



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 (Baltimore Development Corporation)

A BILL ENTITLED

AN ORDINANCE concerning **Westport Waterfront Special Taxing District**

FOR the purpose of designating a "special taxing district" to be known as the "Westport Waterfront 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 as well as authorizing the pledge of the special tax revenues to the payment by or reimbursement to the City for debt service or related costs which the City is obligated to pay or has paid (whether such obligation is general or limited) on any special obligation bonds or notes issued by the City or any "state obligations" issued 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 the cost (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 (as defined herein), for the purpose of providing financing, refinancing, or reimbursement for the cost of the infrastructure improvements.

The Act also authorizes the City, subject to certain requirements, to pledge special tax revenues to the payment by or reimbursement to the City for debt service which the City is obligated to pay or has paid (whether such obligation is general or limited) on Bonds or State Obligations (as defined herein) issued and sold by the Maryland Economic Development Corporation ("MEDCO") or any other State Issuer (as defined herein) for the purpose of providing financing, refinancing, or reimbursement for the cost of infrastructure improvements.

MEDCO, pursuant to a resolution adopted on February 25, 2008, authorized the issuance of its non-recourse, tax-exempt, limited obligation revenue bonds, from time to time and in one or more issues or series, pursuant to the provisions of Sections 5-201 through 5217, inclusive, of Article 83A of the Annotated Code of Maryland, as amended, for the purpose of financing and refinancing the costs of the Project (as defined herein).

The City has been requested to designate and create the Westport Waterfront 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 no bonds may be issued until an ordinance is enacted 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 or the State Obligations, to replenish any debt service reserve fund, and for any other purpose related to the ongoing expenses of or security for the Bonds or the State Obligations.

The Mayor and City Council wishes to establish a special taxing district within the 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, including, without limitation, street and road improvements, the acquisition of land, construction of buildings or structures that will provide affordable housing or otherwise be devoted to a governmental use or purpose, 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" means any bond, note, or other similar instrument issued by the Mayor and City Council of Baltimore under the Act.
- (c) "City expenses" shall have the meaning set forth in the Pledge Ordinance.
- (d) "Contribution Agreement" means one or more contribution agreements or such other agreements executed by the City and a State Issuer, pursuant to which the City will evidence a pledge of certain tax revenues for the purpose of securing the payment of debt service on State Obligations, the replenishment of any reserve fund, and the payment of other costs with respect to the State Obligations, including, without limitation, any City expenses, State Issuer Expenses, and other administrative costs.

- (e) "MEDCO" means the Maryland Economic Development Corporation.
- (f) "Pledge Ordinance" means the Ordinance of the City authorizing the pledge of certain tax revenues for the purposes set forth therein.
- (g) "Project" means the following improvements and activities completed in accordance with all required City approvals:
 - (1) the design and construction of street and road improvements to, from or within the Special Taxing District, including, without limitation, the installation of curbs, gutters, sidewalks, lighting, and landscaping, and the improvements to the Waterview Avenue bridge which are designed to improve traffic flow to and from the Special Taxing District;
 - (2) the installation of utilities, including, without limitation, water and sewer, and the construction of bike trails, parks and playgrounds, and other necessary improvements including lighting, stormwater management facilities and other facilities;
 - (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) parking facilities;
 - (6) site removal, including site preparation, earthwork, clearing, grading, and filling; and
 - (7) 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.
- (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.
- (j) "State Issuer" means MEDCO, the State of Maryland, or any agency, department, or political subdivision thereof.
- (k) "State Issuer Expenses" means administrative costs and other expenses related to the State Obligations of the State Issuer permitted by the Act and approved by the Director of Finance to be paid by the City pursuant to a contribution agreement.
- (l) "State Obligations" means any bonds or bond, notes or note, or other similar instruments or instrument issued by a State Issuer, the proceeds of which have been used to finance a portion of the costs of the Project, including, without limitation, bonds issued by MEDCO pursuant to the provisions of Sections 5-201 through 5-217, inclusive, of Article 83A of the Annotated Code of Maryland, as amended.

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 that District and the pledge of amounts on deposit in such Special Tax Fund to the payment of debt service and other costs on or related to Bonds or State Obligations pursuant to the Pledge Ordinance and the Contribution Agreement, all for the purpose of providing funds for the financing and refinancing of a portion of the costs of the Project, accomplishes the purposes of the Act, serves public purposes, including the direct and indirect enhancement of the taxable base of the City and the facilitation of planned improvements to the Special Taxing District, and generally promotes 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 Ward 25, Section 05, Block 7611, Lot 001 and Block 7612, Lots 001, 003, 005, 005A and 006 (as the same may be renumbered or redesignated as a result of any resubdivision 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 "Westport Waterfront 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 "Westport Waterfront 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 attached to this Ordinance as Exhibit 2 and made a part of this Ordinance and the Pledge Ordinance.

(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 or the State Obligations, the replenishment of any reserves and the payment of any City expenses, State Issuer Expenses, and administrative costs pursuant to the Contribution Agreement. 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 or the State Obligations 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 or State Obligation default. The maximum special taxes as described in the Rate and Method (as defined in the Pledge Ordinance) 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 construction 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 attached to this Ordinance as Exhibit 3 and made a part of this Ordinance; and

(c) The special taxes levied on each property in the Special Taxing District are a fair allocation of the cost 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 or State Obligations secured by the Special Tax Fund, unless the ordinance authorizing the issuance of the Bonds or the State Obligations permits the City to reduce the area constituting the Special Taxing District, the holders of the Bonds or the State Obligations or an authorized representative on their behalf consents to the reduction or the indenture authorizing the Bonds or the State Obligations 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 Special Taxing District

EXHIBIT 2

Rate and Method of Apportionment of the Special Taxes

CITY OF BALTIMORE, MARYLAND

WESTPORT WATERFRONT 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 Westport Waterfront Special Taxing District (the "District") each Fiscal Year, beginning with the 2009-2010 Fiscal Year and continuing until the year provided for in Section F hereof, in an amount determined by 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 or trustee employed by the City or State Issuer in connection with any Bonds; the expenses of the City or State Issuer in carrying out their respective duties under the Indenture of Trust or Contribution Agreement, 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 or State Issuer and fees of any professionals retained by the City or State Issuer to provide services for such purposes; and all other costs and expenses of the City, State Issuer, Trustee, or Administrator incurred in connection with the discharge of their respective duties under the Indenture of Trust or Contribution Agreement, as applicable, including legal expenses associated with such duties, and, in the case of the City or State Issuer, in any way related to the administration of the District.

"Administrator" means the designee of the Director of Finance for purposes of estimating the annual Special Tax Requirement and the Special Tax to be levied each Fiscal Year and for providing other services as required by the Indenture of Trust or the Contribution Agreement.

"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 or by the State Issuer.

"Building Square Footage" means the actual, or for property not yet developed, the estimated, leasable building area as shown on the building permit, architectural plans or other available documents, as estimated by the Administrator.

"City" means the Mayor and City Council of Baltimore, Maryland, and any authorized designee of the City for the purposes of implementing this Rate and Method of Apportionment of Special Taxes.

"Commercial Property" means Taxable Property other than Residential Property and Parking Property.

"Contribution Agreement" means a contribution agreement or similar agreement between the City and a State Issuer evidencing a pledge of Tax Increment Revenues and Special Tax Revenues.

"Developed Property" means Parcels of Taxable Property for which a building permit has been issued that allows the

construction of a structure intended for occupancy.

"Director of Finance" means the official of the City who is the director of finance or other comparable officer of the City or designee thereof.

"Equivalent Unit Factors" means 1.0 for each unit of For Sale Residential Property, 0.39 for each unit of Rental Residential Property, 0.62 per 1,000 square feet of Building Square Footage for Commercial Property (or portion thereof), and 0.04 per parking space for Parking Property.

"Equivalent Units" means the Equivalent Unit Factor for Rental Residential Property, For Sale Residential Property, Commercial Property, and Parking Property multiplied by the number of units of Residential Property, per 1,000 square feet of Building Square Footage for Commercial Property, and per parking space for Parking Property, respectively. The computation of the Equivalent Units 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.

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

"For Sale Residential Property" means Residential Property not classified as Rental Residential Property, including any ancillary uses 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.

"MEDCO" means the Maryland Economic Development Corporation.

"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 the homeowners; provided, however, that real property that has been irrevocably offered for dedication includes only those parcels for which a copy of the offer has been provided to the Administrator.

"Parcel" means a lot or parcel of real property within the District with a parcel number assigned by the Supervisor.

"Parking Property" means property used primarily for the purpose of parking vehicles, not including parking primarily dedicated to the use by occupants of residential units.

"Proportionately" means that the ratio of the Special Tax actually levied as a percent of the Adjusted Maximum Special Tax is equal for each Parcel (excluding those Parcels for which the Adjusted Special Tax is zero).

"Public Improvements" means those improvements the City has authorized to be provided by the District.

"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, MEDCO, 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.

"Rental Residential Property" means Residential Property intended for residential dwelling units that is either rental units, all of which within a project are under common management, or for which the sales prices is restricted based on the income of the owner, including any ancillary uses thereto.

"Residential Property" means property for which a building permit has or is intended to be issued for purposes of constructing a residential dwelling unit(s).

"Special Tax" means the Special Tax that may be levied by the City each Fiscal Year to fund the Special Tax Requirement.

"Special Tax Credit" means, for any Fiscal Year, Tax Increment Revenues collected from a Parcel 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 assessed value of each Parcel.

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

"State Issuer" means MEDCO, the State of Maryland, or any agency, department or political subdivision thereof.

"Supervisor" means the Supervisor of Assessments for the City.

"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 into the Tax Increment Fund each year by the City.

"Taxable Property" means any Parcel that is not Public Property or Owner Association Property.

"Trustee" means the trustee appointed by the City or a State Issuer for the District to carry out the duties of the trustee specified in the Indenture of Trust.

B. SPECIAL TAX RATES

1. Maximum Special Tax

The Maximum Special Tax for the 2009-2010 Fiscal Year shall be equal to \$12,580,000. On each July 1, commencing July 1, 2010, the Maximum Special Tax shall be increased to 102 percent of the respective Maximum Special Tax in effect in the previous Fiscal Year. The Maximum Special Tax for 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 for 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 as stated above.

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 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 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. LEVY OF THE SPECIAL TAX

1. Special Tax Requirement

The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and determined by the City and shall be an amount equal to (A) the amount required in any 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, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, 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 available to apply to the Special Tax Requirement for that Fiscal Year, (2) any credits available pursuant to the Indenture of Trust or Contribution Agreement, 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. Levy of the Special Tax

Commencing with the 2009-2010 Fiscal Year and for each following Fiscal Year, the City shall determine the Special Tax Requirement, if any, for the applicable Fiscal Year and shall levy the Special Tax Proportionately on each Parcel of Taxable Property in an amount up to the Adjusted Maximum Special Tax for each Parcel such that the total of the Special Tax levied is equal to the Special Tax Requirement.

The Administrator shall provide an estimate to the City each Fiscal Year of the amount of the Special Tax to be levied on 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 circumstances under which the Special Tax levied on any Parcel may be increased as a result of a default in the payment of the Special Tax levied on any other Parcel is based on the provisions of Section C. 1. and 2. The Special Tax levied on any Parcel cannot be increased above the Adjusted Maximum Special Tax as a result of a default in the payment of the Special Tax levied on any other Parcel. If the Special Tax levied on any 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 levied on any Parcel.

D. EXEMPTIONS

A Special Tax shall not be levied on Public Property or Owner Association Property.

E. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary real property taxes; provided, however, the Special Tax may be collected at a different time or in a different manner as determined by the Director of Finance, provided that such time or manner is not inconsistent with the provisions of the Indenture of Trust or any Contribution Agreement.

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, (ii) the fortieth (40th) Fiscal Year in which such Parcel was taxed as Developed Property, and (iii) such time provided for by the Indenture of Trust and any Contribution Agreement.

G. REDUCTION IN THE MAXIMUM PROPERTY TAX RATE

The Maximum Special Tax shall be reduced by the Director of Finance once the Bonds are issued to reflect the actual rate of interest on the Bonds and the amount of Bonds actually issued, to a rate that provides for adequate Special Tax revenue to pay the debt service on the Bonds and any other expected amounts of the Special Tax Requirement as provided for in the Indenture of Trust or Contribution Agreement. The methodology for determining the reduced Maximum Special Tax shall be the same as that used to calculate the Maximum Special Tax provided for herein, adjusting only for the actual annual payments due on the Bonds.

H. APPEALS OF THE LEVY OF THE SPECIAL TAX

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 the Director of Finance not later than one calendar year after having paid the Special Tax that is disputed. Such appeal may not affect the due date of the payment of the Special Tax. The Director of Finance, or the designee of the Director of Finance, shall promptly review the appeal and, if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the decision of the Director of Finance 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 Director of Finance may be appealed to the City. 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. AMENDMENTS

This Rate and Method of Apportionment of Special Taxes may be amended by the City 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. No such amendment shall be approved unless and until the City has found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds. Any such amendment may not increase the Maximum Special Tax.

J. INTERPRETATION OF PROVISIONS

The City 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 or the Contribution Agreement, and as long as there is a rational basis for the determination made by the City, such determination shall be conclusive.

EXHIBIT 3

Special Tax Allocation Report

WESTPORT WATERFRONT SPECIAL TAXING DISTRICT

CITY OF BALTIMORE, MARYLAND

SPECIAL TAX REPORT

Prepared By:

MuniCap, Inc.

July 11, 2008

Westport Waterfront Special Taxing District

**CITY OF BALTIMORE, MARYLAND
SPECIAL TAX REPORT**

Purpose of Report

The Westport Waterfront Special Taxing District (the "District") is being created to finance 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 City of Baltimore (the "City") or a State of Maryland conduit issuer (a "State Issuer") to fund the costs of the public improvements for the benefit of property within the District. The bonds will include the cost of the improvements, issuance costs, interest on the bonds during construction and for a period after construction, 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, 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 consists of approximately forty-two acres located on the Middle Branch of the Patapsco River in the southwestern sector of Baltimore City. The District is generally bound by Kloman Street to the west, Waterview Avenue to the south, the Middle Branch of the Patapsco River to the east and Clare Street to the north. Both Manokin Street and Waterview Avenue will act as primary entry points to the District. A map showing the District boundaries is attached hereto as Exhibit A.

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

Table A

TAX PARCELS WITHIN THE DISTRICT

dlr08-0355~intro/15Jul08
sptaxdist/Westport/nbr

dlr08-0355~intro/15Jul08
??14??
sptaxdist/Westport/nbr

dlr08-0355~intro/15Jul08
??18??
sptaxdist/Westport/nbr