regarding administration of the Contingent Reserve would be set forth in the definitive agreements.

- 10 d). Indicate what company (or companies) the Rays intend to use to provide performance bonds, letters of credit, and/or any insurance contemplated to be in effect during construction of the stadium, including all pre- and post-construction activities. **This will be addressed in the Development and Funding Agreement.**
- 10 e). Describe the plan to obtain additional private funding if the total private and public funding is not sufficient to cover all necessary construction costs of the stadium. **The Rays will be responsible for covering agreed private funding obligations and any applicable cost overruns, with the details of those commitments to be reflected in the Development and Funding Agreement.**

11. PRIVATE FUNDING:

There are a number of issues that need further evaluation and discussion related to private funding. These include but are not limited to the following:

- The amount of private funding and the specific sources should be provided and reviewed by the government parties
- All the private funding shall be equal to or greater than the public funding and should be deposited under the Construction Funds Trust Agreement at the same time as all public funding, including without limitation proceeds of publicly issued bonds. Sequentially, the Construction Funds Trust Agreement is described in the Development and Funding

Agreement as a documents to subsequently be negotiated, when a construction funds trustee has been agreed upon.

The Rays understand the government parties' interest in confirming the sufficiency of private funding and are committed to working cooperatively with the government parties to provide the necessary information for their review at the appropriate time as is standard with similar public private partnerships. At the MOU stage, detailed sourcing information for private capital is not standard and raises legitimate confidentiality considerations, and Sunshine law-related concerns. Consistent with practices in other major sports facility transactions, this information will be made available as a condition precedent to the public funding pursuant to the Development and Funding Agreement, and will be provided to a limited and appropriate set of reviewing parties, subject to appropriate protections.

We also note that while private funding will be committed in accordance with the Development and Funding Agreement, it is not commercially reasonable to require all private capital to be fully funded into an account at the same time as public bond proceeds if that would cause unnecessary interest carry or financing inefficiency. Rather, the Rays will provide a commitment that the funds will be available, in a form that is market and reasonable and acknowledge that the funds will be expended in the manner outlined in the Development and Funding Agreement.

In addition, MLB has an established process for reviewing club financial capacity in connection with projects of this nature, and MLB approval will also require sufficient sources to proceed with the project. The MLB verification process will be a resource that the City and County may rely on, for purposes of confirming the sufficiency of private funding, to be more particularly set forth in the Development and Funding Agreement.

Specific Items & Questions:

- 11 a). What are the private funding sources for the Rays portion of the stadium construction? (Include all related pre- and post-development items that will be paid in whole or part with private funds.)
- 11 b). Provide the percentage of funding derived from each private source.
- 11 c). Note any contingencies or prerequisites (if any) for each private funding source.

- 11 d). Provide a schedule for when each private funding source will be deployed into the stadium construction project and any related pre- or post-development activities.

As noted above, the private funding sources, percentages, conditions, and deployment schedule will be addressed in the Development and Funding Agreement and related financing documents, and made available through an appropriate review process.

12. CAPITAL EXPENDITURES:

The Rays shall be responsible for all capital maintenance expenditures (“CapEx”) for the stadium. The Rays may apply for future funding for CapEx through the CRA and TDT but those funding from TDT, TIF or other public-funds. Decisions will be considered independently at the time application is made in the discretion of the government parties. These funds cannot be earmarked or committed in advance, and no commitment regarding such future funding may be provided for in the MOU. In order to ensure that the stadium remains viable, the Parties need to agree to an annual review of capital expenditures where structural maintenance expenditures are prioritized over private use areas and revenue generating maintenance expenditures.

While the Rays understand the government parties’ position that future public funding for CapEx cannot be fully committed in advance through the MOU, the parties should agree now to establish a defined framework for the application of legally available excess TDT revenues to eligible future CapEx at the stadium and public infrastructure for the overall project. Doing so would provide needed certainty for long-term capital planning and help ensure that the facility remains properly maintained and competitive over time. Similarly, once the MOU is signed, the CRA should move forward with any necessary redevelopment plan amendment or related process so that this work may proceed on a parallel track. The Parties recognize that the Rays intend to both seek TIF and excess TDT revenues for eligible CapEx, and that establishing this pathway now is important to the project’s long-term viability.

Specific Items & Questions:

- 12 a). Provide a detailed description of how the Rays intend to maintain the stadium. The description should include how CapEx improvements to both public and private spaces will be evaluated and funded. If a specific standard exists that the Rays intend to follow to guide CapEx, please identify that standard.

- 12 b). Provide a list of CapEx items the Rays consider to be necessary to maintain the stadium. Also identify what area of the grounds surrounding the stadium (if any) the Rays believe need to be part of the CapEx maintenance program.
- 12 c). Provide a schedule or timeline that anticipated CapEx maintenance items will be performed. Identify the amount of anticipated CapEx funding needed in each 5-year period of the lease.
- 12 d). Indicate whether the Rays will set up a reserve account for an annual contribution (or some other semi-periodical timeframe) toward CapEx.

The government and the Rays will jointly retain a firm that specializes in facility assessments and recommending CapEx improvements. The details of this process, including stadium maintenance standards, CapEx categories, timing, and reserve practices, will be outlined in the License/Use Agreement and related operating documents. The Rays are prepared to work through those items as part of the definitive agreement process.

13. LICENSE/USE AGREEMENT:

- License/Use Fees / Naming Rights and Sponsorships: The Rays need to either commit to an annual license/use fee during the term of the License/Use Agreement or to share revenues associated with naming rights / sponsorships. **The Rays do not agree to (i) an annual use fee structure beyond what is otherwise negotiated in the full economic arrangement, or (ii) a sharing of naming rights/sponsorship revenues.**
- Stadium Ownership After Termination: The County shall own the stadium following the termination of the License/Use Agreement. **Agreed. The County would own the stadium following termination of the License/Use Agreement.**
- Parking: The Parties need to further review and analyze parking to support the stadium and Mixed-Use Development as well as how revenue from parking will be shared. There are existing parking agreements that will be impacted and that must be considered in this exercise. **We agree that parking must be further analyzed to support both the stadium and the broader mixed-use district, taking into account existing agreements and stakeholder needs. Additionally, the Rays are committed to supporting multimodal and micromobility options throughout the district as well as continuing to work with state and federal authorities on additional transportation funding options. The Rays' current expectation is that parking revenues would not be shared unless the government parties are contributing additional funding specifically for parking facilities beyond the agreed \$2.3 billion stadium budget.**
- Stadium Operations and Management: The Parties will agree in the License/Use Agreement that, during the term thereof, the Rays will be responsible for operating and

managing the Stadium, either (i) at the Rays' sole cost and expense, or (ii) pursuant to an agreed-upon allocation of operating and management costs, as further set forth in the definitive License/Use Agreement. **Agreed that the Rays would be responsible for operating and managing the stadium during the term of the License/Use Agreement, with the detailed cost allocation to be set forth in the definitive agreement.**

Specific Items & Questions:

- 13 a). Describe the Rays plan to pay annual rent for the stadium. How was the rent amount determined? **The economic structure is intended reflect the totality of the transaction, including the Rays' substantial private capital commitment, ongoing operating obligations, and the CRA Variable Rent. Any rent or use fee concept should be considered in that broader context. There is not an additional annual rent payment considered as a part of the overall economic arrangement.**
- 13 b). What is the plan for how the Rays intend to provide parking for ballgames and special events? Provide a parking plan to show the proposed location of surface parking and garages, the number of spaces in each area, and the proposed parking rates in each area. Indicate whether the spaces will have different pricing for non-game and/or non-special event parking. **An initial parking plan showing parking during construction has been provided and includes maintaining the existing number of parking spaces on site. The Rays fully intend to continue working with stakeholders to refine the plan, including a robust event-day operating plan, as project programming advances.**
- 13 c). Who is paying for construction of surface parking and garages in and around the stadium? Define the percentage of funding to be paid by both public and private sources for constructing surface and garage parking facilities. **Please see the response above. These issues require further coordination, but parking revenue sharing is not contemplated absent additional public participation specifically directed to parking improvements.**
- 13 d). Describe how parking revenue will be apportioned between the Rays and the County/City/TSA. Do the Rays intend to keep all parking revenue even if public funds are used to construct surface or garage parking facilities?
- 13 e). Describe how parking will be funded in the remainder of the Stadium District once fully developed. Describe how that parking revenue will be apportioned between the Rays and any public entities that provide public funding.

14. DISPUTE RESOLUTION:

The government parties have not agreed to any form of dispute resolution. **Understood. The Rays are in agreement with addressing dispute resolution mechanisms in the definitive agreements rather than in the MOU.**

Schedule 1

Excerpt from February 24, 2026 State Cabinet Resolution

[See attached]

AGENDA
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
February 24, 2026

Attachments to the items below can be viewed at the following link:
floridadep.gov/cab/cab/content/agendas

Item 1 **Hillsborough County Conveyance/ Non-Conservation Land/ Release
and Modification of Deed Restrictions/ Determination**

REQUEST: Consideration of (1) a determination that a gift/conveyance of approximately 22 acres of state-owned non-conservation land to Hillsborough College (HC), a political subdivision of the State of Florida and member college of the Florida College System, will provide a greater benefit to the public than its retention in state ownership, pursuant to Rule 18-2.018(3)(b)1.c., F.A.C.; (2) a delegation of approval to convey such lands, subject to existing governmental entity leases, to the District Board of Trustees of HC free from any waiver, encumbrance, or restriction except for the requirement that the parcel previously deeded to HC under Deed No. 25056 contains components of a Major League Baseball stadium for the Tampa Bay Rays, through Rays Baseball Club, LLC and/or its affiliates (Rays), within five years of this conveyance or that construction has commenced for a Major League Baseball stadium and ancillary development for the Rays within five years of this conveyance; (3) modification of the right of reverter deed restriction on the property where the HC campus is currently located (Deed No. 25056); and (4) release of the deed restrictions on the property owned by the Board of Trustees of Hillsborough Community College District (Deed No. 25538).

VOTING REQUIREMENT FOR APPROVAL: Three votes

COUNTY: Hillsborough

APPLICANT: District Board of Trustees of HC

LOCATION: Section 09, Township 29 South, Range 18 East

STAFF REMARKS:

Background

The State Tuberculosis Board of Florida originally acquired approximately 155 acres on January 29, 1947, from the United States of America (Book 1424, Page 288). On February 22, 1969, pursuant to Chapter 67-269, General Laws of 1967, the State Tuberculosis Board of Florida conveyed approximately 155 acres, encompassing the 22-acre property proposed for conveyance, to the Board of Trustees (Book 2007, Page 675). The approximately 22-acre property consists of three non-contiguous parcels of non-conservation land located in Hillsborough County.

Since 1969, portions of the 155-acre property have been conveyed or leased to various governmental entities, including the District Board of Trustees of Hillsborough Community College, the Hillsborough County Tax Collector, the Florida Department of Management Services/Florida Department of Law Enforcement, and the Florida Department of Juvenile Justice. In June 2003, the Board of Trustees of the Internal Improvement Trust Fund conveyed approximately 26.37 acres to the District Board of Trustees of HC via Deed No. 40107.

Item 1, cont.

Today, while a portion of the property is utilized for college purposes, a significant portion of land is solely used for parking (single level surface) purposes, which provides an opportunity to reconfigure the campus through real estate optimization.

Previously, portions of the adjacent property were conveyed by the Board of Trustees for sports and entertainment uses, including the current home to George M. Steinbrenner Field, the Spring Training Home to the New York Yankees and Tampa Tarpons.

All property subject to this request is within the Drew Park Community Redevelopment Area created pursuant to Part III of Chapter 163, Florida Statutes.

Project Detail

In January, the District Board of Trustees of HC approved a Memorandum of Understanding with the Tampa Bay Rays, through Rays Baseball Club, LLC (Rays) to pursue a partnership for the redevelopment of its campus to support the relocation of the Tampa Bay Rays to Hillsborough County. The contemplated project would redevelop the majority of the current campus into an integrated campus consisting of new HC facilities, a Major League Baseball stadium, and a mixed-use development which may consist of hotels, office and retail space, multifamily buildings, sports, entertainment and health related buildings, commercial buildings, parking structures, restaurants, and other related buildings (Project).

As proposed, HC would retain ownership and control of a designated College District for its academic facilities, while the remaining Project property would be ground leased to the Rays or an affiliated entity for long-term development. Additionally, HC is authorized to convey a portion of the property through a donation and/or fee simple transaction not exceeding required fees either directly or through the Rays, to another governmental entity within Hillsborough County for the physical stadium itself.

Under the proposed structure, HC would maintain full authority over the planning, construction, and operation of its educational facilities, while the Rays would control the development and operation of the stadium and mixed-use components. Temporary facilities and parking would be provided to allow HC to continue operations during construction. Both parties would cooperate to minimize disruption to academic activities and to address shared infrastructure and access needs. The overall site would be governed by shared covenants and development standards to ensure coordinated use and design.

The Rays would be responsible for securing financing, governmental approvals, economic incentives, and Major League Baseball approvals necessary to advance the Project, with HC providing reasonable cooperation to ensure that the plans are consistent with the missions of HC and the Rays to ultimately benefit the broader economic competitiveness of Tampa Bay.

As all components of the Project consisting of the new and existing HC facilities, new Tampa Bay Rays stadium, and the related mixed-use development will be on government owned land and will facilitate the redevelopment of an existing Community Redevelopment Area, the current City of Tampa comprehensive plan land use designation of P/SP (Public/Semi Public) is the appropriate land

Item 1, cont.

use designation for this important project of statewide economic significance and does not need to be amended.

Conveyance and Deed Restriction

Department staff have determined that the 22 acres, consisting of three non-contiguous parcels of non-conservation land in Hillsborough County, can be conveyed by sale, gift, or exchange if the Board of Trustees makes an affirmative finding, pursuant to Rule 18-2.018(3)(b)1.c., F.A.C., that the conveyance of the property for the intended use will provide a greater benefit to the public than its retention in state ownership. There shall be no reservations pursuant to section 270.11, F.S., required in the deed of conveyance.

As proposed, the conveyance will increase economic development opportunities in the region through the construction of a professional sporting complex and a mixed-use development project. As such, Department staff find that the greater benefit to the public will be achieved through the conveyance of the subject property than its retention in state ownership.

As a condition of the conveyance of approximately 22 acres, the property currently containing the HC campus shall, within five years of the date of conveyance, contain components of a Major League Baseball stadium and ancillary mixed-used development for the Tampa Bay Rays, through Rays Baseball Club, LLC and/or its affiliates (Rays), or that construction of components of a stadium and mixed-use development has commenced in conjunction with Rays; otherwise, the Board of Trustees of the Internal Improvement Trust Fund shall reserve the right, at its sole option, to exercise its reversionary interests to take back the 22-acre property.

Deed Restriction Modification

On February 25, 1970, the Board of Trustees conveyed approximately 72 acres where the HC campus is currently located to the District Board of Trustees of HC via Deed No. 25056, which contained a reverter provision that requires the property to be used only for college purposes. The reverter language will be modified to require that only a portion of the property shall be used for college purposes which will allow for a portion of the property to be used for the construction of a Major League Baseball stadium and ancillary mixed-use development for the Tampa Bay Rays, through Rays Baseball Club, LLC and/or its affiliates (Rays).

If, within five years from the date of the deed modification, components of a Major League Baseball stadium and ancillary mixed-use development for the Tampa Bay Rays, through Rays Baseball Club, LLC and/or its affiliates (Rays) or construction of such a stadium and mixed-use development has not commenced on the property, then the Board of Trustees of the Internal Improvement Trust Fund shall reserve the right, at its sole option, to reimpose the original deed restriction requiring the property to be used only for college purposes.

Release of Deed Restriction

On January 8, 1975, the Board of Trustees of the Internal Improvement Trust Fund conveyed approximately five acres to the District Board of Trustees of HC via Deed No. 25538, which contained a restriction requiring the property to be used for college purposes only. This

Item 1, cont.

restriction will be released to allow for the property to be used for the construction of a Major League Baseball stadium and ancillary mixed-use development for the Tampa Bay Rays, through Rays Baseball Club, LLC and/or its affiliates (Rays).

Additional Considerations

As expressed in the Memorandum of Understanding between HC and the Rays, to foster continued collaboration between the two parties, the Board of Trustees of the Internal Improvement Trust Fund should consider directing the following:

1. That HC, in coordination with the Rays, within one year of conveyance, shall update its campus master plan to ensure the maximization of space and integration of the dual missions of the parties;
2. That HC, in coordination with the Rays, maintain the referenced existing governmental leases until such time they are modified at the request of the Rays or the Lessee;
3. That HC work collaboratively with the Rays in the submittal of any applications, permits, or submissions to support the delivery of the project;
4. That all state permitting agencies work collaboratively with HC and the Rays to expeditiously review all state and local applications, permits, or zoning requirement, or additional submissions in support of the project.

(Attachment 1)

RECOMMEND: APPROVAL SUBJECT TO ADDITIONAL CONSIDERATIONS

Schedule 2

Tax Memo

[See attached]

RE: Florida’s Application of Ad Valorem Taxes to Leasehold Interests Granted by a State Governmental Entity to a Private, For-Profit Entity

I. Overview

Florida imposes ad valorem taxes on real properties located in the state. Local, state, and federal government entities are broadly immune from ad valorem taxes; however, when real property is owned by an exempt governmental entity and leased to a private, for-profit entity, for a term of 100 years or more, the property is deemed to be owned by the for-profit entity for purposes of tax determination and subject to ad valorem taxes unless a further exemption applies.

Here, the real property (the “Property”) is owned in fee simple absolute by a Florida state college (the “College”). The College enters into a ground lease with a private, for-profit entity (the “Developer”) for a term of 100 years. The Developer intends to use its leasehold interest in the Property (the “Leasehold Interest”) to develop the Property for for-profit purposes and the Developer will own all buildings and improvements on the Property for the duration of the lease.

As further outlined below, the College’s fee simple ownership interest in the Property is immune from ad valorem taxation, while the Developer is not immune from ad valorem taxation and is deemed to be the owner of the Property for purposes of taxation because the Leasehold Interest is for a term of at least 100 years, thereby making the Property subject to ad valorem taxation.

II. Fee Simple Ownership Interest: College’s Immunity from Ad Valorem Taxation

A. The State’s Immunity from Taxation

“It is well established that the state and its political subdivisions, like a county, are immune from taxation because there is no power to tax them.” *Orange County v. Florida Dep’t of Revenue*, 605 So. 2d 1333, at 1334.¹ While some statutes may purport to provide exemption from taxation,² the state and its subdivisions are more than exempt, they are immune, unless such sovereign immunity is waived. See, e.g., *Park-N-Shop, Inc. v. Sparkman*, 99 So.2d 571, 573-74 (Fla. 1958)

¹ Citing *Dickinson v. City of Tallahassee*, 325 So. 2d 1 (Fla. 1975); *State ex rel. Charlotte County v. Alford*, 107 So. 2d 27 (Fla. 1958); *Park-N-Shop, Inc. v. Sparkman*, 99 So. 2d 571 (Fla. 1957); *City of Orlando v. Hausman*, 534 So. 2d 1183 (Fla. 5th DCA 1988), rev. denied, 544 So. 2d 199 (Fla. 1989); *Andrews v. Pal-Mar Water Control District Department of Revenue*, 388 So. 2d 4 (Fla. 4th DCA 1980); *Orlando Utilities Commission v. Milligan*, 229 So. 2d 262 (Fla. 4th DCA 1969) cert. denied, 237 So. 2d 539 (Fla. 1970).

² See, e.g., §196.199(1)(b), Fla. Stat., which provides that all “property of this state which is used for governmental purposes shall be exempt from ad valorem taxation except as otherwise provided by law”; or, §196.199(1)(c), Fla. Stat., providing that all “property of the several political subdivisions and municipalities of this state or of entities created by general or special law and composed entirely of governmental agencies, or property conveyed to a nonprofit corporation which would revert to the governmental agency, which is used for governmental, municipal, or public purposes shall be exempt from ad valorem taxation, except as otherwise provided by law.”

(“property of the state and of a county... is immune from taxation, and we say this despite references to such property in [statutes] as being exempt”), see also *Orlando Utilities Comm’n v. Milligan*, 229 So.2d 262, 264 (4th DCA Fla.1969), certiorari denied, 237 So.2d 539 (Fla.1970) (“[e]xemption presupposes the existence of a power to tax whereas immunity connotes the absence of that power. The state and its political subdivisions, like a county, are immune from taxation since there is no power to tax them.”)

The state’s immunity from ad valorem taxation extends to its instrumentalities, including state colleges and universities. See, e.g., *Solomon v. Shands Teaching Hosp. & Clinics, Inc.*, 353 So. 3d 677 (finding that property equitably owned by the University of Florida was immune from ad valorem taxation), see also *Canaveral Port Authority v. Dept. of Revenue*, 690 So.2d 1226, 1227-28 (Fla. 1996) (stating that “only the State and those entities which are expressly recognized in the Florida Constitution as performing a function of the state comprise ‘the state’ for purposes of immunity from ad valorem taxation. What comprises ‘the state’ is thus limited to counties, entities providing the public system of education [et al.]” (emphasis added)).

B. College’s Immunity from Taxation

Since the College is an instrumentality of the State, the College’s fee simple ownership interest in the Property is immune from ad valorem taxation. Such that, the College’s fee simple ownership interest in the Property cannot be subject to ad valorem taxes.

III. Leasehold Interest: Developer’s For-Profit Activities Exceed the Scope of the Government Purpose Exemption to Ad Valorem Taxation

A. Government Purpose Exemption

While the College’s fee simple ownership interest is immune, the Developer’s Leasehold Interest does not share in that immunity. Florida’s governing statute, §196.001(2), Fla. Stat. (2025) provides that “[u]nless expressly exempted from taxation, the following property shall be subject to taxation in the manner provided by law: All leasehold interests in property of the United States, of the state, or any political subdivision, municipality, agency, authority, or other public body corporate of the state.”

Under the applicable exemption statute, §196.199(2)(a), Fla. Stat. (2025), “leasehold interests in property of the United States, of the state or any of its several political subdivisions, or of municipalities, agencies, authorities, and other public bodies corporate of the state shall be exempt from ad valorem taxation and the intangible tax pursuant to paragraph (b) *only when the lessee serves or performs a governmental, municipal, or public purpose or function*, as defined in

s. 196.012(6)” (emphasis added).³ This exemption is commonly referred to as the Government Purpose Exemption.

Critically, the Governmental Purpose Exemption does not “exempt personal property, buildings, or other real property improvements owned by the lessee from ad valorem taxation.”⁴ This means that any buildings, structures, or other improvements that a for-profit lessee constructs and owns on the government’s land are fully subject to ad valorem taxation in the ordinary course, regardless of whether the lessee can qualify for the Government Purpose Exemption.

“Real property improvements titled in a private individual who has leased land from the county would be subject to ad valorem taxation. A determination of whether a lessee owns improvements for purposes of taxation, however, is one that must be made by the property appraiser.”⁵ If the improvements are deemed owned by the government-lessor, rather than by the lessee, then those improvements are subject to intangible personal property tax.⁶

B. Taxation of Governmental-Proprietary Leasehold Interest

A taxable leasehold interest can be subject to (1) intangible personal property tax or (2) ad valorem taxes depending on certain terms in the lease. Under the applicable statute, §196.199(7), Fla. Stat. (2025), “[p]roperty which is originally leased for 100 years or more, exclusive of renewal options, . . . shall be deemed to be owned for purposes of this section.” Here, the Leasehold Interest will be for a term of no less than 100 years, exclusive of renewal options. Therefore, the Property is deemed to be owned by the Developer and subject to ad valorem taxation, as no statutory exemption applies. If the Leasehold Interest was for a term less than 100 years, it would be treated as a bona fide leasehold interest and subject to further taxation.

C. Developer’s Leasehold Interest, Buildings, and Improvements are Subject to Taxation

The Developer intends to develop the Leasehold Interest for commercial, for-profit activities. The Developer’s intended activities for the Leasehold Interest are clearly not for a public purpose, and would not qualify for the Governmental Purpose Exemption from property taxation.

In addition to paying taxes on the Leasehold Interest, the Developer will pay ad valorem taxes on the buildings and improvements. The Developer will be constructing improvements and buildings on the Property and retaining ownership over all of the improvements and buildings. The College will have no ownership claim to the improvements and buildings on the Property, as evidenced through binding legal agreements executed in connection with the development.

³ See also *Accardo v. Brown*, 139 So. 3d 848, 851 (Fla. 2014) (summarizing the statutory framework).

⁴ *Id.*

⁵ Op. Att’y Gen. 2001-38 (2001).

⁶ *Bell v. Bryan*, 505 So. 2d 690 (Fla. 1st DCA 1987), *rev. den.*, 513 So. 2d 1060 (Fla. 1987), *aff’d after remand*, 519 So. 2d 1024 (Fla. 1st DCA 1988).

Therefore, under Florida law and the facts of the present scenario, the improvements and buildings owned by the Developer are subject to ad valorem property taxation.

IV. Conclusion

The College's underlying fee interest in the Property remains immune from ad valorem taxation. Under the 100-year term of the Leasehold Interest, the Developer is deemed to be the owner of the Property, thereby subjecting the Property to ad valorem taxes, as no statutory exemption applies.