

**CITY OF BALTIMORE
COUNCIL BILL 16-0671
(First Reader)**

Introduced by: The Council President

At the request of: The Administration (Baltimore Development Corporation)

Introduced and read first time: May 16, 2016

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Board of Municipal and Zoning Appeals, Planning Commission, Baltimore Development Corporation, Department of Housing and Community Development, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Port Covington Special Taxing District**

3 FOR the purpose of designating a “special taxing district” to be known as the “Port Covington
4 Special Taxing District”; providing for and determining various matters in connection with
5 the establishment of the special taxing district; creating a special fund for the special taxing
6 district; providing for the levy of a special tax on all taxable real and personal property
7 located in the special taxing district; providing for a special effective date; and generally
8 providing for matters relating to the designation and operation of the special taxing district,
9 the establishment and use of the special fund to provide for the payment by or reimbursement
10 to the City for debt service, which the City is obligated to pay or has paid (whether such
11 obligation is general or limited) on any special obligation bonds or notes issued by the City,
12 the authorization of the pledge, subject to appropriation, of the special tax revenues, pursuant
13 to a Contribution Agreement (defined herein), to provide for the payment by the State Issuer
14 (defined herein) of the principal of and interest on the applicable State Obligations (defined
15 herein) issued in connection with the special taxing district and other related costs, the
16 replenishment of any reserve fund established for any bonds or State Obligations, and the
17 payment of certain expenses and administrative costs related to the operation of the special
18 taxing district.

19 BY authority of
20 Article II - General Powers
21 Section (62A)
22 Baltimore City Charter
23 (1996 Edition)

24 **Recitals**

25 The Special Taxing District Act, Article II, Section (62A) of the Baltimore City Charter (the
26 “Special Taxing District Act”), authorizes the Mayor and City Council of Baltimore (the “City”)
27 to establish a “special taxing district” (as defined in the Special Taxing District Act) and a special
28 fund into which the special taxes levied in the special taxing district are deposited for the purpose

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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1 of providing financing, refinancing, or reimbursement for the cost (as defined in the Special
2 Taxing District Act) of infrastructure improvements (as defined in the Special Taxing District
3 Act).

4 The Special Taxing District Act also authorizes the City, subject to certain requirements, to
5 borrow money by issuing and selling Bonds (defined herein), for the purpose of providing
6 financing, refinancing, or reimbursement for the cost of the infrastructure improvements.

7 The Special Taxing District Act also authorizes the City, subject to certain requirements, to use
8 the special tax revenues to pay or reimburse the City for debt service which the City is obligated
9 to pay or has paid (whether such obligation is general or limited) on Bonds or, under a
10 Contribution Agreement, to a State Issuer (as defined herein) for the payment of principal of and
11 interest on applicable State Obligations (as defined herein) for the purpose of providing
12 financing, refinancing, or reimbursement for the cost of infrastructure improvements.

13 The City has been requested to designate and create the Port Covington Special Taxing District
14 from both (i) the owners of at least two-thirds of the assessed valuation of the real property
15 located in the proposed special taxing district and (ii) at least two-thirds of the owners of the real
16 property located in the proposed special taxing district as determined by the provisions of the
17 Special Taxing District Act.

18 The Special Taxing District Act provides that before any bonds may be issued, the City must
19 enact an ordinance that (i) designates an area or areas as a “special taxing district”; (ii) creates a
20 special fund for the special taxing district; and (iii) provides for the levy of an ad valorem or
21 special tax on all real and personal property in the special taxing district at a rate or amount
22 designed to provide adequate revenues to pay the principal of, interest on, and redemption
23 premium, if any, on the Bonds and the amount payable under a Contribution Agreement (defined
24 herein) to a State Issuer (defined herein) for the payment of the principal of and interest on
25 applicable State Obligations (defined herein), to replenish any debt service reserve fund, and for
26 any other purpose related to the ongoing expenses of or security for the Bonds or the payment
27 obligations under the Contribution Agreement.

28 The City wishes to establish a special taxing district within Baltimore City, establish a special
29 fund for the special taxing district, and provide for the levy of a special tax on all taxable real and
30 personal property in the special taxing district for the purpose of providing funds for the costs of
31 the infrastructure improvements and related costs permitted by the Special Taxing District Act,
32 including, without limitation, the Project (defined herein).

33 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That for
34 the purposes of this Ordinance, the following terms have the meanings indicated:

35 (a) “Bond Ordinance” means the Ordinance of the City authorizing (1) the issuance of
36 Bonds or (2) the execution and delivery by the City of a Contribution Agreement and
37 the pledge by the City, subject to appropriation, of the special tax revenues pursuant
38 to such Contribution Agreement to provide for the payment by the State Issuer of the
39 principal of and interest on the applicable State Obligations and other related costs.

40 (b) “Bonds” means any bonds, notes, or other similar instruments issued by the City
41 pursuant to and in accordance with the Special Taxing District Act.

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- 1 (c) “City Expenses” shall have the meaning set forth in the Bond Ordinance.
- 2 (d) “Contribution Agreement” means one or more contribution agreements or such other
3 agreements executed by the City and a State Issuer, pursuant to which the City will
4 evidence a pledge, subject to appropriation, of the special tax revenues to provide for
5 the payment by the State Issuer of the principal of and interest on the applicable State
6 Obligations, the replenishment of any reserve fund for the State Obligations, and the
7 payment of other costs with respect to the State Obligations, including, without
8 limitation, any City Expenses, State Issuer Expenses, and other administrative costs.
- 9 (e) “MEDCO” means the Maryland Economic Development Corporation.
- 10 (f) “Project” shall have the meaning set forth in Schedule I attached hereto.
- 11 (g) “Rate and Method” means the Rate and Method of Apportionment of the Special
12 Taxes attached hereto as Exhibit 3 and made a part hereof.
- 13 (h) “Special Tax Fund” means the special fund established by Section 4 of this
14 Ordinance.
- 15 (i) “Special Taxing District” means the area in the City designated in Section 3 of this
16 Ordinance as a special taxing district under the Special Taxing District Act.
- 17 (j) “Special Taxing District Act” means the Special Taxing District Act, as codified in
18 Article II, Section (62A) of the Baltimore City Charter.
- 19 (k) “State Issuer” means MEDCO, the State of Maryland, or any agency, department, or
20 political subdivision thereof.
- 21 (l) “State Issuer Expenses” means administrative costs and other expenses related to the
22 State Obligations of the State Issuer approved by the Director of Finance to be paid by
23 the City, if required by a Contribution Agreement.
- 24 (m) “State Obligations” means any bonds or bond, notes or note, or other similar
25 instruments or instrument issued by a State Issuer, the proceeds of which have been
26 used to finance a portion of the costs of the Project as permitted by the Special Taxing
27 District Act.

28 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the Mayor and City Council of Baltimore
29 finds and determines that (a) the establishment of the Special Taxing District, (2) the creation of
30 the Special Tax Fund for such Special Taxing District and (3) the pledge of amounts, subject to
31 appropriation, on deposit in the Special Tax Fund for the payment of debt service on and other
32 costs related to Bonds or the pledge by the City of amounts, subject to appropriation, on deposit
33 in the Special Tax Fund pursuant to a Contribution Agreement to provide for the payment by the
34 State Issuer of the principal of and interest on the applicable State Obligations and other related
35 costs, all for the purpose of providing funds for the financing and refinancing of a portion of the
36 costs of the Project, accomplish the purposes of the Special Taxing District Act, serve public
37 purposes, including but not limited to the direct and indirect enhancement of the taxable base of
38 the City, the development or redevelopment of environmentally damaged areas, the creation of
39 new employment opportunities, the encouragement of additional economic activities, the

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1 undertaking of urban renewal projects, the facilitation of planned improvements to the Special
2 Taxing District, and generally promote the health, welfare, and safety of the residents of the State
3 of Maryland and of the City of Baltimore, and the furtherance of economic development
4 conducted pursuant to applicable comprehensive plans and land use legislation.

5 **SECTION 3. AND BE IT FURTHER ORDAINED,** That the contiguous area consisting of the
6 properties designated as described in Exhibit 2 attached hereto and made a part hereof (as the
7 same may be renumbered or redesignated as a result of any subdivision or re-subdivision of such
8 property), together with the adjoining roads, highways, alleys, rights-of-way and other similar
9 property, shown on the map in Exhibit 1 attached hereto and made a part hereof is designated as
10 a special taxing district to be known as the “Port Covington Special Taxing District.”

11 **SECTION 4. AND BE IT FURTHER ORDAINED,** That a special fund is established for the
12 Special Taxing District to be known as the “Port Covington Special Tax Fund.” The Director of
13 Finance shall deposit in the Special Tax Fund all special taxes levied and collected in accordance
14 with Section 5 of this Ordinance. The Director of Finance and other officers and employees of
15 the City shall take all necessary steps in order to establish the Special Tax Fund as a separate
16 fund to be held by or for the account of the City.

17 **SECTION 5. AND BE IT FURTHER ORDAINED,** That:

18 (a) A special tax shall be levied upon all real and personal property in the Special Taxing
19 District, unless exempted by the provisions of this Ordinance or otherwise by law, for
20 the purposes, to the extent, and in the manner set forth in the Rate and Method.

21 (b) (1) The revenues and receipts from the special tax, the Special Tax Fund, and any
22 other fund into which all or any of these revenues and receipts are deposited after
23 they have been appropriated by the City are authorized to be pledged to the
24 payment of the principal of and interest on any Bonds, the replenishment of any
25 reserves or reserve funds, and the payment of any City Expenses and other
26 administrative costs. These revenues, receipts, and funds are not, however,
27 irrevocably pledged to the payment of the principal of and interest on and other
28 related costs of Bonds, and any such obligation to pay the principal of and interest
29 on, and other related costs of, any Bonds is subject to annual appropriation by the
30 City.

31 (2) The revenues and receipts from the special tax, the Special Tax Fund, and any
32 other fund into which all or any of these revenues and receipts are deposited after
33 they have been appropriated by the City are authorized to be pledged by the City,
34 pursuant to a Contribution Agreement, to provide for the payment by the State
35 Issuer of the principal of and interest on the applicable State Obligations, the
36 replenishment of any reserves or reserve funds, and the payment of any City
37 Expenses, or if required by such Contribution Agreement, State Issuer Expenses,
38 and other administrative costs. These revenues, receipts, and funds are not,
39 however, irrevocably pledged to the City’s obligations under any Contribution
40 Agreement to provide for the payment by a State Issuer of the principal of and
41 interest on and other related costs of State Obligations, and any such payment
42 obligation is subject to annual appropriation by the City.

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1 (c) Special taxes levied in the Special Taxing District may not be accelerated by reason of
2 Bond or State Obligation default. The maximum special taxes as described in the Rate
3 and Method applicable to any individual property may not be increased in the event
4 that other property owners become delinquent in the payment of the special taxes.

5 **SECTION 6. AND BE IT FURTHER ORDAINED,** That the Mayor and City Council of Baltimore
6 finds that:

7 (a) The construction of the Project will create a public benefit and special benefits to the
8 properties in the Special Taxing District;

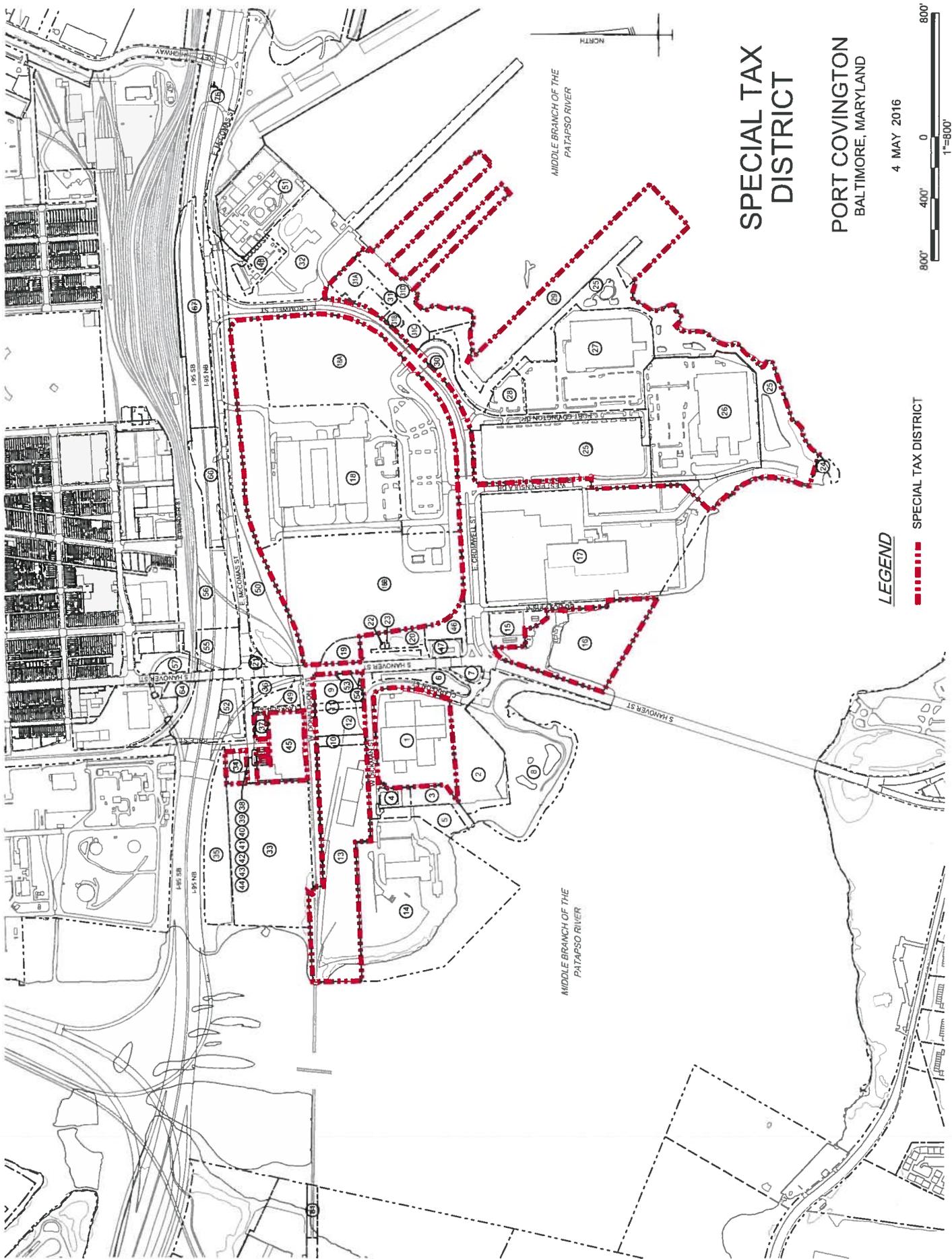
9 (b) The special taxes levied under this Ordinance are levied in an amount that does not
10 exceed the special benefit that the properties within the Special Taxing District will
11 receive from the Project, as shown by the Special Tax Allocation Report in Exhibit 4
12 attached hereto and made a part hereof; and

13 (c) The special taxes levied on each property in the Special Taxing District are a fair
14 allocation of the costs of the Project to each property in the Special Taxing District, as
15 shown by the Special Tax Allocation Report.

16 **SECTION 7. AND BE IT FURTHER ORDAINED,** That the Director of Finance may do all acts
17 and things and execute all documents and certificates relating to the Special Taxing District and
18 the Special Tax Fund.

19 **SECTION 8. AND BE IT FURTHER ORDAINED,** That any approvals, authorizations, or activities
20 provided in this Ordinance do not constitute and may not be deemed to constitute or imply that
21 the City Council, the Mayor, or any department, office or agency of the City has given or will
22 give, any approval, authorization, or consent to any action or activity within or required for the
23 development of the Special Taxing District, including any land use approval, requirements for
24 the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or
25 legislative approval, authorization, consent, or any necessary amendments to underlying zoning
26 laws and maps, urban renewal plans, Planned Unit Developments or Master Plans required to
27 develop the Project.

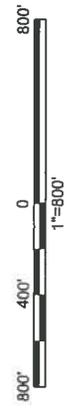
28 **SECTION 9. AND BE IT FURTHER ORDAINED,** That this Ordinance may be amended by a
29 subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge
30 or reduce the size of the Special Taxing District, upon receipt of a request from both (i) the
31 owners of at least two-thirds of the assessed valuation of the real property located with the
32 proposed special taxing district and (ii) at least two-thirds of the owners of the real property
33 located within the proposed special taxing district as determined by the provisions of the Special
34 Taxing District Act. However, no ordinance may be effective to reduce the size of the Special
35 Taxing District so long as there are any outstanding Bonds secured by the Special Tax Fund or
36 City payment obligations pursuant to a Contribution Agreement to provide for the payment by
37 the State Issuer of the principal of and interest on the applicable State Obligations, respectively,
38 unless the ordinance that authorized the issuance of Bonds or State Obligations permits the City
39 to reduce the area constituting the Special Taxing District, the holders of such Bonds or State
40 Obligations or an authorized representative on their behalf consents to the reduction or the
41 indenture authorizing such Bonds or State Obligations permits the reduction.



SPECIAL TAX DISTRICT

PORT COVINGTON
BALTIMORE, MARYLAND

4 MAY 2016



LEGEND

■■■■■ SPECIAL TAX DISTRICT

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Exhibit 2

List of Properties within the Special Taxing District

<u>Parcel ID</u>	<u>Address</u>
23-10-1060-001	101 W Dickman Street
23-10-1058-005A	120 W Dickman Street
23-10-1058-005B	(NS W Dickman Street)
23-10-1058-005C	(NS W Dickman Street)
23-10-1058-001	150 W Dickman Street
23-10-1055-001	250 W Dickman Street
23-10-1078-002	2600 Insulator Drive
24-06-1053-001	300 E Cromwell Street
24-06-1053-001A	200 E Cromwell Street
24-06-1053-001B	100 E Cromwell Street
24-06-1053-009A	(ES Hanover Street)
24-06-1053-010	101 E Cromwell Street
24-06-1053-010A	2701 Port Covington Drive
24-06-1053-010B	2601 Port Covington Drive
24-06-1053-010C	2501 Port Covington Drive
24-06-1053-010D	2551 Port Covington Drive
23-10-1050-009	201 McComas Street
24-06-1053-012	301 E Cromwell - Land Unit 1
24-06-1053-012A	301 E Cromwell - Land Unit 2
24-06-1053-012B	301 E Cromwell - Land Unit 3
24-06-1053-012C	301 E Cromwell - Land Unit 4
23-10-1040-001	200 W McComas Street
23-10-1050-007	151 W McComas Street
24-06-1053-010E	201 E Cromwell Street
23-10-1050-010	203 McComas Street
23-10-1050-011	205 McComas Street
23-10-1050-014	211 McComas Street
23-10-1050-015	213 McComas Street
23-10-1050-016	2101 Race Street

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Exhibit 3

Rate and Method of Apportionment of the Special Taxes

**CITY OF BALTIMORE, MARYLAND
PORT COVINGTON SPECIAL TAXING DISTRICT**

***RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAXES***

A Special Tax is hereby levied and shall be collected in the City’s Port Covington Special Taxing District (the “District”) each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount equal to the Maximum Special Tax as determined through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

“Act” means Article II, Section (62A) of the Baltimore City Charter, as amended from time to time.

“Adjusted Maximum Special Tax” means the Special Tax determined in accordance with Section B.3.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent, trustee, or Administrator to administer the District in connection with any Bonds; the expenses of the City and Conduit Issuer in carrying out its respective duties under the Indenture of Trust, including, but not limited to, levying and collecting the Special Tax and complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including the costs of any employees and fees of any professionals retained to provide services for such purposes; and all other costs and expenses incurred in connection with the discharge of duties under the Indenture of Trust, as applicable, including legal expenses associated with such duties in any way related to the administration of the District.

“Administrator” means the entity designated by the City through its Authorized Officer for purposes of estimating the annual Special Tax Requirement and the Special Tax to be collected each Fiscal Year and for providing other services as required herein or by the Indenture of Trust.

“Affordable Rental Residential Property” means Rental Residential Property with rents restricted based on the income of the residents and that qualifies as affordable units under a Federal or state affordable housing program.

“Authorized Officer” means the official of the City designated as an authorized officer under any Indenture of Trust.

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- 1 **“Bonds”** means any bonds or other debt, including refunding bonds, whether in one or more
2 series, issued for the District by the City or Conduit Issuer pursuant to the Act.
- 3 **“Building Square Footage” or “BSF”** means the actual, or for property not yet developed, the
4 estimated, enclosed heated building area, excluding area within a parking garage, that is as
5 shown on the building permit, architectural plans or other available documents, as reasonably
6 estimated by the Administrator. If no actual source is available to the Administrator for
7 determining Building Square Footage, the Administrator may estimate such number using the
8 Parcel land area and a reasonable density ratio.
- 9 **“City”** means the Mayor and City Council of Baltimore, Maryland.
- 10 **“Commencement Date”** means the first Fiscal Year in which Special Taxes are levied and may
11 be collected, which shall be the first Fiscal Year after the issuance of the Bonds.
- 12 **“Commercial Property”** means any Taxable Property not classified as Residential Property.
- 13 **“Conduit Issuer”** means any entity or organization authorized by the Act that issues the Bonds
14 on behalf of the City.
- 15 **“Date of Classification”** means the date each year determined by the Administrator to classify
16 property for purposes of determining the Special Tax for each Parcel.
- 17 **“Developed Property”** means Parcels of Taxable Property for which a building permit has been
18 issued that allows the construction or rehabilitation of a structure.
- 19 **“District”** means the Port Covington Special Taxing District created by the City.
- 20 **“Fiscal Year”** means the period starting any July 1 and ending on the following June 30.
- 21 **“For Sale Residential Property”** means Residential Property not classified as Rental
22 Residential Property.
- 23 **“Hotel Property”** means Commercial Property used or intended for use as hotel facilities,
24 including any ancillary uses thereto.
- 25 **“Indenture of Trust”** means the indenture of trust relating to the Bonds, as modified, amended
26 or supplemented from time to time.
- 27 **“Mandatory Prepayment of Special Taxes”** means the required prepayment of Special Taxes
28 pursuant to Section K.
- 29 **“Manufacturing Property”** means any Commercial Property not classified as Retail Property,
30 Office Property, Hotel Property, or Parking Property.
- 31 **“Market Rental Residential Property”** means any market priced Rental Residential Property
32 and other Rental Residential Property not classified as Affordable Rental Residential Property.
- 33 **“Maximum Special Tax”** means the Special Tax determined in accordance with Section B.

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1 **“Maximum Special Tax Rates”** mean the rates shown in Table A increased each year as
2 provided for in Section B.1. as reduced pursuant to Section G.

3 **“Net Land Area”** means the estimated area of Taxable Property of a Parcel on which buildings,
4 parking, or related improvements may be constructed, taking into consideration the development
5 legally permissible, the proposed or planned development, and existing or proposed Public
6 Property, exclusive use easements, and other areas on which development may not occur.

7 **“Office Property”** means any Commercial Property used or intended for use primarily as office
8 facilities, including any ancillary uses thereto, and not classified as Retail Property or Hotel
9 Property.

10 **“Owner Association Property”** means, for any Fiscal Year, any real property within the
11 boundaries of the District that is owned by or irrevocably offered for dedication to a property
12 owner's association and available for use in common by property owners.

13 **“Parcel”** means a lot or parcel of real property within the District with a parcel number assigned
14 by the Supervisor or property otherwise designated as a parcel by an Authorized Officer.

15 **“Parking Property”** means Parcels of Commercial Property the primary use of which is
16 parking, including any ancillary uses thereto.

17 **“Proportionately”** means that the ratio of the Special Tax to be collected as a percentage of the
18 Adjusted Maximum Special Tax is equal for each Parcel (excluding those Parcels for which the
19 Adjusted Maximum Special Tax is zero).

20 **“Public Property”** means property within the boundaries of the District owned by, or
21 irrevocably offered for dedication (in a plat map approved by the City or otherwise) to the federal
22 government, the State of Maryland, the City, any Conduit Issuer or other public agency, or
23 easements for the exclusive use of a public utility provider and that is exempt from taxes;
24 provided, however, that exclusive use utility easements and real property that has been
25 irrevocably dedicated includes only those parcels for which a copy of the easement or offer has
26 been provided to the Administrator. Public Property does not include property that would
27 otherwise be Public Property if the owner consents in a form acceptable to the City to being
28 subject to Special Taxes.

29 **“Rental Residential Property”** means Residential Property that consists of or is intended to
30 consist of rental apartment units wherein all units in a project are under common ownership and
31 management, including any ancillary uses thereto.

32 **“Required Maximum Special Tax”** means the required Maximum Special Tax, if any, as
33 provided for in the Indenture of Trust.

34 **“Residential Property”** means Parcels of Taxable Property for which a building permit has been
35 or is expected to be issued for purposes of constructing a residential dwelling unit(s).

36 **“Retail Property”** means any Commercial Property used or intended for use primarily for
37 selling goods or services to the general public, not classified as Hotel Property, including any
38 ancillary uses thereto.

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1 **“Special Tax”** means the Special Tax that has been levied each year by the City on Taxable
2 Property.

3 **“Special Tax Credit”** means, for any Fiscal Year, Tax Increment Revenues related to the Parcel
4 available to apply as a Special Tax Credit pursuant to the Indenture of Trust and included in the
5 Special Tax Requirement for that Fiscal Year. For purposes of calculating the Tax Increment
6 Revenues for each Parcel, the base year value shall be allocated to each Parcel on the basis of the
7 acreage of each Parcel.

8 **“Special Tax Requirement”** has the meaning given to it in Section C.1.

9 **“Supervisor”** means the Supervisor of Assessments for the City.

10 **“Tax Agreement Revenues”** means payments in-lieu of property taxes or similar payments paid
11 by any Parcel and available to apply to the Special Tax Requirement.

12 **“Tax Increment Fund”** means the account of such name established for the District pursuant to
13 an ordinance enacted by the City.

14 **“Tax Increment Revenues”** means the amounts paid or to be paid into the Tax Increment Fund
15 each year by the City that are available to be applied as a Special Tax Credit pursuant to the
16 Indenture of Trust.

17 **“Taxable Property”** means any Parcel that is not Public Property or Owner Association
18 Property.

19 **“Termination Date”** means the last Fiscal Year in which Special Taxes will have been levied
20 and may be collected as provided for in Section F.

21 **“Trustee”** means the trustee appointed by the City or Conduit Issuer for the District to carry out
22 the duties of the trustee specified in the Indenture of Trust.

23 **“Undeveloped Property”** means Parcels of Taxable Property not classified as Developed
24 Property.

25 **B. SPECIAL TAX LEVY**

26 1. Developed Property.

27 The Maximum Special Tax for the 2017-2018 Fiscal Year for each Parcel of Developed Property
28 shall be equal to the product of the number of residential dwelling units, Building Square
29 Footage, rooms, or spaces to be built on such Parcel and the Maximum Special Tax Rate for the
30 applicable class of property shown in Table A.

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TABLE A
Developed Property
Maximum Special Tax Rates
2017-2018 Fiscal Year

Land Use Class	Maximum Special Tax Rate	
Market Rental Residential Property	\$3,130	Per dwelling unit
Affordable Rental Residential Property	\$1,187	Per dwelling unit
For Sale Residential Property	\$3,597	Per dwelling unit
Retail Property	\$3,526	Per 1,000 BSF
Office Property	\$3,813	Per 1,000 BSF
Manufacturing Property	\$324	Per 1,000 BSF
Hotel Property	\$3,094	Per room
Parking Property	\$180	Per space

On each July 1, commencing July 1, 2018, the Maximum Special Tax Rates shown in Table A shall be increased to 102 percent of the respective Maximum Special Tax Rate in effect in the previous Fiscal Year.

The computation of the number of dwelling units, BSF, rooms, or spaces for each Parcel shall be based on the information available regarding the use of the Parcel, which may include acreage and reasonable density ratios, and such computation shall be conclusive as long as there is a reasonable basis for such determination.

2. Undeveloped Property.

The Maximum Special Tax for any Fiscal Year for each Parcel classified as Undeveloped Property shall be determined by the following formula:

$$A = (B - C) \times (D \div E)$$

Where the terms have the following meaning:

- A = The Maximum Special Tax for a Parcel of Undeveloped Property
- B = The Special Tax Requirement
- C = The Special Taxes levied on Developed Property
- D = The Net Land Area of the Parcel for which the Special Tax is being calculated
- E = The Net Land Area of all of the Parcels of Undeveloped Property

3. Adjusted Maximum Special Tax.

The Adjusted Maximum Special Tax for each Parcel shall be equal to the lesser of (but not less than zero) (i) the Maximum Special Tax for the Parcel and (ii) the amount calculated by the following formula:

$$A = B - C$$

Where the terms have the following meaning:

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- 1 A = The Adjusted Maximum Special Tax for a Parcel
2 B = The Maximum Special Tax for the Parcel
3 C = The Special Tax Credit for the Parcel

4 The Special Tax Credit applied to all Parcels shall not exceed the Tax Increment Revenues and
5 Tax Agreement Revenues applied to the Special Tax Requirement as provided for in Section C.1.

6 4. Personal Property.

7 The special tax rate on personal property shall be zero.

8 **C. COLLECTION OF SPECIAL TAXES**

9 Special Taxes shall be collected each Fiscal Year from each Parcel of Taxable Property in an
10 amount calculated pursuant to the provisions of this section.

11 1. Special Tax Requirement.

12 The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and
13 confirmed by an Authorized Officer and shall be an amount equal to (A) the amount required in
14 such Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any
15 sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2)
16 Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year
17 and not paid by the District, (3) any amount required to replenish any reserve fund established in
18 association with any Bonds and (4) an amount equal to the estimated delinquencies expected in
19 payment of the Special Tax or other contingencies as deemed appropriate, and (5) the costs of
20 remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees
21 for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of
22 cash), (6) applicable fees to be paid to any issuer of Bonds less (B) (1) Tax Increment Revenues
23 and any Tax Agreement Revenues available to apply to the Special Tax Requirement for that
24 Fiscal Year, (2) any credits available pursuant to the Indenture of Trust, such as capitalized
25 interest, reserves, and investment earnings on any account balances, and (3) any other revenues
26 available to apply to the Special Tax Requirement.

27 2. Assignment to Land Use Classes.

28 For each Fiscal Year, property shall be classified as Public Property, Owner Association
29 Property, or Taxable Property, and Taxable Property shall be further classified as Developed
30 Property or Undeveloped Property. Developed Property shall be classified as Commercial
31 Property or Residential Property. Commercial Property shall be classified as Retail Property,
32 Office Property, Manufacturing Property, Hotel Property, or Parking Property. Residential
33 Property shall be classified as Market Rental Residential Property, Affordable Rental Residential
34 Property, or For Sale Residential Property. The classification of property shall be made on the
35 basis of the land use class that most nearly matches the property being classified. The
36 classification of property shall be made based on the status of each Parcel as of the Date of
37 Classification.

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1 **3. Determination of Special Taxes to be Collected.**

2 Commencing with the Commencement Date and for each following Fiscal Year through the
3 Termination Date, the Special Tax shall be collected as provided below.

4 **First:** The Special Tax shall be collected Proportionately from Undeveloped Property up to 100
5 percent of the Adjusted Maximum Special Tax for such Parcel to the extent necessary to fund the
6 Special Tax Requirement.

7 **Second:** If additional monies are needed to fund the Special Tax Requirement after the first step
8 has been completed, the Special Tax shall be collected Proportionately from Developed Property
9 up to 100 percent of the Adjusted Maximum Special Tax for such Parcel, to the extent necessary
10 to fund the Special Tax Requirement.

11 The Administrator shall provide an estimate to the City of the amount of the Special Tax to be
12 collected from each Parcel in conformance with the provisions of this section.

13 **4. Circumstances Under Which the Special Tax May be Increased as a Result of a Default.**

14 The Maximum Special Tax levied on any Parcel may not be increased regardless of the default in
15 the collection of the Special Tax from any other Parcel. The Special Tax to be collected from a
16 Parcel may be increased as a result of a default in the payment of the Special Tax on another
17 Parcel pursuant to the provisions of Sections C.1. and C.2. If the Special Tax to be collected from
18 a Parcel pursuant to the provisions of Sections C.1. and C.2. is less than the Adjusted Maximum
19 Special Tax for such Parcel, the Special Tax may be increased up to the Adjusted Maximum
20 Special Tax as a result of a default in the payment of the Special Tax to be collected from another
21 Parcel. The Special Tax to be collected from a Parcel may not exceed the Adjusted Maximum
22 Special Tax regardless of a default in the payment of Special Taxes by any other Parcel.

23 **D. EXEMPTIONS**

24 A Special Tax is not levied on and shall not be collected from Public Property, Owner
25 Association Property, or easements for the exclusive use of a public utility provider.

26 **E. MANNER OF COLLECTION**

27 The Special Tax shall be collected and secured in the same manner as, and be subject to the same
28 penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for,
29 general *ad valorem* taxes; provided, however, the Special Tax may be collected at a different
30 time or in a different manner as determined by an Authorized Officer, provided that such time or
31 manner is not inconsistent with the provisions of the Act and an Indenture of Trust.

32 **F. TERMINATION OF SPECIAL TAX**

33 Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall
34 not be collected from any Parcel after the earlier of (i) the repayment or defeasance of all Bonds
35 issued or to be issued and (ii) such time provided for by the Indenture of Trust.

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1 G. REDUCTION IN THE MAXIMUM SPECIAL TAX RATE

2 The Maximum Special Tax Rates may be reduced by an Authorized Officer once all of the Bonds
3 are issued or, for property already developed, at the time additional Bonds are issued, to reflect
4 the actual debt service on the Bonds such that the Maximum Special Tax that may be collected
5 from all Parcels of Developed Property at the expected build-out of the District will provide the
6 minimum coverage required by the Indenture of Trust. The Maximum Special Tax Rates on
7 property already developed at the time additional bonds are issued may be reduced to equal the
8 expected Tax Increment Revenues from the Parcels divided by the required debt service coverage
9 from those revenues.

10 H. SPECIAL TAX APPEALS

11 Any property owner claiming that the amount or application of the Special Tax is not correct and
12 requesting a refund may file a written notice of appeal and refund to that effect with an
13 Authorized Officer not later than one calendar year after the due date (i.e., July 1) for the Special
14 Tax that is disputed. Such appeal may not affect the due date of the payment of the Special Tax.
15 The Authorized Officer shall promptly review all information supplied by the appellant in
16 support of the appeal and, if necessary, meet with the property owner, and decide the appeal. If
17 the decision of the Authorized Officer requires the Special Tax to be modified or changed in
18 favor of the property owner, a cash refund shall not be made (except for the last year of levy or
19 unless sufficient funds will otherwise be available to meet the Special Tax Requirement), but an
20 adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the
21 Authorized Officer may be appealed to the Deputy Director, Finance, who shall hold a hearing on
22 the appeal and consider any written or oral evidence presented by appellant. This procedure shall
23 be exclusive and its exhaustion by any property owner shall be a condition precedent to any other
24 appeal or legal action by such owner.

25 I. PREPAYMENT OF SPECIAL TAXES

26 The Special Tax for any Parcel may be prepaid and the obligation to pay the Special Tax for the
27 Parcel permanently satisfied as provided for herein. The Special Tax to be prepaid for Parcels of
28 Undeveloped Property shall be calculated as if the Parcels were Developed Property.

29 The Special Tax prepayment amount shall be equal to the following: (a) the sum of the
30 following: (i) Principal, (ii) Premium, (iii) Defeasance, and (iv) Fees, (b) less the Reserve Fund
31 Credit, if any, plus any delinquent Special Tax on such Parcel, including any applicable penalties
32 and related costs, where the terms have the following meanings:

33 **Principal** means a portion of the principal of the Bonds equal to (i) the Maximum Special Tax
34 for the Parcel for which the Special Tax is being prepaid for the Fiscal Year in which such
35 prepayment is made divided by (ii) the Maximum Special Tax for all Taxable Property in the
36 District upon full development of the District using the Maximum Special Tax Rates for the
37 Fiscal Year in which such prepayment is made with the result multiplied by (iii) the total Bonds
38 outstanding after application of the Special Tax collected in the corresponding Fiscal Year plus
39 any additional Bonds authorized to be issued.

40 **Premium** means an amount equal to the Principal multiplied by the applicable redemption
41 premium, if any, for the Bonds to be redeemed on the earliest date on which such Bonds are to be

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1 redeemed, as provided for in the Indenture of Trust. There shall be no Premium if the prepayment
2 is made prior to the issuance of any Bonds.

3 **Defeasance** means the amount needed to pay interest on the Principal until the date on which the
4 Bonds are to be redeemed, less (a) the amount that is projected to be received by the Trustee
5 from the reinvestment of the Special Tax prepayment until such Bonds are redeemed from the
6 prepayment and (b) the Special Tax paid prior to the prepayment that will be applied to the
7 interest on or principal of the Bonds that is included in the calculation of the Principal or
8 Defeasance.

9 **Fees** means Administrative Expenses associated with the prepayment, including but not limited
10 to the calculation of the prepayment, the costs of redeeming the Bonds (including, but not limited
11 to, any costs associated with effectuating a defeasance in accordance with the Indenture of Trust),
12 and the costs of recording or publishing any notices related to the prepayment and the redemption
13 of the Bonds.

14 **Reserve Fund Credit** means any corresponding reduction in funds required to be on deposit in
15 any reserve fund securing Bonds being redeemed, as provided for in the applicable Indenture of
16 Trust.

17 The sum of the amounts calculated herein shall be paid to the City or the Trustee in accordance
18 with the Indenture of Trust and shall be used to pay and redeem the Bonds in accordance with the
19 Indenture of Trust and to pay the Administrative Expenses associated with the prepayment.
20 Upon the payment of such prepayment amount to the City or the Trustee, the obligation to pay
21 the Special Tax for such Parcel shall be deemed to be permanently satisfied, and the Special Tax
22 shall not be collected thereafter from such Parcel.

23 **J. PARTIAL PREPAYMENT OF THE SPECIAL TAX**

24 The Special Tax for any Parcel may be partially prepaid in an amount convenient to call Bonds as
25 determined by the Authorized Officer and that portion of the Special Tax obligation permanently
26 satisfied. The amount of the prepayment shall be calculated as in Section I; except, however, the
27 principal portion shall be calculated according to the following formula:

28
$$A = B \times C$$

29 Where the terms have the following meaning:

- 30 A = The principal portion of the partial prepayment
- 31 B = The principal portion of the prepayment calculated according to Section I
- 32 C = The percent by which the Special Tax is to be partially prepaid

33 With respect to any Parcel for which the Special Tax is partially prepaid, the City shall (i)
34 distribute the funds remitted to it according to the applicable Indenture of Trust, and (ii) indicate
35 in the records of the District that there has been a partial prepayment of the Special Tax and that
36 this portion of the Special Tax shall not be collected thereafter from these Parcels. Following a
37 partial prepayment of the Special Tax with respect to any Parcels, the outstanding percentage of
38 the Special Tax shall continue to be collected from such Parcels.

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1 K. MANDATORY PREPAYMENT OF SPECIAL TAXES

2 A Mandatory Prepayment of Special Taxes shall be required for any Parcel of Taxable Property if
3 the Maximum Special Tax for that Parcel is less than the Required Maximum Special Tax as a
4 result of a change in the development of that Parcel. A change in development shall include, but
5 not be limited to, a change in classification of Taxable Property to Public Property or Owner
6 Association Property as a result of a sale or other disposition of all or a portion of the Parcel or
7 any condemnation or agreement with a public authority or owners association in the nature of or
8 in lieu of condemnation. The Maximum Special Tax for the Parcel shall be calculated based on
9 the Maximum Special Tax Rates and the development that is to occur on such Parcel and in
10 accordance with the Indenture of Trust.

11 The Mandatory Prepayment of Special Taxes shall be calculated as set forth in Section I;
12 however, "Principal" shall be calculated as provided for in the Indenture of Trust.

13 The Mandatory Prepayment of Special Taxes shall be paid to the City or the Trustee and in
14 accordance with the Indenture of Trust and shall be used to pay and redeem the Bonds in
15 accordance with the Indenture of Trust and to pay the Administrative Expenses associated with
16 the Mandatory Prepayment of Special Taxes.

17 The Mandatory Prepayment of Special Taxes shall be due prior to the recordation, conveyance,
18 or other action that results in a change to any Parcel resulting in a Mandatory Prepayment of
19 Special Taxes. In the event the Mandatory Prepayment of Special Taxes is not paid prior to the
20 change in any Parcel, the total Mandatory Prepayment of Special Taxes may be collected from
21 any and all of the resulting Parcels, including any Parcel to which such change relates that is not
22 redesignated in connection with the change. The Mandatory Prepayment of Special Taxes shall
23 have the same sale and lien priorities as provided for by law for Special Taxes.

24 The Mandatory Prepayment of Special Taxes shall not exceed the amount required to provide for
25 the payment or redemption of the principal amount of the outstanding Bonds plus the other
26 amounts set forth in this section.

27 L. ELIMINATION OF THE MANDATORY PREPAYMENT OF SPECIAL TAXES

28 The Mandatory Prepayment of Special Taxes may be terminated by an Authorized Officer
29 provided that at the time of such termination there are no Bonds outstanding that are subject to
30 mandatory prepayment upon a change in a Parcel pursuant to the Indenture of Trust. Such
31 Authorized Officer shall make such termination in writing and a copy of any such termination
32 shall be provided to the Conduit Issuer, the Administrator and the Trustee.

33 M. AMENDMENTS

34 Immaterial amendments may be made to this Rate and Method of Apportionment of Special
35 Taxes by the Authorized Officer and, to the maximum extent permitted by the Act, such
36 amendments may be made without further notice under the Act and without notice to owners of
37 Taxable Property within the District in order to (i) clarify or correct minor inconsistencies in the
38 matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of
39 the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the
40 owners of the Bonds, and (iii) otherwise improve the ability of the City to fulfill its obligations to

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1 levy and collect the Special Tax and to make it available for the payment of the Bonds and
2 Administrative Expenses. Any such amendment may not increase the Maximum Special Tax.

3 **N. INTERPRETATION OF PROVISIONS**

4 The Authorized Officer shall make all interpretations and determinations related to the
5 application of this Rate and Method of Apportionment of Special Taxes, unless stated otherwise
6 herein or in the Indenture of Trust, and as long as there is a rational basis for the determination
7 made by the City, such determination shall be conclusive. All terms and provisions herein shall
8 be liberally construed to effectuate the purposes set forth herein.

9 **O. SEVERABILITY**

10 If any section or part of a section of this Rate and Method of Apportionment of Special Taxes is
11 declared invalid or unenforceable, the validity, force, and effect of any other section or part of a
12 section herein shall not thereby be affected or impaired unless such other section or part of a
13 section herein is wholly or necessarily dependent upon the section or part of a section so held to
14 be invalid or unenforceable.

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Exhibit 4

Special Tax Allocation Report

**PORT COVINGTON
SPECIAL TAXING DISTRICT
CITY OF BALTIMORE, MARYLAND
SPECIAL TAX REPORT**

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8
9

Prepared By:

MuniCap, Inc.

May 6, 2016

1 **PORT COVINGTON SPECIAL TAXING DISTRICT**
2 **CITY OF BALTIMORE, MARYLAND**
3 **SPECIAL TAX REPORT**

4 **Purpose of Report**

5 The Port Covington Special Taxing District (the “District”) is being created to facilitate the
6 financing of all or a portion of the costs of public improvements for the District, including costs
7 related to the issuance of the bonds. Bonds are expected to be issued by the City of Baltimore
8 (the “City”) or a conduit issuer to fund the costs of the public improvements for the benefit of
9 property within the District. The proceeds of the bonds are expected to finance the cost of the
10 improvements, issuance and other related costs, capitalized interest, and a reserve fund.

11 The City will levy a special tax each year to provide funds for the payment of debt service on
12 the bonds, to replenish reserves if needed, cover the cost of administration of the District, and
13 fund other costs related to the bonds. The District is being created, special taxes levied, and
14 bonds issued pursuant to the Special Taxing District Act, Article II, Section (62A) of the
15 Baltimore City Charter (the “Act”), as amended from time to time. The Act requires special
16 taxes to be levied in a manner that is reasonable. This report explains the reasonable basis of the
17 special taxes levied as described in the “Rate and Method of Apportionment of Special Taxes”
18 for the District.

19 **Description of the Special Taxing District**

20 The District is comprised of approximately 151 acres of a larger Port Covington
21 Development District. The District is an underutilized industrial peninsula located within two
22 miles south of downtown Baltimore, featuring approximately three miles of waterfront between
23 Interstate 95 and the Middle Branch of the Patapsco River. The District is located within the Port
24 Covington neighborhood and southern portion of the Spring Garden Industrial Area of south
25 Baltimore and is generally bound by the Middle Branch of the Patapsco River to the west, Ferry
26 Bar Channel of the Patapsco River to the south, Winans Cove of the Patapsco River to the east,
27 and Interstate 95 to the north.

28 The site was used until the 1970s as a railroad and coal loading terminal. Subsequent to the
29 departure of the railroad and coal loading industries, several efforts have been made to redevelop
30 the site. Those unsuccessful development plans included the development of office space
31 adjacent to the *Baltimore Sun* printing facility, a planned Struever Brothers Eccles and Rouse
32 waterfront redevelopment on the east portion of the site, and finally in 2000, an attempt to create
33 a retail power center with the development of a Walmart and Sam’s Club. All of these projects
34 were subject to the same challenges: environmental remediation costs; physical disconnection
35 and access challenges; and lack of sufficient infrastructure to support new development.

36 The proposed District is to be comprised of properties in which Sagamore Development
37 Company, LLC (“Sagamore”) (or an affiliate thereof) currently own. The identity of the tax
38 parcels in the District is shown by Exhibit 2 of the Special Taxing District Ordinance. A map of
39 the parcels currently expected to comprise the entire Port Covington Development District is
40 illustrated in Exhibit 1 of the Development District Ordinance. A map of the District boundaries,
41 consisting of properties which Sagamore (or an affiliate thereof) currently owns, is illustrated in
42 Exhibit A, attached hereto.

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1 The District and greater Port Covington Development District are located within properties
 2 comprising the *Middle Branch Master Plan*, adopted September 20, 2007, and the *South*
 3 *Baltimore Gateway Master Plan*, adopted October 29, 2015 (collectively, the "Plans"). As
 4 currently proposed, the development planned for the Port Covington Development District, and
 5 therefore the District, is in compliance with both of the Plans as evidenced by the City's
 6 Department of Planning letter attached hereto as Exhibit B. The proposed development located in
 7 the District is shown in Table A.

8 **Table A**
 9 **Proposed Special Taxing District Development**

Property Type	Property Area ¹			
	GSF	Units	Rooms	Spaces
<i>Residential</i>				
Apartments ²	5,251,112	5,252	-	-
For sale stacked flats	77,931	77	-	-
Sub-total residential	5,329,043	5,329		
<i>Commercial</i>				
Retail	1,304,040	-	-	-
Office	4,251,500	-	-	-
Manufacturing	303,016	-	-	-
Civic ³	9,554	-	-	-
Hotel	127,945	-	200	-
Parking	-	-	-	9,891
Sub-total commercial	5,996,055		200	9,891
Total	11,325,098	5,329	200	9,891
¹ Provided by Sagamore Development Company, LLC.				
² It is anticipated that a portion of the apartments will be affordable units.				
³ Assumed to be publicly owned and operated, and therefore, tax exempt.				

29 A map illustrating the proposed development for the District is attached hereto as Exhibit C.

30 **Proposed Public Improvements**

31 The purpose of the District, the special taxes to be levied in the District, and the special
 32 obligation bonds to be issued with respect to the District is to finance all or a part of the costs of
 33 the public improvements shown in Table B on the following page (which are described in more
 34 detail following Table B). Table B illustrates the estimated public improvements and the
 35 estimated corresponding costs of the improvements.

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**Table B
Bond Funded Public Improvements**

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Public Improvement	Estimated Cost
East Waterfront Park	\$19,663,000
Midway Park	\$4,978,000
Phase 4 - sitework	\$3,443,000
Phase 4 - Green Street	\$7,727,000
Public plaza at lake	\$18,623,000
Site circulator - rail	\$10,729,000
Pedestrian alley from Magenta Street to Cromwell Street	\$6,041,000
Phase 5 - pocket park	\$699,000
Phase 5 - sitework	\$12,134,000
Phase 5 - Green Alley	\$2,313,000
Phase 5 - vehicular alley from Magenta Street to Cromwell Street	\$1,831,000
Phase 5 - Blue Street	\$1,986,000
Phase 5 - Cromwell Street	\$21,068,000
Phase 5 - Green Street	\$5,709,000
Phase 5 - Magenta Street	\$4,142,500
Phase 5 - Pink Street	\$2,957,000
Phase 5- Teal Street	\$720,000
Phase 5- Violet Street	\$861,000
Phase 5- White Street	\$3,113,000
Archeological pier and demolition	\$26,055,000
Entertainment district sitework	\$1,744,000
Entertainment district street	\$1,458,000
Entertainment district park	\$3,725,000
Entertainment district plaza	\$1,482,000
Pier PC 6	\$21,093,000
Phase 10 - sitework	\$3,080,000
Phase 10 - Cromwell Street	\$7,779,000
Phase 10 - Gray Street	\$1,227,000
Phase 10 - Purple Street	\$1,127,000
Insulator Drive	\$1,697,000
W. Peninsula Drive	\$4,268,000
Hanover Street South of McComas	\$48,123,000
Hanover Street North of McComas	\$10,311,500
Phase 11 - sitework	\$10,421,000
Phase 11 - Blue Street	\$2,278,000
Phase 11 - Burgundy Street	\$7,420,000
Phase 11 - Magenta Street	\$1,627,000
Phase 11 - Green Street	\$611,000
Phase 11 - Oval Street	\$2,716,000
Phase 11 - Tan Street	\$1,111,000
Phase 12 - sitework	\$10,448,000
Phase 12 - Cromwell Street	\$15,560,000
West Shoreline Park	\$56,010,000
Hanover Street Gateway Park	\$2,232,000
Black Street Park	\$1,754,000
Phase 13 - sitework	\$10,141,000
Phase 13 - Blue Street	\$4,312,000
Phase 13 - Brown Street	\$5,508,000
Public Improvement, continued	Estimated Cost
Phase 13 - Lavender Street	\$5,413,000
Phase 13 - Magenta Street	\$4,147,000

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1	Phase 13 - Yellow Street	\$7,241,000
2	Phase 13 - Scarlet Street	\$2,714,000
3	Oval Park	\$4,601,000
4	Phase 14 - sitework	\$18,366,000
5	Phase 14 - Blue Street	\$9,148,000
6	Phase 14 - Gray Street	\$2,586,000
7	Phase 14 - Magenta Street	\$4,878,000
8	Phase 14 - Oval Street	\$7,077,000
9	Phase 14 - Purple Street	\$2,205,000
10	Phase 14 - Teal Street	\$3,098,000
11	Phase 14 - Violet Street	\$3,572,000
12	Pedestrian/bike swing bridge to Westport	\$15,337,000
13	Pedestrian and bike path under I-95	\$4,811,500
14	McComas Street - City - East of Hanover	\$21,123,000
15	McComas Street - City - West of Hanover	\$6,861,500
16	Key Highway changes	\$17,560,000
17	Total public improvement estimated costs	\$534,795,000

18 Costs may vary from these estimates, and the improvements built may be modified from
 19 those described herein. A description of these improvements follows:

20 ***East Waterfront Park***

21 East Waterfront Park includes costs to design, engineer and construct the public open space
 22 between the Sagamore Spirit project and the water’s edge of the Patapsco River, including the
 23 southern portion of the 301 E. Cromwell Street property. Improvements will also include storm
 24 water management, public lighting, sidewalks, landscaping and hardscape, waterfront paths,
 25 security, shade structures and public comfort stations. Additionally, environmental site
 26 constraints will require improvements to the shoreline and in the intertidal zone to stabilize and
 27 protect public areas and prevent shoreline erosion. Costs include erosion and sediment control,
 28 soil infill or removal, design, development, inspection fees and contingency.

29 ***Midway Park***

30 Midway Park includes costs to design, engineer and construct the public open space parallel to
 31 Orange Walk and connecting the Public Plaza at Lake and the Oval Park. Improvements will also
 32 include storm water management, micro-bioretenion facilities, public lighting, sidewalks, site
 33 utilities, landscaping and hardscape, paths, security, shade structures, public comfort stations and
 34 informational kiosks. Additionally, environmental site constraints will require soil cut and fill
 35 and capping to protect public areas. Costs include erosion and sediment control, design,
 36 development, inspection fees and contingency.

37 ***Phase 4 – Sitework***

38 Phase 4 sitework includes costs to design, engineer and construct the area-wide sitework
 39 necessary to prepare the Phase 4 public project area for streets and utility construction. Costs
 40 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
 41 utilities and streets as well as surveying, soil cut and fill and site grading. Additionally, costs
 42 include water meter vaults and sanitary lift stations as well as storm water management and
 43 retention, design, development, inspection fees and contingency.

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1 *Phase 4 – Streets*

2 Phase 4 streets include costs to design, engineer and construct public streets and subsurface
3 utilities in the Phase 4 public project area. Improvements include final road grading and soil
4 removal, pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers,
5 underdrains and electrical service and telcom ductbank. Some street sections include additional
6 alternate costs for a rail-in-street trolley circulator system and the design, engineering and revised
7 pavement and structural profiles that would require. Costs include design, development, and
8 inspection fees, as well as a contingency.
9

10 *Public Plaza at Lake*

11 Public plaza at lake includes costs to design, engineer and construct the public open space
12 between the northern perimeter of Under Armour’s campus at Cromwell Street and the mixed-
13 use project area. The improvements will include the landside below grade wall at the northern
14 edge of the newly constructed hydrothermal lake on site as well as a pedestrian and vehicular
15 connection through the public plaza and to the edge of the bulkhead in addition to the
16 landscaping and hardscape in the plaza. Additionally, the plaza will include public parking and
17 multimodal nodes for transit and bikes, security, shade structures and public comfort stations.
18 Costs include the construction of the lake retaining wall, a vehicular rated bridge connection to
19 the bulkhead, water features in the plaza, site grading, stormwater management, utilities, pavers,
20 and lighting. The costs also include design, development, inspection fees and contingency.

21 *Site Circulator – Rail*

22 Site circulator rail includes costs to design, engineer and construct a new public circulator system
23 in that would be fixed rail. The improvements would be for the incremental cost for street
24 sections that would support the rail installation and the operations of the circulator. Costs include
25 additional underdrain, maintenance of traffic, track, concrete and signals. Costs do not include
26 running stock or operational expense. Additional costs include design, development, inspection
27 and contingency.

28 *Pedestrian Alley between Magenta and Cromwell Street*

29 Pedestrian alley includes costs to design, engineer and construct a new alley for pedestrian access
30 through a large development block. The improvements are to ensure adequate public access to
31 the site and to ensure a walkable, active public street environment. Improvements include
32 pavements, curb, gutter, water mains, sanitary sewers, storm sewers, underdrains and electrical
33 service and telcom ductbank. Costs additionally include design, development, inspection and
34 contingency.

35 *Phase 5 – Pocket Park*

36 The Phase 5 pocket park includes costs to design, engineer and construct the public open space
37 included as part of the Phase 5 project area. Improvements will also include storm water
38 management, public lighting, pathways, landscaping and hardscape, security, shade structures
39 and public comfort stations. Costs include earthwork, grading, erosion and sediment control, soil
40 infill or removal, utilities, informational kiosks, design, development, inspection fees and
41 contingency.

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1 ***Phase 5 – Sitework***

2 Phase 5 sitework includes costs to design, engineer and construct the area-wide sitework
3 necessary to prepare the Phase 5 public project area for streets and utility construction. Costs
4 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
5 utilities and streets as well as surveying, soil cut and fill and site grading. Additionally, costs
6 include water meter vaults and sanitary lift stations as well as storm water management and
7 retention, design, development, inspection fees and contingency.

8 ***Phase 5 – Streets***

9 Phase 5 streets include costs to design, engineer and construct public streets and subsurface
10 utilities in the Phase 5 public project area. Improvements include final road grading and soil
11 removal, pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers,
12 underdrains and electrical service and telcom ductbank. Specific street section costs include
13 additional pricing for curbless streets with revised grading and pavement profile and sidewalk
14 construction. Some street sections include additional alternate costs for a rail-in-street trolley
15 circulator system and the design, engineering and revised pavement and structural profiles that
16 would require. Costs include design, development, inspection fees as well as contingency.

17 ***Archeological Pier and Demolition***

18 Archeological pier and demolition includes costs to design, engineer and construct the public
19 open space on the existing remains of a concrete pier adjacent to 301 E Cromwell Street and the
20 future East Waterfront Park. Costs include demolition of the adjacent wooden pier to ensure
21 public access and safety as well as cleaning, selective demolition, partial restoration and new
22 construction on the concrete pier. New construction includes public paths, landscaping, water
23 taxi landing and access, lighting, safety and structural improvement, shade structures and public
24 comfort stations, utilities and water dependent uses, including kayak landings and publicly
25 accessible constructed wetlands. Costs include design, development inspection fees as well as
26 contingency.

27 ***Entertainment District Sitework***

28 Entertainment district sitework includes costs to design, engineer and construct the area-wide
29 sitework necessary to prepare the entertainment district public project area for streets and utility
30 construction. Costs include fencing, sediment and erosion control, clearing and grubbing,
31 demolition of existing utilities and streets, as well as surveying, soil cut and fill and site grading.
32 Additionally, costs include water meter vaults and sanitary lift stations as well as storm water
33 management and retention, design, development, inspection fees and contingency.

34 ***Entertainment District Streets***

35 Entertainment district streets include costs to design, engineer and construct public streets and
36 subsurface utilities in the entertainment district public project area. Improvements include final
37 road grading and soil removal, pavements, tree pits and trees, curb, gutter, water mains, sanitary
38 sewers, storm sewers, underdrains and electrical service and telcom ductbank. Costs include
39 design, development, inspection fees as well as contingency.

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1 ***Entertainment District Park***

2 The entertainment district park includes costs to design, engineer and construct the public open
3 space included as part of the entertainment district project area. Improvements will also include
4 storm water management, public lighting, sidewalks, landscaping, hardscape, shade structures
5 and public comfort stations. Costs include erosion and sediment control, soil infill or removal,
6 site utilities, design, development, inspection fees and contingency.

7 ***Entertainment District Plaza***

8 The entertainment district plaza includes costs to design, engineer and construct the public open
9 space plaza between buildings in the entertainment district project area. Improvements will
10 include site preparation, earthwork, pavements and pavers, site utilities, electrical, security, shade
11 structures and public comfort stations. Costs include design, development, inspection fees and
12 contingency.

13 ***Pier PC 6***

14 Pier PC 6 includes costs to design, engineer, modify and improve for public accessibility the pier
15 currently adjacent to Tidewater Marina. Improvements include additional underwater structure,
16 piles, a new pier deck, pedestrian safety and access features, utilities, and furnishings to allow for
17 accessible retail and entertainment use of the pier. Costs include design, development, inspection
18 fees and contingency.

19 ***Phase 10 – Sitework***

20 Phase 10 sitework includes costs to design, engineer and construct the area-wide sitework
21 necessary to prepare the Phase 10 public project area for streets and utility construction. Costs
22 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
23 utilities and streets as well as surveying, soil cut and fill and site grading. Additionally, costs
24 include water meter vaults and sanitary lift stations as well as storm water management and
25 retention, design, development, inspection fees and contingency.

26 ***Phase 10 – Streets***

27 Phase 10 streets include costs to design, engineer and construct public streets and subsurface
28 utilities in the Phase 10 public project area. Improvements include final road grading and soil
29 removal, pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers,
30 underdrains and electrical service and telcom ductbank. Some street sections include additional
31 alternate costs for a rail-in-street trolley circulator system and the design, engineering and revised
32 pavement and structural profiles that would require. Costs include design, development,
33 inspection fees as well as contingency.

34 ***Insulator Drive***

35 Insulator Drive includes costs to design, engineer and construct improvements to Insulator Drive
36 south of Cromwell Street to its terminus. Improvements include demolition of existing pavement
37 and utilities, final road grading and soil removal, new pavements, tree pits and trees, curb, gutter,
38 water mains, sanitary sewers, storm sewers, underdrains and electrical service and telcom
39 ductbank. Costs include design, development, inspection fees as well as contingency.

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1 ***West Peninsula Drive***

2 West Peninsula Drive includes costs to design, engineer and construct improvements to the
3 current West Peninsula Drive south of Cromwell Street to its terminus. Improvements include
4 final road grading and soil removal, pavements, tree pits and trees, curb, gutter, water mains,
5 sanitary sewers, storm sewers, underdrains and electrical service and telcom ductbank. Costs
6 include design, development, inspection fees as well as contingency.

7 ***Hanover Street – North of McComas***

8 Hanover Street North of McComas includes a portion of the costs to design, engineer and
9 construct improvements to the structures and roadway of Hanover Street from McComas Street
10 to Wells Street. The improvements to Hanover Street North of McComas are proposed to be
11 partially funded through a Federal Transportation grant as part of an overall program of
12 improvements to Interstate 95. Improvements include reconstruction of the bridge structure over
13 existing CSX rail lines, roadway profile improvements to allow for changes to the intersection of
14 McComas and Hanover Streets, pavement, curb and gutter, stormwater management, landscape
15 and site utilities. Additionally, costs include improved pedestrian and bicycle facilities and
16 access. Costs also include maintenance of traffic, design, development, inspection fees and
17 contingency.

18 ***Hanover Street – South of McComas***

19 Hanover Street South of McComas includes costs to design, engineer and construct a new
20 Hanover Street profile and street section from McComas Street south to the base of the Hanover
21 Street Bridge. Improvements include widening the existing right of way to allow for greater
22 traffic volume, safer turning movements, pedestrian and bike access as well as on street parking.
23 The grade and profile of Hanover Street would be improved to no longer be on structure through
24 this section and would allow for regular east-west connections of surface streets. Costs include
25 stormwater management, micro-bioretenion facilities, demolition of existing roadway and
26 structure, soil fill and grading, paving, landscape, maintenance of traffic and site utilities
27 including storm, sewer, water, and electrical and telcom ductbank. Costs include design,
28 development, inspection and contingency.

29 ***Phase 11 – Sitework***

30 Phase 11 sitework includes costs to design, engineer and construct the area-wide sitework
31 necessary to prepare the Phase 11 public project area for streets and utility construction. Costs
32 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
33 utilities and streets as well as surveying, soil cut/fill and site grading. Additionally, costs include
34 water meter vaults and sanitary lift stations as well as storm water management and retention,
35 design, development, inspection fees and contingency.

36 ***Phase 11 – Streets***

37 Phase 11 streets include costs to design, engineer and construct public streets and subsurface
38 utilities in the Phase 11 public project area. Improvements include final road grading and soil
39 removal, pavements, curbs, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm
40 sewers, underdrains and electrical service and telcom ductbank. Additional street sections include
41 costs for rail-in-street trolley circulator system and the design, engineering and revised pavement

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1 and structural profiles that would require. Costs include design, development, inspection fees as
2 well as contingency.

3 ***Phase 12 – Sitework***

4 Phase 12 sitework includes costs to design, engineer and construct the area-wide sitework
5 necessary to prepare the Phase 12 public project area for streets and utility construction. Costs
6 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
7 utilities and streets as well as surveying, soil cut and fill and site grading. Additionally, costs
8 include water meter vaults and sanitary lift stations as well as storm water management and
9 retention, design, development, inspection fees and contingency.

10 ***Phase 12 – Streets***

11 Phase 12 streets include costs to design, engineer and construct public streets and subsurface
12 utilities in the Phase 12 public project area. Improvements include final road grading and soil
13 removal, pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers,
14 underdrains and electrical service and telcom ductbank. Costs include design, development,
15 inspection fees as well as contingency.

16 ***West Shoreline Park***

17 West Shoreline Park includes costs to design, engineer and construct publicly accessible space
18 between the proposed new Cromwell Street and the Middle Branch of the Patapsco River west of
19 Hanover Street. Improvements would include over 20 acres of new public waterfront park with
20 recreation fields, hiking and biking trails, public amenities, kiosks and parkland. Costs include
21 necessary site preparation, grading, pavements, utilities, landscaping, plantings and athletic field
22 construction. Additional costs include shade structures, security, comfort stations and multimodal
23 facilities. Environmental conditions require significant improvement to the shoreline of the park,
24 including new planting, grading and improvements to the intertidal zone to ensure public safety
25 and erosion prevention. Costs include design, development, inspection fees and contingency.

26 ***Hanover Street Gateway Park***

27 Hanover Gateway Park includes costs to design, engineer and construct the public open space
28 adjacent to the intersection of Hanover and McComas Street. Improvements will also include
29 storm water management, public lighting, sidewalks, landscaping, hardscape, security, shade
30 structure, public comfort stations and multimodal facilities. Costs include erosion and sediment
31 control, soil infill or removal, site utilities, design, development, inspection fees and contingency.

32 ***Black Street Park***

33 Black Street Park includes costs to design, engineer and construct the public open space adjacent
34 and parallel to the main north-south street west of Hanover Street. Improvements will also
35 include storm water management, public lighting, sidewalks, landscaping, hardscape, security,
36 shade structures, public comfort stations and multimodal facilities. Costs include erosion and
37 sediment control, soil infill or removal, site utilities, design, development, inspection fees and
38 contingency.

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1 ***Phase 13 – Sitework***

2 Phase 13 sitework includes costs to design, engineer and construct the area-wide sitework
3 necessary to prepare the Phase 13 public project area for streets and utility construction. Costs
4 include fencing, sediment and erosion control, clearing and grubbing, demolition of existing
5 utilities and streets as well as surveying, soil cut and fill and site grading. Additionally, costs
6 include water meter vaults and sanitary lift stations as well as storm water management and
7 retention, design, development, inspection fees and contingency.

8 ***Phase 13 – Streets***

9 Phase 13 streets include costs to design, engineer and construct public streets and subsurface utilities
10 in the Phase 13 public project area. Improvements include final road grading and soil removal,
11 pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers, underdrains
12 and electrical service and telcom ductbank. Costs include design, development, inspection fees as
13 well as contingency.

14 ***Oval Park***

15 Oval Park includes costs to design, engineer and construct the public open space in the center of the
16 mixed use project. Improvements will also include storm water management, public lighting,
17 sidewalks, landscaping, hardscape, security, shade structures, public comfort stations and multimodal
18 facilities. Costs include erosion and sediment control, soil infill or removal, site utilities, design,
19 development, inspection fees and contingency.

20 ***Phase 14 – Sitework***

21 Phase 14 sitework includes costs to design, engineer and construct the area-wide sitework necessary
22 to prepare the Phase 14 public project area for streets and utility construction. Costs include fencing,
23 sediment and erosion control, clearing and grubbing, demolition of existing utilities and streets as
24 well as surveying, soil cut and fill and site grading. Additionally, costs include water meter vaults
25 and sanitary lift stations as well as storm water management and retention, design, development,
26 inspection fees and contingency.

27 ***Phase 14 – Streets***

28 Phase 14 street includes costs to design, engineer and construct public streets and subsurface utilities
29 in the Phase 14 public project area. Improvements include final road grading and soil removal,
30 pavements, tree pits and trees, curb, gutter, water mains, sanitary sewers, storm sewers, underdrains
31 and electrical service and telcom ductbank. Additional street sections include costs for rail-in-street
32 trolley circulator system and the design, engineering and revised pavement and structural profiles
33 that would require. Costs include design, development, inspection fees as well as contingency.

34 ***Pedestrian and Bike Swing Bridge to Westport***

35 The pedestrian and bike swing bridge to Westport includes costs to design, engineer and construct
36 a new pedestrian and bike connection to replace the current Spring Garden Swing Bridge, reusing
37 the steel trestle. Costs include demolition of the existing structure, reuse of the steel trestle, and
38 marine construction of the new span. Costs for the new span include pile driving and testing, precast

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1 and cast in place decking, pavers and surfacing, utilities, site furnishings and lighting. Costs include
2 design, development, inspection fees as well as contingency.

3 *Pedestrian and Bike Path under I-95*

4 The pedestrian and bike path under Interstate 95 includes costs to design, engineer and construct a
5 new pedestrian and bike connection from McComas Street to Light Street under Interstate 95 and
6 over the existing CSX rail line. This connection would be elevated and non-vehicular (except for
7 emergency vehicles) due to the clearance requirements in the area. The improvement includes
8 necessary structure, retaining walls, bridge work, sidewalks, soil cut and fill as well as landscaping,
9 utilities, railroad insurance and maintenance of traffic. Costs include design, development, inspection
10 fees as well as contingency.

11 *McComas Street – West of Hanover*

12 McComas Street West of Hanover includes costs to design, engineer and construct a new alignment
13 for McComas Street from Hanover Street to connection with new proposed Interstate 95 exit ramps.
14 Improvements include widening McComas Street to accommodate anticipated traffic demand,
15 reserving space for a future transit improvement, and regrading the road profile to allow for safe
16 public access at all points. Costs are proposed to be shared with a Federal transportation grant for
17 the reconfiguration of access to Interstate 95 in the project area. Costs include site utilities, grading,
18 pavement, lighting and earthwork as well as stormwater management, water and sewer connections,
19 electrical and telcom ductbank and landscaping. Costs include design, development, inspection fees
20 as well as contingency.

21 *McComas Street – East of Hanover*

22 McComas Street East of Hanover includes costs to design, engineer and construct a new alignment
23 for McComas Street from Hanover Street to a reconstructed intersection with Key Highway.
24 Improvements include relocating the entire street to south of Interstate 95, widening to accommodate
25 anticipated traffic demand, reserving space for a future transit improvement, and regrading the road
26 profile to allow for safe public access at all points. Additionally, new and reconfigured Interstate 95
27 access points, both on and off ramps, require reconstruction of the street. Costs are proposed to be
28 shared with a Federal Transportation Grant for the reconfiguration of access to Interstate 95 in the
29 project area. Costs include site utilities, grading, pavement, lighting and earthwork as well as
30 stormwater management, water and sewer connections, electrical and telcom ductbank and
31 landscaping. Costs include design, development, inspection fees as well as contingency.

32 *Key Highway Changes*

33 Key Highway changes include costs to design, engineer and construct a new configuration for the
34 intersection of Key Highway and McComas Street. The new intersection would allow for increased
35 traffic volume by widening both Key Highway and McComas Street westbound off Interstate 95.
36 Reconfiguration requires reconstruction of the CSX bridge over Key Highway. Additionally,
37 reconstruction will create safe pedestrian and bike crossing where none exists today. Costs include
38 roadway, new retaining walls, rail structure, temporary track construction to allow for continued rail
39 operation, maintenance of surface street traffic, site utilities, landscape, stormwater management and
40 lighting. Costs include design, development, inspection fees as well as contingency.

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1 All of the public improvements described above are required to meet the needs of the property
 2 in the District that results from the proposed development of the property. The improvements
 3 upgrade existing and provide for new roads, water, sewer, stormwater drainage, lighting, parks, and
 4 a pier, and other public improvements that will be necessary for the proposed development of the
 5 property.

6 A map of each of the public improvements proposed to be financed by the bonds and described
 7 above is attached here to as Exhibit D. In addition, holistic maps of the site are included before the
 8 map of each specific public improvement illustrating the open space framework, the bicycle and
 9 pedestrian network, and the proposed transit circulation.

10 **Projected Issuance of Bonds**

11 Bonds are proposed to be issued by the City or a conduit issuer in multiple series to correspond
 12 with the multiple phases of development to finance the costs of the public improvements described
 13 above. Bond proceeds will include the costs of constructing improvements, issuance and other costs,
 14 capitalized interest, and a reserve fund. Bonds are expected to be issued to the developer and
 15 converted to the market once there are adequate available tax increment revenues to service the debt.
 16 Table C shows the total estimated sources and uses of funds for the issuance of multiple developer
 17 held series of bonds, assuming subsequent market conversions.

18 **Table C**
 19 **Total Estimated Sources and Uses of Funds**

Sources and Uses	Total Proceeds
<i>Sources of Funds</i>	
Bond proceeds	\$658,637,000
Total estimated sources of funds	\$658,637,000
<i>Uses of Funds</i>	
<i>Drawdown mode:</i>	
Public improvements	\$534,795,000
Capitalized interest	\$49,683,697
Issuance costs	\$3,000,000
<i>Sub-total drawdown mode</i>	\$587,478,697
<i>Remarketing/conversion:</i>	
Issuance costs	\$2,000,000
Underwriter's discount	\$3,293,185
Reserve fund	\$65,863,700
<i>Sub-total remarketing/conversion</i>	\$71,156,885
<i>Rounding</i>	\$1,418
Total estimated uses of funds	\$658,637,000

38 The actual amount of bonds issued and proceeds generated may vary from these estimates
 39 depending on the interest rate on the bonds, the date the bonds are issued, the cost of issuing the
 40 bonds, reinvestment rates on bond proceeds, and other factors.

41 Bond issuance costs include legal fees, financial consulting fees, the cost of studies, the set-up
 42 and first year's fee of the trustee, trustee's counsel fees, City expenses, conduit issuer expenses, if

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1 applicable, document printing costs, administrative expenses related to the District, an underwriter's
2 discount, and other miscellaneous costs related to the issuance of bonds.

3 Capitalized interest on the bonds fund the interest on the bonds for up to three years to allow time
4 for the infrastructure improvements and other property in the District to be constructed, for the
5 property to be added to the property tax roll, and property taxes to be collected from the property and
6 applied to the payment of the debt service on the bonds.

7 The purpose of the reserve fund is to ensure there are sufficient funds to pay debt service should
8 it be necessary to take action to collect delinquent property taxes. The proceeds in the reserve fund
9 are invested and the income is applied to the annual debt service on the bonds. The reserve fund
10 itself will eventually be applied to the repayment of the bonds. Accordingly, while the reserve fund
11 is funded from bond proceeds, it is not a cost of issuing the bonds.

12 **Projected Debt Service and Administrative Expenses**

13 A schedule showing projected debt service and administrative expenses is attached to this report
14 as Exhibit E. Four series of bonds are assumed to be issued, with each series of bonds being repaid
15 over approximately thirty years from the issuance of bonds.

16 The principal payments on the bonds are structured such that debt service is increasing each year
17 during the amortization period of the bonds. The bonds are assumed to be tax-exempt with an
18 interest rate of 3.54% during the developer held draw down period, and 6.0% per year once bonds
19 are converted for the initial series of bonds and 6.5% per year for subsequent conversions, each
20 which is based on current market conditions and will change as market conditions change.

21 Estimated administrative expenses are included in Exhibit E, which represent City and conduit
22 issuer costs related to the administration of the District.

23 **Determination of Special Taxes**

24 Special taxes must be levied in a reasonable manner. The reasonable basis for the special taxes
25 levied in the District is based on the following:

26 (i) the public improvements to be provided by the District and the related tax increment
27 district provide a special benefit to the property in the District and the special benefit to
28 the property subject to the special taxes exceeds the cost of the special taxes;

29 (ii) the amount of special taxes to be levied each year is equal to or less than the amount
30 required to repay the bonds issued to finance the public improvements; and

31 (iii) special taxes are allocated to parcels within the District in a manner that reasonably
32 represents the benefit each parcel will receive from the improvements to be provided by
33 the District.

34 **Special Benefit**

35 The property in the District will receive a special benefit from the public improvements to be
36 provided as a result of the creation of the District. The public infrastructure will provide road access
37 to, from and within the property in the District, extend water and sewer through the property in the

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1 District, provide storm water management improvements, public parks, promenades, a pier,
2 landscaping of public spaces, parking, and other improvements to the property in the District. These
3 improvements are required for the proposed use of the property as described above. Accordingly,
4 the public improvements to be provided as a result of the District provide a special benefit to the
5 property in the District.

6 The special benefit of the public improvements to be provided as a result of the District will be
7 equal to or greater than the cost of the special taxes levied on the property. The value of special
8 benefit is confirmed by two means. First, the owners of the property in the District have requested
9 that the City impose special taxes on such property for the purpose of providing the public
10 improvements. It is reasonable to believe the owners are acting in their interest and making this
11 request because the benefit they receive from the public infrastructure improvements exceeds the
12 cost of the special taxes.

13 Second, the special taxes are being levied to provide improvements that are necessary for the
14 highest and best use of the property (i.e., the use of the property that is most valuable, including any
15 costs associated with that use). Highest and best use can be defined as “The reasonably probable and
16 legal use of vacant land or an improved property, which is physically possible, appropriately
17 supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate*
18 *Appraisal, Fourth Edition.*) The four criteria for highest and best use are (i) legally permissibility,
19 (ii) physical possibility, (iii) financial feasibility, and (iv) maximum productivity.

20 The owners of the property in the District have analyzed various options for the use of such
21 property, taking into consideration the legally permitted uses, the physical constraints of the site,
22 financial parameters and market demand. The developer is understandably interested in maximizing
23 its return on the property. Based on this analysis, the highest and best use of the property, including
24 any costs required for that use, is the proposed uses for the property as described herein. This use
25 of the property will require the public improvements as described herein and to be provided as result
26 of the District. Without these improvements, the proposed use of the property would not be
27 physically possible or adequately supported and, as a result, the property could not be put to its
28 highest and best use.

29 The financing provided by the special tax district is long-term financing and pays interest to the
30 bond holders that is exempt from income taxes, generally resulting in a lower rate than other
31 available financing on comparable terms. The special taxes also help to make available tax
32 increment financing for the bonds (that is, the bonds will be repaid from the increase in property
33 taxes as well as from special taxes). As a result of these advantages, the financing provided by the
34 District is the most beneficial means of financing the public improvements.

35 In summary, the special taxes result in a special benefit to the property and this special benefit
36 is greater than the special taxes for the following reasons:

- 37 1. The public improvements to be provided as a result of the District are required for the highest
38 and best use of the property;
- 39 2. The highest and best use of the property is the use of the property that is most valuable (including
40 any costs associated with the use of the property);
- 41 3. The financing provided by the District is the most beneficial means of financing the
42 improvements;

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1 4. As a result, the special benefits to the property from the public improvements to be provided as
2 a result of the District will be equal to or greater than the special taxes to be imposed on the
3 property in the District.

4 Special Taxes Required to Repay the Bonds

5 As shown on Exhibit E, special taxes are levied in an amount necessary to pay debt service on
6 bonds issued to fund the improvements to be provided by the District, including appropriate debt
7 service coverage. Interest is calculated at 3.54% during the developer held draw down period, and
8 6.0% per year once bonds are converted for the initial series of bonds and 6.5% per year for
9 subsequent conversions. The special taxes include debt service coverage of an additional ten
10 percent, which may also be used to replenish the debt service reserve fund, if necessary. Special
11 taxes also cover estimated administrative expenses and issuance fees of the City and conduit issuer.

12 The annual debt service is scheduled to increase by two percent each year. As a result, the
13 maximum special tax must also increase by two percent each year.

14 The actual debt service on the bonds may be less than estimated herein. The "Rate and Method
15 of Apportionment of Special Taxes" provides for special taxes to be collected only to the extent
16 necessary to pay debt service on the bonds, so that special taxes actually collected will not exceed
17 the amount necessary to repay the bonds and to pay related administrative expenses and issuer fees.

18 The maximum special tax on all of the property in the District is set in a manner consistent with
19 the estimate of the annual debt service on the bonds to be issued to finance the public improvements
20 that provide a special benefit plus the required debt service coverage and administrative expenses
21 and issuer fees related to the bonds. Special taxes are therefore set in a reasonable manner.

22 Allocation of Special Tax to Parcels

23 *Developed Property*

24 Special taxes are allocated to parcels in the District in a manner to reasonably reflect the benefit
25 property will receive from the public improvements to be provided by the District. The benefit
26 received by each property is estimated on the basis of the estimated future value of the property. The
27 purpose of the improvements to be provided by the District is to allow for the development of the
28 property. Estimating the benefit properties will receive from the improvements on the basis of future
29 estimated value is particularly appropriate for improvements intended to provide for the development
30 of the property, as one reason for the development is to increase the values of the property in the
31 District.

32 For purposes of estimating future value (and therefore benefit), Developed Property is classified
33 as Residential Property or Commercial Property. Property is further classified into one of eight
34 categories, defined as Market Rental Residential Property, Affordable Rental Residential Property,
35 For Sale Residential Property, Retail Property, Office Property, Manufacturing Property, Hotel
36 Property, and Parking Property. The average estimated value of property within each class is shown
37 by Table D. The determination of value for each land use class is shown in Exhibit F, attached
38 hereto.

39 The special tax rates on the property in each land use class are based on equivalent unit factors.
40 The equivalent unit factors represent the relative future average estimated value of the property

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1 within each land use class. The purpose of equivalent unit factors is to equate the benefit of one
 2 class to another class. Because benefit is based on estimated future values, the equivalent unit
 3 factors are based on the estimated future value of each class. These factors are shown in Table D.

Table D
Land Use Class and
Equivalent Unit Factors

Property Type	Land Use Class	Projected Future Assessed Value	Measurement	Equivalent Unit Factors
Apartment - market rate	Market Rental Residential Property	\$213,829	Per dwelling unit	0.87
Apartment - affordable	Affordable Rental Residential Property	\$81,043	Per dwelling unit	0.33
For sale stacked flats	For Sale Residential Property	\$245,275	Per dwelling unit	1.00
Retail	Retail Property	\$241,149	Per 1,000 BSF	0.98
Office	Office Property	\$259,572	Per 1,000 BSF	1.06
Manufacturing	Manufacturing Property	\$21,840	Per 1,000 BSF	0.09
Hotel	Hotel Property	\$211,654	Per room	0.86
Parking	Parking Property	\$13.178	Per space	0.05

16 The total estimated number of equivalent units within the project is shown by Table E.

Table E
Total of Equivalent Units

Land Use Class	Proposed Development	Equivalent Unit Factors	Total Equivalent Units
	<i>(Dwelling Units)</i>	<i>(Per Dwelling Unit)</i>	
Market Rental Residential Property	5,252	0.87	4,569
Affordable Rental Residential Property	0	0.33	0
For Sale Residential Property	77	1.00	77
	<i>(1,000 BSF)</i>	<i>(Per 1,000 BSF)</i>	
Retail Property	1,304	0.98	1,278
Office Property	4,252	1.06	4,507
Manufacturing Property	303	0.09	27
	<i>(Rooms)</i>	<i>(Per Room)</i>	
Hotel Property	200	0.86	172
	<i>(Spaces)</i>	<i>(Per Space)</i>	
Parking Property	9,891	0.05	495
Total			11,125

33 Table F shows the derivation of the special tax per equivalent unit based on the total obligations
 34 of the District, as shown in Exhibit E, and the number of equivalent units as shown in Table E.

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Table F
Maximum Special Tax
Per Equivalent Unit

Special Tax Requirement	\$40,020,57 5
Total equivalent units	11,125
Maximum Special Tax per equivalent unit	\$3,597

Table G on the following page shows the maximum special tax for each class based on the maximum special tax per equivalent unit factor shown in Table F and the equivalent unit factor shown in Table D.

Table G
Maximum Special Tax Per Land Use Class

Land Use Class	Maximum Special Tax Per Equivalent Unit	Equivalent Unit Factors	Maximum Special Tax Per Dwelling Unit/1,000 BSF/Room/Space
	<i>(Dwelling Units)</i>	<i>(Per Dwelling Unit)</i>	
Market Rental Residential Property	\$3,597	0.87	\$3,130
Affordable Rental Residential Property	\$3,597	0.33	\$1,187
For Sale Residential Property	\$3,597	1.00	\$3,597
	<i>(1,000 BSF)</i>	<i>(Per 1,000 BSF)</i>	
Retail Property	\$3,597	0.98	\$3,526
Office Property	\$3,597	1.06	\$3,813
Manufacturing Property	\$3,597	0.09	\$324
	<i>(Rooms)</i>	<i>(Per Room)</i>	
Hotel Property	\$3,597	0.86	\$3,094
	<i>(Spaces)</i>	<i>(Per Space)</i>	
Parking Property	\$3,597	0.05	\$180

Undeveloped Property

Special taxes are allocated to undeveloped property in an amount equal to the maximum special tax for the District less the total maximum special tax on developed property. The maximum special tax rates shown in Table G above are set for developed property on the basis of the total projected development in the District. Accordingly, the maximum special tax on undeveloped property is based on the development expected to occur on the undeveloped property. That is, the maximum special tax on developed property is based on the development on the parcels of developed property. The balance of the development will occur on the parcels of undeveloped property. The balance of the maximum special tax required to pay debt service not paid by developed property is also allocated to the parcels of undeveloped property. As a result, the maximum special tax is fairly allocated between developed property and undeveloped property on the basis of the development expected to occur on property within each class.

All of the property to be developed within the District, as proposed in Table A, is subject to the same plans. The type of development that will occur on a parcel of undeveloped property may represent any of the classes of developed property. As a result, special taxes are not allocated by class to parcels of undeveloped property, since it is not known which class of development will occur on a parcel while it is undeveloped property, and is instead, allocated on the basis of the area of each

Council Bill 16-0671

1 parcel. Since each parcel of undeveloped property may be developed with any of the land use
2 classes, allocating special taxes to undeveloped property on the basis of area most fairly allocates
3 special tax to parcels of undeveloped property.

4 *Adjusted Maximum Special Tax*

5 Special taxes may be collected from each parcel in the District only up to the adjusted maximum
6 special tax for the parcel. The adjusted maximum special tax is the lesser of (i) the maximum special
7 tax and (ii) the maximum special tax less the tax increment revenues related to each parcel available
8 to repay the bonds. The tax increment revenues represent the increase in property taxes that results
9 from the development of the property. The tax increment revenues will be applied to the repayment
10 of the bonds issued to finance the public improvements financed by the bonds. To the extent
11 property produces tax increment revenues, the property is contributing to the cost of the public
12 improvements through these revenues. Special taxes effectively cover each property's share of the
13 cost of the public improvements not otherwise covered by the property's tax increment revenues.

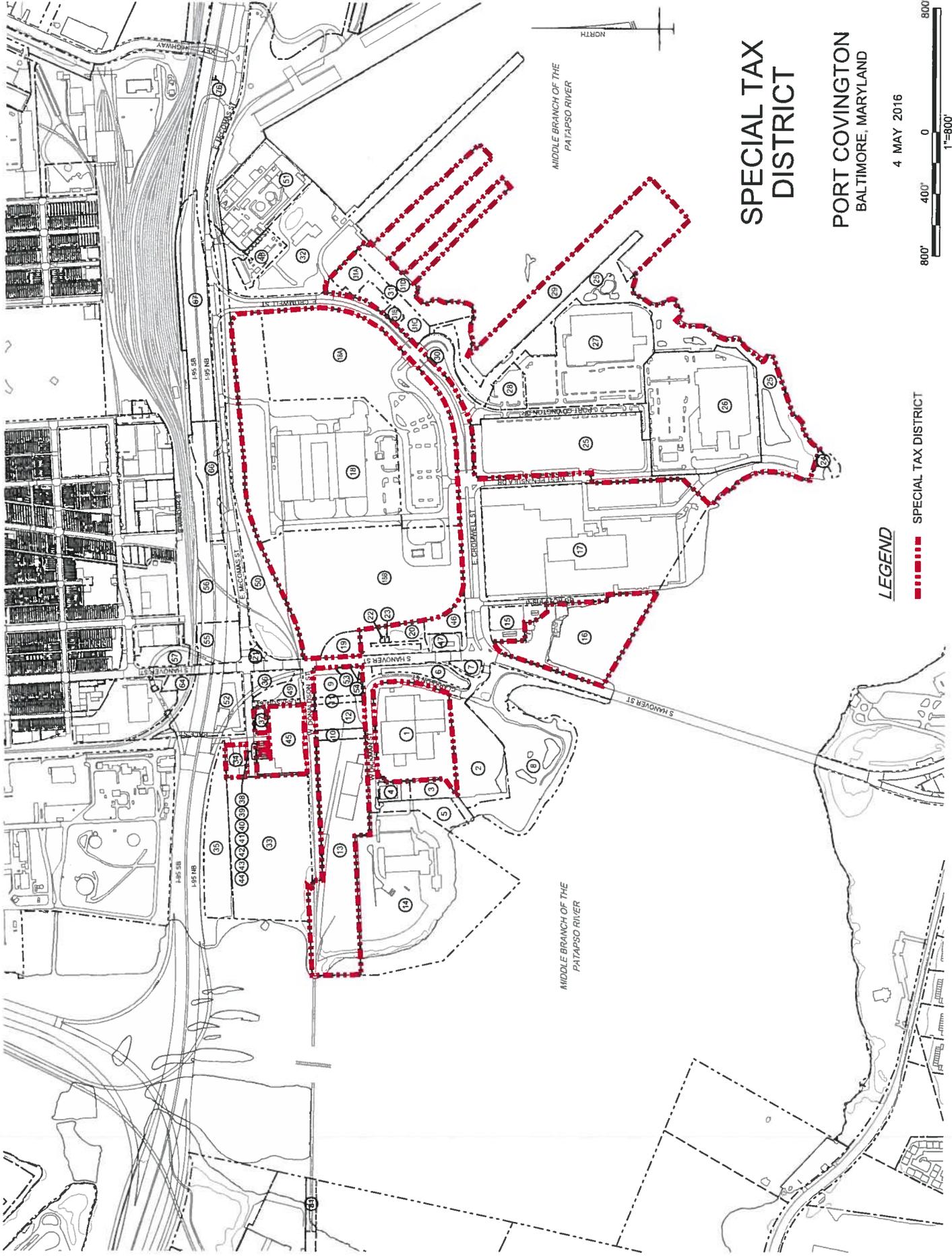
14 **Summary of Reasonable Basis of the Special Taxes**

15 Special taxes are levied on the taxable property in the District according to the provisions of the
16 "Rate and Method of Apportionment of Special Taxes." The Act requires special taxes to be levied
17 in a manner that is reasonable. This report explains the reasonable basis of the special taxes. The
18 reasonable basis may be summarized as follows:

- 19 1. The property within the District will receive a special benefit from the public improvements
20 to be provided as a result of the District and this special benefit exceeds the levy of the
21 special taxes;
- 22 2. Special taxes levied on all of the property in the District each year are equal to the amount
23 required to pay the debt service on the bonds issued to provide the public improvements,
24 after taking into consideration any savings and other revenues available to repay the bonds;
25 and
- 26 3. Special taxes are allocated to each property within the District on the basis of the estimated
27 future value of the property in the District, which reasonably reflects the relative benefit each
28 property will receive from the improvements.

29 *The following Exhibits to the Special Tax Report are found on the next several pages:*

- 30 *Exhibit A - Special Taxing District Map*
- 31 *Exhibit B - Letter from City's Department of Planning*
- 32 *Exhibit C - Special Taxing District Site Plan*
- 33 *Exhibit D - Public Improvement Maps*
- 34 *Exhibit E - Calculation of Maximum Special Taxes*
- 35 *Exhibit F - Valuation Methods*



SPECIAL TAX DISTRICT

PORT COVINGTON
BALTIMORE, MARYLAND

4 MAY 2016



LEGEND

■■■■■ SPECIAL TAX DISTRICT

STEPHANIE RAWLINGS-BLAKE
Mayor



THOMAS J. STOSUR
Director

April 11, 2016

Ms. Jennell Rogers, Chief
Bureau of Treasury Management
200 Holliday Street, Room 7
Baltimore, Maryland 21202

RE: Port Covington TIF

Dear Ms. Rogers:

The Baltimore Development Corporation is submitting a TIF application for the redevelopment of the Port Covington area of the City of Baltimore. The Department of Planning has reviewed the proposed redevelopment plan for consistency with the City's economic development and public improvement objectives.

The requested TIF district and subsequent redevelopment of the area is consistent with both the Middle Branch Master Plan and the South Baltimore Gateway Master Plan (SBGMP). Both of these master plans have been adopted by the Planning Commission, making them part of the City's overall Comprehensive Master Plan. The Planning Commission adopted the Middle Branch Master Plan in 2007 and the South Baltimore Gateway Master Plan in 2015. Both plans are clear in their recommendation that the Port Covington Area transition from an industrial area to a mixed-use area.

The overarching vision of the Middle Branch Master Plan is to "redevelop and revitalize the Middle Branch estuary and waterfront as a mixed – use community through economic and community redevelopment." In addition, the South Baltimore Gateway Master Plan identifies Port Covington in the Community Development and Revitalization section as one of the areas where redevelopment strategies would serve as catalysts for new investment. The recommendation states that "a mixed-use project should be developed in Port Covington, a valuable waterfront site adjacent to I-95 with large potential."

The Department of Planning does find the redevelopment of Port Covington is consistent with the City's objectives for economic development and public improvements in that the

realization of the redevelopment of Port Covington will provide new housing options, job creation and business opportunities for the City of Baltimore.

Regards,

A handwritten signature in blue ink, appearing to read "Thomas J. Stosur". The signature is stylized with a large, sweeping initial "T" and a prominent "S".

Thomas J. Stosur, Director

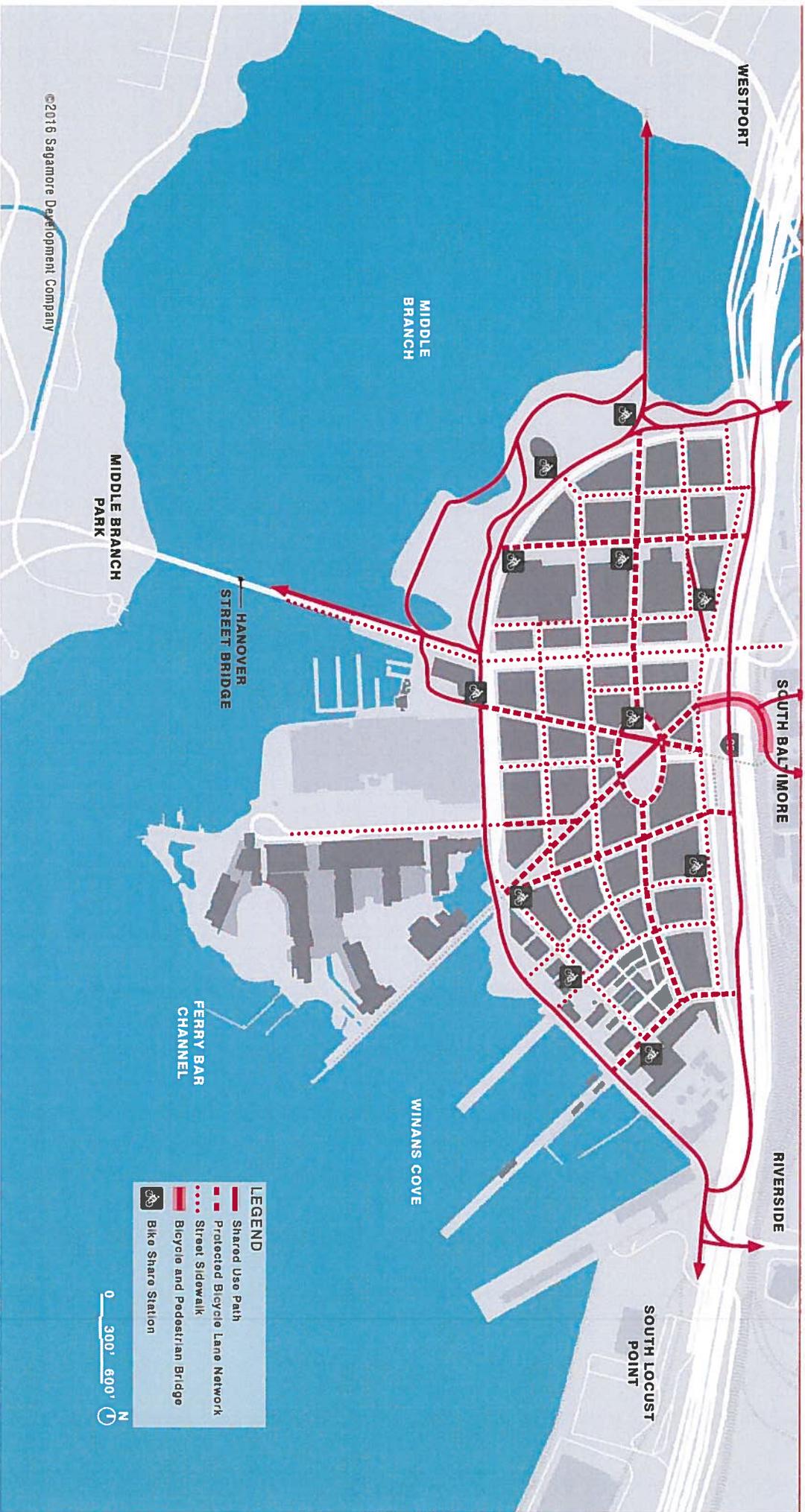
cc: Colin Tarbert, Deputy Mayor
Bill Cole, President, Baltimore Development Corporation



UPDATED FRAMEWORK OPEN SPACE FRAMEWORK



BICYCLE AND PEDESTRIAN NETWORK

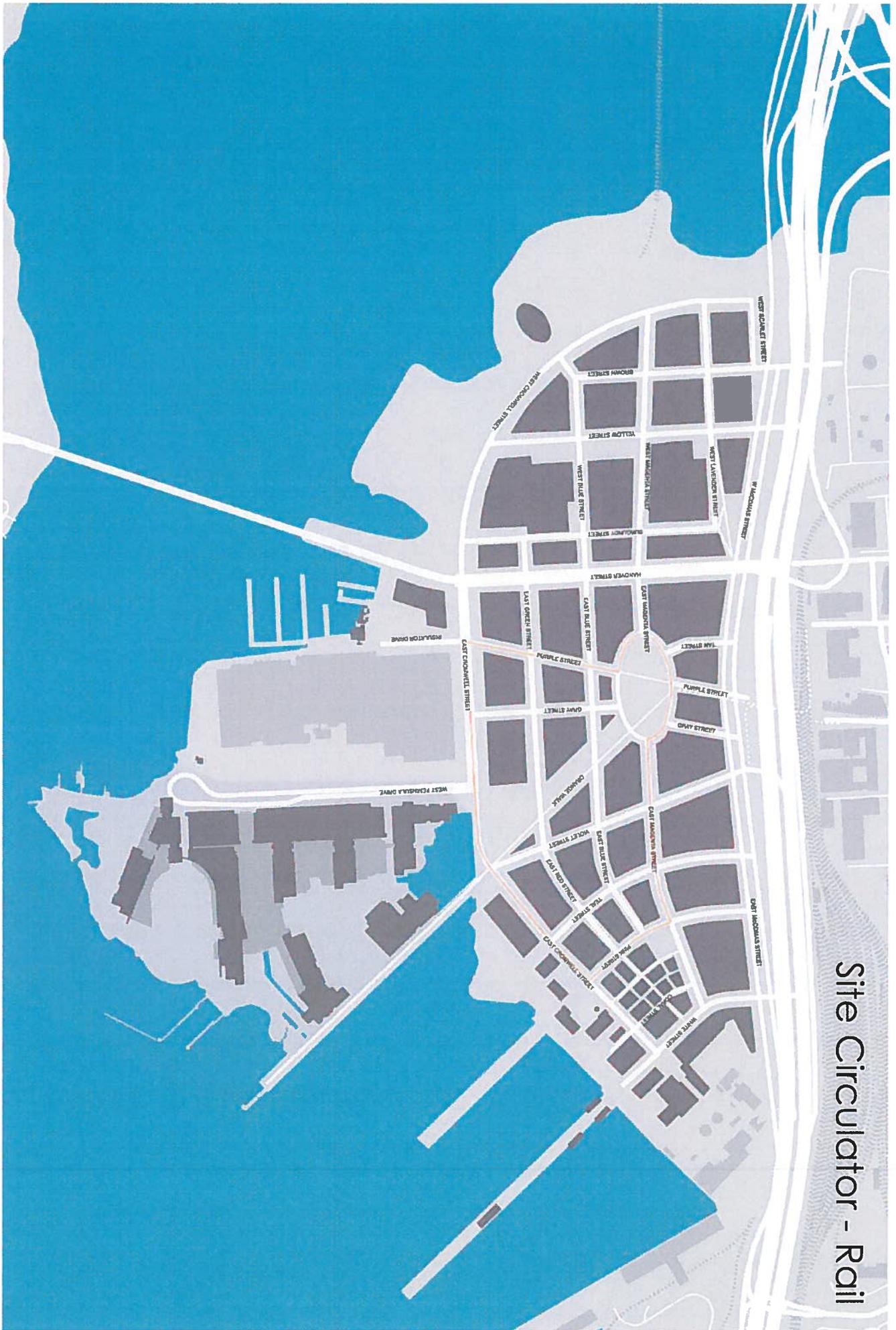


TRANSIT CIRCULATION



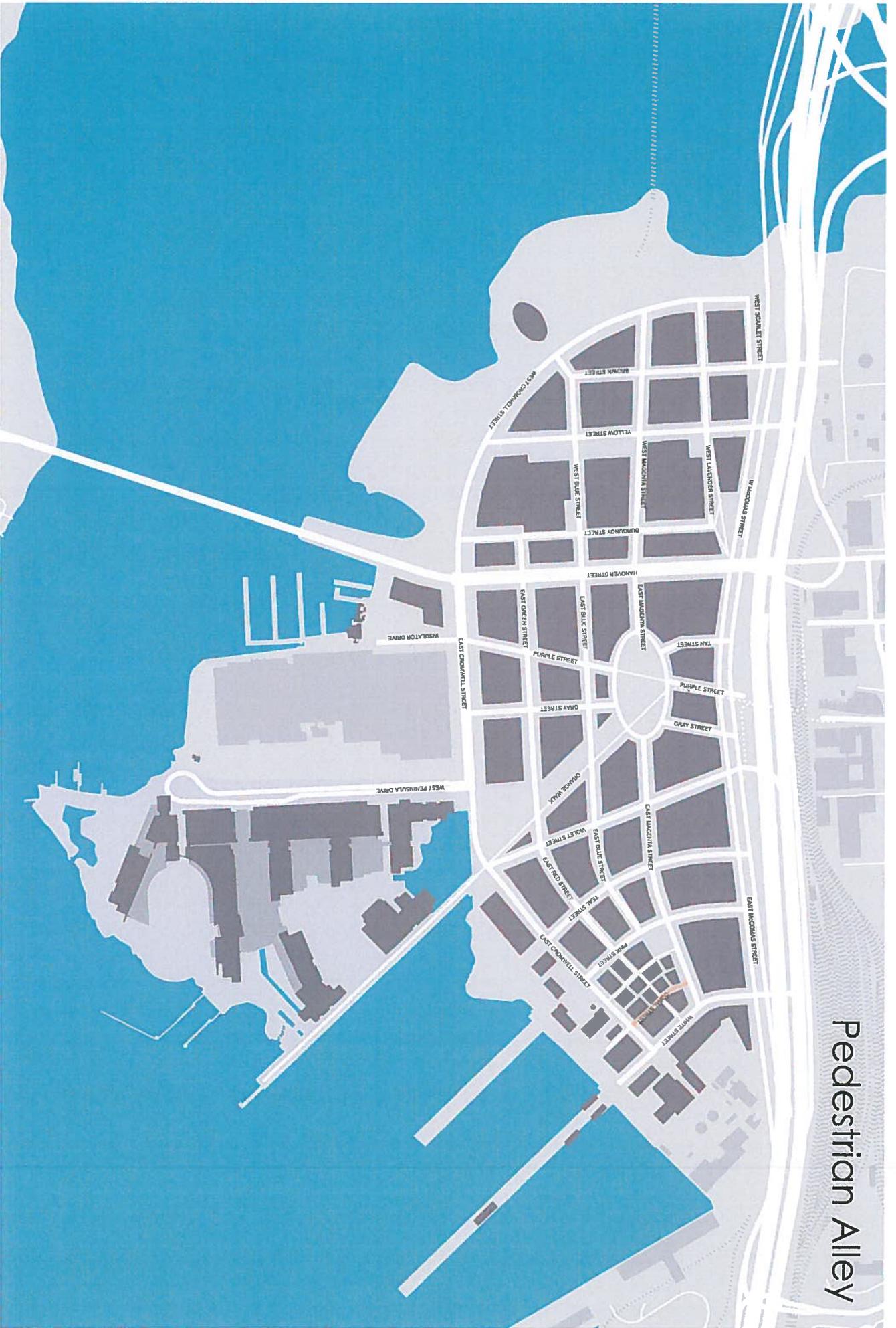


Public Plaza at Lake



Site Circulator - Rail

Pedestrian Alley



Archaeological Pier and Demo





Entertainment District Plaza



Insulator Drive



West Peninsula Drive

Phase 1 Streets and Utilities





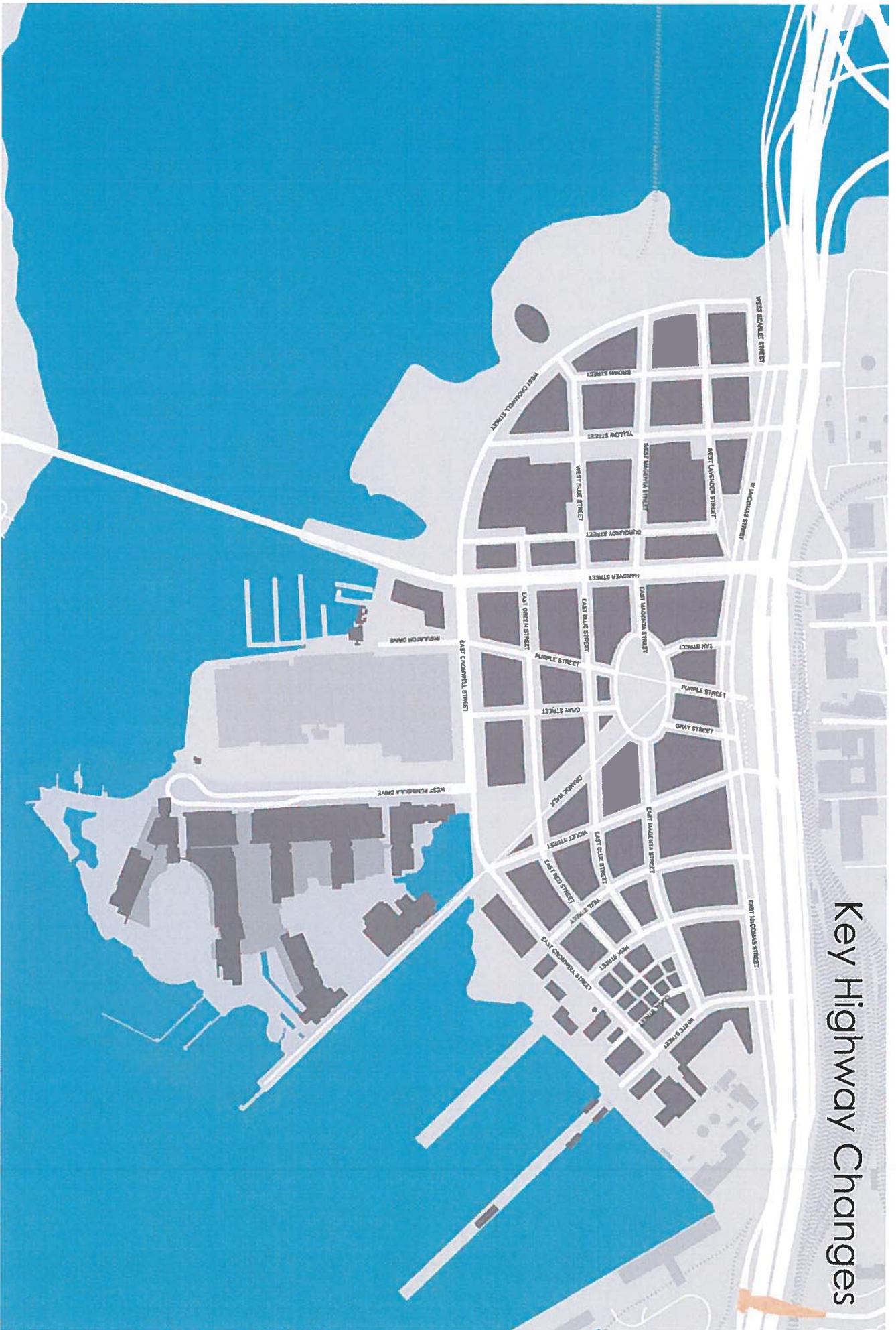
West Shoreline Park



Black Street Park

Pedestrian/Bike Swing Bridge to Westport





Key Highway Changes

Exhibit E-1(a)
Total Obligation - Series A

		Total Obligation - Series A				
Tax Year Beginning	Bond Year Ending	Gross Annual Debt Service		Total Administrative Expenses		Total
		During Drawdown	After Conversion	During Drawdown	After Conversion	
1-Jul-17	15-Jun-18	\$1,433,258	\$0	\$30,000	\$0	\$1,463,258
1-Jul-18	15-Jun-19	\$1,767,410	\$0	\$30,000	\$0	\$1,797,410
1-Jul-19	15-Jun-20	\$1,906,175	\$0	\$30,000	\$0	\$1,936,175
1-Jul-20	15-Jun-21	\$0	\$3,836,120	\$0	\$30,000	\$3,866,120
1-Jul-21	15-Jun-22	\$0	\$3,911,980	\$0	\$30,600	\$3,942,580
1-Jul-22	15-Jun-23	\$0	\$3,990,860	\$0	\$31,212	\$4,022,072
1-Jul-23	15-Jun-24	\$0	\$4,070,280	\$0	\$31,836	\$4,102,116
1-Jul-24	15-Jun-25	\$0	\$4,151,880	\$0	\$32,473	\$4,184,353
1-Jul-25	15-Jun-26	\$0	\$4,235,180	\$0	\$33,122	\$4,268,302
1-Jul-26	15-Jun-27	\$0	\$4,319,700	\$0	\$33,785	\$4,353,485
1-Jul-27	15-Jun-28	\$0	\$4,405,960	\$0	\$34,461	\$4,440,421
1-Jul-28	15-Jun-29	\$0	\$4,494,420	\$0	\$35,150	\$4,529,570
1-Jul-29	15-Jun-30	\$0	\$4,584,480	\$0	\$35,853	\$4,620,333
1-Jul-30	15-Jun-31	\$0	\$4,675,540	\$0	\$36,570	\$4,712,110
1-Jul-31	15-Jun-32	\$0	\$4,769,000	\$0	\$37,301	\$4,806,301
1-Jul-32	15-Jun-33	\$0	\$4,865,140	\$0	\$38,047	\$4,903,187
1-Jul-33	15-Jun-34	\$0	\$4,962,180	\$0	\$38,808	\$5,000,988
1-Jul-34	15-Jun-35	\$0	\$5,061,400	\$0	\$39,584	\$5,100,984
1-Jul-35	15-Jun-36	\$0	\$5,161,960	\$0	\$40,376	\$5,202,336
1-Jul-36	15-Jun-37	\$0	\$5,266,020	\$0	\$41,184	\$5,307,204
1-Jul-37	15-Jun-38	\$0	\$5,370,560	\$0	\$42,007	\$5,412,567
1-Jul-38	15-Jun-39	\$0	\$5,478,680	\$0	\$42,847	\$5,521,527
1-Jul-39	15-Jun-40	\$0	\$5,588,240	\$0	\$43,704	\$5,631,944
1-Jul-40	15-Jun-41	\$0	\$5,700,160	\$0	\$44,578	\$5,744,738
1-Jul-41	15-Jun-42	\$0	\$5,813,240	\$0	\$45,470	\$5,858,710
1-Jul-42	15-Jun-43	\$0	\$5,930,280	\$0	\$46,379	\$5,976,659
1-Jul-43	15-Jun-44	\$0	\$6,048,840	\$0	\$47,307	\$6,096,147
1-Jul-44	15-Jun-45	\$0	\$6,169,540	\$0	\$48,253	\$6,217,793
1-Jul-45	15-Jun-46	\$0	\$6,292,880	\$0	\$49,218	\$6,342,098
1-Jul-46	15-Jun-47	\$0	\$6,417,240	\$0	\$50,203	\$6,467,443
Total		\$5,106,843	\$135,571,760	\$90,000	\$1,060,330	\$141,828,932

Exhibit E-1(b)
Total Obligation - Series B

Total Obligation - Series B

Tax Year Beginning	Bond Year Ending	Gross Annual Debt Service		Total Administrative Expenses		Total
		During Drawdown	After Conversion	During Drawdown	After Conversion	
1-Jul-17	15-Jun-18	\$0	\$0	\$0	\$0	\$0
1-Jul-18	15-Jun-19	\$3,004,047	\$0	\$30,000	\$0	\$3,034,047
1-Jul-19	15-Jun-20	\$4,941,189	\$0	\$30,000	\$0	\$4,971,189
1-Jul-20	15-Jun-21	\$6,120,284	\$0	\$30,000	\$0	\$6,150,284
1-Jul-21	15-Jun-22	\$0	\$13,616,875	\$0	\$15,000	\$13,631,875
1-Jul-22	15-Jun-23	\$0	\$13,889,740	\$0	\$15,300	\$13,905,040
1-Jul-23	15-Jun-24	\$0	\$14,167,535	\$0	\$15,606	\$14,183,141
1-Jul-24	15-Jun-25	\$0	\$14,450,765	\$0	\$15,918	\$14,466,683
1-Jul-25	15-Jun-26	\$0	\$14,739,805	\$0	\$16,236	\$14,756,041
1-Jul-26	15-Jun-27	\$0	\$15,033,900	\$0	\$16,561	\$15,050,461
1-Jul-27	15-Jun-28	\$0	\$15,335,230	\$0	\$16,892	\$15,352,122
1-Jul-28	15-Jun-29	\$0	\$15,641,715	\$0	\$17,230	\$15,658,945
1-Jul-29	15-Jun-30	\$0	\$15,954,275	\$0	\$17,575	\$15,971,850
1-Jul-30	15-Jun-31	\$0	\$16,273,635	\$0	\$17,926	\$16,291,561
1-Jul-31	15-Jun-32	\$0	\$16,599,325	\$0	\$18,285	\$16,617,610
1-Jul-32	15-Jun-33	\$0	\$16,930,745	\$0	\$18,651	\$16,949,396
1-Jul-33	15-Jun-34	\$0	\$17,270,165	\$0	\$19,024	\$17,289,189
1-Jul-34	15-Jun-35	\$0	\$17,615,530	\$0	\$19,404	\$17,634,934
1-Jul-35	15-Jun-36	\$0	\$17,967,720	\$0	\$19,792	\$17,987,512
1-Jul-36	15-Jun-37	\$0	\$18,326,355	\$0	\$20,188	\$18,346,543
1-Jul-37	15-Jun-38	\$0	\$18,692,860	\$0	\$20,592	\$18,713,452
1-Jul-38	15-Jun-39	\$0	\$19,067,335	\$0	\$21,004	\$19,088,339
1-Jul-39	15-Jun-40	\$0	\$19,448,620	\$0	\$21,424	\$19,470,044
1-Jul-40	15-Jun-41	\$0	\$19,837,360	\$0	\$21,852	\$19,859,212
1-Jul-41	15-Jun-42	\$0	\$20,233,875	\$0	\$22,289	\$20,256,164
1-Jul-42	15-Jun-43	\$0	\$20,639,160	\$0	\$22,735	\$20,661,895
1-Jul-43	15-Jun-44	\$0	\$21,051,820	\$0	\$23,190	\$21,075,010
1-Jul-44	15-Jun-45	\$0	\$21,473,200	\$0	\$23,653	\$21,496,853
1-Jul-45	15-Jun-46	\$0	\$21,902,190	\$0	\$24,127	\$21,926,317
1-Jul-46	15-Jun-47	\$0	\$22,340,355	\$0	\$24,609	\$22,364,964
1-Jul-47	15-Jun-48	\$0	\$22,786,740	\$0	\$25,101	\$22,811,841
Total		\$14,065,521	\$481,286,830	\$90,000	\$530,165	\$495,972,515

Exhibit E-1(c)
Total Obligation - Series C

		Total Obligation - Series C				
Tax Year Beginning	Bond Year Ending	Gross Annual Debt Service		Total Administrative Expenses		Total
		During Drawdown	After Conversion	During Drawdown	After Conversion	
1-Jul-17	15-Jun-18	\$0	\$0	\$0	\$0	\$0
1-Jul-18	15-Jun-19	\$0	\$0	\$0	\$0	\$0
1-Jul-19	15-Jun-20	\$0	\$0	\$0	\$0	\$0
1-Jul-20	15-Jun-21	\$0	\$0	\$0	\$0	\$0
1-Jul-21	15-Jun-22	\$0	\$0	\$0	\$0	\$0
1-Jul-22	15-Jun-23	\$0	\$0	\$0	\$0	\$0
1-Jul-23	15-Jun-24	\$2,427,739	\$0	\$30,000	\$0	\$2,457,739
1-Jul-24	15-Jun-25	\$3,463,020	\$0	\$30,000	\$0	\$3,493,020
1-Jul-25	15-Jun-26	\$4,634,994	\$0	\$30,000	\$0	\$4,664,994
1-Jul-26	15-Jun-27	\$0	\$11,094,395	\$0	\$15,000	\$11,109,395
1-Jul-27	15-Jun-28	\$0	\$11,316,170	\$0	\$15,300	\$11,331,470
1-Jul-28	15-Jun-29	\$0	\$11,542,255	\$0	\$15,606	\$11,557,861
1-Jul-29	15-Jun-30	\$0	\$11,773,415	\$0	\$15,918	\$11,789,333
1-Jul-30	15-Jun-31	\$0	\$12,008,285	\$0	\$16,236	\$12,024,521
1-Jul-31	15-Jun-32	\$0	\$12,248,500	\$0	\$16,561	\$12,265,061
1-Jul-32	15-Jun-33	\$0	\$12,493,500	\$0	\$16,892	\$12,510,392
1-Jul-33	15-Jun-34	\$0	\$12,743,660	\$0	\$17,230	\$12,760,890
1-Jul-34	15-Jun-35	\$0	\$12,998,225	\$0	\$17,575	\$13,015,800
1-Jul-35	15-Jun-36	\$0	\$13,258,375	\$0	\$17,926	\$13,276,301
1-Jul-36	15-Jun-37	\$0	\$13,523,095	\$0	\$18,285	\$13,541,380
1-Jul-37	15-Jun-38	\$0	\$13,794,305	\$0	\$18,651	\$13,812,956
1-Jul-38	15-Jun-39	\$0	\$14,069,665	\$0	\$19,024	\$14,088,689
1-Jul-39	15-Jun-40	\$0	\$14,350,835	\$0	\$19,404	\$14,370,239
1-Jul-40	15-Jun-41	\$0	\$14,638,215	\$0	\$19,792	\$14,658,007
1-Jul-41	15-Jun-42	\$0	\$14,931,010	\$0	\$20,188	\$14,951,198
1-Jul-42	15-Jun-43	\$0	\$15,229,295	\$0	\$20,592	\$15,249,887
1-Jul-43	15-Jun-44	\$0	\$15,533,950	\$0	\$21,004	\$15,554,954
1-Jul-44	15-Jun-45	\$0	\$15,844,595	\$0	\$21,424	\$15,866,019
1-Jul-45	15-Jun-46	\$0	\$16,161,655	\$0	\$21,852	\$16,183,507
1-Jul-46	15-Jun-47	\$0	\$16,485,295	\$0	\$22,289	\$16,507,584
1-Jul-47	15-Jun-48	\$0	\$16,814,420	\$0	\$22,735	\$16,837,155
1-Jul-48	15-Jun-49	\$0	\$17,150,740	\$0	\$23,190	\$17,173,930
1-Jul-49	15-Jun-50	\$0	\$17,493,575	\$0	\$23,653	\$17,517,228
1-Jul-50	15-Jun-51	\$0	\$17,843,985	\$0	\$24,127	\$17,868,112
1-Jul-51	15-Jun-52	\$0	\$18,200,640	\$0	\$24,609	\$18,225,249
1-Jul-52	15-Jun-53	\$0	\$18,562,950	\$0	\$25,101	\$18,588,051
Total		\$10,525,753	\$392,105,005	\$90,000	\$530,165	\$403,250,923

Exhibit E-1(d)
Total Obligation - Series D

Tax Year Beginning	Bond Year Ending	Total Obligation - Series D				
		Gross Annual Debt Service		Total Administrative Expenses		Total
		During Drawdown	After Conversion	During Drawdown	After Conversion	
1-Jul-17	15-Jun-18	\$0	\$0	\$0	\$0	\$0
1-Jul-18	15-Jun-19	\$0	\$0	\$0	\$0	\$0
1-Jul-19	15-Jun-20	\$0	\$0	\$0	\$0	\$0
1-Jul-20	15-Jun-21	\$0	\$0	\$0	\$0	\$0
1-Jul-21	15-Jun-22	\$0	\$0	\$0	\$0	\$0
1-Jul-22	15-Jun-23	\$0	\$0	\$0	\$0	\$0
1-Jul-23	15-Jun-24	\$0	\$0	\$0	\$0	\$0
1-Jul-24	15-Jun-25	\$0	\$0	\$0	\$0	\$0
1-Jul-25	15-Jun-26	\$0	\$0	\$0	\$0	\$0
1-Jul-26	15-Jun-27	\$0	\$0	\$0	\$0	\$0
1-Jul-27	15-Jun-28	\$0	\$0	\$0	\$0	\$0
1-Jul-28	15-Jun-29	\$6,311,169	\$0	\$30,000	\$0	\$6,341,169
1-Jul-29	15-Jun-30	\$6,539,129	\$0	\$30,000	\$0	\$6,569,129
1-Jul-30	15-Jun-31	\$6,775,283	\$0	\$30,000	\$0	\$6,805,283
1-Jul-31	15-Jun-32	\$0	\$14,300,255	\$0	\$15,000	\$14,315,255
1-Jul-32	15-Jun-33	\$0	\$14,586,860	\$0	\$15,300	\$14,602,160
1-Jul-33	15-Jun-34	\$0	\$14,878,485	\$0	\$15,606	\$14,894,091
1-Jul-34	15-Jun-35	\$0	\$15,175,570	\$0	\$15,918	\$15,191,488
1-Jul-35	15-Jun-36	\$0	\$15,479,425	\$0	\$16,236	\$15,495,661
1-Jul-36	15-Jun-37	\$0	\$15,789,165	\$0	\$16,561	\$15,805,726
1-Jul-37	15-Jun-38	\$0	\$16,104,840	\$0	\$16,892	\$16,121,732
1-Jul-38	15-Jun-39	\$0	\$16,426,370	\$0	\$17,230	\$16,443,600
1-Jul-39	15-Jun-40	\$0	\$16,755,545	\$0	\$17,575	\$16,773,120
1-Jul-40	15-Jun-41	\$0	\$17,089,895	\$0	\$17,926	\$17,107,821
1-Jul-41	15-Jun-42	\$0	\$17,431,950	\$0	\$18,285	\$17,450,235
1-Jul-42	15-Jun-43	\$0	\$17,780,915	\$0	\$18,651	\$17,799,566
1-Jul-43	15-Jun-44	\$0	\$18,136,865	\$0	\$19,024	\$18,155,889
1-Jul-44	15-Jun-45	\$0	\$18,498,680	\$0	\$19,404	\$18,518,084
1-Jul-45	15-Jun-46	\$0	\$18,869,110	\$0	\$19,792	\$18,888,902
1-Jul-46	15-Jun-47	\$0	\$19,246,515	\$0	\$20,188	\$19,266,703
1-Jul-47	15-Jun-48	\$0	\$19,631,125	\$0	\$20,592	\$19,651,717
1-Jul-48	15-Jun-49	\$0	\$20,023,910	\$0	\$21,004	\$20,044,914
1-Jul-49	15-Jun-50	\$0	\$20,424,515	\$0	\$21,424	\$20,445,939
1-Jul-50	15-Jun-51	\$0	\$20,833,325	\$0	\$21,852	\$20,855,177
1-Jul-51	15-Jun-52	\$0	\$21,249,400	\$0	\$22,289	\$21,271,689
1-Jul-52	15-Jun-53	\$0	\$21,674,540	\$0	\$22,735	\$21,697,275
1-Jul-53	15-Jun-54	\$0	\$22,108,090	\$0	\$23,190	\$22,131,280
1-Jul-54	15-Jun-55	\$0	\$22,550,070	\$0	\$23,653	\$22,573,723
1-Jul-55	15-Jun-56	\$0	\$23,001,110	\$0	\$24,127	\$23,025,237
1-Jul-56	15-Jun-57	\$0	\$23,461,385	\$0	\$24,609	\$23,485,994
1-Jul-57	15-Jun-58	\$0	\$23,931,615	\$0	\$25,101	\$23,956,716
Total		\$19,625,580	\$505,439,530	\$90,000	\$530,165	\$525,685,275

Exhibit E-2
Calculation of Maximum Special Tax

Maximum annual obligations \$36,382,341
 Coverage factor 110%
 Maximum special tax 2017-2018 \$40,020,575

Tax Year	Bond Year	Total Obligation				Increase Factor	Adjusted Gross Annual Debt Service	Maximum Special Taxes	Gross Debt Service	Gross Coverage
		Series A ¹	Series B ²	Series C ³	Series D ⁴					
1-Jul-17	15-Jun-18	\$1,463,258	\$0	\$0	\$0	1.00	\$1,463,258	\$40,020,575	\$1,463,258	2735%
1-Jul-18	15-Jun-19	\$1,797,410	\$3,034,047	\$0	\$0	1.02	\$4,831,457	\$40,820,987	\$4,736,723	845%
1-Jul-19	15-Jun-20	\$1,936,175	\$4,971,189	\$0	\$0	1.04	\$6,907,364	\$41,637,407	\$6,639,143	603%
1-Jul-20	15-Jun-21	\$3,866,120	\$6,150,284	\$0	\$0	1.06	\$10,016,404	\$42,470,155	\$9,438,681	424%
1-Jul-21	15-Jun-22	\$3,942,580	\$13,631,875	\$0	\$0	1.08	\$17,574,455	\$43,319,558	\$16,236,080	246%
1-Jul-22	15-Jun-23	\$4,022,072	\$13,905,040	\$0	\$0	1.10	\$17,927,112	\$44,185,949	\$16,237,138	246%
1-Jul-23	15-Jun-24	\$4,102,116	\$14,183,141	\$2,457,739	\$0	1.13	\$20,742,997	\$45,069,668	\$18,419,187	217%
1-Jul-24	15-Jun-25	\$4,184,353	\$14,466,683	\$3,493,020	\$0	1.15	\$22,144,056	\$45,971,061	\$19,277,734	208%
1-Jul-25	15-Jun-26	\$4,268,302	\$14,756,041	\$4,664,994	\$0	1.17	\$23,689,338	\$46,890,483	\$20,218,622	198%
1-Jul-26	15-Jun-27	\$4,353,485	\$15,050,461	\$11,109,395	\$0	1.20	\$30,513,341	\$47,828,292	\$25,532,199	157%
1-Jul-27	15-Jun-28	\$4,440,421	\$15,352,122	\$11,331,470	\$0	1.22	\$31,124,013	\$48,784,858	\$25,532,531	157%
1-Jul-28	15-Jun-29	\$4,529,570	\$15,658,945	\$11,557,861	\$6,341,169	1.24	\$38,087,545	\$49,760,555	\$30,632,405	131%
1-Jul-29	15-Jun-30	\$4,620,333	\$15,971,850	\$11,789,333	\$6,569,129	1.27	\$38,950,644	\$50,755,766	\$30,712,317	130%
1-Jul-30	15-Jun-31	\$4,712,110	\$16,291,561	\$12,024,521	\$6,805,283	1.29	\$39,833,475	\$51,770,882	\$30,792,572	130%
1-Jul-31	15-Jun-32	\$4,806,301	\$16,617,610	\$12,265,061	\$14,315,255	1.32	\$48,004,227	\$52,806,299	\$36,381,205	110%
1-Jul-32	15-Jun-33	\$4,903,187	\$16,949,396	\$12,510,392	\$14,602,160	1.35	\$48,965,135	\$53,862,425	\$36,381,817	110%
1-Jul-33	15-Jun-34	\$5,000,988	\$17,289,189	\$12,760,890	\$14,894,091	1.37	\$49,945,158	\$54,939,674	\$36,382,341	110%
1-Jul-34	15-Jun-35	\$5,100,984	\$17,634,934	\$13,015,800	\$15,191,488	1.40	\$50,943,206	\$56,038,467	\$36,381,731	110%
1-Jul-35	15-Jun-36	\$5,202,336	\$17,987,512	\$13,276,301	\$15,495,661	1.43	\$51,961,811	\$57,159,237	\$36,381,549	110%
1-Jul-36	15-Jun-37	\$5,307,204	\$18,346,543	\$13,541,380	\$15,805,726	1.46	\$53,000,853	\$58,302,421	\$36,381,416	110%
1-Jul-37	15-Jun-38	\$5,412,567	\$18,713,452	\$13,812,956	\$16,121,732	1.49	\$54,060,707	\$59,468,470	\$36,381,306	110%
1-Jul-38	15-Jun-39	\$5,521,527	\$19,088,339	\$14,088,689	\$16,443,600	1.52	\$55,142,155	\$60,657,839	\$36,381,460	110%
1-Jul-39	15-Jun-40	\$5,631,944	\$19,470,044	\$14,370,239	\$16,773,120	1.55	\$56,245,347	\$61,870,996	\$36,381,686	110%
1-Jul-40	15-Jun-41	\$5,744,738	\$19,859,212	\$14,658,007	\$17,107,821	1.58	\$57,369,779	\$63,108,416	\$36,381,385	110%
1-Jul-41	15-Jun-42	\$5,858,710	\$20,256,164	\$14,951,198	\$17,450,235	1.61	\$58,516,307	\$64,370,584	\$36,380,846	110%
1-Jul-42	15-Jun-43	\$5,976,659	\$20,661,895	\$15,249,887	\$17,799,566	1.64	\$59,688,007	\$65,657,996	\$36,381,683	110%

Tax Year Beginning	Bond Year Ending	Total Obligation				Increase Factor	Adjusted Gross Annual Debt Service	Maximum Special Taxes	Gross Debt Service Coverage	
		Series A ¹	Series B ²	Series C ³	Series D ⁴					Total
1-Jul-43	15-Jun-44	\$6,096,147	\$21,075,010	\$15,554,954	\$18,155,889	\$60,881,999	1.67	\$36,381,821	\$66,971,156	110%
1-Jul-44	15-Jun-45	\$6,217,793	\$21,496,853	\$15,866,019	\$18,518,084	\$62,098,749	1.71	\$36,381,300	\$68,310,579	110%
1-Jul-45	15-Jun-46	\$6,342,098	\$21,926,317	\$16,183,507	\$18,888,902	\$63,340,824	1.74	\$36,381,358	\$69,676,791	110%
1-Jul-46	15-Jun-47	\$6,467,443	\$22,364,964	\$16,507,584	\$19,266,703	\$64,606,694	1.78	\$36,380,824	\$71,070,326	110%
1-Jul-47	15-Jun-48	\$0	\$22,811,841	\$16,837,155	\$19,651,717	\$59,300,713	1.81	\$32,738,197	\$72,491,733	122%
1-Jul-48	15-Jun-49	\$0	\$0	\$17,173,930	\$20,044,914	\$37,218,843	1.85	\$20,144,549	\$73,941,568	199%
1-Jul-49	15-Jun-50	\$0	\$0	\$17,517,228	\$20,445,939	\$37,963,167	1.88	\$20,144,521	\$75,420,399	199%
1-Jul-50	15-Jun-51	\$0	\$0	\$17,868,112	\$20,855,177	\$38,723,289	1.92	\$20,144,967	\$76,928,807	199%
1-Jul-51	15-Jun-52	\$0	\$0	\$18,225,249	\$21,271,689	\$39,496,938	1.96	\$20,144,551	\$78,467,383	199%
1-Jul-52	15-Jun-53	\$0	\$0	\$18,588,051	\$21,697,275	\$40,285,326	2.00	\$20,143,776	\$80,036,731	199%
1-Jul-53	15-Jun-54	\$0	\$0	\$0	\$22,131,280	\$22,131,280	2.04	\$10,849,266	\$81,637,465	369%
1-Jul-54	15-Jun-55	\$0	\$0	\$0	\$22,573,723	\$22,573,723	2.08	\$10,849,178	\$83,270,215	369%
1-Jul-55	15-Jun-56	\$0	\$0	\$0	\$23,025,237	\$23,025,237	2.12	\$10,849,196	\$84,935,619	369%
1-Jul-56	15-Jun-57	\$0	\$0	\$0	\$23,485,994	\$23,485,994	2.16	\$10,849,313	\$86,634,331	369%
1-Jul-57	15-Jun-58	\$0	\$0	\$0	\$23,956,716	\$23,956,716	2.21	\$10,849,767	\$88,367,018	369%
Total		\$141,828,932	\$495,972,515	\$403,250,923	\$525,685,275	\$1,566,737,646				

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¹See Exhibit E-I(a).

²See Exhibit E-I(b).

³See Exhibit E-I(c).

⁴See Exhibit E-I(d).

Exhibit F-1
Comparison of Valuation Methods¹

Property Type	Comparables ²	Income Capitalization ³
<i>Residential</i>		
<i>Apartments - market rate</i>		
Per BSF	<u>\$213.83</u>	\$268.82
BSF per dwelling unit ⁴	1,000	1,000
Per dwelling unit	<u>\$213,829.01</u>	\$268,815.79
<i>Apartments - affordable</i>		
Per BSF	\$64.47	<u>\$81.04</u>
BSF per dwelling unit ⁴	1,000	1,000
Per dwelling unit	\$64,465.55	<u>\$81,043.06</u>
<i>For sale stacked flats</i>		
Per BSF	<u>\$242.34</u>	-
BSF per dwelling unit ⁴	1,012	-
Per dwelling unit	<u>\$245,274.81</u>	-
<i>Commercial</i>		
<i>Retail</i>		
Per BSF	<u>\$241.15</u>	\$359.41
Per 1,000 BSF	<u>\$241,148.73</u>	\$359,406.69
<i>Office</i>		
Per BSF	\$269.67	<u>\$259.57</u>
Per 1,000 BSF	\$269,669.40	<u>\$259,571.50</u>
<i>Manufacturing</i>		
Per BSF	<u>\$21.84</u>	\$85.36
Per 1,000 BSF	<u>\$21,840.16</u>	\$85,355.80
<i>Hotel</i>		
Per BSF	\$185.43	<u>\$330.85</u>
Per room	\$232,148.96	<u>\$211,654.20</u>
<i>Parking</i>		
Per BSF	\$66.32	<u>\$38.26</u>
Per space	\$26,244.38	<u>\$13,178.25</u>

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¹Valuation approach chosen for each type of development is underlined and shown in bold and italics.

²See Exhibits F-2(a) and F-2(b).

³See Exhibits F-3(a), F-3(b), F-3(c), and F-3(d).

⁴Provided by Sagamore Development Company, LLC.

Exhibit F-2(a)
Projected Market Value - Comparables (Residential)¹

Development	Account Identifier	Year Built	Address	Unit	County	Land	Market Value		Property Area			Market Value		
							Improvement	Total	GSF	NSF ²	NSF Per Unit ³	Units	Per GSF	Per Unit
<i>Apartments - market rate⁴</i>														
Spinmaker Bay Apartments	03-06-1801-001	2006	801 Aliceanna Street	-	Baltimore City	\$4,656,600	\$60,201,900	\$64,858,500	600,798	361,286	1,147	315	\$180	\$205,900
Union Wharf	02-06-1875-002	2014	915 S. Wolfe Street	-	Baltimore City	\$8,937,400	\$60,728,400	\$69,665,800	417,025	262,542	934	281	\$265	\$247,921
The Promenade	03-03-1802-001	-	701 S. Exeter Street	-	Baltimore City	\$2,907,600	\$23,205,300	\$26,112,900	-	107,500	860	125	\$243	\$208,903
The Crescent	02-06-1875-003A	2006	951 Fell Street	-	Baltimore City	\$5,074,700	\$60,512,300	\$65,587,000	353,224	307,094	1,219	252	\$214	\$260,266
The Eden	03-07-1807-054	2007	701 S. Eden Street	-	Baltimore City	\$2,849,000	\$44,263,700	\$47,112,700	319,260	239,875	888	270	\$196	\$174,491
Weighted value per GSF/unit														
<i>Apartments - affordable</i>														
Workforce adjustment ⁵														
Value per GSF														
For sale stacked flats														
Silo Point	24-11-2024-262	-	1200 Steuart Street	915	Baltimore City	\$87,100	\$261,400	\$348,500	1,394	-	-	-	\$250	\$348,500
Silo Point	24-11-2024-236	2008	1200 Steuart Street	830	Baltimore City	\$80,500	\$241,800	\$322,300	1,465	-	-	-	\$220	\$322,300
Silo Point	24-11-2024-177	2009	1200 Steuart Street	514	Baltimore City	\$78,900	\$237,000	\$315,900	1,404	-	-	-	\$225	\$315,900
Silo Point	24-11-2024-341	2011	1200 Steuart Street	1713	Baltimore City	\$98,900	\$296,800	\$395,700	1,583	-	-	-	\$250	\$395,700
Water Street	04-11-1350-227	2007	414 Water Street	2413	Baltimore City	\$85,000	\$255,000	\$340,000	1,403	-	-	-	\$242	\$340,000
Water Street	04-11-1350-073	2007	414 Water Street	1409	Baltimore City	\$61,200	\$183,800	\$245,000	980	-	-	-	\$250	\$245,000
Water Street	04-11-1350-156	2008	414 Water Street	2002	Baltimore City	\$65,000	\$195,000	\$260,000	1,022	-	-	-	\$254	\$260,000
Water Street	04-11-1350-291	2008	414 Water Street	2909	Baltimore City	\$61,200	\$183,800	\$245,000	951	-	-	-	\$258	\$245,000
Weighted value per GSF/unit														
30%														
<u>\$64</u>														
30%														
<u>\$66,296</u>														

MuniCap, Inc.

¹Information illustrated for each property based on information provided by Maryland State Department of Assessments and Taxation. Value chosen for each type of development is underlined and shown in bold and italics.

²Based on the average net square feet per unit based information reported on rent.com and apartments.com multiplied by the number of units.

³Represents average net square feet per unit based information reported on rent.com and apartments.com.

⁴Based on discussions with Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation, the comparables illustrated include corresponding parking garages in the value.

⁵Assumes affordable rental unit value is representative of 30% of the market rate unit assessed value.

Exhibit F-3(a)
Calculation of Market Value - Income Capitalization (Apartments)

	Market Rate	Affordable
<i>Income Capitalization</i>		
Average net SF per unit ¹	900	900
Monthly rent PSF ²	\$2.60	\$1.07
Monthly rent per unit	\$2,340.00	\$963.00
Annual rent per unit	\$28,080.00	\$11,556.00
Assumed vacancy ³	5%	5%
Less: assumed vacancy	(\$1,404.00)	(\$577.80)
Effective gross income	\$26,676.00	\$10,978.20
Assumed expense ratio	16%	38%
Less: assumed expenses per unit ⁴	(\$4,203.00)	(\$4,203.00)
Net operating income per unit	\$22,473.00	\$6,775.20
Capitalization rate ⁵	8.36%	8.36%
Total estimated value per unit	\$268,815.79	\$81,043.06
Total estimated value per net SF ⁶	\$298.68	\$90.05
Total estimated value per gross SF	\$268.82	\$81.04

MuniCap, Inc.

¹ Assumes net square feet is 100 square feet less than gross square feet. Additional information needed.

² Market rate rent provided by Sagamore Development Company, LLC.

³ Based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation.

⁴ Based on the operating expense per square feet for mid & hi rise master metered apartments net of property taxes. Source: *2014 Survey of Income and Expenses in Rental Apartment Communities*.

⁵ The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The cap rate assumes a 6.0% market rate plus real property tax rates of \$2.248 (City of Baltimore), and \$0.112 (State of Maryland) per \$100. Market rate represents is based on information provided by the Supervisor of Assessments and Taxation for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Real property tax rates used represent the rate for fiscal year 2015-2016 as reported by the City of Baltimore Bureau of the Budget and Management Research.

⁶ The value per square foot is based on the value per unit divided by the estimated square feet per unit.

Exhibit F-3(b)
Calculation of Market Value - Income Capitalization (Commercial)

	Retail	Office	Manufacturing
<i>Income Capitalization Approach</i>			
Annual rent PSF ¹	\$45.00	\$32.50	\$11.50
Assumed vacancy rate ²	10%	10%	10%
Less: assumed vacancy	(\$4.50)	(\$3.25)	(\$1.15)
Effective gross income	\$40.50	\$29.25	\$10.35
Assumed expense ratio ³	13%	13%	13%
Less: assumed expenses	(\$5.06)	(\$3.66)	(\$1.29)
Net operating income	\$35.44	\$25.59	\$9.06
Capitalization rate ⁴	9.86%	9.86%	10.61%
Estimated market value PSF	\$359.41	\$259.57	\$85.36

MuniCap, Inc.

¹Retail rent provided by Sagamore Development. Office and manufacturing rent based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Additional information needed.

²Based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation.

³Assumes rents are triple net. Additional information needed. According to the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation, expenses are still assumed for triple net property though lower than the amount assumed for gross leases. Expense ratio provided by the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation.

⁴The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The cap rate assumes a 7.5% market rate for retail and office, and a 8.25% market rate for manufacturing plus real property tax rates of \$2.248 (City of Baltimore), and \$0.112 (State of Maryland) per \$100. Market rate represents is based on information provided by the Supervisor of Assessments and Taxation for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Real property tax rates used represent the rate for fiscal year 2015-2016 as reported by the City of Baltimore Bureau of the Budget and Management Research.

Exhibit F-3(c)
Projected Market Value - Income Capitalization (Hotel)

	Hotel
<i>Income Capitalization</i>	
Average daily rate per room ¹	\$250.00
Gross annual income	\$91,250.00
Assumed occupancy rate ²	67.50%
Effective gross income per room	\$61,593.75
Assumed expense ratio ³	64.40%
Less: assumed expenses	(\$39,666.38)
Net operating income per room	\$21,927.38
Capitalization rate ⁴	10.36%
Total estimated value per room	\$211,654.20
SF per room ⁵	640
Total estimated value per SF ⁶	\$330.85

MuniCap, Inc.

¹Provided by Sagamore Development Company, LLC and supported by comparable hotels.

²Based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Additional information needed.

³Represents chain-affiliated hotel expenses as reported in the *HOST Almanac Highlights 2014, U.S. Hotel Operating Statistics for the year 2013. Expense ratio deemed reasonable* by the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation.

⁴The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The cap rate assumes a 8.0% market rate plus real property tax rates of \$2.248 (City of Baltimore), and \$0.112 (State of Maryland) per \$100. Market rate represents is based on information provided by the Supervisor of Assessments and Taxation for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Real property tax rates used represent the rate for fiscal year 2015-2016 as reported by the City of Baltimore Bureau of the Budget and Management Research.

⁵Provided by Sagamore Development Company, LLC.

⁶The value per square foot is based on the value per room divided by the estimated square feet per room.

Exhibit F-3(d)
Projected Market Value - Income Capitalization (Parking)

	Parking
<i>Income Capitalization</i>	
Average monthly rent per space ¹	\$150.00
Gross annual income	\$1,800.00
Assumed vacancy rate ¹	13%
Less: assumed vacancy	(\$225.00)
Effective gross income per space	\$1,575.00
Assumed expense ratio ²	18%
Less: assumed expenses	(\$275.63)
Net operating income per space	\$1,299.38
Capitalization rate ³	9.86%
Total estimated value per space	\$13,178.25
SF per space ⁴	375
Total estimated value per SF ⁵	\$38.26

MuniCap, Inc.

¹Based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Additional information needed.

²Assumes parking garages are automated and no employees are necessary. Expense ratio based on discussions with the Supervisor of Assessments for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation.

³The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The cap rate assumes a 7.5% market rate plus real property tax rates of \$2.248 (City of Baltimore), and \$0.112 (State of Maryland) per \$100. Market rate represents is based on information provided by the Supervisor of Assessments and Taxation for Baltimore City as appointed by the Maryland State Department of Assessments and Taxation. Real property tax rates used represent the rate for fiscal year 2015-2016 as reported by the City of Baltimore Bureau of the Budget and Management Research.

⁴Provided by Sagamore Development Company, LLC.

⁵The value per square foot is based on the value per space divided by the estimated square feet per space.