



## Legislation Text

---

**File #: 13-0233, Version: 0**

---

\* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.  
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.  
INTRODUCTORY\*

CITY OF BALTIMORE  
COUNCIL BILL

Introduced by: The Council President  
At the request of: The Administration (Baltimore Development Corporation)

A BILL ENTITLED

AN ORDINANCE concerning  
**Harbor Point Special Taxing District**

FOR the purpose of designating a "special taxing district" to be known as the "Harbor Point 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; 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, 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, 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  
Section (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 Harbor Point Special Taxing District 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 whether situated within the Special Taxing District or outside the Special Taxing District if reasonably related to other infrastructure improvements within the Special Taxing District, including, without limitation, the installation of curbs, gutters, sidewalks, bridges, lighting, and landscaping, and the improvements which are designed to improve traffic flow;
  - (2) the installation of utilities, including, without limitation, water, sewer, lighting, publicly-owned ductbanks, and stormwater management facilities, the construction of parks, including public recreational facilities and public restrooms, plazas, promenades, and transit piers, and the construction of other necessary improvements and other facilities whether situated within the Special Taxing District or outside the Special Taxing District if reasonably related to other infrastructure improvements within the Special Taxing District;
  - (3) the acquisition by purchase, lease, or condemnation of land or other property, or an interest in them, in the Special Taxing District or as necessary for a right-of-way or other easement to or from the Special Taxing District;

- (4) the acquisition, design, construction, reconstruction, renovation, and development of buildings that provide units of affordable housing and condemning or otherwise acquiring structures, real or personal property, rights, rights-of-way, franchises, easements, and interests in furtherance of this purpose;
  - (5) structured and surface parking facilities that are (i) publicly owned or (ii) privately owned but serve a public purpose;
  - (6) site removal, including demolition, site preparation, earthwork, clearing, grading, and filling;
  - (7) surveys and studies; and
  - (8) the acquisition, construction, renovation, and development of other related infrastructure improvements and the financing or refinancing of any related costs as permitted by the Act that are necessary for the completion of the foregoing for their intended public purposes.
- (f) “Rate and Method of Apportionment of the Special Taxes” means 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 in Ward 03, Section 07 designated as Block 1825, Lots 001, 002, 003, and 003A; Block 1817, Lots 001, 004, 010, and 010A; and Block 1815, Lots 001 and 002 (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, and made a part of this Ordinance, is designated as a special taxing district to be known as the “Harbor Point 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 “Harbor Point 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 of Apportionment of the Special Taxes.
- (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 of Apportionment of the Special Taxes 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

Map of the Special Taxing District  
(See next page)

EXHIBIT 2

Rate and Method of Apportionment of the Special Taxes

CITY OF BALTIMORE, MARYLAND  
HARBOR 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 Harbor Point Special Taxing District (the "District") each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount equal to the Maximum Special Tax as determined through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

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

"Adjusted Maximum Special Tax" means the Special Tax determined in accordance with Section B.2.

"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.

“Bond Year” shall have the meaning given to such term in the 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” 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.

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

“Equivalent Units” means, for Rental Residential and For Sale Residential, the number of units, for Office Property and Retail Property, the Building Square Footage in 1,000s, for Hotel Property, the number of guest rooms, and for Parking Property, the number of parking spaces, multiplied by the factors for each property type shown below:

Rental Residential	1.00 per unit
For Sale Residential	1.71 per unit
Office Property	1.56 per 1,000 BSF
Retail Property	1.01 per 1,000 BSF
Hotel Property	1.00 per guest room
Parking Property	0.16 per parking space

For purposes of determining Equivalent Units, each Parcel shall be classified according to the land use class that is most consistent with the intended use of the Parcel. The number of units, Building Square Footage, guest rooms, and parking spaces shall be equal to the actual number of units, 1,000s of square feet, guest rooms, or parking spaces, for property fully developed, and for property not fully developed, the estimated number to be built based on approved plans or other information on the proposed development of the property, including land area and reasonable density ratios, as reasonably estimated by the Administrator.

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

“For Sale Residential” mean residential dwelling units not classified as Rental Residential, which generally consists of residential units for sale to the general public, including any ancillary space thereto.

“Hotel Property” means property used or intended for use as hotel facilities, including any ancillary space thereto.

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

“Maximum Special Tax” means the Special Tax determined in accordance with Section B.1.

“Office Property” means property used or intended for use primarily as office facilities, including any ancillary space thereto.

“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.

“Parking Property” means Parcels of Taxable Property with no use on the Parcel subject to Special Taxes other than parking, including any ancillary uses thereto.

“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 Improvements” means those public improvements the City has authorized to be constructed for the benefit of the District and funded by the Bonds.

“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” mean residential dwelling units that consist of or are intended to consist of rental apartment units wherein all units in a project are under common ownership and management, including any ancillary space thereto.

“Retail Property” means property used or intended for use primarily for selling goods or services to the general public, including any ancillary space thereto.

“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 related to the 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 with respect to any tax-related contribution or other similar agreement 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. Maximum Special Tax Levy

The Maximum Special Tax levied for all Taxable Property in the District for the first Fiscal Year in which Special Taxes are levied (the Commencement Date) shall be equal to \$7,794,972. On each July 1 thereafter, the Maximum Special Tax levy shall be increased to 102 percent of the respective Maximum Special Tax levy in effect in the previous Fiscal Year.

The Maximum Special Tax levied on each Parcel shall be equal to the following formula:

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

Where the terms have the following meaning:

- A = The Maximum Special Tax levied on a Parcel
- B = The Equivalent Units built or expected to be built on a Parcel
- C = The total Equivalent Units estimated for all of the Parcels in the District
- D = The Maximum Special Tax levy for the District as stated above.

### 2. Adjusted Maximum Special Tax

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

$$A = B - C$$

Where the terms have the following meaning:

- A = The Adjusted Maximum Special Tax for a Parcel
- B = The Maximum Special Tax for a Parcel calculated as set forth above
- 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.

3. 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 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. 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 each Parcel of 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.

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 each Parcel of 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.

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 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 Section C. 1. and 2. If the Special Tax to be collected from a Parcel pursuant to the provisions of Section C.1. and 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. 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 Chief of the Bureau of Treasury Management, 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.

H. 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.

#### I. 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.

#### J. 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

Harbor Point Special Taxing District

City of Baltimore, Maryland

Special Tax Report

Prepared by:

MuniCap, Inc.

May 24, 2013

Harbor Point Special Taxing District

City of Baltimore, Maryland

Special Tax Report

Purpose of Report

The Harbor Point 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 costs, 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 27 acres located on Baltimore’s Inner Harbor west of the City’s Fells Point neighborhood and southeast of the City’s Harbor East neighborhood. The District is generally bounded by the Baltimore harbor to the south and west, the Living Classrooms campus to the north, and Caroline Street to the east. Both Block Street and Dock Street will act as primary entry points to the District with Wills Street acting as the arterial route.

The tax parcels in the District are shown by Table A on the following page.

Table A  
Tax Parcels Within the District

Current Owner	Account Identifier	Description	Acres
Thames Street Wharf, LLC	03-07-1825-001	1300 Thames Street	1.51
Block Street Apartments, LLC	03-07-1825-002	1300 Thames Street	0.92
Wills Street Pier, LLC	03-07-1825-003	1300 Thames Street	1.41
Honeywell International, Inc.1	03-07-1815-001	1000 Wills Street	16.56
Honeywell International, Inc.1	03-07-1817-001	900 S. Caroline Street	2.31
Honeywell International, Inc.1	03-07-1815-002	NWC of Dock Street & Wills Street	0.32
Honeywell International, Inc.1	03-07-1817-010	S WS of Caroline Street	0.15

Mayor & City Council  
03-07-1817-010A  
Beds of Streets Willis Street Blo.  
1.57  
Harbor Point Phase II Development LLC  
03-07-1817-004  
950 S. Caroline Street  
0.15  
Mayor & City Council  
03-07-1825-003A  
SS Philpot St. 360 FT W of Thames St.  
0.57  
Owners in Common2  
-  
-  
1.72  
Mayor & City Council  
-  
-  
0.08  
Total

27.26

1Honeywell International, Inc. as a successor-in-interest to Allied Chemical Corporation.  
2Owned and shared by the three owners of the 1300 Thames Street tax parcels. The current tax parcels comprising the District, as well as the District boundary, is illustrated in Exhibit A, attached hereto.

The property in the District is the former site of the Allied Signal's (now Honeywell International) chrome ore processing facility. Bill #13-0195 designates the property within the District as a Business Planned Unit Development. As provided for by Bill #13-0195, the District is subject to B-2-2 Zoning District guidelines, which are Community Business Districts designed to accommodate the needs of a larger consumer population.

According to Bill #13-0195, the gross building area within the Business Planned Unit Development may not exceed 3,020,000 square feet. Parking structures will not be counted towards the maximum gross 3,020,000 square feet.

The proposed development is shown in Table B on the following page. A map of the PUD illustrating the maximum permissible land uses and the proposed development within the District is attached hereto as Exhibit B.

Table B  
Proposed Special Taxing District Development

Development	Units/BSF/Rooms/Spaces
Residential Apartments	(Units) 914
Commercial Office	(BSF) 1,638,778

Retail		195,572
	(Rooms)	
Hotel		275
	(Spaces)	
Parking		3,300

Table C identifies the proposed development for each proposed phase of development (phase representing the infrastructure improvements made to the property allowing development).

Table C  
Harbor Point Special Taxing District by Phase

Phase  
Development Type  
BSF  
Phase I (Buildings 1, 7, & 9)

Apartments  
352,650

Office  
873,639

Retail  
101,542

Parking  
812,075  
Total Phase I

2,139,906  
Phase II (Buildings 4, 5, & 8)

Apartments  
215,000

Office  
326,940

Retail  
55,100

Parking  
101,400  
Total Phase II

698,440  
Phase III (Buildings 2, 3, & 6)

Apartments  
346,000

Office  
438,199

Retail  
38,930

Hotel  
222,000

Parking  
325,200

Total Phase III

1,370,329  
Total

4,208,675

1According to Bill #13-0195, all building area for parking will not be counted towards the maximum 3,020,000 gross square feet. The total gross square footage shown above less the gross square footage associated with parking equates to 2,970,015 square feet. Phase

Development Type

BSF

Phase I (Buildings 1, 7, & 9)

Apartments  
352,650

Office  
873,639

Retail  
101,542

Parking  
812,075

Total Phase I

2,139,906

Phase II (Buildings 4, 5, & 8)

Apartments  
215,000

Office  
326,940

Retail  
55,100

Parking  
101,400  
Total Phase II

698,440  
Phase III (Buildings 2, 3, & 6)

Apartments  
346,000

Office  
438,199

Retail  
38,930

Hotel  
222,000

Parking  
325,200  
Total Phase III

1,370,329  
Total

4,208,675

1According to Bill #13-0195, all building area for parking will not be counted towards the maximum 3,020,000 gross square feet. The total gross square footage shown above less the gross square footage associated with parking equates to 2,970,015 square feet. A map illustrating the site plan, as well as a map illustrating the proposed development by building, are both attached hereto as Exhibits C-1 and C-2, respectively.

#### 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 D.

Table D  
Public Improvements

Public Improvement  
Series A

Series B  
Series C  
Total  
Public Infrastructure

Dock Street  
\$5,188,602  
\$0  
\$0  
\$5,188,602  
Point Street  
\$643,382  
\$0  
\$0  
\$643,382  
Central Avenue Bridge  
\$10,400,000  
\$0  
\$0  
\$10,400,000  
Wills Street  
\$1,639,512  
\$0  
\$0  
\$1,639,512  
Block Street  
\$0  
\$2,886,328  
\$0  
\$2,886,328  
Wills Street extension  
\$0  
\$2,959,575  
\$0  
\$2,959,575  
West Park  
\$0  
\$0  
\$3,276,197  
\$3,276,197  
Point Park  
\$0  
\$0  
\$34,162,224  
\$34,162,224  
Central Square  
\$15,855,006

\$0  
\$0  
\$15,855,006  
    Waterfront Park  
\$0  
\$0  
\$5,042,932  
\$5,042,932  
    Caroline Park  
\$0  
\$794,889  
\$0  
\$794,889  
    Promenade  
\$0  
\$5,408,657  
\$16,225,971  
\$21,634,628  
    Transit piers  
\$0  
\$0  
\$448,001  
\$448,001  
    Total public infrastructure costs  
\$33,726,502  
\$12,049,449  
\$59,155,325  
\$104,931,276

City items

    School contribution  
\$2,000,000  
\$0  
\$0  
\$2,000,000  
    Total public improvement costs  
\$35,726,502  
\$12,049,449  
\$59,155,325  
\$106,931,276

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

1. Dock Street

Dock Street includes all costs to manage, design, engineer and construct Dock Street commencing at the intersection of Caroline Street and running to the intersection of Point Street. Improvements will also include a water main, storm drain, sanitary sewer, electrical and telecom ductbanks, pedestrian lighting, curbs, sidewalks, landscaping, hardscaping and all necessary signing and pavement markings. Additionally, the environmental site constraints require additional improvements that include a six inch concrete containment cap below the bed of the street, fill soil (and some cut) to raise streets/utilities over the underground slurry wall, adjustment of groundwater monitoring system as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic as well as a contingency.

2. Point Street

Point Street includes all costs to manage, design, engineer and construct Point Street commencing at the intersection of Dock Street and running to the south face of the Exelon building where it meets Central Square. Improvements will also include a water main, sanitary sewer, electrical and telecom ductbanks, pedestrian lighting, curbs, sidewalks, landscaping, hardscaping and all necessary signing and pavement markings. Additionally, the environmental site constraints require additional improvements that include a six-inch concrete containment cap below the bed of the street and fill soil to raise streets/utilities over the underground slurry wall, as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic as well as a contingency.

3. Central Avenue Bridge

Central Avenue Bridge includes all costs to manage, design, engineer and construct a bridge that will extend Central Avenue south from Lancaster Street over the Patapsco River to the intersection of Central Avenue and Dock Street. Costs include geotechnical investigations, sidewalks, the promenade, parapets, lighting, railings and contingency. Costs also include demolition and removal of existing piers, as well as removal of portions of the existing marina.

4. Wills Street

Wills Street includes all costs to manage, design, engineer and construct Wills Street commencing at the intersection of Dock Street and running to the southern face of the Building 1 where it meets Central Square. Improvements will also include a water main, storm drain, electrical and telecom ductbanks, sanitary sewer, pedestrian lighting, curbs, sidewalks, landscaping, hardscaping and all necessary signing and pavement markings. Additionally, the environmental site constraints require additional improvements, which include a six inch concrete containment cap below the bed of the street, fill soil to raise streets/utilities over the underground slurry wall, adjustment of groundwater monitoring system as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic as well as a contingency.

5. Block Street

Block Street includes all costs to manage, design, engineer and construct Block Street commencing at the intersection of Caroline Street and running to the intersection of Wills Street and Central Square. Improvements will also include a water main, storm drain, electrical and telecom ductbanks, sanitary sewer, pedestrian lighting, curbs, sidewalks, landscaping, hardscaping and all necessary signing and pavement markings. Additionally, the environmental site constraints require additional improvements that include a six inch concrete containment cap below the bed of the street, fill soil (and some cut) to raise streets/utilities over the underground slurry wall,

adjustment of groundwater monitoring system as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic as well as a contingency.

6. Wills Street Extension

Wills Street extension includes all costs to manage, design, engineer and construct Wills Street commencing at the southern portion of Central Square and running south to the turn around just north of Waterfront Park. Improvements will also include a water main, storm drain, electrical and telecom ductbanks, sanitary sewer, pedestrian lighting, curbs, sidewalks, landscaping, hardscaping and all necessary signing and pavement markings. Additionally, the environmental site constraints require additional improvements, which include a six inch concrete containment cap below the bed of the street, fill soil to raise streets/utilities over the underground slurry wall, adjustment of groundwater monitoring system as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic as well as a contingency.

7. West Park

West Park includes all costs to manage, design, engineer and construct the public open space between the two proposed buildings, Buildings 2 and 3, facing the Inner Harbor. Improvements will also include a water main, storm drain, pedestrian lighting, curbs, sidewalks, landscaping, and hardscaping. Additionally, the environmental site constraints require additional improvements, which include a six inch concrete containment cap below the bed of the utilities associated with the park and fill soil to keep the utilities away from the perimeter underground slurry wall, as well as balance out site grading, adjustment of groundwater monitoring system, as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic, soil in-fill, and a contingency.

8. Point Park

Point Park includes all costs to manage, design, engineer and construct the large public open space on the southwestern edge or “point” of the District overlooking Baltimore Harbor. Improvements will also include a water main, storm drain, sanitary sewer, pedestrian lighting, curbs, sidewalks, landscaping, and any necessary hardscaping. Additionally, the environmental site constraints require additional improvements, which include a six inch concrete containment cap below the bed of the utilities associated with the park and fill soil to keep the utilities away from the perimeter underground slurry wall, as well as balance out site grading, adjustment of groundwater monitoring system, as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic, soil in-fill, and a contingency.

9. Central Square

Costs for Central Square include all costs to manage, design, engineer and construct the public open space (park) in the center of the square as well as the surrounding street network and sidewalks. This includes the public utilities, including water mains, storm drains, electrical and telecom ductbanks, sanitary sewers, pedestrian lighting, curbs, sidewalks, landscaping, and hardscaping. Costs also include erosion and sediment control, maintenance and protection of traffic, and a contingency.

10. Waterfront Park

Waterfront Park includes all costs to manage, design, engineer and construct the public open space at the terminus of Wills Street. Improvements will also include a water main, storm drain, pedestrian lighting, curbs, sidewalks, landscaping, and hardscaping. Additionally, the environmental site constraints require additional improvements,

which include a six inch concrete containment cap below the bed of the utilities associated with the park and fill soil to keep the utilities away from the perimeter underground slurry wall, as well as balance out site grading, adjustment of groundwater monitoring system, as well as any necessary geomembrane repair and/or soil surcharging. Costs also include erosion and sediment control, maintenance and protection of traffic, soil in-fill, and a contingency.

#### 11. Caroline Park

Caroline Park includes all costs to manage, design, engineer and construct the public open space at the intersection of Caroline, Block and Thames Streets. Improvements will also include a water main, storm drain, pedestrian lighting, curbs, sidewalks, landscaping, and hardscaping. Costs also include erosion and sediment control, maintenance and protection of traffic, soil in-fill, and a contingency.

#### 12. Promenade

Promenade includes the cost to manage, design, engineer and construct a pile supported bulkhead promenade from the Central Avenue Bridge to the west before turning south. At that point the promenade will become an at-grade promenade ringing the western portion of the site until it become a platform deck again south of Waterfront Park. The at-grade promenade is envisioned as a more natural pathway being integrated into the surrounding park space. Costs include hardscaping, pavers, outdoor furnishing including benches, lighting and its associated conduit, as well as well as a contingency.

#### 13. Transit Piers

Transit piers include all costs to manage, design, engineer and construct floating piers, which will allow for water taxi docking and public transit docking. The transit pier will be located at the southern waterfront of the District along the Baltimore Harbor. Costs include any necessary lighting, stairs, ramps, and shelters, as well as contingency.

#### 14. School Contribution

The school contribution includes a portion of the costs to construct a school building on the existing Living Classrooms campus to facilitate the expansion of the Crossroads Charter School. The school building will be located adjacent to Caroline Street at the east end of the campus and is projected to be approximately 18,000 square feet on two levels, consisting of classrooms, administrative offices, and possibly a library.

The public improvements described above are all provided to meet the needs of the property in the District that results from the proposed development of the property. The improvements provide road access, water, sewer, stormwater drainage, parks, promenades, lighting, landscaping, and other public improvements that do not currently exist and will be necessary for the proposed development of the property.

A map 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 D-1, D-2, and D-3.

#### Projected Issuance of Bonds

Bonds are proposed to be issued by the City in three series to correspond with the three phases of development to finance the costs of the public improvements described above. Bond proceeds will include the costs of constructing improvements, issuance costs, and a reserve fund. Table E on the following page, shows the estimated sources and

uses of funds for the issuance of bonds.

Table E  
Sources and Uses of Funds

Series A  
Series B  
Series C  
Total

Sources of funds:

Bond proceeds  
\$41,191,000  
\$14,254,000  
\$67,331,000  
\$122,776,000  
Total sources of funds  
\$41,191,000  
\$14,254,000  
\$67,331,000  
\$122,776,000

Uses of funds:

Drawdown mode:

Public improvements  
\$35,726,502  
\$12,049,449  
\$59,155,325  
\$106,931,276  
Issuance costs  
\$300,000  
\$200,000  
\$200,000  
\$700,000

Administrative expenses

\$30,000

\$0

\$0

\$30,000

Sub-total drawdown mode

\$36,056,502

\$12,249,449

\$59,355,325

\$107,661,276

Remarketing/Conversion:

Issuance costs

\$500,000

\$400,000

\$400,000

\$1,300,000

Underwriter's discount

\$514,888

\$178,175

\$841,638

\$1,534,700

Reserve fund

\$4,119,100

\$1,425,400

\$6,733,100

\$12,277,600

Sub-total drawdown mode

\$5,133,988

\$2,003,575

\$7,974,738

\$15,112,300

Rounding

\$511

\$976

\$938

\$2,424

Total uses of funds

\$41,191,000

\$14,254,000

\$67,331,000

\$122,776,000 The actual issuance of the bonds 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 E. Three series of bonds are assumed to be issued, 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 6.5% percent per year, both of which may change as market conditions change.

Estimated administrative expenses are included in Exhibit E, 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 provide road access to, from and within the property in the District, extend water and sewer through the property in the District, provide storm water management improvements, public parks, public restrooms, promenades, landscaping of public spaces, parking, and other improvements to the property in the District. These improvements are required for the proposed use 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 owners 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 the owners 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) equally permissibility, (ii) physical possibility, (iii) financial feasibility, and (iv) maximum productivity.

The owners 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 developer is understandably interested in maximizing its 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 physically possible or adequately supported and, as a result, the property could not be put to its highest and best use.

The financing provided by the special tax district is long-term financing and pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing on comparable terms. The special taxes also help to make available tax increment financing for the bonds (that is, the bonds will be repaid from the increase in property taxes as well as from special taxes). 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;
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 E, 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 six and one half percent for all three 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 Taxes to Parcels

Special taxes are allocated to parcels in the District in a manner to reasonably reflect the benefit property will receive from the improvements to be provided by the District. For purposes of estimating benefit, property is classified into one of six categories, defined as rental residential, for sale residential, office, retail, hotel or parking.

The benefit received by each property is estimated on the basis of the estimated future value of the property. The research used to generate the estimated future value by land use class is included as Exhibit F, attached hereto. The purpose of the improvements to be provided by the District is to allow for the redevelopment 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 redevelopment of the property, as one reason for the redevelopment is to increase the values of the property in the district.

Benefit for each class of property is represented by an equivalent unit factor. These factors are shown in Table F. The equivalent unit factors represent the relative future assessed value of the property within each land use class.

Table F  
Property Classifications and  
Equivalent Unit Factors

Land Use Class	Projected Future Assessed Value	Measurement	Equivalent Unit Factors
Rental Residential	\$156,847	Per dwelling unit	1.00
For Sale Residential	\$268,458	Per dwelling unit	1.71
Office	\$245,026	Per 1,000 BSF	1.56
Retail	\$157,803		

Per 1,000 BSF

1.01

Hotel

\$156,364

Per room

1.00

Parking

\$25,290

Per space

0.16 Special taxes are allocated to each parcel within the District on the basis of the equivalent units of the parcel, which represent the parcel's share of the benefit from the improvements.

### 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 and any tax agreement 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 and any tax agreement revenues will be applied to the repayment of the bonds issued to finance the public improvements to be provided by the District. To the extent property produces tax increment revenues and tax agreement revenues, and these revenues cover the debt service on the bonds, the property is contributing its share of the cost of the public improvements through these revenues. The special taxes effectively cover each property's share of the cost of the public improvements not otherwise covered by the property's tax increment revenues and any tax agreement revenues.

### Collection of Special Taxes

Special taxes are collected in the amount each year necessary to cover the expenses of the District after applying other available funds. Special taxes are collected first up to the adjusted maximum special tax from Developed Property, and then from Undeveloped Property. These steps represent the priority of the allocation of real property tax increment revenues to cover special tax obligations.

### 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.

dlr13-0607(1)~intro/29May13  
SpecTaxDist/HarborPoint/nbr

dlr13-0607(1)~intro/29May13  
??3??  
SpecTaxDist/HarborPoint/nbr