



## Legislation Details (With Text)

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<b>Enactment date:</b>		<b>Enactment #:</b>		<b>Enactment #:</b>	15-438
<b>Title:</b>	<p>University of Maryland Baltimore BioPark Special Taxing District FOR the purpose of designating a "special taxing district" to be known as the "University of Maryland Baltimore BioPark Special Taxing District"; providing for and determining various matters in connection with the establishment of the special taxing district; creating a special fund for the special taxing district; providing for the levy of a special tax on all taxable real and personal property located in the special taxing district; authorizing the pledge of the special tax revenues to the payment by or reimbursement to the City for debt service on any special obligation bonds or notes issued by the City in connection with the special taxing district, the replenishment of any reserve fund; providing for a special effective date; and generally providing for matters relating to the designation and operation of the special taxing district, the establishment and use of the special fund, and the payment of certain expenses and administrative costs related to the operation of the special taxing district.</p>				
<b>Sponsors:</b>	City Council President (Administration)				
<b>Indexes:</b>	Baltimore City, BioPark, Special Taxing District, University of Maryland				
<b>Code sections:</b>					
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Date	Ver.	Action By	Action	Result
1/11/2016	0	Mayor	Signed by Mayor	
12/10/2015	0	City Council	Approved and Sent to the Mayor	
12/7/2015	0	City Council	3rd Reader, for final passage	
12/7/2015	0	Taxation, Finance and Economic Development Committee	Recommended Favorably with Amendment	
11/24/2015	0	Taxation, Finance and Economic Development Committee	Recommended Favorably with Amendment	Pass
11/13/2015	0	Taxation, Finance and Economic Development Committee	Advertising	
11/12/2015	0	Taxation, Finance and Economic Development Committee	Advertising	
11/9/2015	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
11/5/2015	0	The City Council	Refer to Housing and Community Development	
11/5/2015	0	The City Council	Refer to Dept. of Finance	
11/5/2015	0	The City Council	Refer to City Solicitor	
11/5/2015	0	The City Council	Refer to Board of Municipal and Zoning Appeals	

11/5/2015	0	The City Council	Refer to Dept. of Planning
11/5/2015	0	The City Council	Refer to Baltimore Development Corporation
11/2/2015	0	City Council	Assigned
11/2/2015	0	City Council	Introduced

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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

**University of Maryland Baltimore BioPark Special Taxing District**

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

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

Economic Development Article  
Sections 5-1401, et seq.  
Maryland Code  
(2008)

Recitals

Article II, Section (62A) of the Baltimore City Charter (the ♦Special Taxing District Act♦) authorizes the Mayor and City Council of Baltimore (the ♦City♦) to establish a ♦special taxing district♦ (as defined in the Special Taxing District 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 Special Taxing District Act) of infrastructure improvements (as defined in the Special Taxing District Act).

The Special Taxing District Act also authorizes the City, subject to certain requirements, to borrow money by issuing and selling Bonds (defined herein), for

the purpose of providing financing, refinancing, or reimbursement for the cost of the infrastructure improvements.

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

The Special Taxing District 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 Special Taxing District 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.

Pursuant to Article II, Section 62A(u) of the Baltimore City Charter, the City is granted the additional authority to issue Bonds for certain purposes within a Regional Institution Strategic Enterprise zone (a RISE Zone) that is designated in accordance with Sections 5-1401, et seq. of the Economic Development Article of the Maryland Code (the RISE Zone Act). The City has introduced Council Bill 15-0561, approving the joint application of the City and the University of Maryland at Baltimore for the designation of such a RISE Zone. [APPROVAL OF BILL PENDING]

The implementation of the creation of this special taxing district is contingent upon the enactment of Council Bill 15-0561 and upon the designation of the RISE Zone boundaries (as those boundaries are described in the joint application of the City and the University of Maryland at Baltimore submitted pursuant to Council Bill 15-0561) by the Secretary of Commerce of the State of Maryland. This Ordinance will become effective upon the date of its enactment regardless of the date of designation of the RISE Zone.

**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) ♦Acts♦ means the Special Taxing District Act and the RISE Zone Act.
- (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 acquisition, design, construction, reconstruction, renovation, and development of private innovation centers and laboratory facilities, including maintenance and installation of improvements in the structures and services that support the purposes of the RISE Zone program; and
  - (2) the acquisition, construction, renovation, and development of other related infrastructure improvements and the financing or refinancing of any related costs as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.
- (f) ♦Rate and Method♦ means the Rate and Method of Apportionment of the Special Taxes attached to this Ordinance as Exhibit 2 and made a part of this Ordinance.
- (g) ♦RISE Zone Act♦ means Sections 5-1401, et seq. of the Economic Development Article of the Maryland Code.
- (h) ♦Special Tax Allocation Report♦ means the Special Tax Allocation Report attached to this Ordinance as Exhibit 3 and made a part of this Ordinance.
- (i) ♦Special Tax Fund♦ means the special fund established by Section 4 of this Ordinance.
- (j) ♦Special Taxing District♦ means the area in the City designated in Section 3 of this Ordinance as a special taxing district under the Act.
- (k) ♦Special Taxing District Act♦ means the Special Taxing District Act, as codified in Article II, Section (62A) of the Baltimore City Charter.

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 subject to the provisions of Section 5, the area consisting of 873 W. Baltimore Street, Baltimore, Maryland (Ward 18, Section 09, Block 0220, Lot 001M) 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 University of Maryland Baltimore BioPark Special Taxing District (the Special Taxing District).

SECTION 4. AND BE IT FURTHER ORDAINED, That subject to the provisions of Section 5, a special fund is established for the Special Taxing District to be known as the University of Maryland Baltimore BioPark Special Taxing District Special Fund (the Special Tax Fund). The Director of Finance shall deposit in the Special Tax Fund all special taxes levied and collected in accordance with Section 6 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 the implementation of the establishment of the Special Taxing District and the implementation of the creation of the Special Tax Fund are contingent upon the designation by the Secretary of Commerce of the State of Maryland of a RISE Zone, the boundaries of which must be the same as the boundaries are described in the joint application approved by Council Bill 15-0561.

SECTION 6. AND BE IT FURTHER ORDAINED, That on the next business day subsequent to the designation of the RISE Zone, the creation of the Special Taxing District and the creation of the Special Tax Fund will be documented in the records of the City and implemented by the Director of Finance.

SECTION 7. AND BE IT FURTHER ORDAINED, That:

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

SECTION 8. 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 9. 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 10. 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 11. 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 12. 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 13. AND BE IT FURTHER ORDAINED, That if the Special Taxing District and the

Special Tax Fund are not implemented on or prior to December 31, 2017, the designation of the Special Taxing District as a special taxing district shall be repealed effective January 1, 2018.

SECTION 14. AND BE IT FURTHER ORDAINED, That this Ordinance creating the Special Taxing District takes effect when it is enacted.

For 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  
UNIVERSITY OF MARYLAND BIOPARK 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 University of Maryland BioPark Special Taxing District each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount equal to the Maximum Special Tax as determined through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms used herein shall have the following meanings:

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

◆Adjusted Maximum Special Tax A◆ means the Special Tax determined in accordance with Section B.3.

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

City, in any way related to the administration of the District.

♦Administrator♦ means the designee of the Authorized Officer for purposes of estimating the annual Special Tax A Requirement and the Special Tax to be collected each Fiscal Year and for providing other services as required herein or by the Indenture of Trust.

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

♦Bonds♦ means any bonds or other debt, including refunding bonds, whether in one or more series, issued for the District by the City pursuant to the Act.

♦Building Square Footage♦ or ♦BSF♦ means the actual, or for property not yet developed, the estimated, enclosed building area, excluding area within a parking garage, that is as shown on the building permit, 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.

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

♦District♦ means the University of Maryland BioPark Special Taxing District created by the City.

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

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

♦Mandatory Prepayment of Special Tax A♦ means the required prepayment of Special Taxes pursuant to Section L.

♦Maximum Special Tax♦ means either or both the Maximum Special Tax A and Maximum Special Tax B.

♦Maximum Special Tax A♦ means the Special Tax determined in accordance with Section B as it may be reduced pursuant to the provisions herein.

♦Maximum Special Tax B♦ means the Special Tax determined in accordance with Section D as it may be reduced pursuant to the provisions herein.

♦Maximum Special Tax A Rate♦ mean the Special Tax rate determined in accordance with Section B as it may be reduced pursuant to the provisions herein.



♦Maximum Special Tax B Rate♦ mean the Special Tax rate determined in accordance with Section D as it may be reduced pursuant to the provisions herein.

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

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

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

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

♦Public Property♦ means property within the boundaries of the District owned by, or irrevocably offered for dedication (in a plat map approved by the City or otherwise) to the federal government, State of Maryland, City, or other public agency or easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that has been irrevocably dedicated includes only those parcels for which a copy of the easement or offer has been provided to the Administrator. Public Property does not include property that would otherwise be Public Property if the owner consents in a form acceptable to the City to being subject to Special Taxes.

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

♦Special Tax♦ means the Special Tax that has been levied each year by the City on Taxable Property, including Special Tax A and Special Tax B.

♦Special Tax A♦ means the Special Tax referred to herein as Special Tax A.

♦Special Tax B♦ means the Special Tax referred to herein as Special Tax B.

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

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

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

♦Tax Agreement Revenues♦ means payments in-lieu of property taxes or similar payments paid by any Parcel and available to apply to the Special Tax A 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 G.

◆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.

## B. SPECIAL TAX A LEVY

### 1. Maximum Special Tax A

The Maximum Special Tax A for each Fiscal Year shall be the amount shown in Exhibit A. Year 1 shown on Exhibit A refers to the Fiscal Year in which the Commencement Date occurs. Each subsequent year shown on Exhibit A refers to each subsequent Fiscal Year.

The Maximum Special Tax A Rate per Building Square Footage for any Fiscal Year shall be equal to the Maximum Special A for such Fiscal Year divided by the total Building Square Footage in the District. The Maximum Special Tax A for any Parcel for any Fiscal Year shall be equal to the product of the Building Square Footage to be built on such Parcel and the Maximum Special Tax A Rate.

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

### 2. Adjusted Maximum Special Tax A

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

$$A = B \diamond C$$

Where the terms have the following meaning:

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

The Special Tax A Credit applied to all Parcels shall not exceed the Tax Increment Revenues and Tax Agreement Revenues applied to the Special Tax A 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 TAX A

Special Tax A 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 A Tax Requirement

The Special Tax A 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 Tax A 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 A and B or other contingencies as deemed appropriate, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Tax Increment Revenues and any Tax Agreement Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2) the amount of Special Tax B to be collected in such Fiscal Year, (3) any credits available pursuant to the Indenture of Trust, and (4) any other revenues available to apply to the Special Tax A Requirement.

### 2. Assignment to Land Use Classes

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

### 3. Determination of Special Tax A to be Collected

Commencing with Commencement Date and for each following Fiscal Year through the Termination Date, Special Tax A shall be collected Proportionately from each Parcel of Taxable Property up to 100 percent of the Adjusted Maximum Special Tax A for such Parcel, to the extent necessary to fund the Special Tax A Requirement.

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

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

The Maximum Special Tax A levied on any Parcel may not be increased regardless of the default in the collection of the Special Tax A from any other Parcel. The Special Tax A to be collected from a Parcel may be increased as a result of a default in the payment of the Special Tax A on another

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

#### D. LEVY AND COLLECTION OF SPECIAL TAX B

##### 1. Maximum Special Tax B

The Maximum Special Tax B for each Fiscal Year shall be the amount shown in Exhibit A. Year 1 shown on Exhibit A refers to the Fiscal Year in which the Commencement Date occurs. Each subsequent year shown on Exhibit A refers to each subsequent Fiscal Year.

The Maximum Special Tax B Rate per Building Square Footage for any Fiscal Year shall be equal to the Maximum Special B for such Fiscal Year divided by the total Building Square Footage in the District. The Maximum Special Tax B for any Parcel for any Fiscal Year shall be equal to the product of the Building Square Footage to be built on such Parcel and the Maximum Special Tax B Rate.

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

##### 2. Collection of Special Tax B

Commencing with the Commencement Date and for each following Fiscal Year through the tenth year following the first year in which Special Tax B is collected, Special Tax B shall be collected Proportionately from each Parcel of Taxable Property up to 100 percent of the Maximum Special Tax B for such Parcel, to the extent necessary to fund the Special Tax A Requirement.

#### E. 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.

#### F. 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.

#### G. TERMINATION OF SPECIAL TAXES

Except for any delinquent Special Tax A and related penalties and interest, Special Tax A 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. Except for any delinquent Special Tax B and related penalties and interest, Special Tax B shall not be collected after the tenth year in which it is first collected.

#### H. REDUCTION IN THE MAXIMUM SPECIAL A TAX RATE

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

#### I. 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 shall 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 A Requirement), but an adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the Authorized Officer may be appealed to the Deputy Director, Finance, who shall hold a hearing on the appeal and consider any written or oral evidence presented by appellant. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

#### J. PREPAYMENT OF SPECIAL TAX A

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

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

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

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

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

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

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

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

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

#### K. PARTIAL PREPAYMENT OF THE SPECIAL TAX A

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

$$A = B \times C$$

Where the terms have the following meaning:

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

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

#### L. MANDATORY PREPAYMENT OF SPECIAL TAX A

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

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

The Mandatory Prepayment of Special Tax A shall be paid to the City or the Trustee and in accordance with the Indenture of Trust and shall be used to pay and redeem the Bonds in accordance with the Indenture of Trust and to pay the Administrative Expenses associated with the Mandatory Prepayment of Special Tax A.

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

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

#### M. ELIMINATION OF THE MANDATORY PREPAYMENT OF SPECIAL TAX A

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

#### N. 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.

## O. 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.

## P. 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

UNIVERSITY OF MARYLAND BIOPARK  
SPECIALTAXING DISTRICT

CITY OF BALTIMORE, MARYLAND

SPECIAL TAX REPORT

Prepared By:

MuniCap, Inc.

October 19, 2015



UNIVERSITY OF MARYLAND BIOPARK  
SPECIAL TAXING DISTRICT  
CITY OF BALTIMORE, MARYLAND  
SPECIAL TAX REPORT

Purpose of Report

The University of Maryland BioPark Special Taxing District (the **District**) is being created to facilitate the financing a portion of the costs to construct 873 W. Baltimore Street, the sole building proposed to be located within 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 construction for the benefit of property within the District. The proceeds of the bonds are expected to finance the cost of construction and costs issuing the bonds.

The City will levy a special tax each year to provide funds for the payment of debt service on the bonds and cover the cost of administration of the District. 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 0.98 acres of a larger 2.47-acre University of Maryland BioPark Development District. The University of Maryland BioPark Development District is located within the greater University of Maryland BioPark. The District is generally bound by West Baltimore Street to the north, public open space to the east, Booth Street to the south, and South Poppleton Street to the west.

Though the District is located within the University of Maryland BioPark Development District, which encompasses 2.47-acre, only the tax parcel comprising what is known as 873 W. Baltimore Street (the **Project**) is contemplated to be included in the District, since the only other building located within the University of Maryland BioPark Development District will not utilize or benefit from the improvements to be funded with the proceeds of the bonds. A map illustrating the proposed District boundaries is shown as an exhibit to the Special Taxing District Ordinance.

The tax parcel comprising the District is shown in Table A on the following page.

Table A  
Tax Parcel Comprising the District

Account
Identifier
Owner
Address

Acres

18 090220001

Wexford Maryland BioPark 3 LLC

873 W. Baltimore St.

0.98 A map of the parcel currently expected to comprise District is illustrated in Exhibit A, attached hereto.

The development located within the District, as well as the University of Maryland BioPark Development District, is located within the greater twelve-acre University of Maryland BioPark bound by Martin Luther King, Jr. Boulevard (MLK Boulevard) on the east and extending along Baltimore Street to Schroeder Street on the west. The mission of the University of Maryland BioPark is to create a university-associated research park that accelerates biotechnology commercialization and economic development in the surrounding community and throughout the region by providing sophisticated laboratory and office environments.

The creation of the University of Maryland BioPark was a first for the University of Maryland in that it expanded the campus westward across the wide, busy thoroughfare that is MLK Boulevard. Since its construction in 1982, MLK Boulevard has served as a dividing border, cutting off the campus and Baltimore's central business district on the east from the mostly blighted neighborhoods, like the Poppleton community to the west. Most of the land on which the University of Maryland BioPark has or will be constructed has been vacant for years or contained vacant commercial properties.

The District and greater University of Maryland BioPark development has been designated as the University of Maryland BioPark Planned Unit Development (PUD) for purposes of zoning. At full buildout, the University of Maryland BioPark is projected to have twelve buildings for a total of 1.8 million square feet of office, lab space, retail, hotel, and other uses. Maps of the PUD and the corresponding legislation are attached hereto as Exhibit B. The proposed Project located in the District is shown in Table B below.

Table B

Proposed Special Taxing District Development

Project

GSF

Lab - Building 3 (873 W. Baltimore)

249,432

1 Provided by Wexford Science + Technology. A map illustrating the proposed site plan for the Project is attached hereto as Exhibit C.

Proposed 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 a part of the costs of construction of the building to be built at 873 W. Baltimore Street. The total cost of the building is estimated to be \$105,863,835.

The improvements to be financed are consistent with the improvement which is permitted to be financed under Sections 5-1401 to 5-1407 and Sections 12-201 to 12-212 of the Economic

Development Article of the Maryland Code, which are related to Regional Institution Strategic Enterprise Zone (the RISE legislation), as well as Article II, Section 62 and 62A of the Baltimore City Charter (the Charter). A map illustrating the District's location within a RISE Zone is attached hereto as Exhibit D.

### Projected Issuance of Bonds

Bonds are proposed to be issued by the City to finance the costs of the improvements described above. Bond proceeds will include the costs of constructing the improvements and the costs of issuing the bonds. Table C shows the total estimated sources and uses of funds for the issuance of bonds.

Table C  
Total Sources and Uses of Funds

#### Sources and Uses

##### Bond Proceeds

##### Sources of Funds



Bond proceeds

\$17,500,000

Total sources of funds

\$17,500,000

##### Uses of Funds



Improvements

\$17,000,000

Issuance costs

\$500,000

Total uses of funds

\$17,500,000

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, administrative expenses related to the District, and other miscellaneous costs related to the issuance of bonds.

### Projected Debt Service and Administrative Expenses

A schedule showing projected debt service and administrative expenses is attached to this report as Exhibit E. One series of bonds is assumed to be issued with the bonds being repaid over approximately twenty 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, since the primary source of payment, real property tax increment revenues, are expected to increase as well. The bonds are assumed to be taxable with an interest rate of six percent per year.

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 improvement 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 improvement; and
- (iii) special taxes are allocated to the parcel within the District in a manner that reasonably represents the benefit the parcel will receive from the improvement to be provided by the District.

## Special Benefit

The property in the District will receive a special benefit from the improvements to be provided as a result of the issuance of the bonds. The improvements make it possible for the building to be built and to attract tenants to lease the space available in the building. The improvements, particularly the proposed incubator space within the proposed building, will attract innovation and technological startups to the property in the District, as well as the greater University of Maryland BioPark and the City. Accordingly, the improvements to be funded by the bonds provide a special benefit to the property in the District.

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

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

The developer and owner 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 owner and the developer are understandably interested in maximizing their return on the property. Based on this analysis, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property as described herein. This use of the property will require the improvements as described to be funded

by the bonds, and hence these improvements are required for the highest and best use of the property. If the improvements are required for the highest and best use of the property, the value added by the improvements must exceed the costs of the improvements.

The special taxes are essential to make available purchasers for the tax increment financing bonds (that is, the bonds will be repaid from the increase in property taxes as well as from special taxes). This financing provided to the District is long-term financing and results in a lower rate than other available financing on comparable terms. As a result of these advantages, the financing provided by the District is the most beneficial means of financing the improvement.

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 improvements to be funded by the issuance of the bonds is 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 bonds is the most beneficial means of financing the improvement; and
4. As a result, the special benefits to the property from the improvements to be funded by the bonds 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 improvement to be provided by the District, including appropriate debt service coverage. Interest is calculated at six percent for the bonds. The special taxes include debt service coverage of an additional ten percent. Special taxes also cover estimated administrative expenses and issuance fees of the City.

Special taxes are distinguished between Special Tax A and Special Tax B as an accounting and billing convenience. The combination of Special Tax A and Special Tax B are equal to the total expenses to repay the bonds and administrative expenses related to the bonds.

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 improvement that provides a special benefit plus the required debt service coverage and administrative expenses and issuer fees related to the bonds. Special taxes are therefore set in a reasonable manner.

#### Allocation of Special Tax to Parcels

Special taxes are allocated to parcels in the District in a manner to reasonably reflect the benefit property will receive from the improvement to be provided by the District. The benefit received by each property is estimated on the basis of the estimated building square footage of each property compared to the total building square footage of the District. The purpose of the improvements to be provided by the District is to allow for the development of the property. Estimating the benefit properties will receive from the improvements on the basis of future building square footage is particularly appropriate for the improvement intended to provide for the development of the property, as without the special taxes, the improvements and property could not be constructed.

Maximum special taxes are allocated to each parcel in the district by dividing total maximum special taxes by the total building square feet in the District to generate the a maximum special tax rate. Table D below illustrates the maximum special tax rate for the District. Since there is currently only one parcel within the District and only one proposed building in the District, the building square footage for the parcel and the District are congruent.

Table D  
Maximum Special Tax Rate

◆	
◆	
◆	
Maximum	
◆	
Maximum	
Total	
Special Tax	
Parcel	
Special Tax	
District BSF	
Rate Per BSF	
873 W. Baltimore Street	
\$2,132,696	
249,432	

\$8.55 Should there be a change in the proposed development within the District or the tax parcel comprising the District is subdivided, the maximum special tax for any parcel within the District is determined by multiplying the maximum special tax rate per building square footage by the building square footage per parcel.

The maximum special taxes are distinguished between the Maximum Special Tax A and the Maximum Special Tax B for an accounting and billing convenience. The total of the two equal the Maximum Special Taxes levied on the property in the District, as shown in Exhibit F, attached hereto. The method of allocating the Maximum Special Tax A and the Maximum Special Tax B are the same as for the Maximum Special Tax. Similarly, a Maximum Special Tax Rate A and a Maximum Special Tax Rate B are calculated, based on the Maximum Special Tax A and the Maximum Special Tax B and the methodology described above for the maximum special tax rate. This convention of distinguishing between a Maximum Special Tax A and Maximum Special Tax B has no impact on the methodology for allocating special taxes, as each component adds up to the total of the Maximum

## Special Taxes.

### Adjusted Maximum Special Tax A

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

### Summary of Reasonable Basis of the Special Taxes

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

1. The property within the District will receive a special benefit from the improvement to be provided as a result of the District and the value of this special benefit exceeds the cost 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 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 building square footage 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.

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