

## **EXHIBIT E**

### **FORMULA - DETERMINATION OF TAX INCREMENT PAYMENT**

The Parties understand and agree that determination of the actual "amount of property taxes levied and collected" would include extensive calculations on an ongoing parcel-by-parcel basis during every Tax Year of the Agreement to accurately reflect changes to the Tax Increment resulting from delinquent collections and refunds due to appraisal valuation adjustments. In order to simplify the calculations for payment, while maintaining substantive accuracy of the Tax Increment based on the taxes collected on the adjusted value of the property involved in the TIF District, the Parties may annually calculate an average collection rate that will be utilized to determine the Tax Increment.

The average collection rate will be based on the past four Tax Years. The collection rate will be calculated as of the fifth year of collection for each of those four Tax Years and then averaged. The calculation will be based on the beginning Tax Year unadjusted levy and the total amount collected on that levy after five years. Since this percentage will take into account the average decrease or increase to the levy due to delinquent payments, refunds, and property valuation adjustments, there will be no need to adjust future years' Tax Increments to reflect those amounts. The calculation will be based on TIF District parcel data if available; otherwise, County- or City-wide parcel data will be used to calculate the collection rate by the appropriate Party.

EXAMPLE: On page two of this exhibit is an example of the average collection rate calculation for Travis County using TIF District parcel data. It shows the collection rate for each Tax Year 1999 through 2002 and the average collection rate for all those years totaling 93.2%. Using this average collection rate the calculation of the Tax Increment payment for Travis County would be:

Captured Appraised Value divided by 100 multiplied by the then current Tax Rate multiplied by the average collection rate of 93.2% and then divided by two.

The first Tax Increment to be paid in 2009 would be based on the calculated rate for Tax Years 2000-2003. Prior to each annual payment, the Parties may review the calculations including the underlying information and documentation.

**PROPERTY TAX COLLECTIONS AS OF SEPTEMBER 30 OF EACH YEAR FOR WALLER CREEK TIF DISTRICT**

[illegible]