

**CITY OF BALTIMORE, MARYLAND**  
**PERKINS SOMERSET OLDTOWN SPECIAL TAXING DISTRICT**

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

A Special Tax is hereby levied and shall be collected in the City of Baltimore Perkins Somerset Oldtown 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 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.

“**Administrative Expenses**” means any or all of the following: (i) the fees and expenses of any fiscal agent, trustee, or Administrator employed by the City in connection with any Bonds; (ii) the fees and expenses of the City and fees and expenses of any Conduit Issuer required to be paid by the City, in each case with respect to in carrying out each party’s respective duties, as applicable, under the Indenture of Trust, including, but not limited to, (1) levying and collecting the Special Tax and (2) complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law (both (1) and (2) shall include the costs of employees and fees and costs of any professionals retained by the City to provide services for such purposes); and (iii) all other costs and expenses of the City, Trustee, or Administrator incurred in connection with the discharge of their respective duties under the Indenture of Trust, as applicable, including legal expenses associated with such duties, and, in the case of the City, in any way related to the administration of the District.

“**Administrator**” means the designee of the 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.

“**Assessed Value**” means the phased-in assessed value subject to taxation as determined by the Supervisor of Assessments.

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

“**Bonds**” means any bonds or other debt, including refunding bonds, whether in one or more series, issued for the District by the City or a Conduit Issuer pursuant to the Act.

“**City**” means the Mayor and City Council of Baltimore, Maryland.

**“Commencement Date”** means the first Fiscal Year in which Special Taxes are levied and may be collected, which shall be the first Fiscal Year after the issuance of the Bonds.

**“Conduit Issuer”** means any entity or organization authorized by the Act that issues the Bonds on behalf of the City.

**“Date of Classification”** means the date each year determined by the Administrator to classify property for purposes of determining the Special Tax for each Parcel.

**“District”** means the Perkins Somerset Oldtown Special Taxing District created by the City.

**“Exempt Property”** means Exempt Affordable Housing Property, Owner Association Property, Utility Easement Property, and any other property that is not subject to real property taxes, unless the owner consents in a form acceptable to the City to being subject to Special Taxes.

**“Exempt Affordable Housing Property”** means property that meets all of the following conditions: (1) subject to one or more agreements pursuant to which the owner of the property agrees to provide at least fifty-nine percent of the total residential units to households that earn eighty percent or less of the area median income, adjusted for family size; provided that such agreement or agreements are recorded among the land records of Baltimore City and are covenants running with the land for a term of at least thirty years, (2) for which low income housing tax credits are obtained, and (3) within one of the areas identified as the Affordable Housing Properties on Exhibit A attached hereto.

**“Fiscal Year”** means the period starting any July 1 and ending on the following June 30.

**“Indenture of Trust”** means the indenture of trust relating to the Bonds, as modified, amended or supplemented from time to time.

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

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

**“Public Property”** means property within the boundaries of the District owned by, or irrevocably offered for dedication (in a plat map approved by the City or otherwise) to the federal government, the State of Maryland, the City, or other public agency. Public Property does not include property that would otherwise be Public Property if the owner consents in a form acceptable to the City to being subject to Special Taxes.

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

**“Special Tax Levy Rate”** means the Special Tax Levy Rate calculated pursuant to Section C.2.

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

**“Supervisor of Assessments”** means the Maryland Department of Assessments and Taxation Supervisor of Assessments for property in the City.

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

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

**“Tax Increment Revenues”** means the amounts paid or to be paid into the Tax Increment Fund each year by the City.

**“Taxable Property”** means any Parcel that is not Public Property or Exempt Property.

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

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

**“Utility Easement Property”** means Parcels the exclusive use of which is an easement for a public utility provider; provided, however, that exclusive use utility easements includes only those parcels for which a copy of the easement has been provided to the Administrator.

## **B. LEVY OF SPECIAL TAXES**

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

### **1. Special Tax Requirement**

The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and confirmed by an Authorized Officer and shall be an amount equal to (A) the amount required in such Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the District, (3) any amount required to replenish any reserve fund established in association with any Bonds and (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax or other contingencies as deemed appropriate, (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), and (6) any applicable fees, costs, or expenses owed to or to be paid to any issuer of Bonds or pursuant to any of the documents executed in connection with the issuance of the Bonds not otherwise covered above, less (B) (1) Tax Increment Revenues and any Tax Agreement Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2) any credits available

pursuant to the Indenture of Trust, such as capitalized interest, reserves, and investment earnings on any account balances, and (3) any other revenues available to apply to the Special Tax Requirement. The sum of the amounts included in (A)(3) and (4) shall not exceed ten percent of the sum of the amounts included in (A)(1) and (2).

## 2. Determination of Special Tax to be Collected

Commencing with the Commencement Date and for each following Fiscal Year through the Termination Date, the Special Tax shall be levied on each parcel at the Special Tax Levy Rate such that the aggregate Special Taxes levied for the Fiscal Year equal the Special Tax Requirement.

The Special Tax Levy Rate shall equal the Special Tax Requirement, if any, for the applicable Fiscal Year, divided by the Assessed Value of the Taxable Property.

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

## 3. Circumstances Under Which the Special Tax May be Increased as a Result of a Default

The Special Tax to be collected from a Parcel may be increased as a result of a default in the payment of the Special Tax on another Parcel pursuant to the provisions of Sections C.1. and C.2. The Special Tax Requirement may be increased by ten percent as a result of defaults in the payments of Special Taxes on other Parcels.

## 4. Personal Property

The special tax rate on personal property shall be zero.

## C. EXEMPTIONS

A Special Tax is not levied on and shall not be collected from Public Property or Exempt Property.

## D. MANNER OF COLLECTION

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

## E. TERMINATION OF SPECIAL TAX

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

## **F. SPECIAL TAX APPEALS**

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

## **G. PREPAYMENT OF SPECIAL TAXES**

The Special Tax for any Parcel may be prepaid and the obligation to pay the Special Tax for the Parcel permanently satisfied as provided for herein.

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

**Principal** means a portion of the principal of the Bonds equal to (i) the Special Tax for the Parcel for which the Special Tax is being prepaid for the Fiscal Year in which such prepayment is made divided by (ii) the Special Taxes levied on all Taxable Property in the District in the same Fiscal Year multiplied by (iii) the total Bonds outstanding after application of the Special Tax collected in the corresponding Fiscal Year plus any additional Bonds authorized to be issued. For properties not yet fully developed, the Special Tax shall be calculated based on the estimated Assessed Value at such time as the property is fully developed. The estimate shall be made by the Administrator and reviewed by the Supervisor of Assessments and the Authorized Officer. The estimate of value shall be valid if there is a reasonable basis to the estimated value. Prepayment of Special Taxes for a Parcel shall represent agreement with the value as estimated on which the prepayment is based.

**Premium** means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for the Bonds to be redeemed on the earliest date on which such Bonds are to be redeemed, as provided for in the Indenture of Trust. There shall be no Premium if the prepayment is made prior to the issuance of any Bonds.

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

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

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

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

#### **H. PARTIAL PREPAYMENT OF THE SPECIAL TAX**

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

$$A = B \times C$$

Where the terms have the following meaning:

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

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

#### **I. AMENDMENTS**

Immaterial amendments may be made to this Rate and Method of Apportionment of Special Taxes by the Authorized Officer and, to the maximum extent permitted by the Act, such amendments may be made without further notice under the Act and without notice to owners of Taxable Property within the District in order to (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the owners of the

Bonds, and (iii) otherwise improve the ability of the City to fulfill its obligations to levy and collect the Special Tax and to make it available for the payment of the Bonds and Administrative Expenses.

#### **J. INTERPRETATION OF PROVISIONS**

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

#### **K. SEVERABILITY**

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



