



City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland 21202

Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL

Introduced by: The Council President

At the request of: The Administration (Department of Housing and Community Development)

A BILL ENTITLED

AN ORDINANCE concerning
Poppleton Special Taxing District

FOR the purpose of designating a "special taxing district" to be known as the "Poppleton Special Taxing District"; providing for and determining various matters in connection with the establishment of the special taxing district; creating a special fund for the special taxing district; providing for the levy of a special tax on all taxable real and personal property located in the special taxing district; authorizing the pledge of the special tax revenues to the payment by or reimbursement to the City for debt service on any special obligation bonds or notes issued by the City in connection with the special taxing district, the replenishment of any reserve fund; providing for a special effective date; and generally providing for matters relating to the designation and operation of the special taxing district, the establishment and use of the special fund, and the payment of certain expenses and administrative costs related to the operation of the special taxing district.

BY authority of
Article II - General Powers
Sections (62A)
Baltimore City Charter
(1996 Edition)

Recitals

The Special Taxing District Act, Article II, Section (62A) of the Baltimore City Charter (the **Act**) authorizes the Mayor and City Council of Baltimore (the **City**) to establish a **special taxing district** (as defined in the Act) and a special fund into which the special taxes levied in the special taxing district are deposited for the purpose of providing financing, refinancing, or reimbursement for certain costs (as defined in the Act) of infrastructure improvements (as defined in the Act).

The Act also authorizes the City, subject to certain requirements, to borrow money by issuing and

selling Bonds (defined herein), for the purpose of providing financing, refinancing, or reimbursement for the cost of the infrastructure improvements.

The City has been requested to designate and create the Special Taxing District (defined herein) from both (i) the owners of at least two-thirds of

the assessed valuation of the real property located in the proposed special taxing district; and (ii) at least two-thirds of the owners of the real property located in the proposed special taxing district as determined by the provisions of the Act.

The Act provides that before any Bonds may be issued, the City is to enact an ordinance that (i) designates an area or areas as a special taxing district; (ii) creates a special fund for the special taxing district; and (iii) provides for the levy of an ad valorem or special tax on all real and personal property in the special taxing district at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium, if any, on the Bonds, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security for the Bonds.

The City wishes to establish a special taxing district within Baltimore City, establish a special fund for the special taxing district, and provide for the levy of a special tax on all taxable real and personal property in the special taxing district for the purpose of providing funds for the costs of the infrastructure improvements and related costs permitted by the Act, including, without limitation, the costs of the Project (defined herein), and other improvements relating to the development of residential, commercial and office uses within the special taxing district or, if outside the special taxing district, reasonably relating to the improvements within the special taxing district.

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

- (a) Act means the Special Taxing District Act, as codified in Article II, Section (62A) of the Baltimore City Charter.
- (b) Bond Ordinance means the Ordinance of the City authorizing the issuance of Bonds and the pledge of certain tax and other revenues for the purposes set forth therein.
- (c) Bonds means any bonds, notes, or other similar instruments issued by the City under the Act.
- (d) City Expenses shall have the meaning set forth in the Bond Ordinance.
- (e) Project means the following improvements and activities that are to be completed in accordance with all required City approvals:

(1) the design and construction of street and road improvements to, from, or within the Development District, including, without limitation, the installation of landscaping, site lighting, street furniture, earthwork and retaining walls, street improvements including paving, new curbs, sidewalks, and curb extensions, and other improvements which are designed to improve traffic flow to and from

the Development District;

- (2) the installation of utilities and utility upgrades, including new and updated water service, booster pumps, and pumping stations, sanitary sewer connections, storm water management facilities, and relocation of existing utilities, the construction of parks, including public recreational facilities and a dog park, plazas, and the construction of other necessary improvements and other facilities;
 - (3) the acquisition, design, construction, reconstruction, renovation, and development of buildings that are to be devoted to a governmental use or purpose, such as a school, and condemning or otherwise acquiring structures, real or personal property, rights, rights-of-way, franchises, easements, and interests in furtherance of this purpose;
 - (4) site removal, including demolition, site preparation, earthwork, clearing, grading, and filling;
 - (5) surveys and studies; and
 - (6) the acquisition, construction, renovation, and development of other related infrastructure improvements and the financing or refinancing of any related costs as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.
- (f) ♦Rate and Method♦ means the Rate and Method of Apportionment of the Special Taxes attached to this Ordinance as Exhibit 2 and made a part of this Ordinance.
- (g) ♦Special Tax Allocation Report♦ means the Special Tax Allocation Report attached to this Ordinance as Exhibit 3 and made a part of this Ordinance.
- (h) ♦Special Tax Fund♦ means the special fund established by Section 4 of this Ordinance.
- (i) ♦Special Taxing District♦ means the area in the City designated in Section 3 of this Ordinance as a special taxing district under the Act.

SECTION 2. AND BE IT FURTHER ORDAINED, That the Mayor and City Council of Baltimore finds and determines that the establishment of the Special Taxing District, the creation of the Special Tax Fund for the Special Taxing District, the issuance of Bonds from time to time, and the pledge of amounts, subject to appropriation, on deposit in the Special Tax Fund to the payment of debt service on and other costs related to any Bonds, all for the purpose of providing funds for the financing and refinancing of a portion of the costs of the Project, accomplish the purposes of the Act, serve public purposes, including the direct and indirect enhancement of the taxable base of the City, the creation of new employment opportunities, the encouragement of additional economic activities, the development or redevelopment of slum, blighted or deteriorated areas, the undertaking of urban renewal projects, and the facilitation of planned improvements to the Special Taxing District, and generally promote the health, welfare, and safety of the residents of the State of Maryland and of the City of Baltimore.

SECTION 3. AND BE IT FURTHER ORDAINED, That the contiguous area consisting of the properties designated as described in Exhibit 1-A attached hereto and made a part of this Ordinance

(as the same may be renumbered or redesignated as a result of any subdivision or re-subdivision of such property), together with the adjoining roads, highways, alleys, rights of way and other similar property, shown on the map attached to this Ordinance as Exhibit 1-B, and made a part of this Ordinance, is designated as a special taxing district to be known as the Poppleton Special Taxing District (the Special Taxing District).

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

SECTION 5. AND BE IT FURTHER ORDAINED, That:

- (a) A special tax shall be levied upon all real and personal property in the Special Taxing District, unless exempted by the provisions of this Ordinance or otherwise by law, for the purposes, to the extent and in the manner set forth in the Rate and Method.
- (b) The revenues and receipts from the special tax, the Special Tax Fund, and any other fund into which all or any of these revenues and receipts are deposited after they have been appropriated by the City are authorized to be pledged to the payment of the principal of and interest on the Bonds, the replenishment of any reserves and the payment of any City Expenses and other administrative costs. These revenues, receipts and funds are not, however, irrevocably pledged to the payment of the principal of and interest on and related costs of the Bonds, and the obligation to pay this principal and interest and these related costs is subject to annual appropriation by the City.
- (c) Special taxes levied in the Special Taxing District may not be accelerated by reason of bond default. The maximum special taxes as described in the Rate and Method applicable to any individual property may not be increased in the event that other property owners become delinquent in the payment of the special taxes.

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

- (a) The development of the Project will create a public benefit and special benefits to the properties in the Special Taxing District;
- (b) The special taxes levied under this Ordinance are levied in an amount that does not exceed the special benefit that the properties within the Special Taxing District will receive from the Project, as shown by the Special Tax Allocation Report; and
- (c) The special taxes levied on each property in the Special Taxing District are a fair allocation of the costs of the Project to each property in the Special Taxing District, as shown by the Special Tax Allocation Report.

SECTION 7. AND BE IT FURTHER ORDAINED, That the Director of Finance may do all acts and

things and execute all documents and certificates relating to the Special Taxing District and the Special Tax Fund.

SECTION 8. AND BE IT FURTHER ORDAINED, That any approvals, authorizations, or activities provided in this Ordinance do not constitute and may not be deemed to constitute or imply that the City Council, the Mayor, or any department, office or agency of the City has given or will give, any approval, authorization or consent to any action or activity within or required for the development of the Special Taxing District, including any land use approval, requirements for the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or legislative approval, authorization, or consent.

SECTION 9. AND BE IT FURTHER ORDAINED, That this Ordinance may be amended by a subsequent ordinance of the Mayor and City Council of Baltimore, which ordinance may enlarge or reduce the size of the Special Taxing District, upon receipt of a request from both (i) the owners of at least two-thirds of the assessed valuation of the real property located with the proposed special taxing district; and (ii) at least two-thirds of the owners of the real property located within the proposed special taxing district as determined by the provisions of the Act. However, no ordinance may be effective to reduce the size of the Special Taxing District so long as there are any outstanding Bonds secured by the Special Tax Fund, unless the ordinance that authorized the issuance of the Bonds permits the City to reduce the area constituting the Special Taxing District, the holders of such Bonds or an authorized representative on their behalf consents to the reduction or the indenture authorizing the issuance of such Bonds permits the reduction.

SECTION 10. AND BE IT FURTHER ORDAINED, That the provisions of this Ordinance are severable. If any provision, sentence, clause, section or other part of this Ordinance is held or determined to be illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, that illegality, invalidity, unconstitutionality, or inapplicability does not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their application to other persons or circumstances. It is the intent of the Mayor and City Council that this Ordinance would have been passed even if the illegal, invalid, unconstitutional, or inapplicable provision, sentence, clause, section, or other part had not been included in this Ordinance, and as if the person or circumstances to which this Ordinance or part are inapplicable had been specifically exempted.

SECTION 11. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the date it is enacted.

Exhibit 1-A

List of Tax Parcels

List of Special Taxing District Parcels - Phase IA Properties?

Account Identifier
Property Address

18-11-0187-015
901 W. Lexington Street
18-11-0187-016

903 W. Lexington Street
18-11-0187-017
905 W. Lexington Street
18-11-0187-018
907 W. Lexington Street
18-11-0187-019
909 W. Lexington Street
18-11-0187-020
911 W. Lexington Street
18-11-0187-021
913 W. Lexington Street
18-11-0187-022
915 W. Lexington Street
18-11-0187-023
917 W. Lexington Street
18-11-0187-024
919 W. Lexington Street
18-11-0187-025
921 W. Lexington Street
18-11-0187-026
923 W. Lexington Street
18-11-0187-027
925 W. Lexington Street
18-11-0187-029
929 W. Lexington Street
18-11-0187-030
931 W. Lexington Street
18-11-0187-031
933 W. Lexington Street
18-11-0187-032
935 W. Lexington Street
18-11-0187-033
937 W. Lexington Street
18-11-0187-034
939 W. Lexington Street
18-11-0187-035
941 W. Lexington Street
18-11-0187-036
943 W. Lexington Street
18-11-0187-037
945 W. Lexington Street
18-11-0187-038
947 W. Lexington Street
18-11-0187-039
949 W. Lexington Street
18-11-0187-040
129 N. Schroeder Street
18-11-0187-041

127 N. Schroeder Street
18-11-0187-042
125 N. Schroeder Street
18-11-0187-043
123 N. Schroeder Street
18-11-0187-044
121 N. Schroeder Street
18-11-0187-045
119 N. Schroeder Street
18-11-0187-046
117 N. Schroeder Street
18-11-0187-047
115 N. Schroeder Street
18-11-0187-048
113 N. Schroeder Street
18-11-0187-049
111 N. Schroeder Street
18-11-0187-050
109 N. Schroeder Street
18-11-0187-051
107 N. Schroeder Street
18-11-0187-052
105 N. Schroeder Street
18-11-0187-053
103 N. Schroeder Street
18-11-0187-053A
101 N. Schroeder Street
18-11-0187-054
946 W. Fayette Street
18-11-0187-055
944 W. Fayette Street
18-11-0187-056
942 W. Fayette Street
18-11-0187-057
940 W. Fayette Street
18-11-0187-058
938 W. Fayette Street
18-11-0187-059
936 W. Fayette Street
18-11-0187-060
934 W. Fayette Street
18-11-0187-061
932 W. Fayette Street
18-11-0187-062
930 W. Fayette Street
18-11-0187-063
928 W. Fayette Street
18-11-0187-064

926 W. Fayette Street
18-11-0187-090
127 N. Amity Street
18-11-0187-091
129 N. Amity Street
18-11-0187-092
104 N. Amity Street
18-11-0187-093
106 N. Amity Street
18-11-0187-094
108 N. Amity Street
18-11-0187-095
110 N. Amity Street
18-11-0187-096
112 N. Amity Street
18-11-0187-098
116 N. Amity Street
18-11-0187-099
118 N. Amity Street
18-11-0187-100
120 N. Amity Street
18-11-0187-101
122 N. Amity Street
18-11-0187-102
124 N. Amity Street
18-11-0187-103
126 N. Amity Street
18-11-0187-104
128 N. Amity Street
18-11-0187-105
130 N. Amity Street
18-11-0187-106
938 Kierle Court
18-11-0187-107
939 Kierle Court
18-11-0187-119
920 Vine Street
18-11-0187-120
921 Vine Street
18-11-0187-121
913 Vine Street
18-12-0172-001
928 W. Lexington Street
18-12-0172-016
930 W. Lexington Street
18-12-0172-017
932 W. Lexington Street
18-12-0172-018

934 W. Lexington Street
18-12-0172-019
936 W. Lexington Street
18-12-0172-020
938 W. Lexington Street
18-12-0172-021
940 W. Lexington Street
18-12-0172-022
942 W. Lexington Street
18-12-0172-023
944 W. Lexington Street
18-12-0172-024
946 W. Lexington Street
18-12-0172-026
207 N. Schroeder Street
18-12-0172-027
209 N. Schroeder Street
18-12-0172-028
211 N. Schroeder Street
18-12-0172-029
213 N. Schroeder Street
18-12-0172-030
215 N. Schroeder Street
18-12-0172-031
217 N. Schroeder Street
18-12-0172-032
219 N. Schroeder Street
18-12-0172-033
221 N. Schroeder Street
18-12-0172-034
223 N. Schroeder Street
18-12-0172-035
225 N. Schroeder Street
18-12-0172-132
220 N. Amity Street
18-12-0172-133
218 N. Amity Street
18-12-0172-134
216 N. Amity Street
18-12-0172-135
214 N. Amity Street
18-12-0172-136
212 N. Amity Street
18-12-0172-137
210 N. Amity Street
18-12-0172-138
208 N. Amity Street
18-12-0172-139

206 N. Amity Street
18-12-0172-140
204 N. Amity Street
18-12-0172-141
202 N. Amity Street
18-12-0172-156
211 Osing Court
18-12-0172-157
213 Osing Court
18-12-0172-130
224 N. Amity Street
18-12-0172-131
222 N. Amity Street
18-12-0172-036
227 N. Schroeder Street
18-12-0172-037
229 N. Schroeder Street
EXHIBIT 1-A
List of Special Taxing District Parcels - Phase IB Properties

Account Identifier
Property Address

18-12-0172-148A
(not applicable)
18-10-0202-029
13 N. Schroeder Street
18-10-0202-030
15 N. Schroeder Street
18-10-0202-031
17 N. Schroeder Street
18-10-0202-032
19 N. Schroeder Street
18-10-0202-033
21 N. Schroeder Street
18-10-0202-034
949 W. Fayette Street
18-10-0202-035
947 W. Fayette Street
18-10-0202-036
945 W. Fayette Street
18-10-0202-037
943 W. Fayette Street
18-10-0202-038
941 W. Fayette Street
18-10-0202-039
939 W. Fayette Street
18-10-0202-040

937 W. Fayette Street
18-10-0202-041
935 W. Fayette Street
18-10-0202-042
933 W. Fayette Street
18-10-0202-043
931 W. Fayette Street
18-10-0202-044
929 W. Fayette Street
18-11-0202-077
(not applicable)
18-10-0202-080
924 W. Fairmount Avenue
18-10-0202-081
922 W. Fairmount Avenue
18-10-0202-103
28 N. Amity Street
18-10-0202-104
26 N. Amity Street
18-10-0202-105
24 N. Amity Street
18-10-0202-106
22 N. Amity Street
18-10-0202-107
20 N. Amity Street
18-10-0202-108
18 N. Amity Street
18-10-0202-115
931 Page Court
18-10-0202-116
933 Page Court
18-10-0202-117
935 Page Court
18-10-0202-118
937 Page Court
18-12-0172-039
233 N. Schroeder Street
18-12-0172-040
235 N. Schroeder Street
18-12-0172-041
237 N. Schroeder Street
18-12-0172-042
239 N. Schroeder Street
18-12-0172-043
241 N. Schroeder Street
18-12-0172-044
243 N. Schroeder Street
18-12-0172-045

245 N. Schroeder Street
18-12-0172-046
247 N. Schroeder Street
18-12-0172-047
249 N. Schroeder Street
18-12-0172-048
251 N. Schroeder Street
18-12-0172-049
253 N. Schroeder Street
18-12-0172-050
255 N. Schroeder Street
18-12-0172-051
257 N. Schroeder Street
18-12-0172-052
259 N. Schroeder Street
18-12-0172-053
261 N. Schroeder Street
18-12-0172-054
263 N. Schroeder Street
18-12-0172-055
941 W. Saratoga Street
18-12-0172-056
939 W. Saratoga Street
18-12-0172-057
937 W. Saratoga Street
18-12-0172-058
935 W. Saratoga Street
18-12-0172-059
933 W. Saratoga Street
18-12-0172-060
931 W. Saratoga Street
18-12-0172-061
929 W. Saratoga Street
18-12-0172-119
246 N. Amity Street
18-12-0172-120
244 N. Amity Street
18-12-0172-121
242 N. Amity Street
18-12-0172-122
240 N. Amity Street
18-12-0172-123
238 N. Amity Street
18-12-0172-124
236 N. Amity Street
18-12-0172-125
234 N. Amity Street
18-12-0172-126

232 N. Amity Street
18-12-0172-127
230 N. Amity Street
18-12-0172-128
228 N. Amity Street
18-12-0172-129
226 N. Amity Street
18-12-0172-038
231 N. Schroeder Street
18-05-0200-096
14 N. Schroeder Street
18-05-0200-097
24 N. Schroeder Street

Exhibit 1-B
Map of the Special Taxing District

Exhibit 2

Rate and Method of Apportionment of the Special Taxes

CITY OF BALTIMORE, MARYLAND
TIDE POINT 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 Poppleton Special Taxing 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 employed by the City in connection with any Bonds; the expenses of the City 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 of the City and fees of any professionals retained by the City to provide services for such purposes; and 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.

◆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 pursuant to the Act.

◆Building Square Footage◆ or ◆BSF◆ means the actual, or for property not yet developed, the estimated, enclosed building area, excluding area within a parking garage, that is as shown on the building permit, or if not shown on the building permit, architectural plans or other available documents, as reasonably estimated by the Administrator. If no actual source is available for determining Building Square Footage, the Administrator may estimate such number using the Parcel land area and a reasonable density ratio.

◆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.

◆Commercial Property◆ means any Taxable Property not classified as Residential Property.

◆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.

◆Developed Property◆ means Parcels of Taxable Property for which a building permit has been issued that allows the construction or rehabilitation of a structure.

◆District◆ means the Poppleton Special Taxing District created by the City.

◆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 and/or supplemented from time to time.

◆Mandatory Prepayment of Special Taxes◆ means the required prepayment of Special Taxes pursuant to Section K.

◆Maximum Special Tax◆ means the Special Tax determined in accordance with Section B.

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

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

◆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 or property otherwise designated as a parcel by an Authorized Officer.

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

◆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, State of Maryland, City, or other public agency or easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that has been irrevocably dedicated includes only those parcels for which a copy of the easement or offer has been provided to the Administrator. 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.

◆Rental Residential◆ means Residential Property that consists of or is intended to consist rental apartment units wherein all units in a project are under common ownership and management, including any ancillary space thereto.

◆Required Maximum Special Tax◆ means the required Maximum Special Tax as provided for in the Indenture of Trust.

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

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

◆Special Tax Credit◆ means, for any Fiscal Year, Tax Increment Revenues and Tax Agreement Revenues produced by a Parcel and included in the Special Tax Requirement for that Fiscal Year. For purposes of calculating the Tax Increment Revenues for each Parcel, the base year value shall be allocated to each Parcel on the basis of the acreage of each Parcel.

◆Special Tax Requirement◆ has the meaning given to it in Section C.1.

◆Supervisor◆ means the Supervisor of Assessments for 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 Owner Association 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 F.

◆Trustee◆ means the trustee appointed by the City for the District to carry out the duties of the trustee specified in the Indenture of Trust.

◆Undeveloped Property◆ means Parcels of Taxable Property not classified as Developed Property.

B. SPECIAL TAX LEVY

1. Developed Property

The Maximum Special Tax for the 2014-2015 Fiscal Year for each Parcel of Developed Property shall be equal to the product of the number of residential dwelling units or Building Square Footage to be built on such Parcel and the Maximum Special Tax Rate for each class of property shown in Table A.

TABLE A
Developed Property
Maximum Special Tax Rates
2014-2015 Fiscal Year

Land Use Class◆ Maximum Special Tax Rate

Rental Residential

\$3,499

Per dwelling unit

Commercial Property

\$3,226

Per 1,000 BSF On each July 1, commencing July 1, 2015, 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 units or BSF 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:

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

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:

$$A = B \div C$$

Where the terms have the following meaning:

A	=	The Adjusted Maximum Special Tax for a Parcel
B	=	The Maximum Special Tax for the Parcel
C	=	The Special Tax Credit for the Parcel

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

4. Personal Property

The special tax rate on personal property shall be zero.

C. COLLECTION 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, and (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), 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.

2. Assignment to Land Use Classes

For each Fiscal Year, property shall be classified as Public Property, Owner Association Property, or Taxable Property, and Taxable Property shall be further classified as Developed Property or Undeveloped Property. Developed Property shall be classified as Commercial Property or Rental Residential. The classification of property shall be made on the basis of the land use class that most nearly matches the property being classified. The classification of property shall be made based on the status of each Parcel as of the Date of Classification.

3. Determination of Special Taxes to be Collected

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

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

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

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.

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

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

D. EXEMPTIONS

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

E. 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 or an Indenture of Trust.

F. 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 the Indenture of Trust.

G. REDUCTION IN THE MAXIMUM SPECIAL TAX RATE

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

H. 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.

I. 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 to be prepaid for Parcels of Undeveloped Property shall be calculated as if the Parcels were Developed Property.

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 Maximum 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 Maximum Special Tax for all Taxable Property in the District upon full development of the District using the Maximum Special Tax Rates for the Fiscal Year in which such prepayment is made with the result 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.

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.

J. 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 I; 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.

K. MANDATORY PREPAYMENT OF SPECIAL TAXES

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

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

The Mandatory Prepayment of Special Taxes shall be paid to the City or the Trustee and 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 Mandatory Prepayment of Special Taxes.

The Mandatory Prepayment of Special Taxes shall be due prior to the recordation, conveyance, or

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

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

L. ELIMINATION OF THE MANDATORY PREPAYMENT OF SPECIAL TAXES

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

M. 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. Any such amendment may not increase the Maximum Special Tax.

N. 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.

O. 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.

Exhibit 3

Special Tax Allocation Report

POPPLETON SPECIAL TAXING DISTRICT

CITY OF BALTIMORE, MARYLAND

SPECIAL TAX REPORT

Prepared By:

MuniCap, Inc.

March 16, 2015

POPPLETON SPECIAL TAXING DISTRICT
CITY OF BALTIMORE, MARYLAND
SPECIAL TAX REPORT

Purpose of Report

The Poppleton Special Taxing District (the **◆District◆**) is being created to facilitate the financing of all or a portion of the costs of public improvements for the District, including costs related to the issuance of the bonds. Bonds are expected to be issued by the City of Baltimore (the **◆City◆**) to fund the costs of the public improvements for the benefit of property within the District. The proceeds of the bonds are expected to finance the cost of the improvements, issuance and other related costs, capitalized interest, and a reserve fund.

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

the ♦Rate and Method of Apportionment of Special Taxes♦ for the District.

Description of the Special Taxing District

The District is comprised of approximately 3.37 acres of a larger 13.8-acre Center\West at Poppleton development. The District is situated next to a large bio-technical research and development complex currently being developed by the University of Maryland-Baltimore. The District is located within the Poppleton neighborhood of west Baltimore and the boundaries of the Poppleton Urban Renewal Area and Center\West at Poppleton development and is generally bound by North Schroeder Street to the west, North Amity Street to the east, West Saratoga Street to the north, and West Fairmount Avenue to the south.

Though the District is ultimately proposed to be created and consistent with the boundaries of the Poppleton Development District, which encompasses the 13.8-acre Center\West at Poppleton development, only the tax parcels comprising what is known as ♦Phase IA♦ and ♦Phase IB♦ (♦Phases IA and IB♦) of development at Center\West at Poppleton are contemplated to be included in the District at this time as the City does not currently control all tax parcels proposed to be located within the 13.8-acre Center\West at Poppleton development. As a result, only those comprising Phases IA and IB are included in the District. Before all phases of development can occur, the City must acquire the remainder of the property within the proposed Center\West at Poppleton project. Future acquisition of property within the Center\West development will occur consistent with the Land Disposition and Development Agreement (LDDA).

The identity of the tax parcels in the District are shown by Exhibit 1-A of the Special Taxing District Ordinance. A map of the parcels currently expected to comprise the entire Center\West at Poppleton development is illustrated in Exhibit A, attached hereto. A map of the District boundaries, which consists of Phases IA and IB of the development, is illustrated in Exhibit B, attached hereto.

The development located within the District, as well as the larger Center\West at Poppleton development, is a large-scale urban renewal project. The properties were awarded to La Cit♦ Development, LLC by Baltimore City Department of Housing and Community Development through a competitive request for proposal (RFP), and in 2006 the group entered into a LDDA with the City for the development of the site. The District, and the greater Center\West at Poppleton development, is the location of a once vibrant Baltimore neighborhood. Today the neighborhood suffers from blight, abandonment and criminal activity.

The District and greater Center\West at Poppleton development has been designated as the Poppleton Planned Unit Development (PUD) for purposes of zoning. A map of the PUD is attached hereto as Exhibit C. The proposed Center\West development located in the District, comprised of Phases IA and IB, is shown in Table A below.

Table A
Proposed Special Taxing District Development

Property Type
Property Area

GSF

Units

Residential



Rental



Market rate

315,184

376

Workforce

71,405

80

NED1

12,558

16

Sub-total residential

399,147

472

Commercial



Grocery

15,000

-

Restaurant

21,146

-

Retail

16,043

-

Sub-total commercial

52,189



Total

451,336

472

1NED rental units represent non-elderly persons with disabilities units as defined by the Housing Authority of Baltimore City (HABC) that fully comply with the Uniform Federal Accessibility Standards. Table B on the following page identifies the proposed development for Phase IA and IB of the Center\West at Poppleton development.

Table B
Center\West at Poppleton Development By Phase

Property Type
Property Area

GSF
Units
Phase IA

◆
Rental

◆
Market rate
176,319
205
Workforce
38,707
44
NED
6,279
8
Commercial

◆
Restaurant
11,914

-
Retail
6,812

-
Sub-total Phase IA
240,030
257
Phase IB

◆
Rental

◆
Market rate
138,865
171
Workforce
32,698
36
NED
6,279
8
Commercial

◆	
	Grocery
15,000	
-	
	Restaurant
9,232	
-	
	Retail
9,231	
-	
	Sub-total Phase IB
211,305	
215	
Total	
451,336	

472 A map illustrating the proposed phasing for the entire development is attached hereto as Exhibit D, and a map illustrating the site plan for the entire development, is attached hereto as Exhibit E. Only Phases◆IA and IB represented on the phasing map and site plan are to be included in the District at this time.

Proposed Public Improvements

The purpose of the District, the special taxes to be levied in the District, and the special obligation bonds to be issued with respect to the District is to finance all or a part of the costs of the public improvements shown in Table C on the following page (which are described in more detail following Table C). Table C illustrates the estimated public improvements and corresponding costs for the first series of, or ◆Series A,◆ bonds. Series A bonds are to be secured by the revenues generated by the property in Phase IA Center\West at Poppleton development. Additional bonds are proposed to be issued for each succeeding phase of development.

Table C
Series A Funded Public Improvements

Public Improvement	
Series A	
North Schroeder Street	
\$3,151,636	
North Amity Street	
\$2,082,085	
West Lexington Street	
\$1,897,030	
West Fayette Street	
\$399,878	
North Poppleton Street	
\$86,516	
Poe Park	

\$309,241

Pedestrian Park

\$436,411

Dog Park

\$145,441

Total public improvements

\$8,508,238 Additional public improvements with a corresponding estimated cost of \$6,492,973 are proposed to be funded by one or more future series of bonds. The public improvements to be financed include the following:

- ◆ North Schroeder Street
- ◆ North Amity Street
- ◆ West Fayette Street
- ◆ Pedestrian Park
- ◆ West Fairmount Street
- ◆ West Saratoga Street

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

North Schroeder Street

North Schroeder Street includes the costs associated with constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, traffic mitigation, and earthwork, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements are being made from West Fairmount Street northward to West Saratoga Street.

North Amity Street

The North Amity Street improvements include the costs associated with constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, traffic mitigation, and earthwork, and soft costs, such as design, engineering, legal, accounting, and a contingency. Improvements are being made from West Fairmount Street northward to West Saratoga Street.

West Lexington Street

The West Lexington Street improvements include the costs associated with earthwork, constructing retaining walls, paving and lining the street and sidewalk, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, and traffic mitigation, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements are being made from North Schroeder Street eastward to North Poppleton Street.

West Fayette Street

The West Fayette Street improvements include the costs associated with earthwork, constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, and traffic mitigation, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements are being made from North Schroeder Street eastward to North Amity Street.

North Poppleton Street

The North Poppleton Street improvements include the costs associated with earthwork, constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, and traffic mitigation, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements being made from a point on North Poppleton Street located halfway between West Lexington Street and Vine Street northward to West Lexington Street.

Poe Park

Poe Park includes the costs associated with construction of a new park located within the District, including earthwork, new sidewalks and paved plaza, relocating and upgrading existing water, sewer and stormwater management, plantings, site lighting and street furniture, and soft costs such as design, engineering, legal, accounting, and a contingency. Poe Park is proposed to be located at the intersection of North Amity Street and West Lexington Street District.

Pedestrian Park

The pedestrian park includes the costs associated with construction of a new park located within the District, including earthwork, new sidewalks and paving, relocating and upgrading existing water, sewer and stormwater management, plantings, site lighting and street furniture, and soft costs such as design, engineering, legal, accounting, and a contingency. The pedestrian park is proposed to be located along the existing Cloney Street from North Schroeder running eastward to North Amity Street.

Dog Park

The dog park includes the costs associated with construction of a new dog park located within the District, including earthwork, new sidewalks and paving, relocating and upgrading existing water, sewer and stormwater management, plantings, site lighting and street furniture, and soft costs such as design, engineering, legal, accounting, and a contingency. The dog park is proposed to be located along North Amity Street.

West Fairmount Street

The West Fairmount Street improvements include the costs associated with earthwork, constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, and traffic mitigation, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements are being made from a point on West Fairmount Street located between North Carrollton Street and North Schroeder Street eastward to North Amity Street.

West Saratoga Street

The West Saratoga Street improvements include the costs associated with earthwork, constructing retaining walls, street improvements, including paving, new curbs and sidewalks, and creation of curb extensions where possible, relocating and upgrading existing water, sewer and stormwater management, installing site lighting, plantings, street furniture, and a wireless security system, along with costs associated with surveys, cleaning, and traffic mitigation, and soft costs such as design, engineering, legal, accounting, and a contingency. Improvements are being made from North Schroeder Street eastward to North Amity Street.

All of the public improvements described above are required to meet the needs of the property in the District that results from the proposed development of the property. The improvements upgrade existing roads, water, sewer, stormwater drainage, and lighting, while also providing new parks, and other public improvements that will be necessary for the proposed development of the property.

Maps showing the proposed public improvements, the location of the public parks to be constructed, and the phasing of the public improvements in conjunction with bonds to be issued, is attached hereto as Exhibits F-1, and F-2.

Projected Issuance of Bonds

Bonds are proposed to be issued by the City in multiple series to correspond with the multiple phases of development to finance the costs of the public improvements described above. Bond proceeds will include the costs of constructing improvements, issuance and other costs, capitalized interest, and a reserve fund. Table D shows the total estimated sources and uses of funds for the issuance of multiple series of bonds.

Table D
Total Sources and Uses of Funds

Sources and Uses
Total Proceeds
Sources of Funds

◆
Total bond proceeds
\$24,425,000

Interest earned in the improvement fund
\$21,730

Total sources of funds
\$24,446,730

Uses of Funds



Public improvements

\$15,001,211

Issuance costs

\$1,500,000

Underwriter's discount

\$383,210

Capitalized interest

\$5,119,253

Reserve fund

\$2,442,500

Rounding

\$556

Total uses of funds

\$24,446,730 The actual amount of bonds issued and proceeds generated may vary from these estimates depending on the interest rate on the bonds, the date the bonds are issued, the cost of issuing the bonds, reinvestment rates on bond proceeds, and other factors.

Bond issuance costs include legal fees, financial consulting fees, the cost of studies, the set-up and first year's fee of the trustee, trustee's counsel, City expenses, document printing costs, administrative expenses related to the District, an underwriter's discount, and other miscellaneous costs related to the issuance of bonds.

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

Projected Debt Service and Administrative Expenses

A schedule showing projected debt service and administrative expenses is attached to this report as Exhibit G. Two series of bonds are assumed to be issued (although fewer or additional series may be issued in the future), with each series of bonds being repaid over approximately thirty years from the issuance of bonds.

The principal payments on the bonds are structured such that debt service is increasing each year during the amortization period of the bonds. The bonds are assumed to be tax-exempt with an interest rate of 7.0% percent per year, both of which may change as market conditions change.

Estimated administrative expenses are included in Exhibit G, which represent City costs related to the administration of the District.

Determination of Special Taxes

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

- (i) the public improvements to be provided by the District and the related tax increment district provide a special benefit to the property in the District and the special benefit to the property subject to the special taxes exceeds the cost of the special taxes;
- (ii) the amount of special taxes to be levied each year is equal to or less than the amount required to repay the bonds issued to finance the public improvements; and
- (iii) special taxes are allocated to parcels within the District in a manner that reasonably represents the benefit each parcel will receive from the improvements to be provided by the District.

Special Benefit

The property in the District will receive a special benefit from the public improvements to be provided as a result of the creation of the District. The public infrastructure will upgrade existing roads, water, sewer, and stormwater management through the property in the District, provide public parks, and other improvements to the property in the District. These improvements are required for the proposed use and development of the property as described above. Accordingly, the public improvements to be provided as a result of the District provide a special benefit to the property in the District.

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

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

The developer and contract purchasers of the property in the District have analyzed various options for the use of such property, taking into consideration the legally permitted uses, the physical constraints of the site, financial parameters and market demand. The contract purchasers and the developer are understandably interested in maximizing their return on the property. Based on this analysis, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property as described herein. This use of the property will require the public

improvements as described herein and to be provided as result of the District. Without these improvements, the proposed use of the property would not be legally permissible, physically possible or adequately supported and, as a result, the property could not be put to its highest and best use.

The special taxes are essential to make available purchasers for the tax increment financing bonds (that is, the bonds will be repaid from the increase in property taxes as well as from special taxes). This financing provided to the District is long-term financing and results in a lower rate than other available financing on comparable terms. In addition, the bonds are expected to pay interest to the bondholders that is exempt from income taxes, which would result in an even lower rate. As a result of these advantages, the financing provided by the District is the most beneficial means of financing the public improvements.

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

1. The public improvements to be provided as a result of the District are required for the highest and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the District is the most beneficial means of financing the improvements; and
4. As a result, the special benefits to the property from the public improvements to be provided as a result of the District will be equal to or greater than the special taxes to be imposed on the property in the District.

Special Taxes Required to Repay the Bonds

As shown on Exhibit G, special taxes are levied in an amount necessary to pay debt service on bonds issued to fund the improvements to be provided by the District, including appropriate debt service coverage. Interest is calculated at seven percent for two series of bonds. The special taxes include debt service coverage of an additional ten percent, which may also be used to replenish the debt service reserve fund, if necessary. Special taxes also cover estimated administrative expenses and issuance fees of the City.

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

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

The maximum special tax on all of the property in the District is set in a manner consistent with

the estimate of the annual debt service on the bonds to be issued to finance the public improvements that provide a special benefit plus the required debt service coverage and administrative expenses and issuer fees related to the bonds. Special taxes are therefore set in a reasonable manner.

Allocation of Special Tax to Parcels

Developed Property

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

For purposes of estimating future value (and therefore benefit), developed property is classified as Commercial Property or Rental Residential Property. The average estimated value of property within each class is shown by Table E on the following page. The determination of value for each land use class is shown in Exhibit H, attached hereto.

The special tax rates on the property in each land use class are based on equivalent unit factors. The equivalent unit factors represent the relative future average estimated value of the property within each land use class. The purpose of equivalent unit factors is to equate the benefit of one class to another class. Since benefit is based on estimated future values, the equivalent unit factors are based on the estimated future value of each class. These factors are shown in Table E.

Table E
Land Use Class and
Equivalent Unit Factors

Property Type
Projected Future Assessed Value
Measurement
Equivalent Unit Factors
Rental Residential
\$151,423
Per dwelling unit
1.00
Commercial
\$139,599
Per 1,000 BSF
0.92

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

Table F

Total of Equivalent Units

Property Type
Proposed Development
Equivalent Unit Factors
Total Equivalent Units



(Dwelling Units)
(Per Dwelling Unit)



Rental Residential
472
1.00
472



(1,000 BSF)
(Per 1,000 BSF)



Commercial
52
0.92
48

Total



520

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

Table G
Maximum Special Tax
Per Equivalent Unit

Special Tax Requirement
\$1,819,761
Total equivalent units
520

Maximum Special Tax per equivalent unit
\$3,499 Table H 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 G and the equivalent unit factor show in Table F.

Table H
Maximum Special Tax Per Land Use Class

Property Type

Maximum Special Tax Per Equivalent Unit
Equivalent Unit Factors
Maximum Special Tax Per Dwelling Unit/1,000 BSF

◆
(Dwelling Units)
(Per Dwelling Unit)

◆
Rental Residential
\$3,499
1.00
\$3,499

◆
(1,000 BSF)
(Per 1,000 BSF)

◆
Commercial
\$3,499
0.92
\$3,226

Property Type
Maximum Special Tax Per Equivalent Unit
Equivalent Unit Factors
Maximum Special Tax Per Dwelling Unit/1,000 BSF

◆
(Dwelling Units)
(Per Dwelling Unit)

◆
Rental Residential
\$3,499
1.00
\$3,499

◆
(1,000 BSF)
(Per 1,000 BSF)

◆
Commercial
\$3,499
0.92
\$3,226

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 H 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 on parcel of 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 zoning classification. 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, and is instead, allocated on the basis of the area of each parcel. Since each parcel of undeveloped property may be developed with any of the land use classes, allocating special taxes to undeveloped property on the basis of area most fairly allocates special tax to parcels of undeveloped property.

Adjusted Maximum Special Tax

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

Summary of Reasonable Basis of the Special Taxes

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

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

For these reasons, the special taxes are levied on the taxable property in the District in a reasonable manner.

? The following list of parcels that are included as ♦Phase IA♦ are being condolidated into three

separate parcels: 101 North Schroeder Street (18-11-0187-[053A]); 201 North Schroeder Street (18-11-0172-[001]); and 127 North Amity Street (18-11-0187-[090]).

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